BOMBARDIER

FIRST QUARTERLY REPORT

Three-month period ended April 30, 2010

GLOSSARY

The following table shows the abbreviations used in this report.

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

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

- Revenues of $4.2 billion, compared to $4.5 billion for the same period last fiscal year.
- EBIT of $224 million, or 5.3% of revenues, compared to $235 million, or 5.3%, for the same period last fiscal year.
- Net income of $153 million (diluted EPS of $0.08), compared to $158 million (diluted EPS of $0.09) for the same period last fiscal year.
- Free cash flow usage of $217 million, compared to a usage of $817 million for the same period last fiscal year.
- Cash position of $3.5 billion as at April 30, 2010, compared to $3.4 billion as at January 31, 2010.
- Order backlog of $44.4 billion as at April 30, 2010, compared to $43.8 billion as at January 31, 2010.
- Signing of a purchase agreement for 40 *CS300* aircraft with Republic Airways Holdings Inc., with options for an additional 40 *CS300* aircraft. Based on the list price, the value of the firm order is $3.1 billion, which could increase to $6.3 billion if all options are exercised.
- Signing of a framework agreement of up to $11 billion with the French railways SNCF for the design and manufacturing of 860 double-deck EMUs. Since then, two firm orders for a total of 129 EMUs valued at $1.6 billion were obtained under this framework agreement.
- Issuance of $650 million of 7.5% unsecured Senior Notes due in calendar year 2018 and $850 million of 7.75% unsecured Senior Notes due in calendar year 2020, along with a repurchase of $1.0 billion of long-term debt maturing from calendar years 2012 to 2014.

CONSOLIDATED ANALYSIS OF RESULTS

Analysis of results

	Three-month periods ended April 30	
	2010	2009
Revenues	**$ 4,246**	$ 4,471
Cost of sales	**3,523**	3,733
Margin	**723**	738
SG&A	**353**	346
R&D	**45**	20
Other expense (income)	**(6)**	17
EBITDA	**331**	355
Amortization	**107**	120
EBIT	**224**	235
Financing income	**(40)**	(35)
Financing expense	**68**	68
EBT	**196**	202
Income taxes	**43**	44
Net income	**$ 153**	$ 158
Attributable to:		
Shareholders of Bombardier Inc.	**$ 152**	$ 156
Non-controlling interests	**$ 1**	$ 2
Basic and diluted EPS (in dollars)	**$ 0.08**	$ 0.09
Free cash flow	**$ (217)**	$ (817)

Revenues and EBIT margin

	Three-month periods ended April 30				
		2010		2009	Increase (decrease)
Revenues					
BA	**$**	**1,935**	$	2,219	(13%)
BT	**$**	**2,311**	$	2,252	3%
Consolidated	**$**	**4,246**	$	4,471	(5%)
EBIT margin					Percentage points
BA		**4.6%**		5.0%	(0.4)
BT		**5.8%**		5.6%	0.2
Consolidated		**5.3%**		5.3%	-

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 $28 million for the three-month period ended April 30, 2010, compared to $33 million for the same period last fiscal year.

The $5-million decrease is mainly due to:

- a gain of $15 million on long-term debt repayments in connection with our refinancing plan.

Partially offset by:

- lower interest income on cash and cash equivalents ($8 million), consistent with lower variable interest rates.

Income taxes

The effective income tax rate was 21.9% for the three-month period ended April 30, 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 21.8% for the three-month period ended April 30, 2009, compared to the statutory income tax rate of 31.5%. The lower effective tax rate was mainly due to the positive impact of the recognition of tax benefits related to operating losses and temporary differences, as well as to the lower effective income tax rates of foreign investees, partially offset by permanent differences.

LIQUIDITY AND CAPITAL RESOURCES

Refinancing plan

Maintaining sufficient liquidity continues to be one of our key focuses. In March 2010, we implemented a refinancing plan of our long-term debt aimed at extending our long-term debt maturity profile and providing additional short-term capital resources. As such, we issued $650 million of unsecured Senior Notes bearing interest at 7.5% per year due in calendar year 2018, and $850 million of unsecured Senior Notes bearing interest at 7.75% per year due in calendar year 2020. Concurrently, we repurchased a total of $1.0 billion of long-term debt maturing from calendar years 2012 to 2014 (see Note 8 – Long-term debt).

As a result of this plan, we increased our average long-term debt maturity profile from 6.5 to 7.9 years, 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 settlement of the interest-rate swaps related to the repurchased debt, the premium paid on the repurchased debt and the issuance fees related to the new debt.

Available short-term capital resources

	Cash and cash equivalents	Available credit facility	Available short-term capital resources
April 30, 2010	**$ 3,531**	**$ 500**	**$ 4,031**
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 (unused as at April 30, 2010 and January 31, 2010). We consider that our available short-term capital resources of $4.0 billion as at April 30, 2010 combined with our expected free cash flow will enable the 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 April 30	
	2010	2009
Segmented free cash flow		
BA	**$ (205)**	$ (530)
BT	**(27)**	(260)
Segmented free cash flow	**(232)**	(790)
Income taxes and net financing expense[1]	**15**	(27)
Free cash flow	**(217)**	(817)
Add back: Net additions to property, plant and equipment and intangible assets	**237**	154
Cash flow from operating activities	**$ 20**	$ (663)

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

Variation in cash and cash equivalents

	Three-month periods ended April 30	
	2010	2009
Balance as at beginning of period	**$ 3,372**	$ 3,470
Free cash flow	**(217)**	(817)
Proceeds from issuance of long-term debt	**1,476**	-
Repayments of long-term debt	**(1,053)**	(2)
Effect of exchange rate changes on cash and cash equivalents	**(18)**	43
Repurchase of Class B Shares	**(16)**	-
Other	**(13)**	(7)
Balance as at end of period	**$ 3,531**	$ 2,687

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 €157 million ($209 million) were outstanding under such facilities as at April 30, 2010 (€140 million ($194 million) as at January 31, 2010). Trade receivables of €120 million ($163 million) were sold to these facilities during the three-month period ended April 30, 2010 (€12 million ($15 million) during the three-month period ended April 30, 2009).

In addition, BA has set up off-balance sheet sale and leaseback facilities under which it can sell pre-owned business aircraft. An amount of $179 million was outstanding under such facilities as at April 30, 2010 ($180 million as at January 31, 2010). Aircraft worth $51 million were sold and leased-back to these facilities during the three-month period ended April 30, 2010 (nil for the three-month period ended April 30, 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 only require an unfunded commitment from the banks, they provide a better pricing for the Corporation as compared to credit facilities available for cash drawings.

Letter of credit facilities

	Amount committed	Letters of credit issued	Amount available	Maturity (fiscal year)
April 30, 2010				
BT facility	**$ 5,055** [(1)]	**$ 3,774**	**$ 1,281**	**2014** [(2)]
BA facility	**600**	**455**	**145**	**2012**
PSG facility	**900**	**253**	**647**	**2012** [(3)]
	$ 6,555	**$ 4,482**	**$ 2,073**	
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 April 30, 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") is renewed and extended annually if mutually agreed. In April 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 $441 million were outstanding under various bilateral agreements as at April 30, 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 $1.7 billion was outstanding under such facilities as at April 30, 2010 ($1.5 billion as at January 31, 2010).

Under the BA and BT facilities, we must maintain various financial covenants, including a requirement to maintain a minimum BT liquidity of €600 million ($798 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 ($537 million) of invested collateral under the BT facility and $121 million under the BA facility. These conditions were all met as at April 30, 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)]

		April 30, 2010		January 31, 2010
Interest coverage				
Adjusted EBIT[(2)]	**$**	**1,221**	$	1,249
Adjusted net interest[(2)]	**$**	**312**	$	334
Adjusted EBIT to adjusted net interest ratio		**3.9**		3.7
Financial leverage				
Adjusted debt	**$**	**6,637**	$	6,084
Adjusted EBITDA[(2)]	**$**	**1,755**	$	1,792
Adjusted debt to adjusted EBITDA ratio		**3.8**		3.4
Capitalization				
Adjusted debt	**$**	**6,637**	$	6,084
Adjusted total capitalization	**$**	**10,539**	$	9,928
Adjusted debt to adjusted total capitalization ratio		**63%**		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

Our refinancing plan had a negative impact on our financial leverage and capitalization metrics, while our interest coverage metric improved. These variations are a combination of numerous factors.

- Adjusted debt increased by $553 million, mainly due to the refinancing plan and the increase in the pension deficit, which increased from $1.5 billion as at December 31, 2009 (year-end measurement date) to an estimated $1.7 billion as at March 31, 2010 (first quarter measurement date), mainly due to a negative variation in discount rates.
- Adjusted net interest decreased by $22 million due to the lower interest rate applied on operating leases and pension deficit ($17 million) and to a gain on long-term debt repayment ($15 million), partially offset by lower interest income on cash and cash equivalents ($8 million).
- Adjusted EBIT and adjusted EBITDA decreased by $28 million and $37 million respectively due to lower BA profitability as a result of the challenging economic conditions experienced in the aerospace industry, partially offset by higher BT profitability.

Given the current economic environment, 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 such that we can achieve an investment-grade profile, which among other considerations typically requires the respect of the following ratios:

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

FINANCIAL POSITION

	April 30 2010	January 31 2010	Increase (decrease) Foreign exchange impact	Increase (decrease) Variance excluding foreign exchange	Explanation of variances other than foreign exchange impact
Cash and cash equivalents	**$ 3,531**	$ 3,372	$ (18)	$ 177	See the previous Variation in cash and cash equivalents table for details
Invested collateral	**659**	682	(23)	-	No variance
Receivables	**2,038**	1,897	(10)	151	$ 85 Higher level in BT 66 Higher level in BA
Aircraft financing	**498**	473	2	23	No significant variance
Gross inventories	**9,124**	9,423	(127)	(172)	$ (240) Mainly resulting from BT's inventory optimization program 73 Mainly resulting from commercial aircraft delivery profile in the current fiscal year
Advances and progress billings related to long-term contract costs	**(5,590)**	(6,054)	(112)	(352)	Mainly resulting from lower customer advances received on new orders and the higher deliveries
Advances on aerospace programs	**(1,877)**	(2,092)	-	(215)	Mainly resulting from higher deliveries than orders received for business aircraft
Property, plant and equipment	**1,635**	1,643	(20)	12	$ (41) Amortization (12) Proceeds from disposal 9 Gain on disposal 56 Additions
Intangible assets	**1,839**	1,696	(7)	150	$ 210 Additions (60) Amortization
Fractional ownership					
- deferred costs	**229**	271	-	(42)	No significant variance
- deferred revenues	**(302)**	(346)	-	(44)	No significant variance
Deferred income tax, net	**1,062**	1,101	(13)	(26)	No significant variance
Accrued benefit, net	**(19)**	(14)	(9)	14	No significant variance
Derivatives, net	**60**	53	(5)	12	No significant variance
Goodwill	**2,193**	2,247	(54)	-	No variance
Other assets	**1,033**	1,006	(1)	28	$ 45 Increase in prepaid expenses (13) Decrease in investment in securities
Accounts payable and accrued liabilities	**(7,701)**	(7,427)	(84)	358	$ 296 Higher level of accounts payable and accrued liabilities in BA
Long-term debt	**(4,543)**	(4,162)	(73)	454	Refinancing plan
Equity	**(3,869)**	(3,769)	n/a	100	$ 153 Net income 42 Positive impact of cash flow hedges measured at fair value (49) Dividends declared (43) Negative CTA impact (13) Excess of price paid over carrying value of repurchased Class B Shares

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

	April 30, 2010	January 31, 2010
Long-term debt	**$ 4,543**	$ 4,162
Pension deficit[1]	**1,652**	1,514
Operating lease obligations[2]	**442**	408
Adjusted debt	**$ 6,637**	$ 6,084

[1] Represents the estimated pension deficit as at March 31, 2010 and the pension deficit as at December 31, 2009 (first 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	
	April 30, 2010	January 31, 2010
EBIT	**$ 1,087**	$ 1,098
Adjustment for pension deficit and operating leases[1]	**134**	151
Adjusted EBIT	**1,221**	1,249
Amortization adjustment for operating leases[2]	**49**	45
Amortization	**485**	498
Adjusted EBITDA	**$ 1,755**	$ 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	
	April 30, 2010	January 31, 2010
Financing income and financing expense	**$ 178**	$ 183
Adjustment for pension deficit and operating leases[1]	**134**	151
Adjusted net interest	**$ 312**	$ 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

	April 30, 2010	January 31, 2010
Equity	**$ 3,869**	$ 3,769
Exclude: amount in AOCI related to cash flow hedges	**33**	75
Adjusted debt	**6,637**	6,084
Adjusted total capitalization	**$ 10,539**	$ 9,928

AEROSPACE

HIGHLIGHTS

- Revenues of $1.9 billion, compared to $2.2 billion for the same period last fiscal year.
- EBIT of $89 million, or 4.6% of revenues, compared to $110 million, or 5.0%, for the same period last fiscal year.
- Free cash flow usage of $205 million, compared to a usage of $530 million for the same period last fiscal year.
- 53 aircraft deliveries, compared to 75 for the same period last fiscal year.
- 61 net orders, compared to 9 for the same period last fiscal year.
- Order backlog of $17.3 billion as at April 30, 2010, compared to $16.7 billion as at January 31, 2010.
- Signing of a purchase agreement for 40 *CS300* aircraft with Republic Airways Holdings Inc., with options for an additional 40 *CS300* aircraft. Based on the list price, the value of the firm order is $3.1 billion, which could increase to $6.3 billion if all options are exercised.

BUSINESS ENVIRONMENT

While economic conditions in general are improving, 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 first quarter of fiscal year 2011 have continued to be negatively impacted. To mitigate the impact, BA remains focused on flawless execution, cost-reduction programs, and operational and working capital improvements.

For the business aircraft market, the industry continues to see stabilization in key indicators. According to Federal Aviation Administration (FAA) data, fleet activity (measured in terms of arrivals and departures) increased by 16% in the first quarter of calendar year 2010 compared to the same period last year. According to JETNET, the number of pre-owned aircraft available for sale as a percentage of the total in-service fleet has continued to decrease, reaching 15.6% at March 31, 2010, compared to 17.6% at March 31, 2009. The UBS Business Jet Market Conditions Index, which is a measure of broker and dealer confidence, also achieved and maintained the threshold of market stability of 50 throughout the first quarter of calendar year 2010.

For the commercial aircraft market, according to the International Air Transport Association (“IATA”) News and Industry Times Report dated February 2010, airlines face another difficult year focused on carefully matching capacity to demand and controlling costs. On April 28, 2010, IATA announced that the global passenger load factor was at 78% in March 2010, which is relatively stable compared to 77.6% in December 2009. In addition, the air transport industry experienced major service disruptions following the volcanic eruption in Iceland. National authorities decided to temporarily close all the affected airspaces, and as a result the IATA announced on May 27, 2010 that the global passenger load factor decreased to 76.9% in April 2010. The European Commission announced on April 27, 2010 a comprehensive program to provide relief to the air transport sector in the aftermath of the extraordinary airspace closures, but the extent of the relief to be provided has not yet been confirmed. As at the date of this report, the volcanic eruption has not had a material impact on our results and our operations.

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended April 30	
	2010	2009
Revenues		
Manufacturing		
Business aircraft	**$ 968**	$ 1,059
Commercial aircraft	**338**	639
Other	**142**	165
Total manufacturing revenues	**1,448**	1,863
Services[1]	**368**	329
Other[2]	**119**	27
Total revenues	**1,935**	2,219
Cost of sales	**1,613**	1,863
Margin	**322**	356
SG&A	**155**	154
R&D	**12**	(10)
Other expense (income)[3]	**(9)**	8
EBITDA	**164**	204
Amortization	**75**	94
EBIT	**$ 89**	$ 110
(as a percentage of total revenues)		
Margin	**16.6%**	16.0%
EBITDA	**8.5%**	9.2%
EBIT	**4.6%**	5.0%

(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 Military Aviation Training.
(2) Includes mainly sales of pre-owned aircraft.
(3) Includes net loss (gain) on certain financial instruments, foreign exchange losses (gains), severance and other involuntary termination costs (including changes in estimates), settlement of claims and losses (gains) related to disposals of businesses, property, plant and equipment and intangible assets.

Total aircraft deliveries

	Three-month periods ended April 30	
(in units)	**2010**	2009
Business aircraft		
Excluding those of the fractional ownership program	**36**	42
Fractional ownership program[1]	**-**	1
	36	43
Commercial aircraft	**16**	31
Amphibious aircraft	**1**	1
	53	75

(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 $415-million decrease is mainly due to:

- lower deliveries of commercial aircraft, partially offset by higher selling prices ($301 million); and
- lower deliveries and selling prices of business aircraft, partially offset by a favourable mix ($91 million).

Services revenues
The $39-million increase is mainly due to:

- higher aircraft maintenance revenues ($19 million); and
- higher fractional and hourly programs' service activities mainly resulting from higher flight activity ($10 million).

Other revenues
The $92-million increase is mainly due to higher deliveries of pre-owned business aircraft due to the improvement in the pre-owned aircraft market ($84 million).

EBIT margin
The 0.4 percentage-point decrease is mainly due to:

- higher cost of sales per unit, mainly due to price escalations of materials;
- lower selling prices for business aircraft;
- a net negative variance on financial instruments carried at fair value and recorded in other expense (income); and
- lower absorption of SG&A expenses.

Partially offset by:

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

The EBIT margin for the three-month period ended April 30, 2009 was also impacted by the following non-recurring items:

- severance and other involuntary termination costs of $32 million recorded in other expense (income) resulting from the decisions in February and April 2009 to reduce our workforce and production rates;
- $18 million recorded as a reduction of R&D expenses, following the receipt of a contingently repayable investment from the Government of Canada in connection with previously expensed R&D costs for the *CSeries* family of aircraft; and
- a gain of $10 million recorded in other expense (income), resulting from the sale of a property, plant and equipment.

FREE CASH FLOW

Free cash flow

	Three-month periods ended April 30	
	2010	2009
EBIT	**$ 89**	$ 110
Amortization	**75**	94
EBITDA	**164**	204
Other non-cash items:		
Gain on disposals of property, plant and equipment	**(7)**	(10)
Stock-based compensation	**6**	6
Net change in non-cash balances related to operations	**(145)**	(606)
Net additions to property, plant and equipment and intangible assets	**(223)**	(124)
Free cash flow	**$ (205)**	$ (530)

The $325-million improvement is mainly due to:

- a positive period-over-period variation in net change in non-cash balances related to operations ($461 million) (see explanation below).

Partially offset by:

- higher net additions to property, plant and equipment and intangible assets ($99 million); and
- a lower EBITDA ($40 million).

Net change in non-cash balances related to operations

For the three-month period ended April 30, 2010, the $145-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; and
- an increase in inventories, mainly for commercial aircraft due to the delivery profile of these aircraft in fiscal year 2011.

Partially offset by:

- an increase in accounts payable and accrued liabilities.

For the three-month period ended April 30, 2009, the $606-million cash outflow was mainly due to:

- a decrease in advances on aerospace programs, resulting mainly from a negative order intake for business aircraft;
- an increase in inventories, mostly finished products, resulting mainly from increased deferrals and cancellations of deliveries for new business aircraft as well as an increase in pre-owned business aircraft; and
- an increase in accounts receivable, resulting mainly from delays in business aircraft customers obtaining financing.

PRODUCT DEVELOPMENT

Product development costs

	Three-month periods ended April 30	
	2010	2009
Program tooling additions[1]	**$ 200**	$ 123
Program change and engineering[2]	**26**	27
R&D expenses	**12**	(10)
	$ 238	$ 140
As a percentage of manufacturing revenues	**16.4%**	7.5%

(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, *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 negative R&D expense for the first quarter ended April 30, 2009 was mainly due to a $18-million reduction in R&D expenses following the receipt of a contingently repayable investment from the Government of Canada in connection with R&D expenses of previous periods for the *CSeries* family of aircraft.

Commercial aircraft

CRJ1000 NextGen aircraft – Flight testing resumed in mid-February 2010 following the resolution of the software issue with the rudder control-by-wire system. Two aircraft are currently in flight testing and over 80% of the flight test program has been completed. Entry into service preparations with customers are progressing and deliveries are scheduled to take place in the second half of calendar year 2010.

CSeries family of aircraft – The *CSeries* aircraft program is at the Joint Definition Phase (JDP), which is on track to be completed by the second quarter of fiscal year 2011. The program is on schedule for entry into service in calendar year 2013.

The Belfast operation, which is responsible for the design, development and manufacture of the advanced composite wings for the *CSeries* aircraft, has successfully assembled a full-scale, three-quarter span pre-production demonstrator wing using its unique Resin Transfer Infusion process. In March 2010, we announced that testing of the *CSeries* aircraft composite demonstrator wing was under way, representing another significant milestone in the development of this all-new aircraft. The testing is also taking place at the Belfast facility. The construction of the *CSeries* aircraft facility in Belfast is progressing as planned.

The building in Mirabel, Québec, that will house the Complete Integrated Aircraft System Testing Area (CIASTA) was completed on schedule at the end of February 2010.

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 226,042 sq. ft. facility will be operated by SAC. In addition, the test plan for the advanced aluminum alloy fuselage barrel is progressing according to plan.

Business aircraft

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.

Learjet 85 aircraft – Having successfully exited the Joint Definition Phase (JDP) in February 2010, we are now working with key suppliers worldwide in the Detail Design Phase (DDP). Tooling to manufacture the composite structure for the aircraft and composite readiness testing are progressing as planned. The program is on schedule for entry into service in calendar year 2013.

Construction and readiness of manufacturing and assembly facilities for the *Learjet 85* aircraft are progressing according to plan. Bombardier is now the first aircraft manufacturer in the U.S. to obtain approval from the Federal Aviation Administration (FAA) to manufacture major structural components in Mexico. In Querétaro, the building's foundation and shell structure are complete, and the facility will be ready for occupancy in June 2010, with parts manufacturing set to begin in July 2010. Expansion plans at the Witchita facilities, which will regroup all operations from assembly to delivery of the *Learjet 85* aircraft, are set to start towards the end of calendar year 2010.

Carrying amount of program tooling

	April 30, 2010	January 31, 2010
Business aircraft		
Learjet Series	**$ 296**	$ 234
Challenger Series	**236**	249
Global Series	**156**	135
Commercial aircraft		
CRJ Series	**496**	498
Q-Series	**30**	35
CSeries	**380**	289
	$ 1,594	$ 1,440

CUSTOMER SUPPORT

In April 2010, we officially inaugurated our regional support office ("RSO") in Mumbai, India. The RSO is staffed with technical support personnel to serve both Bombardier business aircraft and commercial aircraft operators.

We announced in April 2010 that Comlux Aviation Services of Indianapolis, Indiana has been appointed as an authorized service facility (ASF) for business aircraft.

In May 2010, we held an inauguration event to officially open our first wholly-owned European service centre at Schiphol Airport in Amsterdam. The facility, which has been operational since February 2010, features 45,639 sq. ft. of hangar space and is equipped to perform a variety of light to heavy maintenance tasks, which will enable us to better support the growing fleet of business aircraft based in Europe.

AIRCRAFT DELIVERIES

Business aircraft deliveries

The sharp economic downturn that started in the third quarter of calendar year 2008 and continued in calendar year 2009, as well as the credit scarcity, created a significant challenge for our business aircraft customers, which led several customers to either defer or cancel their aircraft deliveries. Even though there are indicators that the business jet sector is stabilizing, recovery in orders and revenues usually lags the economic recovery.

According to the latest General Aviation Manufacturers Association ("GAMA") report dated May 10, 2010, for the first quarter of calendar year 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. Based on delivery data submitted to GAMA for these market categories, we increased our business aircraft market share in units delivered to 41% for the first quarter of calendar year 2010, from 38% for the same period last year.

Business aircraft deliveries

	Three-month periods ended April 30	
(in units)	**2010**	2009
Light		
Learjet 40/40 XR/Learjet 45/45 XR	**6**	13
Learjet 60 XR	**2**	-
Medium		
Challenger 300	**6**	10
Challenger 605	**9**	7
Challenger 800 Series	**-**	(2)
Large		
Global 5000/Global Express XRS	**13**	15
	36	43

Commercial aircraft deliveries

The decrease in commercial aircraft deliveries is a result of the continued difficult economic environment of the airline industry.

Commercial aircraft deliveries

	Three-month periods ended April 30	
(in units)	**2010**	2009
Regional jets		
CRJ700 NextGen	**-**	2
CRJ900 NextGen	**4**	13
Turboprops		
Q300	**-**	4
Q400/Q400 NextGen	**12**	12
	16	31

BACKLOG AND ORDERS

Total order backlog

(in billions of dollars)	April 30, 2010	January 31, 2010
Aircraft programs	**$ 16.4**	$ 15.9
MAT	**0.9**	0.8
	$ 17.3	$ 16.7

The increase in the order backlog is mainly attributable to an order received for the *CSeries* family of aircraft, partially offset by lower order backlog in business aircraft.

Total aircraft net orders and book-to-bill ratio

	Three-month periods ended April 30	
	2010	2009
Aircraft net orders (in units)		
Business aircraft (including those of the fractional ownership program)	**6** [(1)]	(41) [(2)]
Commercial aircraft	**55** [(3)]	50
	61	9
Book-to-bill ratio[(4)]		
Business aircraft	**0.2**	(1.0)
Commercial aircraft	**3.4**	1.6
Total	**1.2**	0.1

(1) 22 gross orders and 16 cancellations. In addition, there were seven firm order conversions to other business aircraft models.
(2) 20 gross orders and 61 cancellations.
(3) 58 gross orders and three terminations.
(4) 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 0.9 and nil for the three-month periods ended April 30, 2010 and April 30, 2009 respectively.

Business aircraft
During the first quarter of fiscal year 2011, we received 22 gross orders and 16 cancellations, compared to 20 gross orders and 61 cancellations for the same period last fiscal year. The level of gross orders for the first quarter of fiscal year 2011 is essentially at the same level as at the same period last fiscal year. The decrease in the level of cancellations reflects the continued stabilization of the worldwide business aircraft market.

Commercial aircraft net orders

	Three-month periods ended April 30	
(in units)	**2010**	2009
Regional jets		
CRJ900 NextGen	**-** [(1)]	1
CRJ1000 NextGen	**-**	(1)
Commercial jets		
CS100	**-**	33
CS300	**40**	17
Turboprops		
Q400/Q400 NextGen	**15**	-
	55	50

(1) Three gross orders and three terminations.

In February 2010, Republic Airways Holdings Inc. signed a purchase agreement 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 signed a purchase agreement for 15 *Q400 NextGen* turboprops and took options on an additional 15 *Q400 NextGen* turboprops. Based on the list price, the value of the firm order is $454 million.

In April 2010, Pluna Líneas Aéreas Uruguayas S.A. signed a firm order for three *CRJ900 NextGen* regional jets and took options on an additional six *CRJ900 NextGen* aircraft. Based on the list price, the value of the firm order is $120 million.

As at April 30, 2010, an order for three *CRJ900 NextGen* aircraft was terminated and removed from the order backlog.

On January 5, 2010, Mesa Air Group, Inc. ("Mesa") announced that it has 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 April 30, 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.

Commercial aircraft order backlog and options and conditional orders

	April 30, 2010		January 31, 2010	
	Aircraft on firm order	**Options and conditional orders**	Aircraft on firm order	Options and conditional orders
Regional jets				
CRJ700 NextGen	**41**	**5**	41	5
CRJ900 NextGen	**14**	**100**	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	**78**	**117**	75	115
	272	**316**	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.

WORKFORCE

Total number of employees

	April 30, 2010	January 31, 2010
Permanent	**27,800**	27,650
Contractual	**1,450**	1,250
	29,250	28,900

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 hire 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. Negotiations concerning a new agreement were held during March 2010 and, subsequently, we made a new three-year offer. This offer was rejected by the employees by ballot. Management continues to engage in discussions with the trade union representatives.

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.

TRANSPORTATION

HIGHLIGHTS

First quarter

- Revenues of $2.3 billion, an increase of $59 million compared to the same period last fiscal year.
- EBIT of $135 million, or 5.8% of revenues, compared to $125 million, or 5.6%, for the same period last fiscal year.
- Free cash flow usage of $27 million, compared to a usage of $260 million for the same period last fiscal year.
- $2.9 billion in new orders (book-to-bill(1) ratio of 1.2), compared to $1.2 billion (book-to-bill ratio of 0.5) for the same period last fiscal year.
- Order backlog of $27.1 billion as at April 30, 2010 and January 31, 2010.
- Signing of a framework agreement of up to $11 billion with the French railways SNCF for the design and manufacturing of 860 double-deck EMUs. Since then, two firm orders for a total of 129 EMUs valued at $1.6 billion were obtained under this framework agreement.

(1) Ratio of new orders over revenues.

Subsequent events

Subsequent to the end of the first quarter of fiscal year 2011, we were awarded an order for 59 double-deck trains for long-distance services from the Swiss Federal Railways (SBB), valued at $1.6 billion. This order is subject to a 20-day appeal period ending on June 4, 2010, and is not included in our order backlog as at April 30, 2010.

BUSINESS ENVIRONMENT

Most of the rail market has remained resilient throughout the economic downturn. The economy is now regaining momentum, with several important emerging markets such as China, Brazil and India returning to pre-crisis GDP growth levels. In the mature markets of Europe and North America, the decrease in rail freight volumes has slowed down compared to the same period last year, although a few countries are posting growing rail freight volumes. However, some uncertainty still remains, for instance in the services segment.

In addition, uncertainty arising from recent credit concerns affecting some countries of the Euro zone and the resulting actions from European governments could potentially further increase governments' deficits. This could have a negative impact on future growth in the rail market. These events have also created significant currency volatility, which currently lead to a substantial decrease in the value of the euro. These events should have a limited impact on our operations, but should impact our results measured in U.S. dollars.

ANALYSIS OF RESULTS

Results of operations[1]

	Three-month periods ended April 30	
	2010	2009
Revenues		
Rolling stock[2]	**$ 1,671**	$ 1,647
Services[3]	**328**	335
System and signalling[4] [5]	**312**	270
Total revenues	**2,311**	2,252
Cost of sales	**1,910**	1,870
Margin	**401**	382
SG&A	**198**	192
R&D	**33**	30
Other expense[6]	**3**	9
EBITDA	**167**	151
Amortization	**32**	26
EBIT	**$ 135**	$ 125
(as a percentage of total revenues)		
Margin	**17.4%**	17.0%
EBITDA	**7.2%**	6.7%
EBIT	**5.8%**	5.6%

(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 certain financial instruments, foreign exchange losses (gains), severance and other involuntary termination costs (including changes in estimates and capacity adjustments), losses (gains) from equity accounted investees, losses (gains) on disposals of property, plant and equipment, and intangible assets, losses (gains) on the sale of business, and risk provisions.

Revenues by geographic region

	Three-month periods ended April 30			
	2010		2009	
Europe	**$ 1,576**	**68%**	$ 1,659	74%
Asia-Pacific	**341**	**15%**	278	12%
North America	**324**	**14%**	241	11%
Other	**70**	**3%**	74	3%
	$ 2,311		$ 2,252	

Rolling stock revenues
The $24-million increase is mainly due to:

- a positive currency impact ($89 million);
- higher activities in locomotives and mass transit in North America ($73 million);
- higher activities in commuter and regional trains, light rail vehicles and metro cars, mainly in Western Europe and Asia ($46 million); and
- higher activities in propulsion and controls in China ($28 million).

Partially offset by:

- lower activities in locomotives in Europe, as a result of the low level of order intake in fiscal year 2010 due to the challenging environment ($142 million); and
- lower activities in intercity, high speed and very high speed trains, mainly in Europe ($88 million).

Services revenues
The $7-million decrease is 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 ($30 million).

Partially offset by:

- a positive currency impact ($20 million).

System and signalling revenues
The $42-million increase is mainly due to:

- a positive currency impact ($29 million); and
- higher activities in systems in Europe and North America ($27 million).

Partially offset by:

- lower activities in systems in South Africa and Asia ($17 million).

EBIT margin
The 0.2 percentage-point increase is mainly due to better overall contract execution.

FREE CASH FLOW

Free cash flow

	Three-month periods ended April 30	
	2010	2009
EBIT	**$ 135**	$ 125
Amortization	**32**	26
EBITDA	**167**	151
Other non-cash items:		
Gain on disposals of property, plant and equipment	**(2)**	-
Stock-based compensation	**6**	5
Net change in non-cash balances related to operations	**(184)**	(386)
Net additions to property, plant and equipment and intangible assets	**(14)**	(30)
Free cash flow	**$ (27)**	$ (260)

The $233-million improvement is mainly due to:

- a positive period-over-period variation in net change in non-cash balances related to operations ($202 million) (see explanations below);
- a higher EBITDA ($16 million); and
- lower net additions to property, plant and equipment and intangible assets ($16 million).

Net change in non-cash balances related to operations
For the three-month period ended April 30, 2010, the $184-million cash outflow is mainly due to lower customer advances received on new orders, partially offset by a decrease in inventories resulting from the inventory optimization program.

For the three-month period ended April 30, 2009, the $386-million cash outflow was mainly due to a lower order intake and related receipt of advance payments in the first three months of fiscal year 2010 combined with the ramp-up in production of projects received in recent fiscal years, leading to a decrease in advances and progress billings in excess of related long-term contract costs and an increase in net inventories.

BACKLOG AND ORDERS

Order backlog

(in billions of dollars)	**April 30, 2010**	January 31, 2010
Rolling stock	**$ 18.8**	$ 18.5
Services	**5.7**	5.9
System and signalling	**2.6**	2.7
	$ 27.1	$ 27.1

The stable level of order backlog reflects:

- order intake higher than revenues recorded ($0.6 billion).

Offset by:

- the weakening of foreign currencies as at April 30, 2010 compared to January 31, 2010, mainly the euro and pound sterling compared to the U.S. dollar ($0.6 billion).

Order intake and book-to-bill ratio

	Three-month periods ended April 30	
(in billions of dollars)	**2010**	2009
Rolling stock	**$ 2.4**	$ 0.7
Services	**0.2**	0.2
System and signalling	**0.3**	0.3
	$ 2.9	$ 1.2
Book-to-bill ratio	**1.2**	0.5

In February 2010, we signed a framework agreement with the French railways SNCF for the design and manufacturing of 860 double-deck EMUs for an estimated amount of up to $11 billion, based on the expected exercise of technical options. In the first quarter of fiscal year 2011, two firm orders for a total of 129 trains valued at $1.6 billion were obtained under this framework agreement.

The increase in order intake is mainly due to a higher order intake in rolling stock in Europe and a positive currency impact ($128 million).

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

Customer	**Product**	**Number of cars**	**Rolling stock**
Société Nationale des Chemins de fer Français (SNCF), France	Double-deck EMUs	872	$ 1,574
Deutsche Bahn AG, Germany	*TALENT* 2 trains	188	272
Hungarian State Railways (MÁV), Hungary	*TRAXX* locomotives	25	112

Subsequent to the end of the first quarter of fiscal year 2011, we were awarded the following orders, which are not included in the order backlog as at April 30, 2010:

- an order for 59 double-deck trains for long-distance services from the Swiss Federal Railways (SBB), valued at $1.6 billion. This order is subject to a 20-day appeal period ending on June 4, 2010;
- an exercised option for 186 additional subway cars for the Toronto Rocket Subway Train from the Toronto Transit Commission (TTC), valued at $378 million, as part of the Toronto Rocket Subway Train contract signed in December 2006; and
- an order for the supply, installation, operation and maintenance of our next generation *INNOVIA* Monorail 300 fully automated transit system for the King Abdullah Financial District in Riyadh, Kingdom of Saudi Arabia, as subcontractor to Saudi Oger Limited, valued at $241 million.

WORKFORCE

Total number of employees

	April 30, 2010	January 31, 2010 [1]
Permanent	**30,300**	30,600
Contractual	**4,400**	4,350
	34,700	34,950

[1] Restated to include inactive employees.

We have reduced our headcount in North America as well as in Europe, 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 three-month period ended April 30, 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 in recognition, measurement and disclosures. This change is effective for our interim and annual financial statements beginning February 1, 2011.

There have been no significant changes to our IFRS changeover plan and our project is progressing according to plan. There has been no significant modification in key differences in accounting treatment and potential key impacts as assessed in our Annual Report for fiscal year 2010. We will provide updates as further progress is achieved and conclusions are reached.

CONTROLS AND PROCEDURES

No changes were made to our internal controls over financial reporting during the three-month period ended April 30, 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:

	April 30, 2010	January 31, 2010	Increase (decrease)
Euro	**1.3302**	1.3870	(4)%
Canadian dollar	**0.9885**	0.9390	5%
Pound sterling	**1.5306**	1.6008	(4)%

The average exchange rates used to translate revenues and expenses were as follows for the three-month periods ended April 30:

	2010	2009	Increase
Euro	**1.3552**	1.3010	4%
Canadian dollar	**0.9730**	0.8030	21%
Pound sterling	**1.5337**	1.4416	6%

SELECTED FINANCIAL INFORMATION

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

	Fiscal year 2011	Fiscal year 2010				Fiscal year 2009		
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter
Revenues	**$ 4,246**	$ 5,352	$ 4,597	$ 4,946	$ 4,471	$ 5,429	$ 4,571	$ 4,932
Net income	**$ 153**	$ 179	$ 168	$ 202	$ 158	$ 312	$ 226	$ 259
EPS (in dollars):								
Basic and diluted	**$ 0.08**	$ 0.10	$ 0.09	$ 0.11	$ 0.09	$ 0.17	$ 0.12	$ 0.14

INVESTOR INFORMATION

Authorized, issued and outstanding share data as at May 31, 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	1,410,967,544 [(3)]
Series 2 Cumulative Redeemable Preferred Shares	12,000,000	9,464,920
Series 3 Cumulative Redeemable Preferred Shares	12,000,000	2,535,080
Series 4 Cumulative Redeemable Preferred Shares	9,400,000	9,400,000

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

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 three-month period ended April 30, 2010, 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 April 30, 2010

Options issued and outstanding under the share option plans	37,131,000
PSUs and DSUs issued and outstanding under the PSU and DSU plans	17,076,905
Class B Shares held in trust to satisfy PSU obligations	(25,098,637)

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

Second Quarterly Report, for the period ended July 31, 2010	September 1, 2010
Third Quarterly Report, for the period ended October 31, 2010	December 2, 2010
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

Information

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

	Notes	**April 30, 2010**	January 31, 2010
Assets			
Cash and cash equivalents	6	**$ 3,531**	$ 3,372
Invested collateral	6	**659**	682
Receivables		**2,038**	1,897
Aircraft financing		**498**	473
Inventories	4	**5,396**	5,268
Property, plant and equipment		**1,635**	1,643
Intangible assets		**1,839**	1,696
Fractional ownership deferred costs		**229**	271
Deferred income taxes		**1,127**	1,166
Accrued benefit assets		**1,073**	1,070
Derivative financial instruments	3	**558**	482
Goodwill		**2,193**	2,247
Other assets	5	**1,033**	1,006
		$ 21,809	$ 21,273
Liabilities			
Accounts payable and accrued liabilities	7	**$ 7,701**	$ 7,427
Advances and progress billings in excess of related long-term contract costs		**1,862**	1,899
Advances on aerospace programs		**1,877**	2,092
Fractional ownership deferred revenues		**302**	346
Deferred income taxes		**65**	65
Long-term debt	8	**4,543**	4,162
Accrued benefit liabilities		**1,092**	1,084
Derivative financial instruments	3	**498**	429
		17,940	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: 1,436,021,681 (1,438,517,706 as at January 31, 2010)		**1,428**	1,430
Purchased and held in trust under the PSU plan: 25,098,637 Class B		**(135)**	(135)
Contributed surplus		**144**	132
Retained earnings		**2,177**	2,087
AOCI	10	**(192)**	(189)
Equity attributable to shareholders of Bombardier Inc.		**3,798**	3,701
Equity attributable to non-controlling interests		**71**	68
Equity		**3,869**	3,769
		$ 21,809	$ 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)
For the three-month periods ended April 30

	Notes		**2010**		2009
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF BOMBARDIER INC.					
Preferred shares		**$**	**347**	$	347
Common shares					
Balance at beginning of period			**1,324**		1,327
Issuance of Class B Shares			**1**		-
Repurchase of Class B Shares	9		**(3)**		-
Balance at end of period			**1,322**		1,327
Contributed surplus					
Balance at beginning of period			**132**		104
Stock-based compensation	9		**12**		11
Balance at end of period			**144**		115
Retained earnings					
Balance at beginning of period			**2,087**		1,567
Net income attributable to shareholders of Bombardier Inc.			**152**		156
Dividends:					
Common shares			**(44)**		(36)
Preferred shares, net of tax			**(5)**		(5)
Excess of price paid over carrying value of repurchased Class B Shares	9		**(13)**		-
Balance at end of period			**2,177**		1,682
AOCI	10				
Balance at beginning of period			**(189)**		(801)
OCI attributable to shareholders of Bombardier Inc.			**(3)**		149
Balance at end of period			**(192)**		(652)
			3,798		2,819
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS					
Balance at beginning of period			**68**		66
Foreign exchange re-evaluation			**(2)**		2
Net income attributable to non-controlling interests			**1**		2
OCI attributable to non-controlling interests			**4**		(3)
Balance at end of period			**71**		67
EQUITY		**$**	**3,869**	$	2,886

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)
For the three-month periods ended April 30

	Notes		**2010**		2009
Revenues					
Manufacturing		**$**	**3,119**	$	3,510
Services			**696**		664
Other			**431**		297
			4,246		4,471
Cost of sales	4		**3,523**		3,733
SG&A			**353**		346
R&D			**45**		20
Other expense (income)	11		**(6)**		17
Amortization			**107**		120
			4,022		4,236
Income before the following:			**224**		235
Financing income	12		**(40)**		(35)
Financing expense	12		**68**		68
Income before income taxes			**196**		202
Income taxes			**43**		44
Net income		**$**	**153**	$	158
Attributable to:					
Shareholders of Bombardier Inc.		**$**	**152**	$	156
Non-controlling interests		**$**	**1**	$	2
EPS (in dollars)	13				
Basic and diluted		**$**	**0.08**	$	0.09

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)
For the three-month periods ended April 30

	Notes		**2010**		2009
Net income		**$**	**153**	$	158
OCI	10				
Net unrealized gain on financial assets AFS, net of tax			**2**		5
Net change in cash flow hedges:					
Foreign exchange re-evaluation			**5**		2
Net gain on derivative financial instruments designated as cash flow hedges			**47**		121
Reclassification to income or to the related non financial asset			**8**		81
Income tax expense			**(18)**		(54)
			42		150
CTA					
Net investments in self-sustaining foreign operations[(1)]			**(138)**		58
Net gain (loss) on related hedging items			**95**		(67)
			(43)		(9)
Total OCI			**1**		146
Total comprehensive income		**$**	**154**	$	304
Attributable to:					
Shareholders of Bombardier Inc.		**$**	**149**	$	305
Non-controlling interests		**$**	**5**	$	(1)

(1) Includes a gain of $4 million attributable to non-controlling interests for the three-month period ended April 30, 2010 (a loss of $3 million for the three-month period ended April 30, 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)
For the three-month periods ended April 30

	Notes		2010		2009
Operating activities					
Net income		**$**	**153**	$	158
Non-cash items:					
Amortization			**107**		120
Deferred income taxes			**17**		23
Gain on disposals of property, plant and equipment	11		**(9)**		(10)
Stock-based compensation	9		**12**		11
Gain on repurchase of long-term debt	12		**(15)**		-
Net change in non-cash balances related to operations	14		**(245)**		(965)
Cash flows from operating activities			**20**		(663)
Investing activities					
Additions to property, plant and equipment and intangible assets			**(249)**		(169)
Disposals of property, plant and equipment and intangible assets			**12**		15
Other			**(5)**		(2)
Cash flows from investing activities			**(242)**		(156)
Financing activities					
Proceeds from issuance of long-term debt	8		**1,476**		-
Repayments of long-term debt	8		**(1,053)**		(2)
Repurchase of Class B Shares	9		**(16)**		-
Dividends paid			**(5)**		(5)
Issuance of shares, net of related costs			**1**		-
Other			**(4)**		-
Cash flows from financing activities			**399**		(7)
Effect of exchange rate changes on cash and cash equivalents			**(18)**		43
Net increase (decrease) in cash and cash equivalents			**159**		(783)
Cash and cash equivalents at beginning of period			**3,372**		3,470
Cash and cash equivalents at end of period		**$**	**3,531**	$	2,687
Supplemental information					
Cash paid for:					
Interest		**$**	**43**	$	36
Income taxes		**$**	**22**	$	14

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended April 30, 2010

(Unaudited)

(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

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

1. BASIS OF PRESENTATION

The interim consolidated financial statements are expressed in U.S. dollars and have been prepared in accordance with Canadian GAAP applicable to interim consolidated financial statements, and follow the same accounting policies and methods in their application as the most recent annual Consolidated Financial Statements. 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 IFRS section of the Corporation’s fiscal year 2010 Annual Report.

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:

	HFT							April 30, 2010
	Required	Designated	AFS	Amortized cost [(1)]	DDHR [(2)]	Total carrying value	Fair value
Financial assets							
Cash and cash equivalents	**$ 3,531**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,531**	**$ 3,531**
Invested collateral	**-**	**659**	**-**	**-**	**-**	**659**	**659**
Receivables	**-**	**-**	**-**	**1,944** [(3)]	**-**	**1,944**	**1,944**
Aircraft financing	**-**	**281** [(4)]	**-**	**95** [(5)]	**-**	**376**	**375**
Derivative financial instruments	**122** [(6)]	**-**	**-**	**-**	**436**	**558**	**558**
Other assets	**-**	**228** [(7)]	**315** [(8)]	**110** [(9)]	**-**	**653**	**653**
	$ 3,653	**$ 1,168**	**$ 315**	**$ 2,149**	**$ 436**	**$ 7,721**	**$ 7,720**
Financial liabilities							
Accounts payable and accrued liabilities	**$ -**	**$ 186** [(10)]	**n/a**	**$ 3,816** [(11)]	**$ -**	**$ 4,002**	**$ 4,002**
Long-term debt	**-**	**-**	**n/a**	**4,543**	**-**	**4,543**	**4,581**
Derivative financial instruments	**93** [(6)]	**-**	**n/a**	**-**	**405**	**498**	**498**
	$ 93	**$ 186**	**n/a**	**$ 8,359**	**$ 405**	**$ 9,043**	**$ 9,081**

	HFT						January 31, 2010
	Required	Designated	AFS	Amortized cost [(1)]	DDHR [(2)]	Total 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 investment in securities.
(9) Includes restricted cash.
(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 for the three-month periods ended April 30:

	2010	2009
Financial instruments measured at fair value		
Designated as HFT[1]	**$ (3)**	$ 21
Required to be classified as HFT[2][3]	**$ 12**	$ 13

[1] Excludes the interest income portion related to the invested collateral of $3 million for the three-month period ended April 30, 2010 ($3 million for the three-month period ended April 30, 2009).
[2] Excludes the interest income portion related to cash and cash equivalents of $3 million for the three-month period ended April 30, 2010 ($11 million for the three-month period ended April 30, 2009).
[3] Includes a net gain of $7 million incurred in connection with economic hedges not designated in hedging relationships for the three-month period ended April 30, 2010 ($20 million for the three-month period ended April 30, 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-month period ended April 30, 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:

	April 30, 2010		January 31, 2010	
	Assets	**Liabilities**	Assets	Liabilities
Derivative financial instruments designated as fair value hedges				
Cross-currency interest-rate swap	**$ -**	**$ 53**	$ -	$ 35
Interest-rate swaps	**85**	**-**	140	-
	85	**53**	140	35
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts[1] [2]	**351**	**327**	244	279
Derivative financial instruments designated as hedges of net investment				
Cross-currency interest-rate swap	**-**	**25**	-	38
Derivative financial instruments classified as HFT [3]				
Forward foreign exchange contracts	**43**	**67**	31	53
Cross-currency interest-rate swap	**27**	**-**	21	-
Interest-rate swaps	**-**	**7**	-	7
Embedded derivative financial instruments:				
Foreign exchange	**20**	**10**	26	8
Call options on long-term debt	**32**	**-**	20	-
Financing rate commitments	**-**	**9**	-	9
	122	**93**	98	77
Total derivative financial instruments	**$ 558**	**$ 498**	$ 482	$ 429
Non-derivative financial instruments designated as hedges of net investment				
Long-term debt	**$ -**	**$ 194**	$ -	$ 399

[1] For the three-month period ended April 30, 2010, the component of the hedging item's gain or loss excluded from the assessment of effectiveness amounted to a net loss of $3 million (a net gain of $12 million for the three-month period ended April 30, 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 37 months as at April 30, 2010.
[3] Held as economic hedges, except for certain embedded derivative financial instruments.

4. INVENTORIES

Inventories were as follows as at:

	April 30, 2010	January 31, 2010
Long-term contracts		
Costs incurred and recorded margins	**$ 5,422**	$ 5,793
Less: advances and progress billings	**(3,728)**	(4,155)
	1,694	1,638
Aerospace programs	**2,649**	2,576
Finished products (1)	**1,053**	1,054
	$ 5,396	$ 5,268

(1) Finished products include 7 new aircraft not associated with a firm order and 17 pre-owned aircraft, totalling $234 million as at April 30, 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 $3,287 million for the three-month period ended April 30, 2010 ($3,463 million for the three-month period ended April 30, 2009). These amounts include $9 million of write-down for the three-month period ended April 30, 2010 ($33 million for the three-month period ended April 30, 2009).

5. OTHER ASSETS

Other assets were as follows as at:

	April 30, 2010	January 31, 2010
Investment in securities(1)	**$ 315**	$ 328
Prepaid expenses	**224**	179
Investment in VIEs	**181**	180
Deferred financing charges	**97**	99
Servicing fees	**47**	48
Investment in companies subject to significant influence(2)	**41**	33
Restricted cash	**40**	40
Other	**88**	99
	$ 1,033	$ 1,006

(1) Includes an amount of $146 million held in an aircraft financing structure to support certain of the Corporation’s financial obligations as at April 30, 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 $29 million as at April 30, 2010 ($26 million as at January 31, 2010). Investment in companies subject to significant influence includes $9 million of loans as at April 30, 2010 and 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)
April 30, 2010							
BT facility	**$**	**5,055** [1]	**$**	**3,774**	**$**	**1,281**	**2014** [2]
BA facility		**600**		**455**		**145**	**2012**
PSG facility		**900**		**253**		**647**	**2012** [3]
	$	**6,555**	**$**	**4,482**	**$**	**2,073**	
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 April 30, 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 April 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 $441 million were outstanding under various bilateral agreements as at April 30, 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 amount of $1.7 billion was outstanding under such facilities as at April 30, 2010 ($1.5 billion as at January 31, 2010).

Revolving credit facility
The $500 million revolving credit facility was unused as at April 30, 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 ($798 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 ($537 million) of invested collateral under the BT facility and $121 million under the BA facility. These conditions were all met as at April 30, 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 €157 million ($209 million) were outstanding under such facilities as at April 30, 2010 (€140 million ($194 million) as at January 31, 2010). Trade receivables of €120 million ($163 million) were sold to these facilities during the three-month period ended April 30, 2010 (€12 million ($15 million) for the three-month period ended April 30, 2009).

In addition, BA has set up sale and leaseback facilities under which it can sell pre-owned business aircraft. An amount of $179 million was outstanding under such facilities as at April 30, 2010 ($180 million as at January 31, 2010). Aircraft worth $51 million were sold and leased-back to these facilities during the three-month period ended April 30, 2010 (nil for the three-month period ended April 30, 2009).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were as follows as at:

	April 30, 2010	January 31, 2010
Trade accounts payable	**$ 2,374**	$ 2,311
Accrued liabilities	**1,221**	1,239
Product warranties	**1,036**	1,040
Sales incentives[1]	**966**	968
Payroll-related liabilities	**583**	486
Income and other taxes	**217**	206
Interest payable	**89**	56
Severance and other involuntary termination costs	**66**	82
Other	**1,149**	1,039
	$ 7,701	$ 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 unsecured Senior Notes:
- $650 million, bearing interest at 7.5%, payable semi-annually, due in March 2018.
- $850 million, bearing interest at 7.75%, payable semi-annually, 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) 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 unsecured Senior Notes from fixed to variable. The interest rate after the effect of these fair value hedges is 3-month Libor + 4.183 for the $650 million unsecured Senior Notes and 3-month Libor + 4.145 for the $850 million unsecured Senior Notes.

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 for the three-month periods ended April 30:

	2010	2009
Balance at beginning of period	**39,001,075**	44,305,821
Granted	**45,000**	10,000
Exercised	**(381,575)**	-
Cancelled	**(42,500)**	(500,250)
Expired	**(1,491,000)**	(4,136,250)
Balance at end of period	**37,131,000**	39,679,321

The weighted-average grant date fair value was $2.06 for the three-month period ended April 30, 2010 ($0.79 for the three-month period ended April 30, 2009). The fair value of each option granted was determined using an option pricing model and the following weighted-average assumptions for the three-month periods ended April 30:

	2010	2009
Risk-free interest rate	**3.04%**	1.97%
Expected life	**5 years**	5 years
Expected volatility in market price of shares	**47.99%**	51.59%
Expected dividend yield	**2.19%**	1.72%

A compensation expense of $2 million was recorded in the three-month period ended April 30, 2010 with respect to share option plans ($3 million in the three-month period ended April 30, 2009).

PSU and DSU plans

The number of PSUs and DSUs issued and outstanding has varied as follows for the three-month periods ended April 30:

	2010		2009	
	PSU	**DSU**	PSU	DSU
Balance at beginning of period	**15,888,267**	**1,124,000**	15,006,293	-
Granted	**97,000**	**32,000**	10,000	-
Cancelled	**(64,362)**	**-**	(98,144)	-
Balance at end of period	**15,920,905**	**1,156,000**	14,918,149	-

DSUs and PSUs granted in the three-month period ended April 30, 2010 vest on June 9, 2012 if a financial performance threshold is met.

A new DSU plan was approved by the Board of Directors on March 31, 2010, subject to shareholder approval on June 2, 2010. This plan is substantially identical to the current DSU plan except that the new plan will allow 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 $10 million was recorded in the three-month period ended April 30, 2010 with respect to the PSU and DSU plans ($8 million in the three-month period ended April 30, 2009).

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in AOCI were as follows for the three-month period ended April 30, 2010:

		AFS financial assets		Cash flow hedges		CTA		Total
Balance as at January 31, 2010	**$**	**3**	**$**	**(75)**	**$**	**(117)**	**$**	**(189)**
Change during the period		**2**		**42**		**(47)** [1]		**(3)**
Balance as at April 30, 2010	**$**	**5**	**$**	**(33)**	**$**	**(164)**	**$**	**(192)**

(1) Excludes a gain of $4 million attributable to non-controlling interests.

Changes in AOCI were as follows for the three-month period ended April 30, 2009:

		AFS financial assets		Cash flow hedges		CTA		Total
Balance as at January 31, 2009	$	(17)	$	(455)	$	(329)	$	(801)
Change during the period		5		150		(6) [1]		149
Balance as at April 30, 2009	$	(12)	$	(305)	$	(335)	$	(652)

(1) Excludes a loss of $3 million attributable to non-controlling interests.

11. OTHER EXPENSE (INCOME)

Other expense (income) was as follows for the three-month periods ended April 30:

		2010		2009
Foreign exchange losses (gains)	**$**	**(12)**	$	12
Gain on disposal of property, plant and equipment		**(9)**		(10)
Severance and other involuntary termination costs (including changes in estimates and capacity adjustments)		**(3)**		34
Net loss (gain) on financial instruments[1]		**8**		(19)
Other		**10**		-
	$	**(6)**	$	17

(1) Certain financial instruments classified as HFT, including foreign exchange embedded derivatives and financing rate commitments.

12. FINANCING INCOME AND FINANCING EXPENSE

Financing income and financing expense were as follows for the three-month periods ended April 30:

		2010		2009
Financing income				
Gain on long-term debt repayments	$	**(15)**	$	-
Net gain on financial instruments[1]		**(9)**		(11)
Loans and lease receivables – after effect of hedges		**(8)**		(8)
Cash and cash equivalents		**(3)**		(11)
Invested collateral		**(3)**		(3)
Other		**(2)**		(2)
	$	**(40)** [2]	$	(35) [2]
Financing expense				
Interest on long-term debt – after effect of hedges	$	**59**	$	55
Accretion expense on certain sales incentives		**8**		10
Other		**1**		3
	$	**68** [3]	$	68 [3]

(1) Certain financial instruments required to be classified as HFT, including certain call options on long-term debt.
(2) Of which $5 million represent the interest income calculated using the effective interest method for financial assets classified as L&R for the three-month period ended April 30, 2010 ($3 million for the three-month period ended April 30, 2009).
(3) Of which $60 million represent the interest expense calculated using the effective interest method for financial liabilities classified as other than HFT for the three-month period ended April 30, 2010 ($58 million for the three-month period ended April 30, 2009).

13. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows for the three-month periods ended April 30:

(Number of shares, stock options, PSUs and DSUs, in thousands)		2010		2009
Net income attributable to shareholders of Bombardier Inc.	$	**152**	$	156
Preferred share dividends, net of tax		**(5)**		(5)
Net income attributable to common shareholders of Bombardier Inc.	$	**147**	$	151
Weighted-average basic number of common shares outstanding		**1,729,008**		1,730,449
Net effect of stock options, PSUs and DSUs		**26,340**		23,333
Weighted-average diluted number of common shares outstanding		**1,755,348**		1,753,782
EPS (in dollars):				
Basic and diluted	$	**0.08**	$	0.09

The effect of the exercise of stock options was included in the calculation of diluted EPS in the above table, except for 20,845,633 stock options for the three-month period ended April 30, 2010 (36,690,000 for the three-month period ended April 30, 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 for the three-month periods ended April 30:

	2010	2009
Receivables	**$ (152)**	$ (129)
Aircraft financing	**(25)**	(11)
Inventories	**(185)**	(367)
Fractional ownership deferred costs and revenues, net	**(5)**	(7)
Derivative financial instruments, net	**56**	(61)
Accounts payable and accrued liabilities	**303**	61
Advances and progress billings in excess of related long-term contract costs	**(19)**	(196)
Advances on aerospace programs	**(215)**	(244)
Accrued benefit liabilities, net	**15**	4
Other	**(18)**	(15)
	$ (245)	$ (965)

15. EMPLOYEE FUTURE BENEFITS

The components of the benefit cost were as follows for the three-month periods ended April 30:

		2010		2009
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Current service cost	**$ 48**	**$ 6**	$ 40	$ 5
Interest cost	**100**	**5**	83	5
Expected return on plan assets	**(96)**	**-**	(83)	-
Amortization of actuarial losses	**21**	**-**	11	-
Amortization of past service costs (credits)	**2**	**(1)**	2	(1)
Special termination benefits	**1**	**-**	-	-
	$ 76	**$ 10**	$ 53	$ 9

16. COMMITMENTS AND CONTINGENCIES

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

	April 30, 2010	January 31, 2010
Aircraft sales		
Credit	**$ 1,514**	$ 1,524
Residual value	**2,356**	2,425
Mutually exclusive exposure[1]	**(876)**	(894)
Total credit and residual value exposure	**$ 2,994**	$ 3,055
Trade-in commitments	**$ 737**	$ 761
Conditional repurchase obligations	**$ 588**	$ 599
Other		
Credit and residual value	**$ 152**	$ 157
Performance guarantees	**$ 40**	$ 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 $539 million as at April 30, 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 $186 million as at April 30, 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 April 30, 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, $24 million of contingently repayable investments were received for the three-month period ended April 30, 2010 ($32 million for the three-month period ended April 30, 2009) and recorded against intangible assets ($7 million recorded against intangible assets and $25 million recorded as reduction of R&D expense for the three-month period ended April 30, 2009).

The total estimated remaining undiscounted maximum amount repayable under the support programs, mostly based on future deliveries of aircraft, amounted to $409 million as at April 30, 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.

SEGMENTED INFORMATION

INDUSTRY SEGMENTS	Bombardier Inc. consolidated		BA		BT	
For the three-month periods ended April 30	**2010**	2009	**2010**	2009	**2010**	2009
Revenues						
Manufacturing	**$ 3,119**	$ 3,510	**$ 1,448**	$ 1,863	**$ 1,671**	$ 1,647
Services	**696**	664	**368**	329	**328**	335
Other	**431**	297	**119**	27	**312**	270
	4,246	4,471	**1,935**	2,219	**2,311**	2,252
Cost of sales	**3,523**	3,733	**1,613**	1,863	**1,910**	1,870
SG&A	**353**	346	**155**	154	**198**	192
R&D	**45**	20	**12**	(10)	**33**	30
Other expense (income)	**(6)**	17	**(9)**	8	**3**	9
Amortization	**107**	120	**75**	94	**32**	26
	4,022	4,236	**1,846**	2,109	**2,176**	2,127
EBIT	**$ 224**	$ 235	**$ 89**	$ 110	**$ 135**	$ 125
Additions to property, plant and equipment and intangible assets	**$ 249**	$ 169	**$ 232**	$ 138	**$ 17**	$ 31

As at	**April 30 2010**	January 31 2010	**April 30 2010**	January 31 2010	**April 30 2010**	January 31 2010
Net segmented assets	**$ 3,349**	$ 2,929	**$ 3,008**	$ 2,758	**$ 341**	$ 171
Liabilities allocated to segments:						
Accounts payable and accrued liabilities [(1)]	**7,512**	7,274				
Advances and progress billings in excess of related long-term contract costs	**1,862**	1,899				
Advances on aerospace programs	**1,877**	2,092				
Fractional ownership deferred revenues	**302**	346				
Accrued benefit liabilities	**1,092**	1,084				
Derivative financial instruments	**498**	429				
Assets not allocated to segments:						
Cash and cash equivalents	**3,531**	3,372				
Invested collateral	**659**	682				
Deferred income taxes	**1,127**	1,166				
Total consolidated assets	**$ 21,809**	$ 21,273				

(1) Excluding interest and income taxes payable amounting to $89 million and $100 million respectively as at April 30, 2010 ($56 million and $97 million as at January 31, 2010), which were not allocated to segments.