FIRST QUARTERLY REPORT

Three-month period ended April 30, 2009

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	HFT	Held for trading
AOCI	Accumulated other comprehensive income	IASB	International Accounting Standards Board
BA	Bombardier Aerospace	IFRS	International Financial Reporting Standards
BT	Bombardier Transportation	L&R	Loans and receivables
CTA	Cumulative translation adjustment	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
		SG&A	Selling, general and administrative
EBT	Earnings before income taxes	VIE	Variable interest entity
EPS	Earnings (losses) 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 of this report are in millions of U.S. dollars, unless otherwise indicated.

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OVERVIEW

HIGHLIGHTS

- Revenues of $4.5 billion, compared to $4.8 billion for the same period last fiscal year.
- EBIT of $235 million, or 5.3% of revenues, compared to $324 million, or 6.8%, for the same period last fiscal year.
- Net income of $158 million (diluted EPS of $0.09), compared to $229 million (diluted EPS of $0.12) for the same period last fiscal year.
- Free cash flow usage of $817 million, compared to a free cash flow of $560 million for the same period last fiscal year.
- Cash position of $2.7 billion as at April 30, 2009, compared to $3.5 billion as at January 31, 2009.
- Order backlog of $47.4 billion as at April 30, 2009, compared to $48.2 billion as at January 31, 2009.

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 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 2009.

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 2009. 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.

CURRENT MARKET ENVIRONMENT

The second half of fiscal year 2009 was marked by worsening business conditions, leading to a severe recession affecting most economies worldwide. These negative trends have continued in the first quarter of fiscal year 2010, and we anticipate that they will continue in the short term. The latest forecast from IHS Global Insight, issued on April 14, 2009, estimates an average world GDP growth slowing from 2.2% in calendar year 2008 to negative 2.5% in 2009, followed by a growth of 1.8% in 2010 and 3.6% in 2011.

As a result of significant reductions in aircraft orders in the last six months, as well as cancellations and deferrals of existing orders, BA decided in the first quarter of fiscal year 2010 to reduce its production rates for all business jets, and for all regional jets later in fiscal year 2010. This will lead to a reduction in its workforce of approximately 4,400 employees, of which approximately 2,400 employees had been terminated as at April 30, 2009. In the near term, BA's revenues, EBIT margin and free cash flow will be negatively impacted by the recession, as were our results of the first quarter.

However, for the rail industry, the fundamentals remain strong and the recession is currently not expected to have a significant impact except for the locomotive segment. Actual market size will depend on the timely realization of planned tenders, as some tenders may be delayed or cancelled, especially in areas such as freight. In fiscal year 2010, BT's revenues (in currency of origin) and EBIT margin should continue to increase.

CONSOLIDATED ANALYSIS OF RESULTS

Analysis of results

	Three-month periods ended April 30[(1)]	
	2009	2008[(2)]
Revenues	**$ 4,471**	$ 4,789
Cost of sales	**3,733**	3,946
Margin	**738**	843
Selling, general and administrative	**346**	365
Research and development	**20**	40
Other expense (income)	**17**	(26)
EBITDA	**355**	464
Amortization	**120**	140
EBIT	**235**	324
Financing income	**(35)**	(72)
Financing expense	**68**	93
EBT	**202**	303
Income taxes	**44**	74
Net income	**$ 158**	$ 229
Attributable to:		
Shareholders of Bombardier Inc.	**$ 156**	$ 226
Non-controlling interests	**$ 2**	$ 3
EPS (in dollars)		
Basic	**$ 0.09**	$ 0.13
Diluted	**$ 0.09**	$ 0.12
Free cash flow	**$ (817)**	$ 560

(1) Effective February 1, 2009, we elected to early adopt Section 1602 "Non-controlling interest" (see the Accounting and reporting developments section in Other for further details). Comparative figures include a reclassification of non-controlling interest of $3 million from other expense (income) to net income attributable to non-controlling interests.
(2) Restated following a change in accounting policy related to a new accounting principle on fair value measurements (see the Accounting and reporting developments section in Other for further details).

Selected financial information

	April 30, 2009	January 31, 2009
Order backlog (in billions of dollars)	**$ 47.4**	$ 48.2
Cash and cash equivalents	**$ 2,687**	$ 3,470

Revenues and EBIT margin

		Three-month periods ended April 30	
	2009	2008	Increase (decrease)
Revenues			
BA	**$ 2,219**	$ 2,380	(7%)
BT	**$ 2,252**	$ 2,409	(7%)
Consolidated	**$ 4,471**	$ 4,789	(7%)
EBIT margin			Percentage points
BA	**5.0%**	8.7%	(3.7)
BT	**5.6%**	4.9%	0.7
Consolidated	**5.3%**	6.8%	(1.5)

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

Net financing expense

Net financing expense amounted to $33 million, compared to $21 million for the same period last fiscal year. The $12-million increase is mainly due to:

- lower interest income on cash and cash equivalents ($25 million), consistent with a lower average level of cash on hand and lower variable interest rates; and
- lower interest income on invested collateral ($8 million), consistent with the lower level of invested collateral required under the new BT letter of credit facility and lower variable interest rates.

Partially offset by:

- lower interest expense on long-term debt, after the effect of hedges ($24 million), consistent with the lower level of long-term debt and lower variable interest rates.

Income taxes

For the three-month period ended April 30, 2009, the effective income tax rate was 21.8%, compared to the statutory income tax rate of 31.5%. The lower effective tax rate is mainly due to the lower tax rate for foreign investees and a net change in the recognition of tax benefits related to operating losses and temporary differences.

For the three-month period ended April 30, 2008, the effective income tax rate was 24.4%, compared to the statutory income tax rate of 31.5%. The lower effective tax rate was mainly due to a net change in the recognition of tax benefits related to operating losses and temporary differences and to the lower tax rate for foreign investees, partially offset by permanent differences.

LIQUIDITY AND CAPITAL RESOURCES

The current economic conditions had a negative impact on our liquidity during the first quarter of fiscal year 2010. A detailed analysis of free cash flow is provided in the respective Analysis of results section of BA and BT. At BA, the free cash flow should gradually recover as we realign our production and supply chain material inflow with demand and as we sell aircraft in our finished product inventories. At BT, the free cash flow usage experienced in the first quarter is mostly related to the timing of new orders and the ramp-up in production. We continue to monitor market conditions and ensure strict control of discretionary expenditures to limit our cash outflows.

We consider that our cash balance of $2.7 billion as at April 30, 2009 combined with our expected free cash flow will enable the development of new products to enhance our competitiveness and support our growth when demand returns, will enable the payment of dividends if and when declared by the Board of Directors, and will allow 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	
	2009	2008
Segmented free cash flow		
BA	**$ (530)**	$ 290
BT	**(260)**	258
Income taxes and net financing expense[1]	**(27)**	12
Free cash flow	**(817)**	560
Add back: Net additions to property, plant and equipment and intangible assets	**154**	81
Cash flow from operating activities	**$ (663)**	$ 641

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

Variation in cash and cash equivalents

	Three-month periods ended April 30	
	2009	2008
Balance as at beginning of period	**$ 3,470**	$ 3,602
Free cash flow	**(817)**	560
Effect of exchange rate changes on cash and cash equivalents	**43**	208
Repayments of long-term debt	**(2)**	(60)
Other	**(7)**	(15)
Balance as at end of period	**$ 2,687**	$ 4,295

Letter of credit facilities

	Amount committed	Letters of credit issued	Amount Available	Maturity (fiscal year)
April 30, 2009	**$ 6,406**	**$ 5,487**	**$ 919**	**2010-2014**
January 31, 2009	$ 5,891	$ 5,131	$ 760	2010-2014

The details of our letter of credit facilities are described in Note 7 – Letter of credit facilities to the interim consolidated financial statements.

In addition to the outstanding letters of credit shown in the above table, letters of credit of $248 million were outstanding under various bilateral agreements as at April 30, 2009 ($257 million as at January 31, 2009).

As at April 30, 2009 and January 31, 2009, we were in compliance with all our bank covenants.

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 in the definition of adjusted debt the total pension deficit (including the off-balance sheet portion) and the net present value of operating lease obligations.

These 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.

With access to capital markets being more difficult, we decided in fiscal year 2009 to suspend the deleveraging of our balance sheet through repayments of long-term debt and discretionary pension plan contributions, delaying the expected achievement of our global leverage metric targets. Upon return to normalized credit environment and economic conditions, we remain committed to improving our capital structure by deleveraging our balance sheet, and reaching the global leverage metrics targets set.

Global leverage metrics[1]

	Target[2]		**April 30, 2009**		January 31, 2009
Adjusted EBIT		**$**	**1,480**	$	1,535
Adjusted net interest		**$**	**290**	$	244
Adjusted EBIT to adjusted net interest ratio	Greater than 5.0		**5.1**		6.3
Adjusted debt		**$**	**6,011**	$	5,841
Adjusted EBITDA		**$**	**2,052**	$	2,129
Adjusted debt to adjusted EBITDA ratio	Lower than 2.5		**2.9**		2.7
Adjusted debt		**$**	**6,011**	$	5,841
Adjusted total capitalization		**$**	**9,202**	$	8,906
Adjusted debt to adjusted total capitalization ratio	Lower than 55%		**65%**		66%

[1] Refer to the Non-GAAP financial measures section hereafter for the definitions and reconciliations to the most comparable Canadian GAAP measures.
[2] See Forward-looking statements section in Overview.

The changes in our global leverage metrics since January 31, 2009 are mainly due to:

- lower BA profitability, following the impact of the recession on the aerospace industry;
- higher long-term debt, mainly due to the foreign exchange impact; and
- higher net financing expense, mainly due to a lower average level of cash on hand and lower variable interest rates.

FINANCIAL POSITION

	April 30 2009	January 31 2009	Increase (decrease) Foreign exchange impact	Increase (decrease) Variance excluding foreign exchange	Explanation of variations other than foreign exchange impact
Cash and cash equivalents	**$ 2,687**	$ 3,470	$ 43	$ (826)	See the previous Variation in cash and cash equivalents table for details.
Invested collateral	**794**	777	17	-	No variation.
Receivables	**2,151**	1,981	43	127	Increase mainly due to a higher level of receivables in BA ($169 million) resulting mainly from delays in business aircraft customers obtaining financing.
Aircraft financing	**426**	418	1	7	No significant variation.
Gross inventories	**9,730**	8,830	226	674	Increase in gross inventories mainly due to an increase in long-term contracts ($453 million), in line with the ramp up in production at BT, and an increase in finished products ($172 million), resulting from an additional six new aircraft in inventories mainly due to deferrals and cancellations of deliveries for business aircraft and to an additional six pre-owned aircraft in inventories resulting from a significantly reduced demand for pre-owned aircraft.
Advances and progress billings	**(3,775)**	(3,308)	154	313	
Inventories	**5,955**	5,522			
Advances and progress billings in excess of related long-term contract costs	**(1,982)**	(2,072)	106	(196)	Net decrease in total advances and progress billings is mainly due to lower advances on aerospace programs ($244 million), following a negative order intake for business aircraft, partially offset by higher advances and progress billings on long-term contracts ($117 million), in line with increased activities at BT.
Advances on aerospace programs	**(2,747)**	(2,991)	-	(244)	
	(4,729)	(5,063)			
Property, plant and equipment	**1,573**	1,568	32	(27)	No significant variation.
Intangible assets	**1,484**	1,399	6	79	Increase due to additions ($131 million), partially offset by amortization ($79 million).
Fractional ownership deferred costs	**386**	444	-	(58)	Both decreases are due to a decline in fractional aircraft shares sold to external customers as a result of the current economic environment.
Fractional ownership deferred revenues	**(512)**	(573)	-	(61)	
Deferred income tax asset	**1,168**	1,216	17	(65)	Decrease mainly due to deferred income tax recorded on derivative financial instruments for which the net liability position has decreased compared to January 31, 2009 ($56 million).
Accrued benefit assets	**957**	926	-		No significant variation.
Accrued benefit liabilities	**(1,033)**	(992)	6		
	(76)	(66)	6	4	
Derivative financial instruments – assets	**542**	626	-		Net decrease mainly due to recent strengthening of the Canadian dollar, euro and pound sterling against the U.S. dollar and to the expiration of out-of-the-money foreign exchange derivatives.
Derivative financial instruments – liabilities	**(837)**	(1,194)	(2)		
	(295)	(568)	(2)	(271)	
Goodwill	**2,103**	2,010	93	-	No variation.
Other assets	**980**	949	14	17	No significant variation.
Accounts payable and accrued liabilities	**(7,168)**	(6,922)	146	100	Increase mainly due to a higher level of accounts payable and accrued liabilities in BA ($114 million), partially offset by a lower level in BT ($50 million).
Long-term debt	**(4,041)**	(3,952)	74	15	No significant variation.
Shareholders' equity	**(2,886)**	(2,610)	n/a	276	Increase mainly due to the positive impact of cash flow hedges measured at fair value ($150 million) and net income ($158 million), partially offset by dividends declared ($41 million).

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.
Capital structure	
Adjusted debt	Long-term debt plus the total pension deficit (including the off-balance sheet portion) and the 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 shareholders' 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 following sections:

- EBITDA to EBIT – see the respective Results of operations table in BA and BT;
- free cash flow to cash flows from operating activities – see the Reconciliation of free cash flow to cash flow from operating activities table before;
- adjusted debt to long-term debt – see the table hereafter;
- adjusted EBIT and adjusted EBITDA, to EBIT – see the table hereafter;
- adjusted net interest to financing income and financing expenses – see the table hereafter; and
- adjusted total capitalization to shareholder's equity – see the table hereafter.

Reconciliation of adjusted debt to long-term debt

	April 30, 2009	January 31, 2009
Long-term debt	**$ 4,041**	$ 3,952
Pension deficit	**1,603**[1]	1,543
Operating lease obligations[2]	**367**	346
Adjusted debt	**$ 6,011**	$ 5,841

(1) Represents the estimated pension deficit as at March 31, 2009 (first-quarter measurement date).
(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, 2009	January 31, 2009[1]
EBIT	**$ 1,340**	$ 1,429
Adjustment for operating leases and pension deficit[2]	**140**	106
Adjusted EBIT	**1,480**	1,535
Amortization adjustment for operating leases[3]	**40**	39
Amortization	**532**	555
Adjusted EBITDA	**$ 2,052**	$ 2,129

(1) Following the adoption of Section 1602 “Non-controlling interest” (see Accounting and reporting developments section in Other for further details), EBIT, adjusted EBIT and adjusted EBITDA now include the income attributable to non-controlling interests. The January 31, 2009 figures have been restated accordingly.
(2) 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.
(3) 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, 2009	January 31, 2009
Financing income and financing expense	**$ 150**	$ 138
Adjustment for operating leases and pension deficit[1]	**140**	106
Adjusted net interest	**$ 290**	$ 244

(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 shareholders’ equity

	April 30, 2009	January 31, 2009
Shareholders’ equity[1]	**$ 2,886**	$ 2,610
Exclude: amount in AOCI related to cash flow hedges	**305**	455
Adjusted debt	**6,011**	5,841
Adjusted total capitalization	**$ 9,202**	$ 8,906

(1) Following the adoption of Section 1602 “Non-controlling interest” (see Accounting and reporting developments section in Other for further details), shareholders’ equity now includes the non-controlling interests. The January 31, 2009 figure has been restated accordingly.

AEROSPACE

HIGHLIGHTS

- Revenues of $2.2 billion, compared to $2.4 billion for the same period last fiscal year.
- EBIT of $110 million, or 5.0% of revenues, compared to $206 million, or 8.7%, for the same period last fiscal year.
- Free cash flow usage of $530 million, compared to a free cash flow of $290 million for the same period last fiscal year.
- 75 aircraft deliveries, compared to 87 for the same period last fiscal year.
- 9 aircraft net orders, compared to 118 for the same period last fiscal year.
- Order backlog of $22.4 billion as at April 30, 2009, compared to $23.5 billion as at January 31, 2009.

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended April 30	
	2009	2008[1]
Revenues		
Manufacturing		
Business aircraft	**$ 1,059**	$ 1,187
Commercial aircraft	**639**	552
Other	**165**	148
Total manufacturing revenues	**1,863**	1,887
Services[2]	**329**	420
Other[3]	**27**	73
Total revenues	**2,219**	2,380
Cost of sales	**1,863**	1,895
Margin	**356**	485
Selling, general and administrative	**154**	164
Research and development	**(10)**	14
Other expense (income)[4]	**8**	(4)
EBITDA	**204**	311
Amortization	**94**	105
EBIT	**$ 110**	$ 206
Margin	**16.0%**	20.4%
EBITDA margin	**9.2%**	13.1%
EBIT margin	**5.0%**	8.7%

[1] Restated following a change in accounting policy related to a new accounting principle on fair value measurements (see the Accounting and reporting developments section in Other for further details).
[2] 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 ("MAT").
[3] Includes mainly sales of pre-owned aircraft.
[4] 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)	**2009**	2008
Business aircraft		
Excluding those of the fractional ownership program	**42**	51
Fractional ownership program[(1)]	**1**	7
	43	58
Commercial aircraft	**31**	28
Amphibious aircraft	**1**	1
	75	87

(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*.

Manufacturing revenues
The $24-million decrease is mainly due to:

- lower deliveries of business aircraft, partially offset by a positive mix ($93 million); and
- lower revenues from the completion of interiors on wide-body business aircraft ($32 million).

Partially offset by:

- increased deliveries and improved selling prices for commercial aircraft ($87 million).

Services revenues
The $91-million decrease is mainly due to:

- lower fractional ownership and hourly flight entitlement programs' service activities resulting from fewer hours flown by customers ($50 million); and
- lower volume for spare parts, product support activities and business aircraft maintenance revenues due to the current economic environment, which has resulted in lower flight activity ($46 million).

Other revenues
The $46-million decrease is due to fewer sales of pre-owned commercial and business aircraft.

EBIT margin
The 3.7 percentage-point decrease is mainly due to:

- higher cost of sales per unit, mainly due to price escalations of materials and disruption costs in connection with changes in production rates;
- a provision for the write-down of pre-owned business aircraft; and
- the mix between business and commercial aircraft deliveries.

Partially offset by:

- liquidated damages from customers as a result of business aircraft order cancellations; and
- improved 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 building.

The EBIT margin for the three-month period ended April 30, 2008 was also impacted by the following non-recurring items recorded in other expense (income):

- a gain of $28 million arising from the settlement with a supplier with respect to the transfer of the production of certain components for the *CRJ* family of aircraft to another third-party supplier; and
- a loss of $23 million related to accumulated foreign exchange losses in connection with the sale of *Skyjet International*.

FREE CASH FLOW

Free cash flow

	Three-month periods ended April 30	
	2009	2008
EBIT	**$ 110**	$ 206
Non-cash items:		
Amortization		
Program tooling	**66**	77
Other	**28**	28
Gain on disposals of property, plant and equipment	**(10)**	-
Stock-based compensation	**6**	5
Net change in non-cash balances related to operations	**(606)**	44
Net additions to property, plant and equipment and intangible assets	**(124)**	(70)
Free cash flow	**$ (530)**	$ 290

The $820-million decrease is mainly due to:

- a negative period-over-period variation in net change in non-cash balances related to operations ($650 million) (see explanation below);
- lower profitability ($96 million); and
- higher net additions to property, plant and equipment and intangible assets ($54 million).

Net change in non-cash balances related to operations
Overall, the negative variance of $650 million in the net change in non-cash balances related to operations is mainly due to the variation in advances on aerospace programs given the low level of net order intake in the first quarter of fiscal year 2010 compared to the same period last fiscal year, as a result of worsening business conditions.

For the three-month period ended April 30, 2009, the $606-million cash outflow is 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.

For the three-month period ended April 30, 2008, the $44-million cash inflow was mainly due to increases in accounts payable and accrued liabilities and in advances on aerospace programs, partially offset by increases in inventories and receivables.

PRODUCT DEVELOPMENT

Product development costs

	Three-month periods ended April 30	
	2009	2008
Program tooling[1]	**$ 123**	$ 55
Program change and engineering[2]	**27**	28
R&D	**(10)**	14
	$ 140	$ 97
As a percentage of manufacturing revenues	**7.5%**	5.1%

[1] Capitalized in program tooling as part of intangible assets.
[2] Included in cost of sales.

The increase in program tooling is mainly due to the development of the *CRJ1000 NextGen* aircraft, the *CSeries* family of aircraft, as well as the *Learjet 85* aircraft programs. The negative R&D expense for the first quarter ended April 30, 2009 is mainly due to $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 R&D expenses of previous periods for the *CSeries* family of aircraft.

Business aircraft
In May 2009, we introduced an extended range option for the *Learjet 40 XR* aircraft. The 268 nautical miles (496 km) range extension on the *Learjet 40 XR* aircraft is now available as an option for all new *Learjet 40 XR* aircraft orders.

Commercial aircraft
In May 2009, the first *Q400 NextGen* aircraft was delivered to Norwegian regional carrier Widerøe Flyveselskap A/S, a subsidiary of SAS Scandinavian Airlines.

Carrying amount of program tooling

	April 30, 2009	January 31, 2009
Business aircraft		
Learjet Series	**$ 136**	$ 116
Challenger Series	**294**	313
Global Series	**144**	143
Commercial aircraft		
CRJ Series	**491**	471
Q-Series	**54**	60
CSeries	**113**	72
	$ 1,232	$ 1,175

AIRCRAFT DELIVERIES

Business aircraft deliveries
According to the latest General Aviation Manufacturers Association (“GAMA”) report dated May 5, 2009, for the first quarter of the current calendar year, we continue to be the business aircraft industry leader in terms of revenues and we are now the leader in terms of units delivered. Based on delivery data submitted to GAMA, we have increased our business aircraft market share from 26% for calendar year 2008 to 37% for the first quarter of calendar year 2009. However, the aviation industry continues to experience a difficult time with overall business jet deliveries declining by 36% in the first quarter of calendar year 2009 compared to the same period last year. Across the industry, cancellations of orders for new aircraft have remained high and most participants in the industry had to reduce their workforce and production rates, as we did.

	Three-month periods ended April 30	
(in units)	**2009**	2008
Narrow-body business jets		
Learjet 40/40 XR/Learjet 45/45 XR	**13**	10
Learjet 60 XR	**-**	10
Wide-body business jets		
Challenger 300	**10**	14
Challenger 605	**7**	8
Global 5000/Global Express XRS	**15**	11
Challenger 800 Series	**(2)**	5
	43	58

The sharp economic downturn and credit scarcity have created a significant challenge for our business aircraft customers. This has led several customers to either defer or cancel their aircraft deliveries, and was the main driver for no deliveries for the *Learjet 60 XR* aircraft. The negative deliveries for the *Challenger 800* Series aircraft were a result of the reversal of two green aircraft deliveries where the interiors were not yet completed. There was also a decline in the fractional aircraft shares sold to external customers by *Flexjet*, also as a result of the current economic environment.

Commercial aircraft deliveries

	Three-month periods ended April 30	
(in units)	**2009**	2008
Regional jets		
CRJ700 NextGen	**2**	-
CRJ900 NextGen	**13**	14
Turboprops		
Q200	**-**	1
Q300	**4**	3
Q400	**12**	10
	31	28

BACKLOG AND ORDERS

Total order backlog

(in billions of dollars)	**April 30, 2009**	January 31, 2009
Aircraft programs	**$ 21.6**	$ 22.7
MAT	**0.8**	0.8
	$ 22.4	$ 23.5

The decrease reflects significantly reduced orders, mainly attributable to business aircraft. This decline was partially offset by orders received for the *CSeries* family of aircraft in March 2009.

We manage our order backlog by reviewing the production horizon of our products, including the establishment of production rates and the assessment of our supply base capacity. We also perform regular reviews of our order backlog to align delivery schedules. Following the lower level of orders and the greater-than-usual level of cancellations and deferrals, we therefore decided in the first quarter of fiscal year 2010 to reduce our production rates for all business aircraft, and for all our regional jets later in fiscal year 2010.

Total aircraft net orders and book-to-bill ratio

	Three-month periods ended April 30	
	2009	2008
Aircraft net orders (in units)		
Business aircraft (including those of the fractional ownership program)	**(41)**[(1)]	60
Commercial aircraft	**50**	58
	9	118
Book-to-bill ratio[(2)]		
Business aircraft	**(1.0)**	1.0
Commercial aircraft	**1.6**	2.1
	0.1	1.4

(1) 20 new orders, net of 61 cancellations.
(2) Defined as net orders received over aircraft deliveries, in units, in a given period.

Business aircraft

There was a net negative order intake during the three-month period ended April 30, 2009, which reflects the significantly reduced demand for business aircraft, given the current worldwide economic environment, and the fact that certain customers cancelled their orders. The order cancellations were at a higher rate than normal.

Commercial aircraft net orders

	Three-month periods ended April 30	
(in units)	**2009**	2008
Regional jets		
CRJ700 NextGen	**-**	14
CRJ900 NextGen	**1**	23
CRJ1000 NextGen	**(1)**	-
Commercial jets		
CS100	**33**	-
CS300	**17**	-
Turboprops		
Q400/Q400 NextGen	**-**	21
	50	58

The lack of order intake for regional jets and turboprops during the three-month period ended April 30, 2009 reflects the significantly reduced demand for commercial aircraft, in line with the industry, given the current worldwide economic environment.

Commercial aircraft significant net orders

	Three-month period ended April 30, 2009
(in units)	
CS100	
Deutsche Lufthansa AG	30[(1)]
Lease Corporation International Aviation (New Buildings) Limited	3
CS300	
Lease Corporation International Aviation (New Buildings) Limited	17

(1) These aircraft will be operated by Lufthansa's subsidiary, Swiss International Air Lines Ltd.

In April 2009, we signed an agreement with Lufthansa Flight Training and Lufthansa Technical Training making them authorized training providers for the *CSeries* family of aircraft. The agreement will ensure that European operators of *CSeries* family of aircraft have access to world-class training services. Training services for the *CSeries* family of aircraft will mirror the training we will conduct in the Montréal area, where the aircraft will be assembled.

Commercial aircraft order backlog and options and conditional orders

	April 30, 2009		January 31, 2009	
	Aircraft on firm order	**Options and conditional orders**	Aircraft on firm order	Options and conditional orders
Regional jets				
CRJ700 NextGen	**44**	**36**	46	38
CRJ900 NextGen	**43**[(1)]	**168**	55	184
CRJ1000 NextGen	**44**	**19**	45	20
Commercial jets				
CS100	**33**[(2)]	**33**	-	-
CS300	**17**[(2)]	**17**	-	-
Turboprops				
Q300	**2**	**-**	6	-
Q400/Q400 NextGen	**102**	**125**	114	129
	285	**398**	266	371

(1) Includes five firm orders with conversion rights to *CRJ1000 NextGen* aircraft.
(2) Includes 20 firm orders with conversion rights to the other *CSeries* aircraft model.

Certain commercial aircraft customers have requested to defer their *Q400/Q400 NextGen* aircraft delivery positions. If these deferrals are granted by the Corporation and depending on new order intake, we may need to re-assess our production rate for this aircraft program. Discussions continue with these customers and no decision has been made regarding the granting of such deferrals.

WORKFORCE

Total number of employees

	April 30, 2009	January 31, 2009
Permanent	**28,700**	30,000
Contractual	**1,700**	2,500
	30,400	32,500
Percentage of permanent employees covered by collective agreements	**49%**	55%

In February 2009 and in April 2009, we announced a reduction in the production rates for all business aircraft and regional jets to reflect current market conditions. This will result in a total workforce reduction of approximately 4,400 employees. The severance and other involuntary termination costs of $32 million associated with these layoffs were recorded during the first quarter of fiscal year 2010.

The workforce reductions, which will take place at all of our manufacturing sites, began in February 2009. The reduction of permanent employees includes unionized, salaried and management personnel.

As at April 30, 2009, there were approximately 2,000 layoffs remaining from the 4,400 previously announced. The remaining layoffs are planned to take place by the end of fiscal year 2010. Recruitment for open positions, mostly for new aircraft programs, has partially offset the workforce reduction in the first quarter of fiscal year 2010.

Collective agreements

The CONASIM (previously the Sindicato Nacional de Trabajadores de la Industria Arnesera Eléctrica Automotríz y Aeronáutica de la República Mexicana – CTM) collective agreement, covering approximately 900 employees in Querétaro, Mexico, expired on April 30, 2009. On April 28, 2009, a new collective agreement was ratified, which became effective immediately and will expire on April 27, 2010.

The Canadian Auto Workers collective agreement, covering approximately 3,000 employees in Toronto will expire on June 22, 2009. We are currently in discussions with the union.

TRANSPORTATION

HIGHLIGHTS

- Revenues of $2.3 billion, compared to $2.4 billion for the same period last fiscal year. Revenues actually increased by $281 million in currencies of origin, but this was more than offset by a negative currency impact.
- EBIT of $125 million, or 5.6% of revenues, compared to $118 million, or 4.9%, for the same period last fiscal year.
- Free cash flow usage of $260 million, compared to a free cash flow of $258 million for the same period last fiscal year.
- $1.2 billion in new orders (book-to-bill[(1)] ratio of 0.5), compared to $2.4 billion (book-to-bill ratio of 1.0) for the same period last fiscal year. Subsequent to the end of the first quarter, we also received three significant new orders totalling $1.2 billion, which are not included in the order backlog as at April 30, 2009.
- Order backlog of $25.0 billion as at April 30, 2009, compared to $24.7 billion as at January 31, 2009.
- In China, we delivered the first high-speed trains featuring our *ZEFIRO* technology only 18 months after the notice to proceed.

(1) Ratio of new orders over revenues.

ANALYSIS OF RESULTS

Results of operations[(1)]

	Three-month periods ended April 30[(2)]	
	2009	2008
Revenues		
Rolling stock[(3)]	**$ 1,647**	$ 1,458
Services[(4)]	**335**	417
System and signalling[(5) (6)]	**270**	534
Total revenues	**2,252**	2,409
Cost of sales	**1,870**	2,051
Margin	**382**	358
Selling, general and administrative	**192**	201
Research and development	**30**	26
Other expense (income)[(7)]	**9**	(22)
EBITDA	**151**	153
Amortization	**26**	35
EBIT	**$ 125**	$ 118
Margin	**17.0%**	14.9%
EBITDA margin	**6.7%**	6.4%
EBIT margin	**5.6%**	4.9%

(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 Foreign exchange rates section in Other for the average exchange rates used to translate revenues and expenses.
(2) Effective February 1, 2009, the Corporation elected to early adopt Section 1602 "Non-controlling interest" (see Accounting and reporting developments section in Other for further details). Comparative figures include a reclassification of non-controlling interest of $3 million from other expense (income) to net income attributable to non-controlling interests.
(3) 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.
(4) Comprised of fleet maintenance, refurbishment and overhaul, as well as material solutions revenues.
(5) The revenues of system and signalling are presented in the caption other revenues in the interim consolidated statements of income.
(6) Excluding the rolling stock portion of system orders manufactured by our other divisions.
(7) Includes net loss (gain) on certain financial instruments, foreign exchange losses (gains), severance and other involuntary termination costs (including changes in estimates), losses (gains) from equity accounted investees and losses (gains) on disposals of property, plant and equipment and intangible assets.

Revenues by geographic region

	Three-month periods ended April 30				
	2009			2008	
Europe	**$ 1,659**[1]	**74%**	$	1,905	79%
Asia-Pacific	**278**	**12%**		199	8%
North America	**241**	**11%**		250	11%
Other	**74**	**3%**		55	2%
	$ 2,252		$	2,409	

(1) Revenues actually increased by $168 million in currencies of origin, but this increase was more than offset by a negative currency impact.

Rolling stock revenues

The $189-million increase is mainly due to:

- increased activities in the regional train segment, mainly in the Netherlands, the U.K., India, France and Germany ($321 million);
- increased activities in the locomotive segment in Germany, Spain and the U.K. ($171 million); and
- the ramp-up of a high-speed contract in China ($71 million).

Partially offset by:

- lower activities in North America ($32 million).

The increase was partially offset by a negative currency impact ($303 million).

Service revenues

The $82-million decrease is mainly due to a negative currency impact ($81 million).

System and signalling revenues

The $264-million decrease is mainly due to:

- last year's payment of £95 million ($189 million) to Westinghouse Rail Systems Limited ("WRSL") regarding the de-scoping of the Metronet Sub-Surface Lines signalling sub-contract, which under contract accounting led to an increase in costs and revenues by the same amount (no margin); and
- the reduced scope of the Metronet Sub-Surface Lines signalling contract ($46 million).

Partially offset by:

- the ramp-up of a system project in South Africa ($37 million); and
- an increase in activities in signalling ($35 million).

The decrease also reflects a negative currency impact ($54 million).

EBIT margin

The 0.7 percentage-point increase is mainly due to:

- better contract execution; and
- better absorption as a result of the ramp-up in production.

Partially offset by:

- a net loss related to foreign exchange fluctuations and certain financial instruments carried at fair value, compared to a net gain for the same period last fiscal year.

The EBIT margin for the three-month period ended April 30, 2008 was also impacted by:

- the above-mentioned payment on the Metronet Sub-Surface Lines signalling sub-contract, where BT recognized £95 million ($189 million) of revenues at no margin, which generated a negative impact of 1.3% on margin and 0.4% on EBIT margin; and
- a gain on the sale of a property in Austria in fiscal year 2009 recorded in other expense (income), impacting EBIT margin by 0.5%.

FREE CASH FLOW

Free cash flow

	Three-month periods ended April 30	
	2009	2008
EBIT	**$ 125**	$ 118
Non-cash items:		
Amortization	**26**	35
Gain on disposals of property, plant and equipment	**-**	(12)
Stock-based compensation	**5**	6
Net change in non-cash balances related to operations	**(386)**	122
Net additions to property, plant and equipment and intangible assets	**(30)**	(11)
Free cash flow	**$ (260)**	$ 258

The $518-million decrease is mainly due to a negative period-over-period variation in net change in non-cash balances related to operations ($508 million) (see explanations below).

Net change in non-cash balances related to operations
The $386-million cash outflow for the three-month period ended April 30, 2009 is 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 inventories.

For the three-month period ended April 30, 2008, the $122-million cash inflow was mainly due to an increase in advances and progress billings in excess of related long-term contract costs, partially offset by the payment of £95 million ($189 million) to WRSL and an increase in inventories.

BACKLOG AND ORDERS

Order backlog

(in billions of dollars)	**April 30, 2009**	January 31, 2009
Rolling stock	**$ 16.8**	$ 16.8
Services	**5.5**	5.4
System and signalling	**2.7**	2.5
	$ 25.0	$ 24.7

The increase is due to:

- the strengthening of foreign currencies as at April 30, 2009 compared to January 31, 2009, mainly the euro and the pound sterling compared to the U.S. dollar ($1.4 billion).

Partially offset by:

- revenues recorded being higher than order intake ($1.1 billion).

Order intake and book-to-bill ratio

	Three-month periods ended April 30	
(in billions of dollars)	**2009**	2008
Rolling stock	**$ 0.7**	$ 1.5
Services	**0.2**	0.5
System and signalling	**0.3**	0.4
	$ 1.2	$ 2.4
Book-to-bill ratio	**0.5**	1.0

For the first quarter of fiscal year 2010, we achieved a book-to-bill ratio of 0.5. The decrease in order intake is mainly due to lower order intake in rolling stock in North America and Europe, and in services in Europe. Our strong order backlog will enable us to continue growing revenues (in currency of origin) in fiscal year 2010, even if the book-to-bill ratio might temporarily be below one.

Subsequent to the end of the first quarter of fiscal year 2010, we also received the following orders, which are not included in the order backlog as at April 30, 2009:

- an order for 83 electrical multiple units ("EMUs") of the ET 430 series from Deutsche Bahn Regio AG (DB), Germany, valued at $605 million;
- an order, in consortium, for 180 double deck commuter cars from the Régie Autonome des Transports Parisiens (RATP), France. Our share of this order is valued at $386 million; and
- an order for 30 four-car *ELECTROSTAR* EMU trains and a three-year maintenance contract from National Express, U.K., valued at $249 million.

OTHER

ACCOUNTING AND REPORTING DEVELOPMENTS

CHANGES IN ACCOUNTING POLICIES

Business combinations, consolidated financial statements and non-controlling interests
In January 2009, the AcSB released Section 1582 “Business combinations”, Section 1601 “Consolidated financial statements” and Section 1602 “Non-controlling interest”, which replace Section 1581 “Business combinations” and Section 1600 “Consolidated financial statements”.

Section 1582 provides the Canadian equivalent to IFRS 3 "Business Combinations". The new recommendations require measuring business acquisitions at the fair value of the acquired business, including the measurement at fair value of items such as non-controlling interests and contingent payment considerations. Also, the previously unrecognized deferred tax assets related to the acquiree subsequent to the business combination are recognized in the consolidated statements of income rather than as a reduction of goodwill. In addition, business acquisition related costs are expensed as incurred.

The adoption of Section 1582 should have a material effect on the accounting for business combinations that will occur subsequent to February 1, 2009. Past acquisitions are not restated.

Section 1601, together with Section 1602, replaces Section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements and is aligned with the corresponding provisions of Section 1600.

Section 1602 is aligned with the corresponding provisions of IAS 27, “Consolidated and Separate Financial Statements” and establishes standards for accounting for non-controlling interests in a subsidiary subsequent to a business combination. Section 1602 introduces a number of changes, for example:

- in the consolidated balance sheets and consolidated statements of shareholders’ equity, non-controlling interests are now presented as a separate component of shareholders’ equity rather than as a liability;
- non-controlling interests are no longer recorded as a deduction of net income and total comprehensive income as a result of their presentation in equity;
- for the purpose of computing EPS, net income is attributed between the shareholders of Bombardier Inc. and the non-controlling interests based on their respective economic interests. The components of OCI are attributed following the same logic; and
- changes in non-controlling ownership interests not resulting in a loss of control are accounted for as equity transactions, with no gains and losses recorded in the consolidated statements of income.

We have elected to early adopt these sections, effective February 1, 2009, in order to more closely align ourselves with IFRS and mitigate the impact of adopting IFRS at the changeover date. In accordance with the transitional provisions, these sections have been applied prospectively, except for the presentation requirements for non-controlling interests, which must be applied retrospectively. The adoption of these sections did not have a significant impact on our consolidated financial statements but gave rise to the above-mentioned reclassifications of non-controlling interests.

Fair value measurements
In January 2009, the Emerging Issues Committee issued EIC-173 “Credit risk and the fair value of financial assets and financial liabilities”, which requires that the fair value of financial instruments, including derivative financial instruments, take into account the counterparties’ credit risks for assets and our own credit risk for liabilities. This interpretation must be applied retrospectively without restatement of prior years. We have adopted this interpretation effective February 1, 2008.

Accordingly, we have re-measured certain financial instruments carried at fair value as at February 1, 2008 to take such risks into account. The resulting adjustments were recorded to retained earnings, except for derivative financial instruments in a fair value hedging relationship for which the resulting adjustment was recorded to the carrying value of the hedged item, and for derivative financial instruments in a net investment hedging relationship for which the resulting adjustment was recorded in AOCI. Refer to our fiscal year 2009 annual report for the

quantitative effect of adopting this fair value measurement change in accounting policy as at February 1, 2008 and on the first quarter of fiscal year 2009.

FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable entities will be converged with 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. In the period leading up to the changeover, the AcSB is expected to continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date.

First reporting under IFRS is required for our interim and annual financial statements beginning on February 1, 2011. We have developed a plan anchored around four phases to convert our Consolidated Financial Statements to IFRS, as described in our fiscal year 2009 annual report. We have also set up IFRS dedicated teams at all levels of the organization.

Our IFRS project is progressing according to plan. We continue to monitor standards to be issued by the IASB, but it is difficult to predict the IFRS that will be effective at the end of our first IFRS reporting period, as the IASB work plan anticipates the completion of several projects in calendar years 2010 and 2011. We also continue to provide training to key employees and monitor the impact of the transition on our business practices, systems and internal controls over financial reporting. 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, 2009 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, the pound sterling and other Western European currencies, and from transactions denominated in foreign currencies, mainly the Canadian dollar and the pound sterling.

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

	April 30, 2009	January 31, 2009	Increase
Euro	**1.3243**	1.2803	3%
Canadian dollar	**0.8375**	0.8088	4%
Pound sterling	**1.4797**	1.4411	3%

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

	2009	2008	Decrease
Euro	**1.3010**	1.5339	(15%)
Canadian dollar	**0.8030**	0.9954	(19%)
Pound sterling	**1.4416**	1.9829	(27%)

SELECTED FINANCIAL INFORMATION

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

	Fiscal year 2010			Fiscal year 2009				Fiscal year 2008
	First quarter	Fourth quarter	Third quarter[1]	Second quarter[1]	First quarter[1]	Fourth quarter	Third quarter	Second quarter
Revenues	**$ 4,471**	$ 5,429	$ 4,571	$ 4,932	$ 4,789	$ 5,270	$ 4,228	$ 4,041
Net income (loss)	**$ 158**	$ 312[2]	$ 226[2]	$ 259[2]	$ 229[2]	$ 222[2]	$ 93[2]	$ (69)[2]
Earnings (loss) per share (in dollars):								
Basic	**$ 0.09**	$ 0.17	$ 0.12	$ 0.14	$ 0.13	$ 0.12	$ 0.05	$ (0.05)
Diluted	**$ 0.09**	$ 0.17	$ 0.12	$ 0.14	$ 0.12	$ 0.12	$ 0.05	$ (0.05)

(1) Restated following a change in accounting policy related to a new accounting principle on fair value measurements (see the Accounting and reporting developments section in Other for further details).
(2) Restated following our early adoption as of February 1, 2009 of Section 1602 “Non-controlling interest” (see the Accounting and reporting development section in Other for further details).

INVESTOR INFORMATION

Authorized, issued and outstanding share data as at April 30, 2009

	Authorized	Issued and outstanding
Class A Shares (Multiple Voting)[1]	1,892,000,000	316,582,537
Class B Shares (Subordinate Voting)[2]	1,892,000,000	1,413,866,601[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 23,653,759 Class B Shares (Subordinated Voting) purchased and held in trust in connection with the PSU plan.

Share option and PSU data as at April 30, 2009

Options issued and outstanding under the share option plans	39,679,321
PSUs issued and outstanding under the PSU plan	14,918,149
Class B Shares held in trust to satisfy PSU obligations	(23,653,759)

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

Second Quarterly Report, for the period ended July 31, 2009	September 2, 2009
Third Quarterly Report, for the period ended October 31, 2009	December 3, 2009
Annual Report, for the fiscal year ended January 31, 2010	April 1, 2010
First Quarterly Report, for the period ended April 30, 2010	June 2, 2010

Information

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June 2, 2009

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

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

BOMBARDIER INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions of U.S. dollars, except number of shares)

	Notes	**April 30, 2009**	Restated[1] January 31, 2009
Assets			
Cash and cash equivalents		**$ 2,687**	$ 3,470
Invested collateral	7	**794**	777
Receivables		**2,151**	1,981
Aircraft financing		**426**	418
Inventories	5	**5,955**	5,522
Property, plant and equipment		**1,573**	1,568
Intangible assets		**1,484**	1,399
Fractional ownership deferred costs		**386**	444
Deferred income taxes		**1,168**	1,216
Accrued benefit assets		**957**	926
Derivative financial instruments	4	**542**	626
Goodwill		**2,103**	2,010
Other assets	6	**980**	949
		$ 21,206	$ 21,306
Liabilities			
Accounts payable and accrued liabilities	8	**$ 7,168**	$ 6,922
Advances and progress billings in excess of related long-term contract costs		**1,982**	2,072
Advances on aerospace programs		**2,747**	2,991
Fractional ownership deferred revenues		**512**	573
Long-term debt		**4,041**	3,952
Accrued benefit liabilities		**1,033**	992
Derivative financial instruments	4	**837**	1,194
		18,320	18,696
Shareholders' 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: 316,582,537		**29**	29
Class B: 1,437,520,360		**1,428**	1,428
Purchased and held in trust under the performance share unit plan: 23,653,759 Class B		**(130)**	(130)
Contributed surplus		**115**	104
Retained earnings		**1,682**	1,567
Accumulated other comprehensive income, net of tax	10	**(652)**	(801)
Equity attributable to shareholders of Bombardier Inc.		**2,819**	2,544
Equity attributable to non-controlling interests		**67**	66
Shareholders' equity		**2,886**	2,610
		$ 21,206	$ 21,306
Commitments and contingencies	16		

[1] Refer to Note 2 for impact of new accounting policies.

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

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(In millions of U.S. dollars)
For the three-month periods ended April 30

	Notes		2009		Restated[1] 2008
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF BOMBARDIER INC.					
Preferred shares		**$**	**347**	$	347
Common shares					
Balance at beginning of period		**$**	**1,327**	$	1,359
Issuance of Class B shares			**-**		1
Balance at end of period		**$**	**1,327**	$	1,360
Contributed surplus					
Balance at beginning of period		**$**	**104**	$	68
Stock-based compensation	9		**11**		11
Balance at end of period		**$**	**115**	$	79
Retained earnings					
Balance at beginning of period		**$**	**1,567**	$	706
Net income attributable to shareholders of Bombardier Inc.			**156**		226
Dividends:					
Common shares			**(36)**		-
Preferred shares			**(5)**		(8)
Balance at end of period		**$**	**1,682**	$	924
Accumulated other comprehensive income, net of tax	10				
Balance at beginning of period		**$**	**(801)**	$	311
Other comprehensive income attributable to shareholders of Bombardier Inc.			**149**		123
Balance at end of period		**$**	**(652)**	$	434
		$	**2,819**	$	3,144
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS					
Balance at beginning of period		**$**	**66**	$	66
Net income attributable to non-controlling interests			**2**		3
Other comprehensive income attributable to non-controlling interests			**(1)**		5
Balance at end of period		**$**	**67**	$	74
SHAREHOLDERS' EQUITY		**$**	**2,886**	$	3,218

[1] Refer to Note 2 for impact of new accounting policies.

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		2009		Restated[1] 2008
Revenues					
Manufacturing		**$**	**3,510**	$	3,345
Services			**664**		837
Other			**297**		607
			4,471		4,789
Cost of sales			**3,733**		3,946
Selling, general and administrative			**346**		365
Research and development			**20**		40
Other expense (income)	11		**17**		(26)
Amortization			**120**		140
			4,236		4,465
Income before the following:			**235**		324
Financing income	12		**(35)**		(72)
Financing expense	12		**68**		93
Income before income taxes			**202**		303
Income taxes			**44**		74
Net income		**$**	**158**	$	229
Attributable to:					
Shareholders of Bombardier Inc.		**$**	**156**	$	226
Non-controlling interests		**$**	**2**	$	3
Earnings per share *(in dollars)* **:**	13				
Basic		**$**	**0.09**	$	0.13
Diluted		**$**	**0.09**	$	0.12

[1] Refer to Note 2 for impact of new accounting policies.

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		2009		Restated[1] 2008
Net income		**$**	**158**	$	229
Other comprehensive income	10				
Net unrealized gain (loss) on financial assets available for sale, net of tax			**5**		(2)
Net change in cash flow hedges:					
Foreign exchange re-evaluation			**2**		-
Net gain on derivative financial instruments designated as cash flow hedges			**121**		98
Reclassification to income or to the related non financial asset			**81**		(70)
Income tax recovery (expense)			**(54)**		4
			150		32
Cumulative translation adjustment:					
Net investments in self-sustaining foreign operations[2]			**60**		211
Net loss on related hedging items[3]			**(67)**		(113)
			(7)		98
Total Other comprehensive income			**148**		128
Total Comprehensive income		**$**	**306**	$	357
Attributable to:					
Shareholders of Bombardier Inc.		**$**	**305**	$	349
Non-controlling interests		**$**	**1**	$	8

[1] Refer to Note 2 for impact of new accounting policies.

[2] Includes a loss of $1 million and a gain of $5 million attributable to non-controlling interests for the three-month periods ended April 30, 2009 and 2008, respectively.

[3] Net of income taxes of nil and $2 million for the three-month periods ended April 30, 2009 and 2008 respectively.

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		**2009**		Restated[1] 2008
Operating activities					
Net income		**$**	**158**	$	229
Non-cash items:					
Amortization			**120**		140
Deferred income taxes			**23**		32
Gain on disposals of property, plant and equipment			**(10)**		(12)
Stock-based compensation	9		**11**		11
Net change in non-cash balances related to operations	14		**(965)**		241
Cash flows from operating activities			**(663)**		641
Investing activities					
Additions to property, plant and equipment and intangible assets			**(169)**		(103)
Disposals of property, plant and equipment			**15**		22
Other			**(2)**		(8)
Cash flows from investing activities			**(156)**		(89)
Financing activities					
Repayments of long-term debt			**(2)**		(60)
Issuance of shares, net of related costs			**-**		1
Dividends paid			**(5)**		(8)
Cash flows from financing activities			**(7)**		(67)
Effect of exchange rate changes on cash and cash equivalents			**43**		208
Net increase (decrease) in cash and cash equivalents			**(783)**		693
Cash and cash equivalents at beginning of period			**3,470**		3,602
Cash and cash equivalents at end of period		**$**	**2,687**	$	4,295
Supplemental information					
Cash paid for:					
Interest		**$**	**36**	$	33
Income taxes		**$**	**14**	$	14

[1] Refer to Note 2 for impact of new accounting policies.

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, 2009

(Unaudited)

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

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

1. BASIS OF PRESENTATION

The interim consolidated financial statements are expressed in U.S. dollars and have been prepared in accordance with Canadian GAAP applicable to interim consolidated financial statements, and follow the same accounting policies and methods in their application as the most recent annual Consolidated Financial Statements, except for the changes in accounting policies described in Note 2 – Changes in accounting policies. 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 2009.

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. CHANGES IN ACCOUNTING POLICIES

Business combinations, consolidated financial statements and non-controlling interests
In January 2009, the AcSB released Section 1582 “Business combinations”, Section 1601 “Consolidated financial statements” and Section 1602 “Non-controlling interest”, which replace Section 1581 “Business combinations” and Section 1600 “Consolidated financial statements”.

Section 1582 provides the Canadian equivalent to IFRS 3 "Business Combinations". The new recommendations require measuring business acquisitions at the fair value of the acquired business, including the measurement at fair value of items such as non-controlling interests and contingent payment considerations. Also, the previously unrecognized deferred tax assets related to the acquiree subsequent to the business combination are recognized in the consolidated statements of income rather than as a reduction of goodwill. In addition, business acquisition related costs are expensed as incurred.

The adoption of Section 1582 should have a material effect on the accounting for business combinations that will occur subsequent to February 1, 2009. Past acquisitions are not restated.

Section 1601, together with Section 1602, replaces Section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements and is aligned with the corresponding provisions of Section 1600.

Section 1602 is aligned with the corresponding provisions of IAS 27, “Consolidated and Separate Financial Statements” and establishes standards for accounting for non-controlling interests in a subsidiary subsequent to a business combination. Section 1602 introduces a number of changes, for example:

- in the consolidated balance sheets and consolidated statements of shareholders’ equity, non-controlling interests are now presented as a separate component of shareholders’ equity rather than as a liability;
- non-controlling interests are no longer recorded as a deduction of net income and total comprehensive income as a result of their presentation in equity;
- for the purpose of computing EPS, net income is attributed between the shareholders of Bombardier Inc. and the non-controlling interests based on their respective economic interests. The components of OCI are attributed following the same logic; and
- changes in non-controlling ownership interests not resulting in a loss of control are accounted for as equity transactions, with no gains and losses recorded in the consolidated statements of income.

The Corporation has elected to early adopt these sections, effective February 1, 2009, in order to more closely align itself with IFRS and mitigate the impact of adopting IFRS at the changeover date. In accordance with the transitional provisions, these sections have been applied prospectively, except for the presentation requirements for non-controlling interests, which must be applied retrospectively. The adoption of these sections did not have a significant impact on the Corporation's consolidated financial statements but gave rise to the above-mentioned reclassifications of non-controlling interests.

Fair value measurements
In January 2009, the Emerging Issues Committee issued EIC-173 "Credit risk and the fair value of financial assets and financial liabilities", which requires that the fair value of financial instruments, including derivative financial instruments, take into account the counterparties' credit risks for assets and the Corporation's credit risk for liabilities. This interpretation must be applied retrospectively without restatement of prior years. The Corporation has adopted this interpretation effective February 1, 2008.

Accordingly, the Corporation has re-measured certain financial instruments carried at fair value as at February 1, 2008 to take such risks into account. The resulting adjustments were recorded to retained earnings, except for derivative financial instruments in a fair value hedging relationship for which the resulting adjustment was recorded to the carrying value of the hedged item, and for derivative financial instruments in a net investment hedging relationship for which the resulting adjustment was recorded in AOCI. Refer to the Corporation's fiscal year 2009 annual report for the quantitative effect of adopting this fair value measurement change in accounting policy as at February 1, 2008 and on the first quarter of fiscal year 2009.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS
In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable entities will be converged with 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. In the period leading up to the changeover, the AcSB is expected to continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date.

First reporting under IFRS is required for the Corporation's interim and annual financial statements beginning on February 1, 2011. The Corporation has developed a plan anchored around four phases to convert its Consolidated Financial Statements to IFRS, as described in its fiscal year 2009 annual report. The Corporation has also set up IFRS dedicated teams at all levels of its organization.

The Corporation's IFRS project is progressing according to plan. The Corporation continues to monitor standards to be issued by the IASB, but it is difficult to predict the IFRS that will be effective at the end of the Corporation's first IFRS reporting period, as the IASB work plan anticipates the completion of several projects in calendar years 2010 and 2011. The Corporation also continues to provide training to key employees and monitor the impact of the transition on its business practices, systems and internal controls over financial reporting. The Corporation will provide updates as further progress is achieved and conclusions are reached.

4. FINANCIAL INSTRUMENTS

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

	April 30, 2009				January 31, 2009			
	Carrying value				Carrying value			
	HFT	**AFS**	**Amortized cost[1]**	**Total[2]**	HFT	AFS	Amortized cost[1]	Total[2]
Financial assets								
Cash and cash equivalents	**$ 2,687**	**$ -**	**$ -**	**$ 2,687**	$ 3,470	$ -	$ -	$ 3,470
Invested collateral	**794[3]**	**-**	**-**	**794**	777[3]	-	-	777
Receivables	**-**	**-**	**2,066[4]**	**2,066**	-	-	1,905[4]	1,905
Aircraft financing	**230[3] [5]**	**-**	**101[6]**	**331[7]**	240[3] [5]	-	104[6]	344[7]
Derivative financial instruments	**90[8]**	**-**	**-**	**90**	179[8]	-	-	179
Other assets	**233[3] [9]**	**199[10]**	**174[11]**	**606**	231[3] [9]	203[10]	160[11]	594
	$ 4,034	**$ 199**	**$ 2,341**	**$ 6,574**	$ 4,897	$ 203	$ 2,169	$ 7,269
Financial liabilities								
Accounts payable and accrued liabilities	**$ 167[3] [12]**	**n/a**	**$ 3,699[13]**	**$ 3,866**	$ 192[3] [12]	n/a	$ 3,675[13]	$ 3,867
Long-term debt	**-**	**n/a**	**4,041**	**4,041[14]**	-	n/a	3,952	3,952[14]
Derivative financial instruments	**92[8]**	**n/a**	**-**	**92**	163[8]	n/a	-	163
	$ 259	**n/a**	**$ 7,740**	**$ 7,999**	$ 355	n/a	$ 7,627	$ 7,982

[1] Financial assets are classified as L&R and financial liabilities as other than HFT.
[2] Represents only the carrying value of financial assets included in the corresponding balance sheet caption.
[3] The Corporation has chosen to designate these financial assets as HFT under the fair value option.
[4] Represents trade receivables and certain other receivables.
[5] Represents certain commercial aircraft loans and lease receivables.
[6] Represents certain commercial aircraft loans and lease receivables, investment in financing structures and business aircraft loans.
[7] The fair value is $324 million as at April 30, 2009 ($335 million as at January 31, 2009).
[8] Represents derivative financial instruments not designated in a hedging relationship but that are economic hedges, and embedded derivatives accounted for separately.
[9] Includes a prepayment under an exchange agreement and servicing fees.
[10] Represents investment in securities.
[11] Includes restricted cash.
[12] Represents related liabilities in connection with the sale of commercial aircraft.
[13] Includes trade accounts payable, interest, as well as certain accrued liabilities and payroll-related liabilities.
[14] The fair value is $3,066 million as at April 30, 2009 ($2,965 million as at January 31, 2009).
n/a: Not applicable

The net gain (loss) on financial instruments recognized in income was as follows for the three-month periods ended April 30:

	2009	2008
Financial instruments measured at fair value		
Designated as HFT	**$ 21[1]**	$ (8)[1]
Required to be classified as HFT	**$ 13[2] [3]**	$ 35[2] [3]

[1] Excludes the interest income portion related to the prepayment under an exchange agreement and invested collateral of $3 million for the three-month period ended April 30, 2009 ($12 million for the three-month period ended April 30, 2008).
[2] Excludes the interest income portion related to cash and cash equivalents of $11 million for the three-month period ended April 30, 2009 ($36 million for the three-month period ended April 30, 2008).
[3] Includes a net gain of $20 million incurred in connection with economic hedges not designated in hedging relationships for the three-month period ended April 30, 2009 ($8 million for the three-month period ended April 30, 2008).

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 periods ended April 30, 2009 and 2008, if any, see the consolidated statements of comprehensive income.

Derivative and certain non-derivative financial instruments

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

	April 30, 2009		January 31, 2009	
	Assets	**Liabilities**	Assets	Liabilities
Derivative financial instruments designated as fair value hedges				
Interest-rate swap agreements	**$ 194**	**$ -**	$ 169	$ 3
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts[(1) (2)]	**258**	**722**	278	1,018
Derivative financial instruments designated as hedges of net investment				
Cross-currency interest-rate swap agreements	**-**	**23**	-	10
Derivative financial instruments classified as HFT[(3)]				
Forward foreign exchange contracts	**14**	**61**	96	133
Interest-rate cap agreements	**1**	**1**	1	1
Interest-rate swap agreements	**-**	**8**	-	4
Cross-currency interest-rate swap agreements	**11**	**-**	9	-
Embedded derivative financial instruments:				
Foreign exchange	**64**	**22**	73	25
	90	**92**	179	163
Total derivative financial instruments	**$ 542**	**$ 837**	$ 626	$ 1,194
Non-derivative financial instruments designated as hedges of net investment				
Long-term debt	**$ -**	**$ 1,997**	$ -	$ 908
Intercompany loans	**-**	**207**	-	29
Total non-derivative financial instruments designated in a hedge relationship	**$ -**	**$ 2,204**	$ -	$ 937

(1) For the three-month period ended April 30, 2009, the net gain representing the component of the hedging item's gain or loss excluded from the assessment of effectiveness amounted to $12 million (net loss of $3 million for the three-month period ended April 30, 2008).

(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 39 months.

(3) Held as economic hedges, except for embedded derivative financial instruments.

5. INVENTORIES

Inventories were as follows as at:

	April 30, 2009	January 31, 2009
Long-term contracts		
Costs incurred and recorded margins	**$ 5,182**	$ 4,503
Less: payments received and progress billings	**(3,775)**	(3,308)
	1,407	1,195
Aerospace programs	**2,899**	2,850
Finished products[1]	**1,649**	1,477
	$ 5,955	$ 5,522

[1] Finished products include 25 new aircraft not associated with a firm order and 35 pre-owned aircraft, totalling $560 million as at April 30, 2009 (19 new aircraft and 29 pre-owned aircraft, totalling $448 million as at January 31, 2009).

The amount of inventories recognized as cost of sales was as follows for the three-month periods ended April 30:

	2009	2008
Long-term contracts	**$ 1,952**	$ 2,195
Aerospace programs	**1,329**	1,406
Finished products	**182**[1]	253
	$ 3,463	$ 3,854

[1] Includes $34 million of write-down of inventories related to pre-owned business aircraft for the three-month period ended April 30, 2009 (nil for the three-month period ended April 30, 2008).

6. OTHER ASSETS

Other assets were as follows as at:

	April 30, 2009	January 31, 2009
Prepaid expenses	**$ 267**	$ 257
Investment in securities[1]	**199**	203
Prepayment under an exchange agreement	**150**	150
Restricted cash[2]	**93**	85
Deferred financing charges	**70**	65
Servicing fees	**57**	54
Investment in companies subject to significant influence[3]	**33**	30
Other	**111**	105
	$ 980	$ 949

[1] Includes $65 million of securities held as collateral for guarantees issued in connection with the sale of aircraft as at April 30, 2009 ($64 million as at January 31, 2009).
[2] Includes $63 million related to consolidated VIEs as at April 30, 2009 ($59 million as at January 31, 2009).
[3] The Corporation has pledged shares in investees subject to significant influence, with a carrying value of $23 million as at April 30, 2009 ($20 million as at January 31, 2009), including $11 million of loans as at April 30, 2009 ($8 million as at January 31, 2009), mostly related to BT.

7. 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, 2009							
BT facility	**$**	**4,966**[1]	**$**	**4,765**	**$**	**201**	**2014**[2]
BA facility		**840**		**625**		**215**	**2012**[3]
PSG facility (BT)		**600**		**97**		**503**	**2010**[4]
	$	**6,406**	**$**	**5,487**	**$**	**919**	
January 31, 2009							
BT facility	$	4,801[1]	$	4,446	$	355	2014[2]
BA facility		840		655		185	2012[3]
PSG facility (BT)		250		30		220	2010[4]
	$	5,891	$	5,131	$	760	

(1) €3,750 million.
(2) In December 2011, 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) In December 2009, 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 2011.
(4) The performance security guarantee facility ("PSG facility") is renewed and extended annually if mutually agreed. In December 2009, if the facility is not extended, the letters of credits issued under this facility will amortize over their maturity.

Under the BA and BT facilities, the Corporation must maintain certain financial covenants, including a requirement to maintain a minimum BT liquidity of €600 million at the end of each calendar quarter. In addition, the Corporation must maintain €446 million ($591 million) of invested collateral under the BT facility, and $202 million of invested collateral under the BA facility. These conditions were all met as at April 30, 2009 and January 31, 2009.

In addition to the outstanding letters of credit shown in the above table, letters of credit of $248 million were outstanding under various bilateral agreements as at April 30, 2009 ($257 million as at January 31, 2009).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were as follows as at:

		April 30, 2009		January 31, 2009
Trade accounts payable	**$**	**2,110**	$	2,243
Accrued liabilities		**1,155**		1,048
Sales incentives[1]		**1,014**		1,001
Product warranties		**948**		931
Payroll-related liabilities		**535**		438
Income and other taxes		**117**		113
Interest payable		**106**		61
Severance and other involuntary termination costs		**64**		43
Provision for repurchase obligations		**63**		59
Other		**1,056**		985
	$	**7,168**	$	6,922

(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).

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:

	2009	2008
Balance at beginning of period	**44,305,821**	43,395,125
Granted	**10,000**	-
Exercised	**-**	(431,350)
Cancelled	**(500,250)**	(1,117,250)
Expired	**(4,136,250)**	(240,000)
Balance at end of period	**39,679,321**	41,606,525

The weighted-average grant date fair value was $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:

	2009	2008
Risk-free interest rate	**1.97%**	-
Expected life	**5 years**	-
Expected volatility in market price of shares	**51.59%**	-
Expected dividend yield	**1.72%**	-

Compensation expenses of $3 million were recorded in the three-month periods ended April 30, 2009 and 2008 with respect to share option plans.

Performance share unit plan

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

	2009	2008
Balance at beginning of period	**15,006,293**	13,696,996
Granted	**10,000**	46,000
Cancelled	**(98,144)**	(254,035)
Balance at end of period	**14,918,149**	13,488,961

The PSUs granted in the three-month period ended April 30, 2009 vest on June 10, 2011, if certain financial performance targets are met. The conversion ratio for vested PSUs ranges from 70% to 150%.

Compensation expenses of $8 million were recorded in the three-month periods ended April 30, 2009 and 2008 with respect to the PSU plan.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in the AOCI were as follows:

	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[1]**
Balance as at April 30, 2009	**$ (12)**	**$ (305)**	**$ (335)**	**$ (652)**

	AFS financial assets	Cash flow hedges	CTA	Total
Balance as at January 31, 2008	$ 3	$ 111	$ 197	$ 311
Change during the period	(2)	32	93[1]	123[1]
Balance as at April 30, 2008	$ 1	$ 143	$ 290	$ 434

(1) Excludes a loss of $1 million and a gain of $5 million attributable to non-controlling interests for the three-month periods ended April 30, 2009 and 2008, respectively.

11. OTHER EXPENSE (INCOME)

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

	2009	2008
Severance and other involuntary termination costs (including changes in estimates)	**$ 34**	$ 3
Foreign exchange losses	**12**	10
Net gain on financial instruments[1]	**(19)**	(22)
Gain on disposals of property, plant and equipment	**(10)**	(12)
Settlement of claims	**-**	(28)
Loss related to disposal of businesses	**-**	23
	$ 17	$ (26)

(1) Net gain on 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:

	2009	2008
Financing income		
Cash and cash equivalents	**$ (11)**	$ (36)
Net gain on financial instruments[1]	**(11)**	(11)
Loans and lease receivables – after effect of hedges	**(8)**	(9)
Invested collateral	**(3)**	(11)
Other	**(2)**	(5)
	$ (35)[2]	$ (72)[2]
Financing expense		
Interest on long-term debt – after effect of hedges	**$ 55**	$ 79
Accretion expense on certain sales incentives	**10**	10
Other	**3**	4
	$ 68[3]	$ 93[3]

(1) Net gain on certain financial instruments required to be classified as HFT, including certain call options on long-term debt.
(2) Of which $3 million represents the interest income calculated using the effective interest method for financial assets classified as L&R for the three-month period ended April 30, 2009 ($6 million for the three-month period ended April 30, 2008).
(3) Of which $58 million represents 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, 2009 ($83 million for the three-month period ended April 30, 2008).

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 and PSUs, in thousands)		2009		2008
Net income attributable to shareholders of Bombardier Inc.	**$**	**156**	$	226
Preferred share dividends, net of tax		**(5)**		(8)
Net income attributable to common shareholders of Bombardier Inc.	**$**	**151**	$	218
Weighted-average basic number of common shares outstanding		**1,730,449**		1,730,822
Net effect of stock options and PSUs		**23,333**		26,591
Weighted-average diluted number of common shares outstanding		**1,753,782**		1,757,413
EPS:				
Basic	**$**	**0.09**	$	0.13
Diluted	**$**	**0.09**	$	0.12

The effect of the exercise of stock options was included in the calculation of diluted EPS in the above table, except for 36,690,000 stock options for the three-month period ended April 30, 2009 (21,208,667 for the three-month period ended April 30, 2008) either since the average market value of the underlying shares was lower than the exercise price, or because the predetermined target market price thresholds of 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:

		2009		2008
Receivables	**$**	**(129)**	$	(84)
Aircraft financing		**(11)**		(14)
Inventories		**(367)**		(273)
Fractional ownership deferred costs		**58**		(22)
Derivative financial instruments, net		**(61)**		(67)
Accounts payable and accrued liabilities		**61**		239
Advances and progress billings in excess of related long-term contract costs		**(196)**		309
Advances on aerospace programs		**(244)**		185
Fractional ownership deferred revenue		**(65)**		37
Accrued benefit liabilities, net		**4**		(43)
Other		**(15)**		(26)
	$	**(965)**	$	241

15. EMPLOYEE FUTURE BENEFITS

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

				2009				2008
		Pension benefits		**Other benefits**		Pension benefits		Other benefits
Current service cost	**$**	**40**	**$**	**2**	$	50	$	3
Interest cost		**83**		**5**		97		5
Expected return on plan assets		**(83)**		**-**		(103)		-
Amortization of actuarial losses		**11**		**3**		13		5
Amortization of past service costs (credits)		**2**		**(1)**		-		(1)
	$	**53**	**$**	**9**	$	57	$	12

16. COMMITMENTS AND CONTINGENCIES

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

	April 30, 2009	January 31, 2009
Aircraft sales		
Credit	**$ 1,531**	$ 1,572
Residual value	**2,604**	2,606
Mutually exclusive exposure[1]	**(900)**	(954)
Total credit and residual value exposure	**$ 3,235**	$ 3,224
Trade-in commitments	**$ 896**	$ 1,095
Conditional repurchase obligations	**$ 676**	$ 698
Other		
Credit and residual value	**$ 147**	$ 150
Repurchase obligations	**$ 137**	$ 134
Performance guarantees	**$ 50**	$ 60

[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 $551 million as at April 30, 2009 ($538 million as at January 31, 2009). In addition, related liabilities, which would be extinguished in the event of credit default by certain customers, amounted to $166 million as at April 30, 2009 ($190 million as at January 31, 2009).

Financing commitments – The Corporation is committed to provide financing in relation to the future sale of aircraft scheduled for delivery through fiscal year 2013. The Corporation's total financing commitment amounted to $0.6 billion as at April 30, 2009 ($0.8 billion as at January 31, 2009). The Corporation mitigates its exposure to interest and credit risks by including terms and conditions in the financing agreements that the guaranteed parties must satisfy prior to benefiting from the Corporation's commitment.

Litigations – 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, 2009, 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.

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 the global leader in the 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, 2009, except for changes in accounting policies described in Note 2 – Changes in accounting policies. Management assesses segment performance based on income before financing income, financing expense and income taxes. Corporate charges are allocated to segments mostly based on each segment's revenues.

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

The tables containing the detailed segmented data are shown hereafter.

18. RECLASSIFICATIONS

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

SEGMENTED INFORMATION

INDUSTRY SEGMENTS	Bombardier Inc. consolidated 2009	Restated[1] 2008	BA 2009	Restated[1] 2008	BT 2009	Restated[1] 2008
Revenues						
Manufacturing	**$ 3,510**	$ 3,345	**$ 1,863**	$ 1,887	**$ 1,647**	$ 1,458
Services	**664**	837	**329**	420	**335**	417
Other	**297**	607	**27**	73	**270**	534
	4,471	4,789	**2,219**	2,380	**2,252**	2,409
Cost of sales	**3,733**	3,946	**1,863**	1,895	**1,870**	2,051
Selling, general and administrative	**346**	365	**154**	164	**192**	201
Research and development	**20**	40	**(10)**	14	**30**	26
Other expense (income)	**17**	(26)	**8**	(4)	**9**	(22)
Amortization	**120**	140	**94**	105	**26**	35
	4,236	4,465	**2,109**	2,174	**2,127**	2,291
Income before financing income and expense and income taxes	**$ 235**	$ 324	**$ 110**	$ 206	**$ 125**	$ 118
Additions to property, plant and equipment and intangible assets	**$ 169**	$ 103	**$ 138**	$ 71	**$ 31**	$ 32

As at	April 30 2009	January 31 2009[1]	April 30 2009	January 31 2009[1]	April 30 2009	January 31 2009[1]
Net segmented assets	**$ 2,464**	$ 1,230	**$ 2,194**	$ 1,296	**$ 270**	$ (66)
Liabilities allocated to segments:						
Accounts payable and accrued liabilities[2]	**6,982**	6,791				
Advances and progress billings in excess of related long-term contract costs	**1,982**	2,072				
Advances on aerospace programs	**2,747**	2,991				
Fractional ownership deferred revenues	**512**	573				
Accrued benefit liabilities	**1,033**	992				
Derivative financial instruments	**837**	1,194				
Assets not allocated to segments:						
Cash and cash equivalents	**2,687**	3,470				
Invested collateral	**794**	777				
Deferred income taxes	**1,168**	1,216				
Total consolidated assets	**$ 21,206**	$ 21,306				

[1] Refer to Note 2 for impact of new accounting policies.

[2] Excluding interest and income taxes payable amounting to $106 million and $80 million respectively as at April 30, 2009 ($61 million and $70 million as at January 31, 2009), which were not allocated to segments.