



BOMBARDIER

Third quarterly report

NINE MONTHS ENDED OCTOBER 31, 2000

Report to shareholders

For the third quarter ended October 31, 2000, consolidated revenues of Bombardier Inc. totalled \$3.9 billion, a 21% increase compared with \$3.2 billion for the quarter ended October 31, 1999. Net income for the third quarter rose to \$225.9 million, an increase of 35% compared to a net income of \$167.4 million for the same period last year (or \$151.1 million after special items). Earnings per share rose to \$0.16, a 33% increase from \$0.12 the previous year (earnings per share after special items in the same quarter last year were \$0.11).

For the nine months ended October 31, 2000, consolidated revenues totalled \$10.5 billion compared to \$9.2 billion for the nine months ended October 31, 1999, an increase of 14%. Net income for the nine-month period, before the net effect of the special items, rose to \$631.1 million, an increase of 31% compared to a net income of \$481.0 million for the first nine months of the previous fiscal year. Earnings per share for the nine-month period, before the net effect of the special items, rose to \$0.45, a 32% increase from \$0.34 the previous year (or \$0.33 after special items). After the effect of the special items of \$29.7 million (\$3.7 million after tax), net income was \$627.4 million, or \$0.45 per share.

The special items for the current fiscal year consist of a charge of \$79.5 million (\$47.7 million after tax) provided for in the first quarter as additional provision for bad debt related to the small item portfolio of Bombardier Capital. This special charge was offset by a net gain of \$49.8 million (\$44.0 million after tax) in the second quarter of the current fiscal year on the divestiture of Bombardier Services (UK) Limited's defence services business in the United Kingdom.

The growth in revenues in the third quarter is mainly attributable to increased aircraft deliveries and to higher volume in recreational products and at Bombardier Capital. Higher income before income taxes is due to the excellent performance of the aerospace segment and to the increased profitability of the recreational products segment. The performance in the third quarter is in line with the Corporation's targets as stated in a press release of October 25, 2000.

Bombardier's order backlog at October 31, 2000 reached \$30.5 billion, a 14% increase over the \$26.7 billion backlog at the end of the third quarter last year. In aerospace, the backlog increased to \$22.7 billion at October 31, 2000 from \$18.4 billion last year, and in transportation, it reached \$7.8 billion compared to \$8.3 billion. The decrease in Bombardier Transportation's order backlog is mainly the result of depreciation of the euro compared to the Canadian dollar.

Bombardier Aerospace

During the third quarter, Bombardier Aerospace received firm orders for a total of 15 Canadair Regional Jet* aircraft including 10 CRJ700* Series and five CRJ200* Series aircraft. Firm orders were also received for two Q200* Dash 8* turboprops.

Since the end of the quarter, Bombardier Aerospace announced a firm order for two Q300* Dash 8 turboprops.

During the quarter, construction has progressed as planned for the facility at Montréal's Mirabel airport for final assembly of the CRJ900* Series and CRJ700 Series aircraft. Assembly of the prototype 86-seat CRJ900 Series regional jet has also started with first flight scheduled for the first quarter of fiscal year 2002.

On September 5, Bombardier Aerospace opened a regional spares distribution centre in Beijing, China to serve the growing Chinese customer base for the CRJ200 regional jet and Q400* turboprop airliners.

Bombardier Transportation

During the third quarter, Bombardier Transportation was awarded contracts for a total value of \$478 million. This includes a \$379 million contract for an automated monorail system for Las Vegas, Nevada as well as a \$99 million order for TGV Duplex in France.

In August, Bombardier Transportation was selected for a \$438 million project to build a 24-km elevated rapid transit system linking the South Korean cities of Pusan and Kimhae.

Since the end of the third quarter, Bombardier Transportation received a \$130 million order from the French National Railways (SNCF).

On November 16, the Acela high-speed train produced for Amtrak had a successful inaugural run between Washington and Boston.

Acquisition of DaimlerChrysler Rail Systems (Adtranz)

In August, Bombardier announced it had signed a sale and purchase agreement with DaimlerChrysler AG to acquire its subsidiary DaimlerChrysler Rail Systems GmbH (Adtranz) for a cash consideration of \$725 million US (\$1.1 billion Cdn). The agreement is subject to regulatory authorities' approval and notification of the proposed transaction has been filed with the appropriate agencies.

Robert E. Brown
President and Chief Executive Officer

November 21, 2000

FORWARD LOOKING STATEMENTS

This report includes "forward looking statements" that are subject to risks and uncertainties. For information identifying legislative or regulatory, economic, climatic, currency, technological, competitive and other important factors that could cause actual results to differ materially from those anticipated in the forward looking statements, see Bombardier's Annual Report under the heading Risks and Uncertainties in the Management's Discussion and Analysis section.

All amounts mentioned in this report are in Canadian dollars, unless otherwise stated.

*Trademark of Bombardier Inc. or its subsidiaries

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

	<i>Bombardier Inc.</i>		<i>Bombardier</i>		<i>BC</i>	
	October 31	January 31	October 31	January 31	October 31	January 31
	2000	2000	2000	2000	2000	2000
	(Unaudited)		(Unaudited)		(Unaudited)	
Assets						
Cash and cash equivalents	\$ 536.1	\$ 1,664.0	\$ 419.5	\$ 1,548.7	\$ 116.6	\$ 115.3
Accounts receivable	907.5	570.7	907.5	570.7	---	---
Asset-based financing items	8,088.7	7,194.9	51.7	57.1	8,037.0	7,137.8
Inventories	6,944.0	5,361.5	6,944.0	5,361.5	---	---
Fixed assets	2,023.0	1,898.7	1,893.2	1,776.4	129.8	122.3
Investment in and advances to BC	---	---	1,370.6	1,531.2	---	---
Other assets	379.1	344.3	125.7	146.3	253.4	198.0
	\$ 18,878.4	\$ 17,034.1	\$ 11,712.2	\$ 10,991.9	\$ 8,536.8	\$ 7,573.4
Liabilities						
Short-term borrowings	\$ 2,485.8	\$ 2,002.7	\$ 442.3	\$ ---	\$ 2,043.5	\$ 2,002.7
Advances from Bombardier	---	---	---	---	149.4	459.8
Accounts payable and accrued liabilities	3,473.7	3,335.2	3,220.4	3,125.2	253.3	210.0
Advances and progress billings in excess of related costs	2,386.1	2,636.8	2,386.1	2,636.8	---	---
Long-term debt	5,842.4	4,795.0	973.0	971.4	4,869.4	3,823.6
Other liabilities	1,138.1	652.6	1,138.1	646.7	---	5.9
	15,326.1	13,422.3	8,159.9	7,380.1	7,315.6	6,502.0
Shareholders' equity						
Preferred shares						
Issued and outstanding:						
Series 2: 12,000,000	300.0	300.0	300.0	300.0	---	---
Common shares						
Issued and outstanding:						
Class A: 347,428,058						
(351,594,128 as at January 31, 2000)	48.1	48.6	48.1	48.6	---	---
Class B: 1,017,489,961						
(1,026,023,888 as at January 31, 2000)	818.2	813.7	818.2	813.7	---	---
Other equity accounts (Investment in BC)	2,386.0	2,449.5	2,386.0	2,449.5	1,221.2	1,071.4
	3,552.3	3,611.8	3,552.3	3,611.8	1,221.2	1,071.4
	\$ 18,878.4	\$ 17,034.1	\$ 11,712.2	\$ 10,991.9	\$ 8,536.8	\$ 7,573.4

Notes to these consolidated financial statements provide information on the financial statement presentation.

BOMBARDIER INC.
Consolidated Statements of Income
(Unaudited)
(millions of Canadian dollars except per share amounts)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>October 31</i>		<i>October 31</i>	
	2000	1999	2000	1999
Revenues				
Aerospace	\$ 2,549.8	\$ 1,879.4	\$ 6,706.3	\$ 5,297.1
Recreational Products	480.8	406.2	1,126.1	961.5
Transportation	648.1	788.5	2,163.9	2,589.1
BC	263.3	176.8	730.5	506.5
Intersegment eliminations	(85.7)	(67.7)	(180.4)	(139.6)
External revenues	\$ 3,856.3	\$ 3,183.2	\$ 10,546.4	\$ 9,214.6
Income before special items and income taxes				
Aerospace	\$ 286.9	\$ 201.2	\$ 774.3	\$ 562.5
Recreational Products	20.8	4.7	42.0	5.8
Transportation	18.4	39.6	95.1	133.8
BC	12.2	13.7	33.8	25.2
	338.3	259.2	945.2	727.3
Special items	---	33.7	29.7	33.7
Income before income taxes	338.3	225.5	915.5	693.6
<i>Income taxes</i>	112.4	74.4	288.1	228.9
Net income	\$ 225.9	\$ 151.1	\$ 627.4	\$ 464.7
Earnings per share:				
Basic	\$ 0.16	\$ 0.11	\$ 0.45	\$ 0.33
Fully diluted	\$ 0.16	\$ 0.10	\$ 0.44	\$ 0.32
Average number of common shares outstanding during the period (millions)			1,370.1	1,367.4

Notes to these consolidated financial statements provide information on the financial statement presentation.

BOMBARDIER INC.**Consolidated Statements of Cash Flows***(Unaudited)**For the nine months ended October 31 (millions of Canadian dollars)*

	Bombardier Inc.		Bombardier		BC	
	2000	1999	2000	1999	2000	1999
Operating activities						
Net income (loss)	\$ 627.4	\$ 464.7	\$ 627.4	\$ 464.7	\$ (27.8)	14.9
Non-cash items:						
Depreciation and amortization	161.1	170.6	153.8	164.4	7.3	6.2
Net loss (income) from BC	---	---	27.8	(14.9)	---	---
Provision for credit losses - BC	44.1	44.7	---	---	44.1	44.7
Future income taxes	194.7	269.6	238.3	270.5	(43.6)	(0.9)
Special items	29.7	33.7	(49.8)	33.7	79.5	---
Net changes in non-cash balances related to operations	(1,969.8)	(1,288.7)	(2,023.0)	(1,232.5)	53.2	(56.2)
Cash flows from operating activities	(912.8)	(305.4)	(1,025.5)	(314.1)	112.7	8.7
Investing activities						
Additions to fixed assets	(312.0)	(215.8)	(299.1)	(196.9)	(12.9)	(18.9)
Net investment in asset-based financing	(649.8)	(1,675.2)	5.4	67.1	(655.2)	(1,742.3)
Investment in and advances to BC	---	---	182.0	12.1	(182.0)	(12.1)
Disposal of businesses	66.1	---	66.1	---	---	---
Other	(18.2)	(42.0)	9.4	4.1	(27.6)	(46.1)
Cash flows from investing activities	(913.9)	(1,933.0)	(36.2)	(113.6)	(877.7)	(1,819.4)
Financing activities						
Net variation in short-term borrowing	380.4	931.0	442.3	204.4	(61.9)	726.6
Net variation in long-term debt	825.4	1,022.8	2.9	(34.5)	822.5	1,057.3
Redemption of convertible notes	---	(243.2)	---	(243.2)	---	---
Redemption of common shares	(303.8)	---	(303.8)	---	---	---
Issuance of shares, net of related costs	13.9	4.4	13.9	4.4	---	---
Dividends paid	(152.4)	(126.3)	(152.4)	(126.3)	---	---
Cash flows from financing activities	763.5	1,588.7	2.9	(195.2)	760.6	1,783.9
Effect of exchange rate changes on cash and cash equivalents	(64.7)	28.2	(70.4)	5.7	5.7	22.5
Net increase (decrease) in cash and cash equivalents	(1,127.9)	(621.5)	(1,129.2)	(617.2)	1.3	(4.3)
Cash and cash equivalents at beginning of year	1,664.0	1,738.7	1,548.7	1,706.3	115.3	32.4
Cash and cash equivalents as at October 31	\$ 536.1	\$ 1,117.2	\$ 419.5	\$ 1,089.1	\$ 116.6	\$ 28.1

Supplemental Information

Cash paid for - interest	\$ 368.6	\$ 216.1
- income taxes	\$ 60.1	\$ 34.2

Notes to these consolidated financial statements provide information on the financial statement presentation.

BOMBARDIER INC.

Notes to Consolidated Financial Statements

(Unaudited)

CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The accompanying consolidated financial statements include the accounts of Bombardier Inc. and its subsidiaries (the "Corporation"), substantially all of which are wholly owned. They also include the Corporation's proportionate share of its joint ventures. The description of the columns shown in these financial statements is as follows:

Bombardier Inc. consolidated

This column represents all of the activities of the Corporation on a consolidated basis, after elimination of balances and transactions between Bombardier and BC.

Bombardier

This column represents the activities of the Corporation's three manufacturing segments. Each segment offers different products and services, requires different technology and marketing strategies and is headed by a President and Chief Operating Officer. These segments are grouped and referred to as "Bombardier" and the intercompany transactions within this column have been eliminated. "Investment in BC" is accounted for under the equity method and comprises BC's equity and subordinated debt of Bombardier in BC.

The aerospace segment is engaged in the design, manufacture and sale of business and regional aircraft for individuals, corporations as well as commercial airline customers. It is also engaged in the manufacture of major airframe components for aircraft designed and built by other American and European aircraft manufacturers. In addition, it provides commercial and military aviation services, including technical services and pilot training.

The recreational products segment is involved in the development, manufacturing and marketing of snowmobiles, watercraft, boats, all-terrain vehicles, utility vehicles and engines.

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

BC

Bombardier Capital ("BC") includes financial services and real estate activities. The financial services are all asset-based and cover five specific markets: inventory financing; financing to commercial customers with respect to various commercial and industrial equipment, new or trade-in aircraft and open accounts receivable; consumer finance operations; mortgage financing to purchasers of manufactured homes; and leasing services. The real estate activities of this segment consist in selling land to real estate developers and renting office buildings to Bombardier. The intercompany transactions within this segment have been eliminated.

BUSINESS ACQUISITION

On August 4, 2000 the Corporation signed a sale and purchase agreement with DaimlerChrysler AG of Stuttgart, Germany, for the acquisition of Berlin-based DaimlerChrysler Rail Systems GmbH (Adtranz), for a cash consideration of \$725 million US (\$1.1 billion Cdn). The purchase price is subject to adjustments, including adjustments based on the financial performance of Adtranz until the closing date of the transaction.

Appropriate regulatory approvals are required before completion of the acquisition. Adtranz is an integrated transportation equipment manufacturer with revenues for 1999 totalling \$5 billion.

SPECIAL ITEMS

On June 12, 2000 Bombardier Aerospace sold Bombardier Services (UK) Limited's defence service business, including its wholly owned subsidiary Airwork Ltd, an operation located in the United Kingdom. The net sale proceeds of \$66.1 million resulted in a net gain of \$49.8 million (\$44.0 million after tax).

As a result of defaults from recourse lessors and the deterioration of the credit quality of BC's small item portfolio, which is in the process of being wound down, a special charge of \$79.5 million (\$47.7 million after tax) has been provided for in the first quarter of fiscal year 2001, related to additional provision for bad debt.

On September 30, 1999, the Corporation announced its plan to adjust the Bombardier Transportation's German operations and workforce to market demand which included a reduction of approximately 25% of total employment of these operations. A charge of \$33.7 million (\$16.3 million after tax), mostly related to severance costs, has been recorded in the third quarter of fiscal year 2000 in connection with this restructuring.

SEGMENT DISCLOSURE

The Corporation evaluates performance based on income or loss before special items and income taxes. Intersegment services are accounted for as if the services were provided to third parties, at current market prices. For all segments, interest costs are allocated to each segment based on its net assets. Most corporate office charges are allocated based on their respective revenues. For the manufacturing segments, net segmented assets are comprised of the assets of each segment except for investment in and advances to BC and cash and cash equivalents, less accounts payable and accrued liabilities and advances and progress billings in excess of related costs. For BC, the net segmented assets correspond to the combined amount of BC's equity and subordinated debt of Bombardier in BC ("BC's equity") which is maintained at a level to produce a debt to equity ratio which approximates 9 to 1. Consequently, this amount is shown as net segmented assets for BC.

SHARE CAPITAL SPLIT

On June 20, 2000 the shareholders of the Corporation approved a Class A and Class B share split on a two-for-one basis, effective as of the close of business on July 7, 2000. The number of shares outstanding and the per share amounts give effect to the share split on a retroactive basis.

BOMBARDIER INC.
Net Segmented Assets
(millions of Canadian dollars)

	October 31 2000	January 31 2000
	(Unaudited)	
Aerospace	\$ 4,580.8	\$ 2,938.0
Recreational Products	216.3	103.2
Transportation	(481.5)	(891.2)
BC	1,221.2	1,071.4
	5,536.8	3,221.4
Accounts payable and accrued liabilities	3,220.4	3,125.2
Advances and progress billings in excess of related costs	2,386.1	2,636.8
Advances to BC	149.4	459.8
Cash and cash equivalents	419.5	1,548.7
Total assets - Bombardier	11,712.2	10,991.9
Investment in and advances to BC	(1,370.6)	(1,531.2)
Total assets - BC	8,536.8	7,573.4
Total assets - Bombardier Inc. consolidated	\$ 18,878.4	\$ 17,034.1

BC total assets under management, including those off-balance sheet, amount to \$12,286.4 million (unaudited) as at October 31, 2000 and to \$10,847.6 million as at January 31, 2000.

Additional Information

(Unaudited)
(millions of Canadian dollars)

	Three months ended		Nine months ended	
	October 31		October 31	
	2000	1999	2000	1999
Depreciation and amortization				
Aerospace	\$ 28.0	\$ 29.2	\$ 82.2	\$ 81.8
Recreational Products	8.6	10.4	26.1	26.8
Transportation	14.5	18.9	45.5	55.8
BC	2.4	2.2	7.3	6.2
	\$ 53.5	\$ 60.7	\$ 161.1	\$ 170.6
Interest expense (income)				
Aerospace	\$ 45.6	\$ 63.1	\$ 123.5	\$ 133.1
Recreational Products	4.8	6.1	12.3	14.8
Transportation	(40.0)	(49.6)	(125.6)	(134.7)
BC	8.3	3.8	25.9	23.7
	\$ 18.7	\$ 23.4	\$ 36.1	\$ 36.9