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Bombardier Commercial Aircraft Market Forecast 2009 - 2028

future

BOMBARDIER

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Forward Looking Statement

This presentation includes forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. By their nature, forward-looking statements require Bombardier Inc. (the “Corporation”) to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Corporation’s actual results in future periods to differ materially from forecasted results. While the Corporation considers its assumptions to be reasonable and appropriate based on current information 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 presentation, please refer to the respective sections of the Corporation’s aerospace segment (“Aerospace”) and the Corporation’s

transportation segment (“Transportation”) in the F09 MD&A. 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 the Corporation’s business environment (such as the financial condition of the airline industry, government policies and priorities and competition from other businesses), operational risks (such as regulatory risks and dependence on key personnel, risks associated with doing business with partners, risks involved with developing new products and services, warranty and casualty claim losses, legal risks from legal proceedings, risks relating to the Corporation’s dependence on certain key customers and key suppliers, risks resulting from fixed-term commitments, human resource risk, and environmental risk), financing risks (such as risks resulting from reliance on government support, risks relating to financing support provided on behalf of certain customers, risks relating

to liquidity and access to capital markets, risks relating to the terms of certain restrictive debt covenants and market risks (including currency, interest rate and commodity pricing risk). See the Risks and Uncertainties section in the F09 MD&A. 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 the Corporation’s expectations as at the date of the F09 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.

All monetary amounts are expressed in 2009 US dollars unless otherwise stated.



executive summary

executive summary

Welcome to the Bombardier Aerospace Commercial Aircraft Market Forecast, our 20-year view of the market for 20 to 149-seat aircraft.

Our view of commercial aviation is one of an adaptable and evolutionary industry. In spite of the current challenges faced by economies worldwide, the fundamentals driving the aviation industry remain secure over the long-term. Over the next 20 years, Bombardier expects that the following long-term trends continue:

- Air travel demand will be directly related to economic growth
- Aviation demand from developing markets will increase
- Aviation markets will continue their trend towards liberalization
- Airlines will continue to focus on reducing costs and improving profitability
- The focus on environmental sustainability will increase throughout the aviation industry

In 2008, the economic outlook for aviation dramatically slowed as the worldwide economy declined by \$5 trillion. The near-term impact of this recession has left few markets unaffected. However, the fundamental drivers of the aviation industry remain positive.

Over the next 20 years, Bombardier forecasts demand for 12,400 aircraft in the 20 to 149-seat market. This segment of the overall industry is expected to generate \$588.6 billion in total revenue. The 20 to 99-seat market will account for 38% of these revenues (\$226.6 billion), while the 100 to 149-seat market will generate 62% or \$362 billion.

Economic Growth: Over the next 20 years, the global economy is expected to grow at a rate of 2.98%. This marks a slightly lower growth rate than the 3.14% predicted last year.

Optimization: A projected increase in fuel prices, downward yield pressures, and environmental concerns will shift aircraft demand to larger capacity, more fuel efficient types. Manufacturers will work with airlines to develop new aircraft that optimize economics and performance for the capacity segments they serve.

Delivery Forecast (Units)

Seat Category	2009 - 2028
20 to 59-Seats	300
60 to 99-Seats	5,800
100 to 149-Seats	6,300
Aircraft Total	12,400



executive summary

Geographic Shift:

Over the next 20 years, significant demand growth will develop in markets outside of North America and Europe. These markets will grow at a higher than average rate. Though stable growth will continue in North America and Europe, these regions represent the largest quantity of aircraft fleet and deliveries.

package freighter and corporate conversions, in the secondary market.

Regional airlines' desire to increase capacity and reduce per-seat costs has created strong demand for 60 to 99-seat aircraft. In the near-term these large regional aircraft are in high demand causing the average aircraft size to shift upward.

The long-term growth of the 20 to 149-seat market will be in the 100 to 149-seat segment. New aircraft designed specifically for this segment will encompass 'game changing' technology, both in terms of operating economics and passenger comfort. These new generation aircraft will enter into service within the next five years.

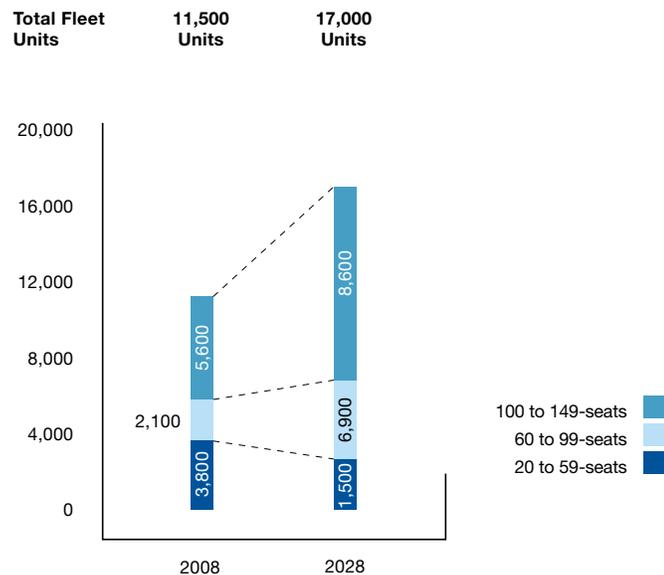
Environmental Focus:

Environmental concerns are a challenge to the prosperity, health and the future of the aviation industry. From an environmental regulatory perspective, the aviation industry is the most advanced and sophisticated commercial transportation mode.

Evolving Segments:

The 20 to 59-seat segment remains the foundation of the regional airline industry and the base of the fleet for the near-term. Demand for new aircraft in this segment is small and has dwindled to very low levels. This segment is exhibiting some new vitality with a myriad of applications, including

20-Year Worldwide Fleet Forecast



Source: OAG Aviation Solutions, Bombardier Analysis



economic trends and key factors

economic trends and key factors

Economic Growth Drives Passenger Demand

Airline passenger demand is directly related to the state of economic growth. Worldwide gross domestic product (GDP) is projected to grow at a compound

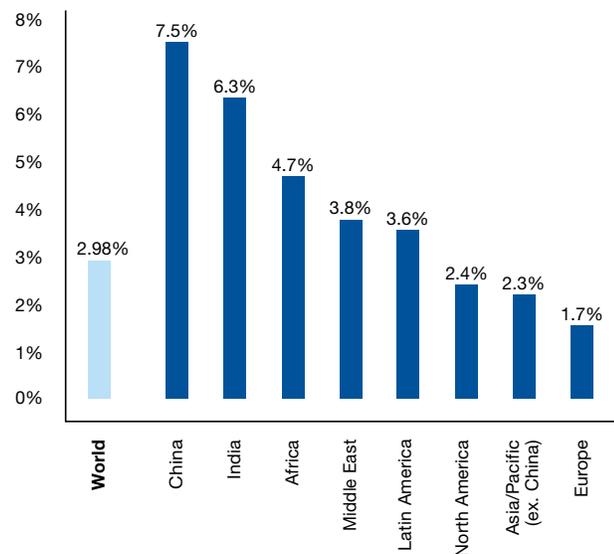
annual growth rate (CAGR) of 2.98% over the next 20 years, down from last year's forecast of 3.14%.

The near-term forecast for the US and Europe remains volatile, with the long-term outlook predicting

CAGR of 2.4% and 1.7% respectively, both of which are below the projected worldwide average. By 2028, developing markets are expected to account for nearly 50% of the global GDP, up 10 points from their current position.

GDP Growth Rates

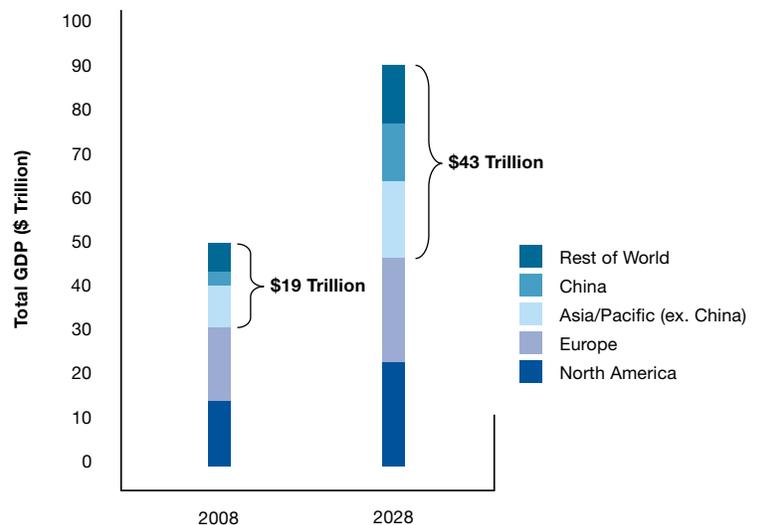
(2008-2028)



Source : IHS Global Insight

GDP Distribution by Country

(2008, 2028)



Source: IHS Global Insight

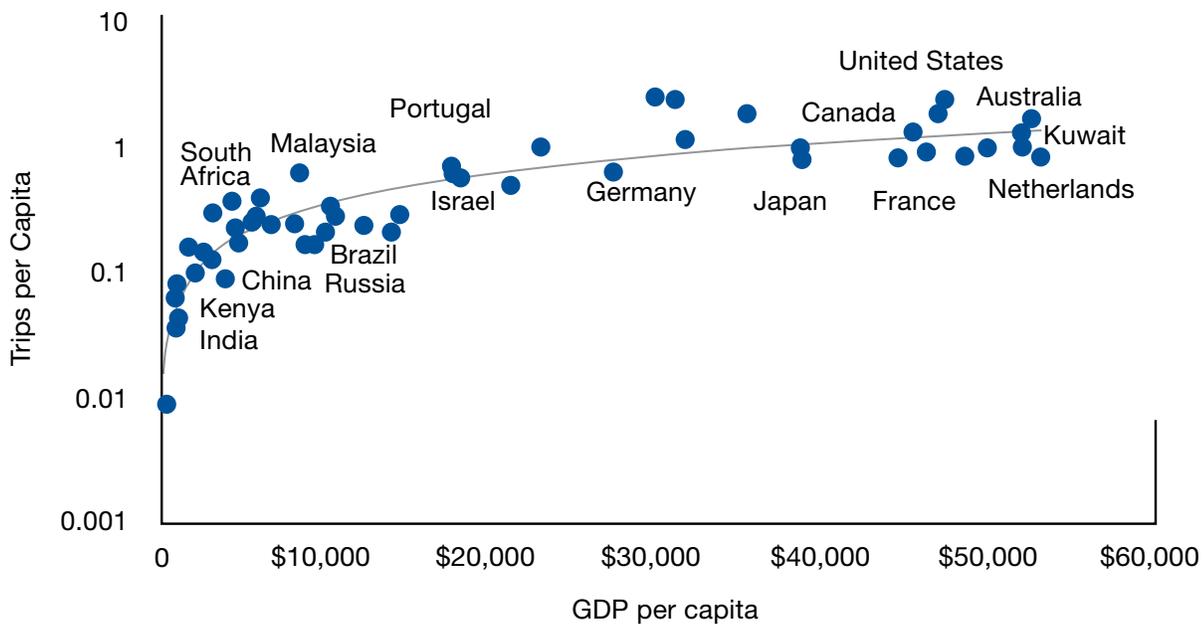
economic trends and key factors

China and India are the growth leaders among developing markets. Since 2003, China and India's GDP growth rates have

exceeded the world average. For five of those years, China's growth rate registered double digits, while India's was five points above the

world average. This consistent economic strength underlies the forecast shift in aircraft demand in developing markets.

Propensity to Travel



Source: IHS Global Insight, Sabre Global Demand data, Bombardier Analysis

economic trends and key factors

Airline Capacity Growth

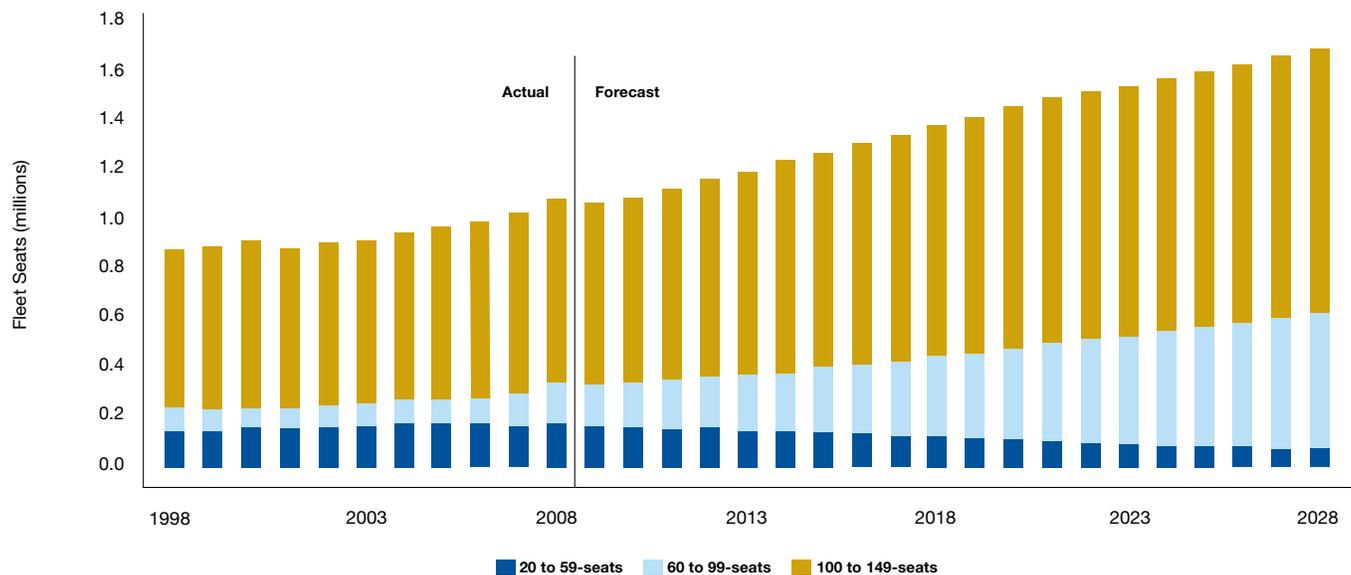
Total fleet-seats, defined as the total number of passenger seats on all in-service commercial aircraft,

are anticipated to increase by 56% over the forecast period in the 20 to 149-seat market. Fleet growth and the shift to larger capacity aircraft will drive this increase.

The current economic recession has resulted in airline capacity reductions in line with decreased passenger demand.

Worldwide Commercial Aircraft Capacity

Fleet seats, 20 to 149-seat aircraft, Calendar year 1998-2028



Source: OAG Aviation Solutions, Bombardier Analysis

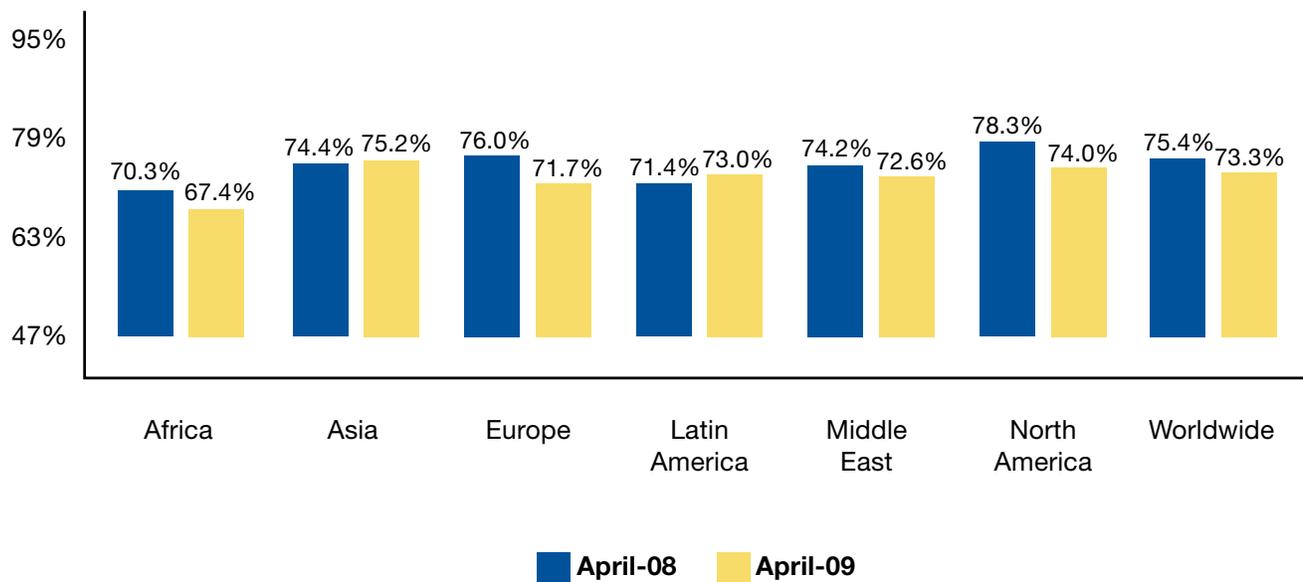
economic trends and key factors

Since March 2009, capacity is indicating a slowing decline, leading to a cautiously optimistic view that the worst of this economic recession is behind us. In any case, previous capacity reduction events has led to an accelerated

retirement of old aircraft types and growth in the 20 to 99-seat fleet. It is anticipated that a similar trend will take place in the 100 to 149-seat segment, where the fleet has a high average age.

Overall the future is expected to be positive for an aviation industry focused on long-term economic growth.

Passenger Load Factor by Region



Source: IATA-April 2009

economic trends and key factors

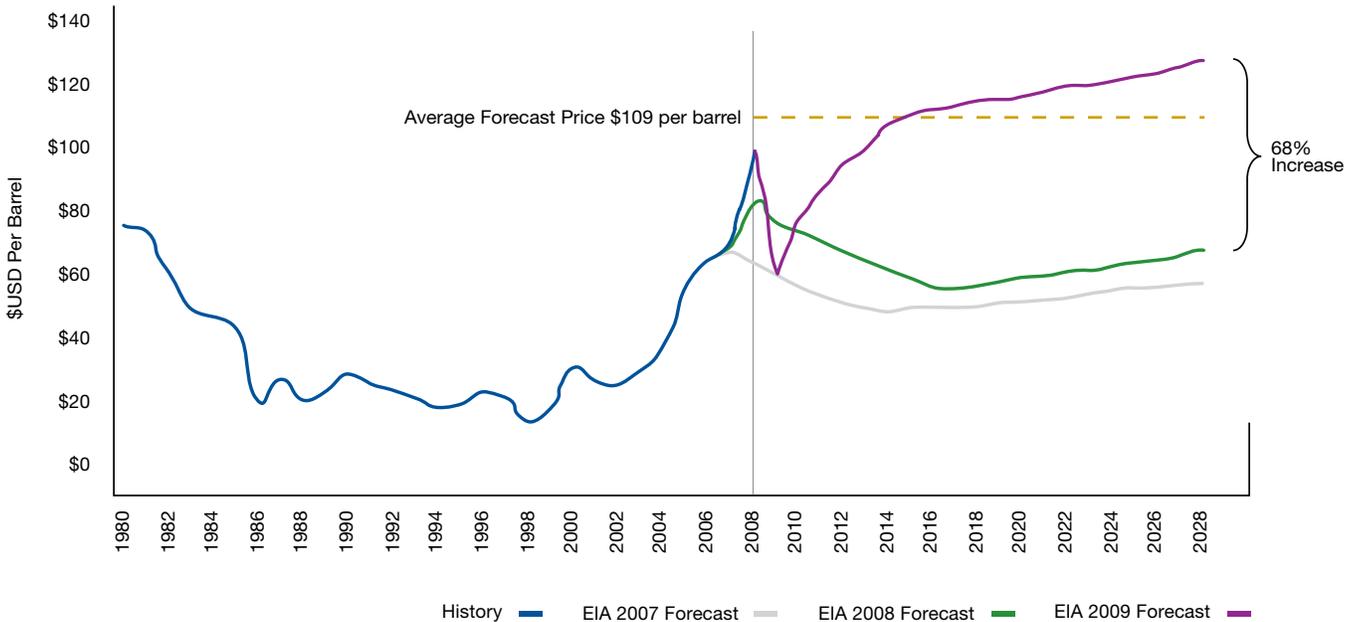
Step Change in the Price of Fuel

Within the past 3 years, fuel surpassed labour as the largest single airline cost factor. Current forecasts by the US Energy Information Administration (EIA)

predict that the price of oil will average \$109 per barrel over the next 20 years. During 2008, oil prices exhibited extreme volatility, ranging from nearly \$150 per barrel in the middle of the year, down to the \$45 level at the end.

Price volatility has a direct impact on the global economy, perhaps even more significant than the actual price itself.

Fuel Price Forecast



Source: Energy Information Administration (EIA), 2009

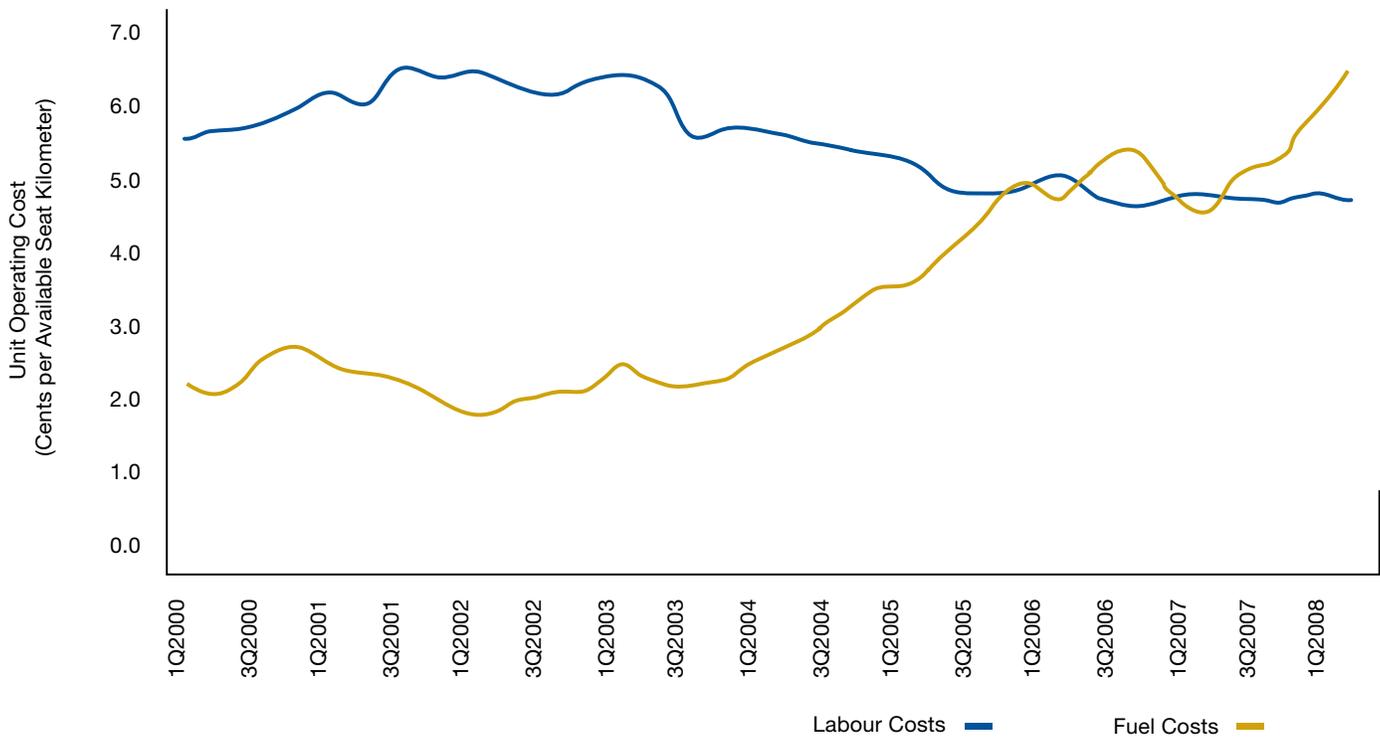
economic trends and key factors

Evidence of the impact of oil prices on global GDP was clearly seen in 2008, where spikes and drops in oil prices played at least some part in the current

recession. The unpredictability of this component of airline costs requires continued action, including fuel hedging, cost-efficient operational improvements,

right-sizing of aircraft and a renewal of fleet in favour of more fuel efficient aircraft.

Labour and Fuel Unit Cost History



Source: Air Transport Association, 2009

economic trends and key factors

Aircraft Retirements

Fuel price volatility influences airline decisions surrounding the pace and extent of fleet renewals.

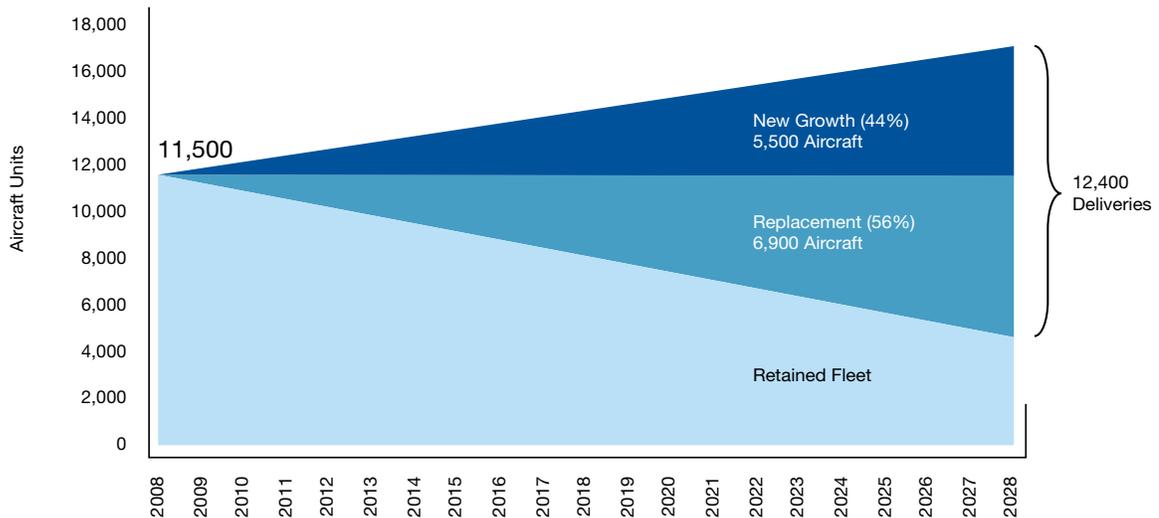
During the next 20 years, Bombardier expects retirements of older aircraft to accelerate compared to last year's forecast. Key in this upward trend is the assumption that fuel prices

will average \$109 per barrel and that there will be further implementation of environmental regulations and charges throughout the industry. History has shown that retirements of older aircraft are accelerated during capacity reduction events.

Bombardier anticipates 60% of the current 20 to 149-seat fleet to retire over the 20-year period.

This retirement activity is not evenly distributed across seat categories. However, in response to the introduction of new aircraft optimized for the 100 to 149-seat segment, nearly half of all forecast retirements will occur in this segment.

In Service Fleet at Year End



Source: OAG Aviation Solutions, Bombardier Analysis

The title 'airline industry trends' is centered in a white, bold, sans-serif font within a horizontal green bar. The background of the entire page is a low-angle, upward-looking photograph of an airport terminal's interior, showing a complex network of white metal trusses and a ceiling with recessed lighting. A dark sign with the word 'Gates' in white is visible in the upper right, and a white sign with a green airplane icon is partially visible in the lower right.

airline industry trends



airline industry trends

Airline Economics

Global airline profitability is predicted to deteriorate in 2009 as a result of the recession. The International Air Transportation Association (IATA) predicts airline revenues will continue to decline, with net losses for the industry of \$9.0 billion. This will represent losses almost twice as big as IATA was forecasting just three months ago.

The global recession mixed with fuel price volatility and other factors has precluded any regional profitability forecast for this year. North American carriers have successfully reduced capacity in response to declining demand. Yet, where IATA previously predicted break-even profitability for US airlines by the end of 2009, they are now forecasting a loss of \$1 billion. Asia/Pacific and European carriers are expected

to experience the highest losses, with Latin America, Middle East and Africa also projected to be unprofitable. On a positive note lower fuel prices in the near-term are expected to save the industry \$59 billion.

Airline Industry Net Profits (Billions)

Region	2006	2007	2008E	2009F
World	-0.1	12.9	-10.4	-9.0
North America	-2.6	5.3	-5.1	-1.0
Europe	1.8	5.4	0.4	-1.8
Asia/Pacific	0.9	2.1	-3.9	-3.3
Middle East	-0.1	-0.1	-1.0	-1.5
Latin America	0.1	0.1	-0.7	-0.9
Africa	-0.2	0.1	-0.2	-0.5

Source: IATA, June 2009

airline industry trends

Airline Segmentation

There exists within the airline industry, three common passenger business models with distinctive characteristics: mainline carriers, low fare carriers (LFCs) and regional carriers.

Mainline carriers commonly operate fleets of aircraft with 100 or more seats, often in a hub-and-spoke network, serving numerous cities and countries. The evolution of mainline carriers has involved the retirement of old and/or inefficient aircraft types, increased specialization within their networks, mergers, alliances, acquisitions and improved usage of distribution and information technology. Network optimization through specialization has led to strong partnerships between mainline and regional carriers. Known for their lower cost

business models, regional carriers enable their mainline partners to “right-size” aircraft for passenger demand throughout their network. Regional carriers commonly operate aircraft of 100 seats or less, and serve short to medium-haul markets.

Regional carriers are commonly compensated by their mainline partners through either a capacity

purchase agreement (CPA) or pro-rate revenue sharing. Under a CPA, the mainline carrier purchases the regional's capacity based on fixed fees for completed departures and/or block hours. Recent developments suggest that at least some US Majors will increase the percentage of pro-rate regional flying in the near-term, to provide a better balance with current CPA flying.





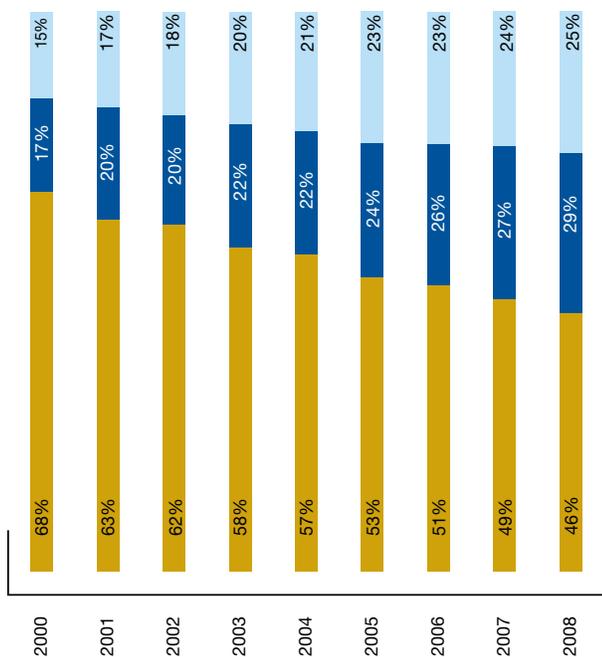
airline industry trends

With considerable variation in their business models, most LFCs offer non-hub, point-to-point service in single-class aircraft

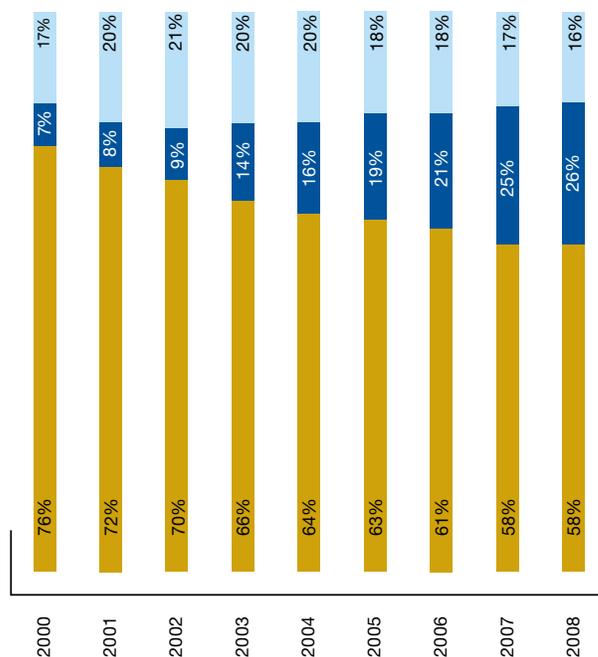
cabin configurations. LFCs are well established in North America and Europe, two of the most liberalized aviation regions. Today

LFCs exist in nearly every region of the world.

Historical Distribution of US Domestic Seat Share



Historical Distribution of EU Domestic Seat Share



Source: OAG Schedules

Regionals
LFCs
Majors





airline industry trends

Labour Trends

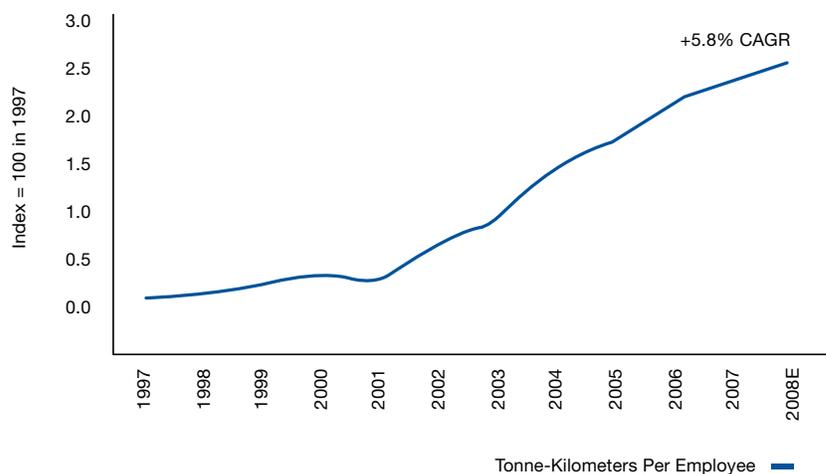
As fuel prices have increased, labour costs for airlines have been driven downward. An important source of labour cost-savings has come from third party outsourcing of aircraft operations. These operations, performed by regional carriers, offer cost efficiencies that allow mainline carriers and LFCs to serve smaller markets than would otherwise be economically viable.

An important component of mainline carrier crew labour agreements are 'scope clauses'. These negotiated clauses define restrictions on the type, number and size of aircraft that may be flown by regional airline partners. Scope clauses are found in both the US and Europe, but are most restrictive in the US. Historically, scope clauses have been a barrier to outsourcing. However, scope clauses are considerably

less restrictive than they were historically, and are permitting regional carriers to fly more and larger regional aircraft. It is predicted that over the next 20 years, scopes clauses will evolve, permitting 100-seat aircraft to be

flown by regional carriers, and play a central role in reshaping the makeup of the industry.

Airline Labour Productivity



airline industry trends

Turboprops and Jets: Optimization in Practice

Aircraft design plays a crucial role in airline fleet and network optimization. The return of high fuel prices heightens the importance of efficiency within airline fleets. Beyond fuel efficiency, other considerations drive the need for an optimized fleet plan for any given airline. Noise, emissions, range and capacity are just some examples. True fleet optimization requires aircraft of differing capacity and engine types. The most optimal solution for short-haul services is the turboprop. With seating capacity up to 80 seats, turboprops have proven their value to airlines for more than three decades. For that reason, we anticipate demand for 2,300 turboprop deliveries over the next 20 years. Turboprops will represent 38% of all deliveries in the 20 to 99-seat segment.



To achieve the greatest efficiencies, jet aircraft are best used for longer routes. With jet capacities ranging from less than 50 seats to greater than 500 seats, right-sizing is critical for maintaining low costs. Regional jets in the 60 to 99-seat market

offer optimized capacity solutions for routes with lower traffic volumes. New technology, single-aisle jets in the 100 to 149-seat segment will be optimized for markets up to 3,000 miles with medium-sized traffic volumes.



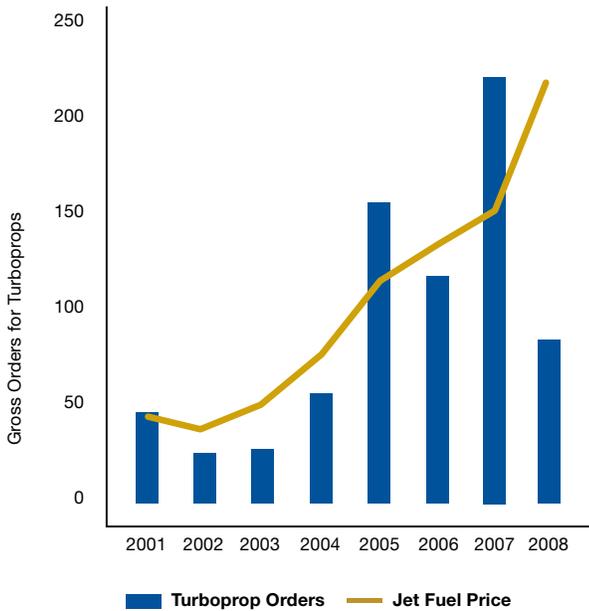
airline industry trends

The “Next Generation” of aircraft soon to arrive in the market offer significant cost savings and efficiencies over the current commercial aircraft fleet. These efficiencies will yield savings throughout the service life of the

aircraft. In flight, aircraft will burn less fuel as a result of aerodynamic designs that reduce drag. They will also benefit from advanced fly-by-wire designs and have high-bypass, very efficient engines. Additionally, aircraft structures will

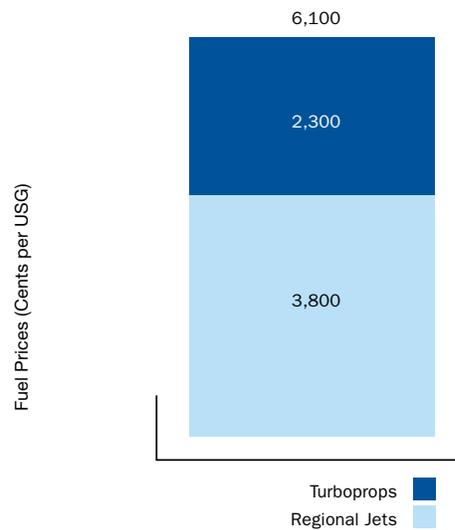
increasingly be made of lighter-weight composite materials. Maintenance will be expedited through real-time computer-based diagnostic communications.

Fuel Prices and Turboprop Orders



Source: EIA, OAG Aviation Solutions

20-Year Forecast of 20 to 99-seat Aircraft Deliveries by Engine Type



Source: Bombardier Analysis



airline industry trends

Airlines and the Environment

Environmental concerns are increasingly shaping the future of the aviation industry. Climate change currently drives a global agenda with focus on carbon dioxide (CO₂) emissions, a major source of greenhouse gas (GHG). Aviation represents 2 - 3 % of all CO₂ emissions worldwide.



IATA estimates that aviation travel will grow at 5% per year while increasing its carbon footprint by only 3% per year. The different rates of growth are due to the initiatives the industry is taking including fleet modernization, infrastructure and operational improvements.

For aviation, concern for the environment includes not only our global GHG footprint, but

also the local air quality and noise impacts surrounding airports. In all of these areas the industry has made great strides:

- Today's aircraft operations have increased fuel efficiency and decreased CO₂ emissions by 20% over the past 10 years.
- Today's aircraft fly three times further on the same amount of fuel as 40 years ago. This translates into a 75% fuel efficiency gain per passenger-kilometer.
- By 2020 noise is expected to be reduced by a further 50% and nitrous oxides, which affect local air quality, will be reduced by 80%.

IATA has adopted a four pillar strategic approach to reducing aviation's impact on the environment:

- maximizing the use of technology,
- improving air traffic operations,
- improving aviation infrastructure,
- maintaining the economic health of the industry while moving forward.

Advances in aircraft technology, with particular respect to propulsion and construction materials, are contributing to an aviation industry built on sustainability. Aircraft cockpit technology designed to optimize fuel burn during flight and airway routings is being applied to both current and next generation aircraft designs. Further advances in air traffic management systems are necessary to ensure improvements made by airlines and aircraft manufacturers are fully realized. Some airlines are creatively "shrinking" their way to fuel efficiency by lightening cargo containers, removing magazines and adding winglets. Airlines estimate that every extra pound burns between 2% - 4% of its weight each hour in fuel.



airline industry trends

There also exist current technology solutions that have yet to be fully utilized. Turboprop aircraft offer low fuel burn, low emissions and low NO_x when used on short-haul routes. Currently, turboprop aircraft fly only 27% (278,000) of more than one million monthly flights on routes of less than 500 statute miles. Increasing this ratio presents a significant optimization opportunity. In addition, new point-to-point services using “right-sized” turboprop and jet aircraft could reduce per-passenger fuel burn and emissions through more direct routings, and by removing

stops associated with hub-and-spoke networks.

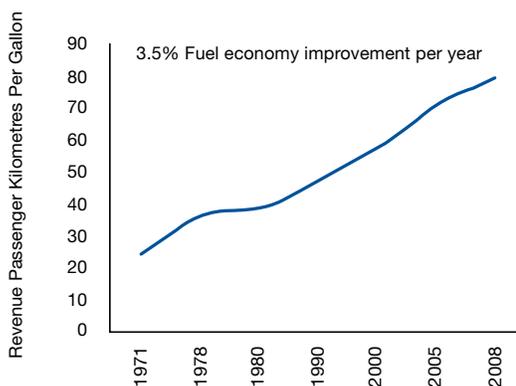
The aviation industry endeavours to make further improvements, with guidance from bodies such as ICAO and ATAG. Blueprints for a “carbon-neutral” and “carbon-free future” are under development. The focus on environmental sustainability is increasing rapidly. With this increase comes greater understanding that protecting our environment is good for business. In 2008, Bombardier furthered its commitment to environmental

sustainability with the release of its first corporate responsibility report. Among our commitments are:

- Designing the most fuel-efficient aircraft with the lowest noise and emissions in their categories.
- Minimizing the environmental footprint of our operations through increased efficiency and innovation.
- Improving systems to ensure high health, safety, environment and labour commitments across our supply chains.

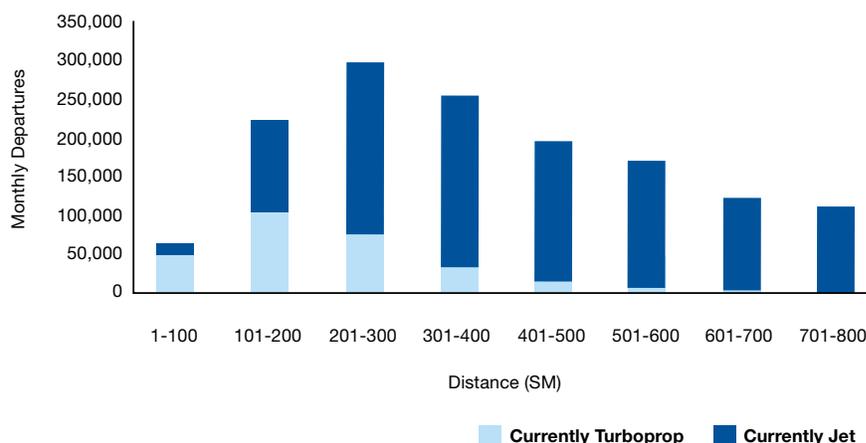
Fuel Efficiency History

(US Carriers)



Source: Air Transport Association, 2009

Short-Haul Monthly Departures: Turboprops and Jets



Source: OAG Aviation Solutions, Bombardier Analysis



A blurred photograph of a crowd of people walking in a modern, brightly lit interior space, possibly an airport terminal. The people are out of focus, creating a sense of motion and activity. The floor is highly reflective, mirroring the people and the bright light from the ceiling. A dark blue horizontal band is overlaid across the middle of the image, containing the text 'the forecast' in white.

the forecast

the forecast

Fleet, Growth and Retirements

The 20 to 149-seat market is subdivided into three segments, and two engine types. Each segment and type has unique growth phases, growth rates and life-cycles. The 20 to 59-seat segment will experience low demand for new aircraft, but will have a healthy secondary market demand. The 60 to 99-seat

regional aircraft segment is in a growth phase, while the 100 to 149-seat market represents the next large growth opportunity. In contrast to the existing stretched or shrunken versions of types that currently occupy the small single aisle market, new technology aircraft designed specifically for this segment will enter into service during the next five years.

Bombardier Commercial Aircraft expects 12,400 deliveries of 20 to 149-seat aircraft over the next 20 years. Notwithstanding that more than half of the existing fleet is anticipated to retire, the 20 to 149-seat fleet will increase by 48% to 17,000 from 11,500 units.

Fleet Growth Forecast

	Fleet 2008	Deliveries	Retirement	Fleet 2028
20-59 Seats	3,800	300	2,600	1,500
60-99 Seats	2,100	5,800	1,000	6,900
100-149 Seats	5,600	6,300	3,300	8,600
Total Aircraft	11,500	12,400	6,900	17,000

Source: Bombardier Analysis



the forecast

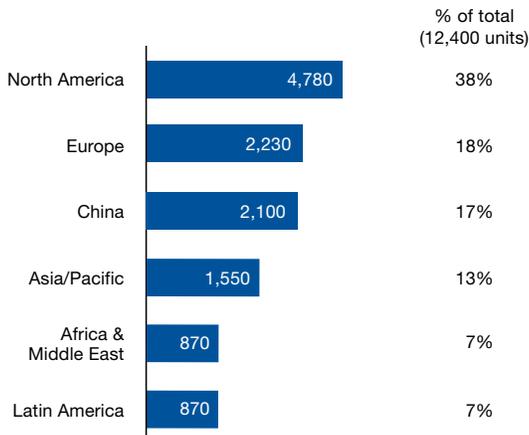
Summary

Of the 12,400 aircraft deliveries predicted from 2009-2028, 2,300 will be turboprops. The remaining 10,100 will be jets, with 3,800 in the 20 to 99-seat segment and

6,300 in the 100 to 149-seat segment. While the absolute number of aircraft deliveries will be weighted towards North America and Europe, there is expected to be a shift from these markets in terms of the percentage of total

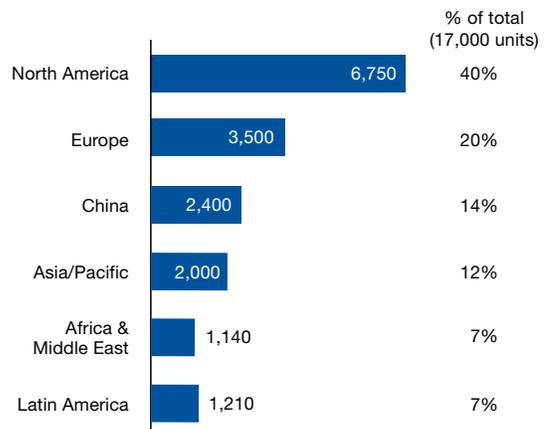
deliveries. This is indicative of the increasing importance of China and other Asia/Pacific countries, where economic growth is projected to outpace the rest of the world.

Worldwide Distribution of Aircraft Deliveries, 2009-2028



Source: Bombardier Analysis

Worldwide Distribution of Aircraft Fleet by 2028



Source: Bombardier Analysis



the forecast

20 to 59-Seat Segment

With the growth of the regional aircraft industry, 20 to 50-seat aircraft are migrating away from mature aviation markets toward developing markets. Older generation turboprops continue to decline from their peak in the mid-90s. New generation

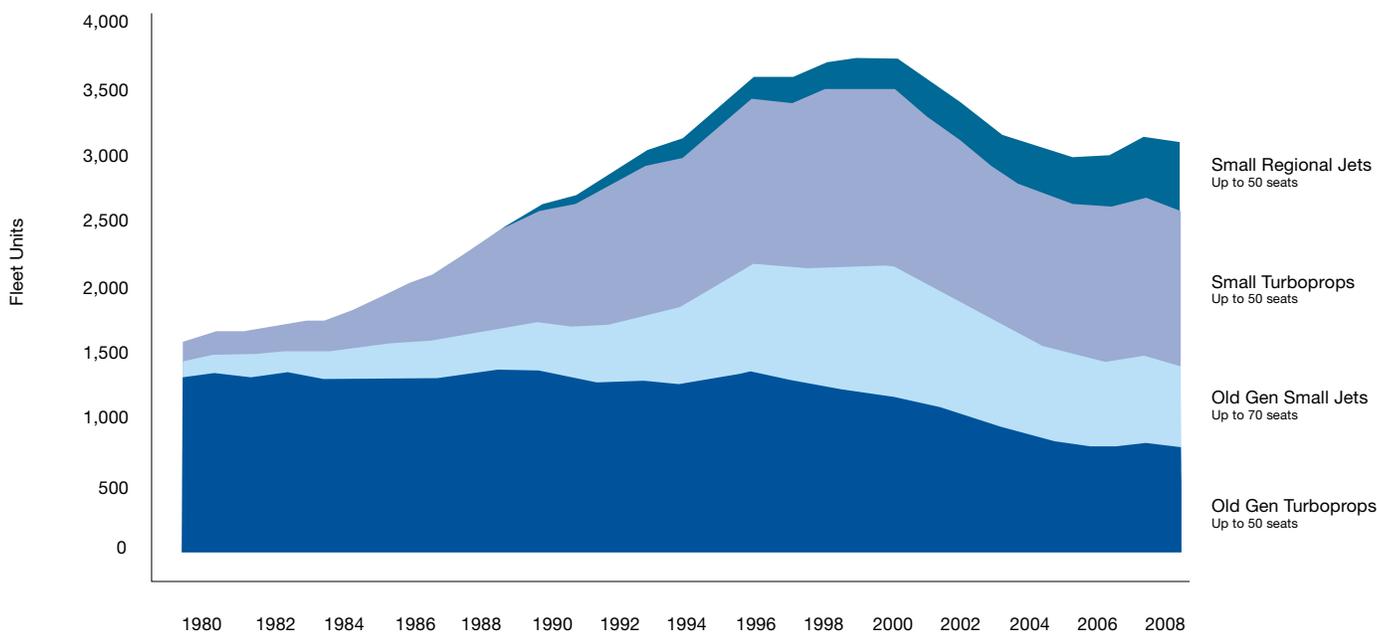
turboprops with up to 50 seats remain a strong part of today's fleet worldwide.

Regions like Latin America and Eastern Europe will use 50-seat jet aircraft to open new routes, provide direct services to secondary airports, and feed mainline carriers at primary airports.

As aviation infrastructure grows and deregulation continues in these regions, each will undergo a transformation unique to their market needs using 20 to 59-seat aircraft.

Regional Market Evolution

1980-2008



Source: OAG Aviation Solutions, Bombardier Analysis

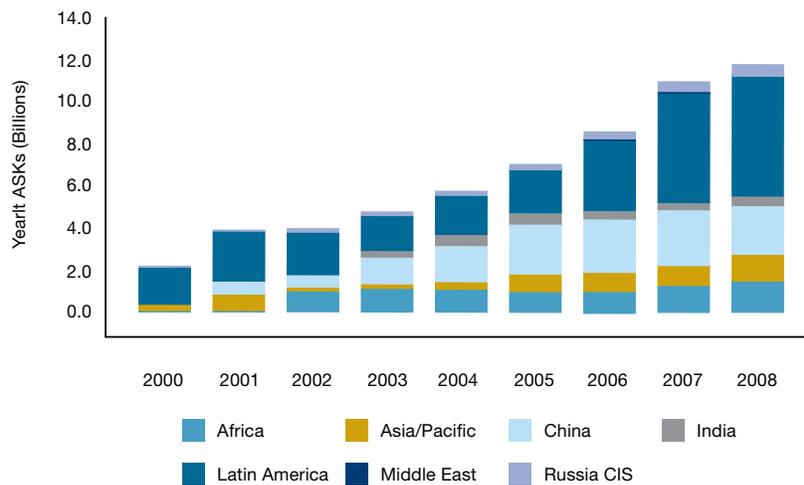


the forecast

Looking forward, 300 new aircraft deliveries are predicted in this segment. New aircraft demand will be derived from replacement opportunities of older 20 to 59-seat aircraft towards the end of the forecast period.

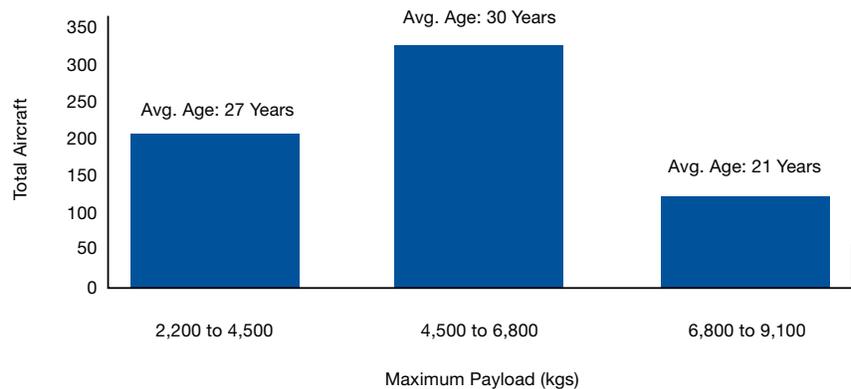
Nearly all of the existing small cargo fleet is comprised of aging turboprops with considerably less range than a regional jet. The average age of these freighters within the smallest payload category exceeds 30 years. There exists cargo conversion and other specialized opportunities for 50-seat jets.

Developing Markets Serviced by 50-Seat Jets



Source: OAG Schedules

Cargo/Freighter Fleet by Maximum Payload Capacity



Source: OAG Aviation Solutions; Jet & Narrowbody Aircraft



the forecast

60 to 99-Seat Segment

The 60 to 99-seat segment will grow strongly during the forecast period. In mature markets, this growth will be accelerated by traffic demand necessitating larger turboprops and regional jets. In markets such as Asia/

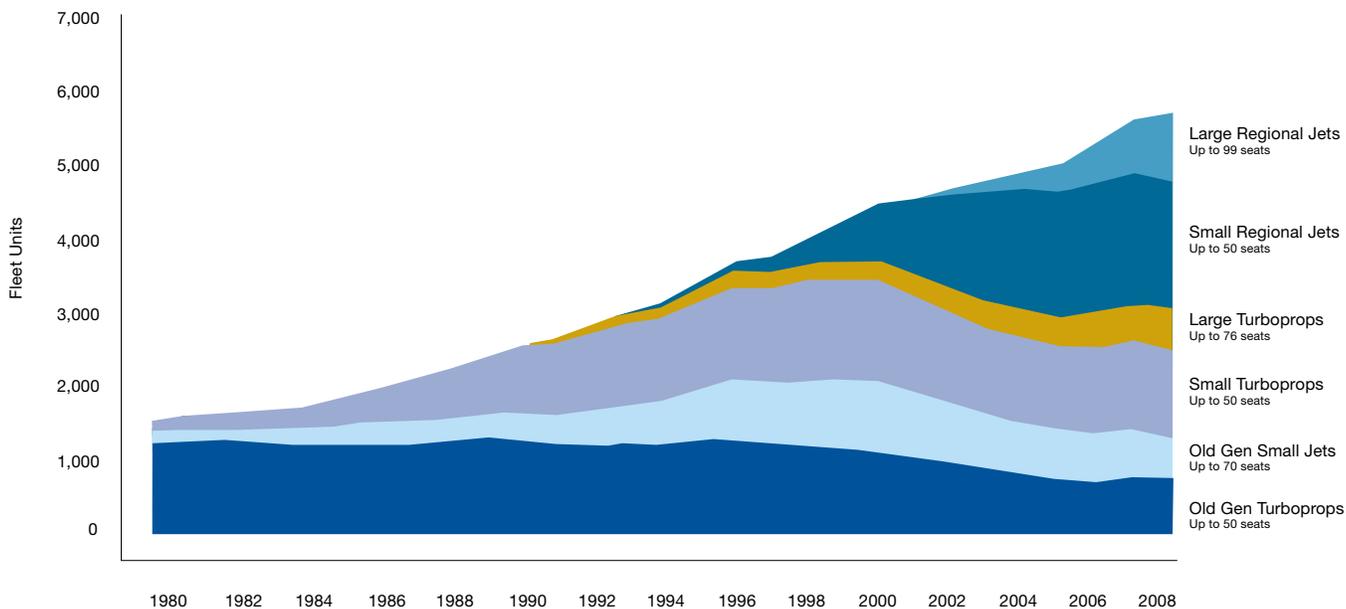
Pacific, the absence of scope clauses combined with the range of the larger regional aircraft will also increase demand.

Turboprops will play a key role in the 60 to 99-seat segment. The worldwide turboprop fleet has continued to grow and is

experiencing a resurgence in North America. Of the 2,300 turboprop deliveries predicted in the forecast, 2,150 will be in the 60 to 99-seat segment. With a high correlation between turboprop demand and fuel prices, the turboprop market is predicted to remain strong.

Regional Market Evolution

1980-2008



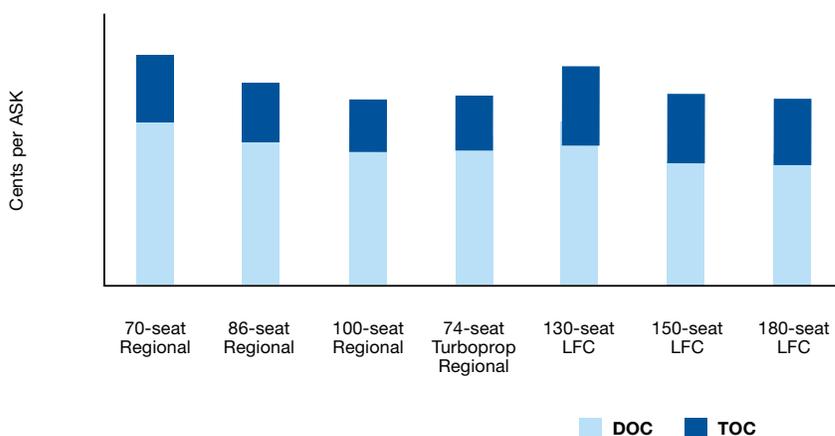
Source: OAG Aviation Solutions, Bombardier Analysis

the forecast

Regional aircraft in the 60 to 99-seat market are expected to generate revenue in excess of \$220 billion. From a solid and well established base of 2,100 aircraft, this growth segment will more than triple over the forecast period. The mix of the deliveries, 5,800 turboprops and jets in total, will be strongly influenced by mainline carrier scope clauses as they evolve to permit improved network capacity optimization. On a cost basis, regional airlines operating large regional aircraft have proven to be very competitive even compared to LFCs flying larger narrow body aircraft.

Aircraft Unit Cost Comparison

(500nm Trip)



Source: Raymond James Associates, Bombardier Analysis

the forecast

100 to 149-Seat Segment

The 100 to 149-seat segment is the cornerstone of today's mainline fleet and represents the next large market growth opportunity for airlines. This segment was comprised of aircraft such as the DC9/MD-80 and 737 Classic families. As traffic volumes increased, larger-capacity derivatives of these aircraft were introduced. The practice of shrinking larger aircraft to fit the 100-149 seat segment was inefficient and never well received by the industry. Hence, there is a large opportunity to revitalize this segment with a new generation of aircraft optimized for 100 to 149-seats. It is these new technology aircraft that will create the next wave of 100 to 149-seat growth.

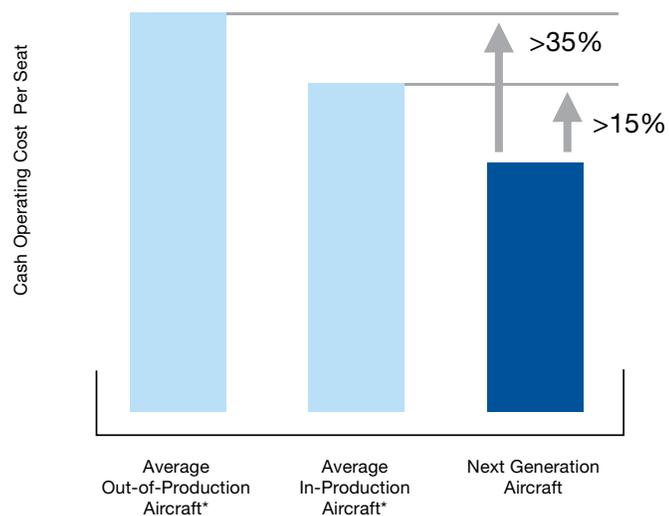
Bombardier forecasts that nearly 60% of today's 100 to 149-seat fleet will be retired by 2028. New generation aircraft specifically designed for this segment will have superior economics and performance, passenger comfort and operational flexibility from

the latest technology. These new designs will advance the retirement of older aircraft and stimulate demand for new services made economically viable by low-cost aircraft of this capacity.

Over the next 20 years, 6,300 new 100 to 149-seat aircraft will be delivered generating manufacturing revenues of more

than \$362 billion. The total fleet will grow from 5,600 to 8,600 units. For airlines seeking new aircraft designed specifically for this segment, now is the future.

Cash Operating Cost Comparison

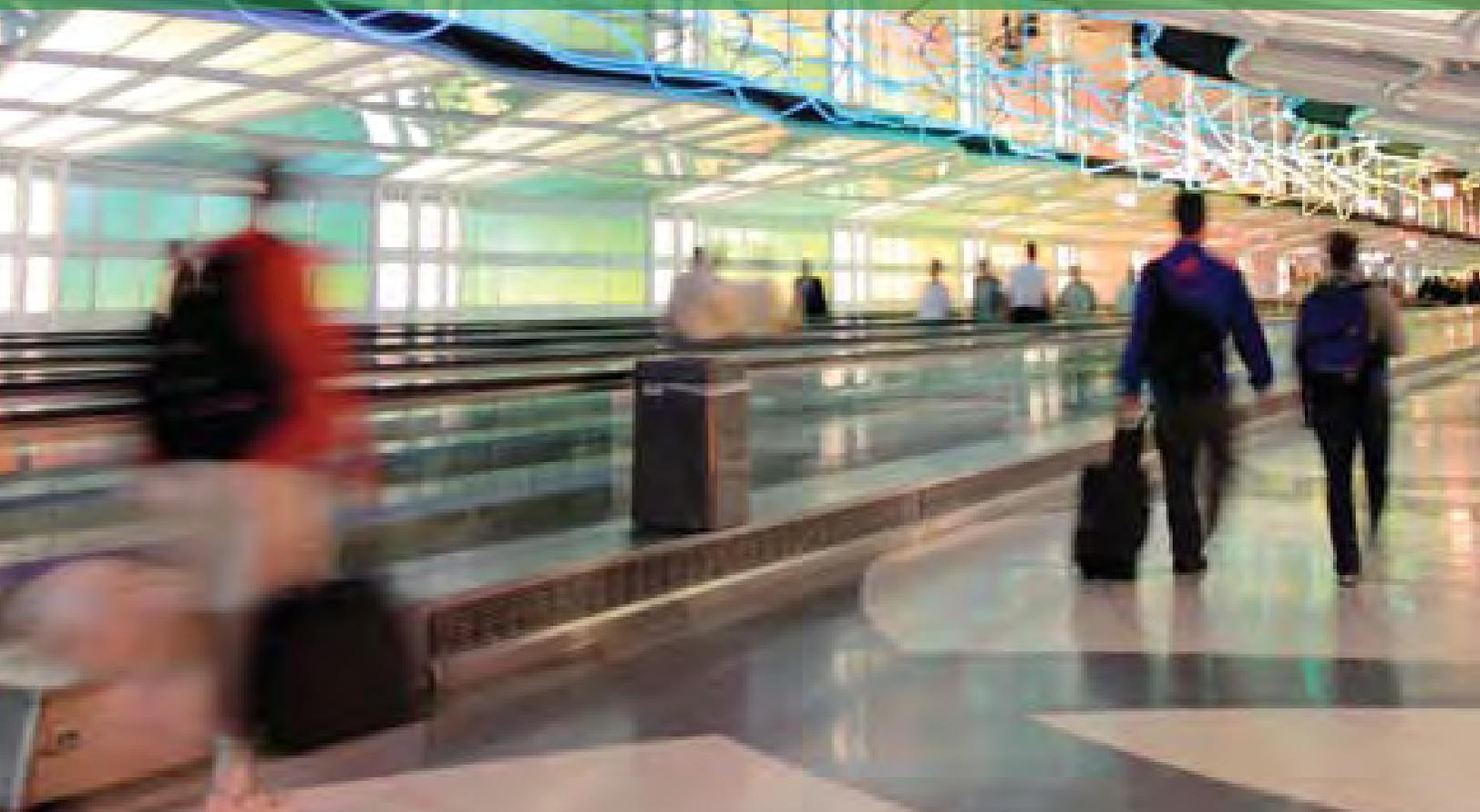


*110-seat & 130-seat categories @ 500nm, North American operating environment

Source: Bombardier Analysis



conclusion



conclusion

Despite the current economic challenges, Bombardier's view of the worldwide aviation industry remains optimistic. The industry has successfully reinvented itself in past economic downturns and it will do so again with a focus on optimization and efficiency. This is best observed in airframe and engine design, where the combination of highly efficient aircraft and cost-effective operators will continue to create new growth opportunities.

The 20 to 149-seat market will continue its strong growth with deliveries of 12,400 aircraft, representing revenue values of \$588.6 billion over the next 20 years. Regional airlines are building a firm new baseline at 60 to 99-seats on top of a solidly established 3,800 strong 20 to 59-seat segment. New



aircraft technology and low-cost operators will revitalize the 100 to 149-seat segment, leading to substantial growth opportunities for manufacturers with new aircraft designed specifically for this segment. Finally, the future

of the 20 to 149-seat market will be focused on optimization, efficiency and new technologies that will be at the forefront of an economically and environmentally sustainable aviation industry.

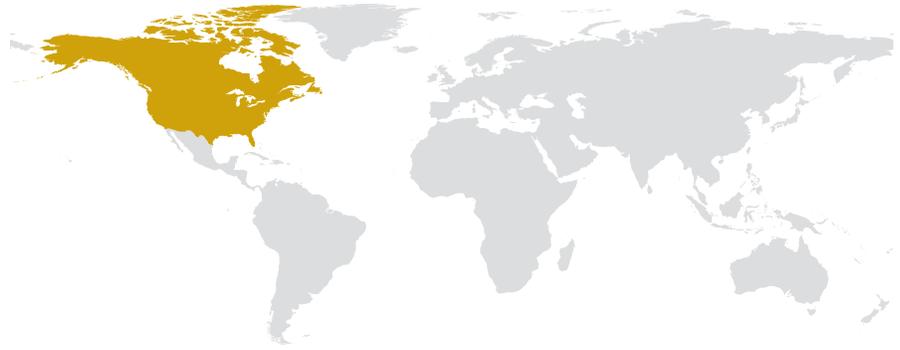


geographic detail

geographic detail

North America (ex-Mexico)

North America is currently the largest aviation market and is predicted to receive 38% of the total deliveries in the 20 to 149-seat market. In the near-term, the US market is experiencing its weakest economic growth since the Great Depression, with negative GDP growth expected for much of 2009 and recovery not expected before 2010. Coupled with oil price volatility, the economic slowdown will accelerate the drive for even greater efficiencies within this market. Capacity reduction plans by mainline carriers began during the second half of 2008 to offset decreases in passenger demand. Most of these capacity reductions took place before the current economic crisis, which has put



many US carriers in a relatively good position to weather the recession. While the rate of capacity reductions is expected to slow, US mainline carriers will continue to remove older aircraft from their fleets. Scope clauses will be challenged as mainline carriers continue to look for more optimization opportunities through regional carrier outsourcing.





geographic detail

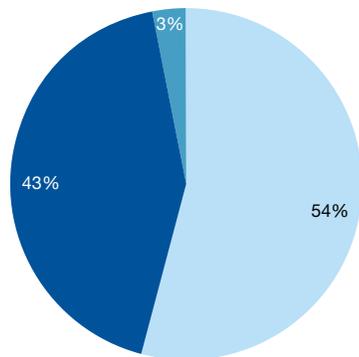
Demand for new single-aisle aircraft in North America will be strong. This demand will be realized as the global economy stabilizes and grows. The removal of older mainline fleet types will create demand for new generation single-aisle aircraft and larger regional aircraft alike. With fuel price volatility as a key factor, network optimization and

implementation of highly fuel-efficient aircraft will be the focus of mainline operators. Fiscal stimulus announced by the US government will likely include aviation infrastructure funding. The industry has asked the US Congress for \$4-billion to support the NextGen Air Transportation System and general airport improvements.

Progressively over the 20-year forecast period, North America will represent a smaller percent of worldwide GDP than at present, moving to 26% from the current 29%. Though growth will be slower than other economies, delivery demand of 4,780 aircraft preserves North America as the largest aviation market.

Demand Distribution by Seat Segment North America, 2009-2028

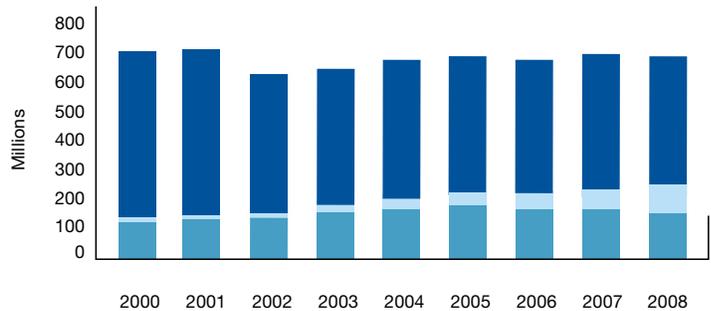
Total: 4,780 Units



Source: Bombardier Analysis

20 to 59-seats
60 to 99-seats
100 to 149-seats

Yearly Scheduled Intra-North American Airline Seats



Source: OAG Aviation Solutions

20 to 59-Seats
60 to 99-Seats
100 to 149-Seats





geographic detail

Europe (including Russia/CIS)

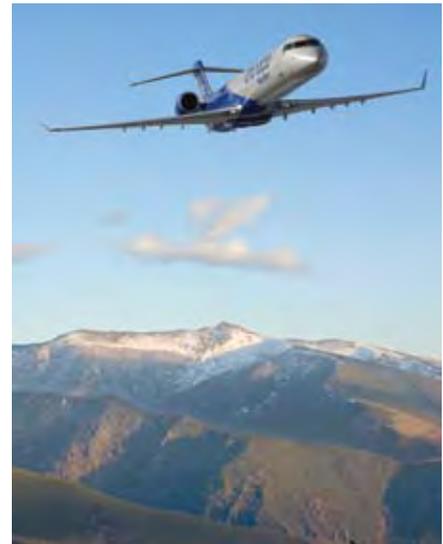
Europe is predicted to remain the second largest 20 to 149-seat aviation market, accounting for 18% of total deliveries. In May 2009, the European Commission predicted the European economy will shrink by 4% for the year, a significant change from their January prediction of a 1.9% decline. However, economic stimulus packages are being put in place that are expected to fuel a rebound in 2010 and robust activity in 2011. In addition, the expected entry of new countries into the European Union will also create additional opportunities for travel.

As in North America, merger activity could be a driver of potential change, with consolidation expected for some carriers. Additionally, reduced service from airlines declaring bankruptcy has been quickly replaced through acquisition or expansion by other carriers.



Competition from high speed rail is real, but its impact has not been as dramatic as once expected.

Environmental sustainability is a high priority in Europe and is reflected in a committed push to include aviation in the Emissions Trading Scheme (ETS) that will take effect in 2010. Although the ETS will introduce new fees to passengers and airlines, it will also accelerate the retirement of older aircraft. The ETS inclusion will increase demand for new aircraft with low fuel burn and emissions.





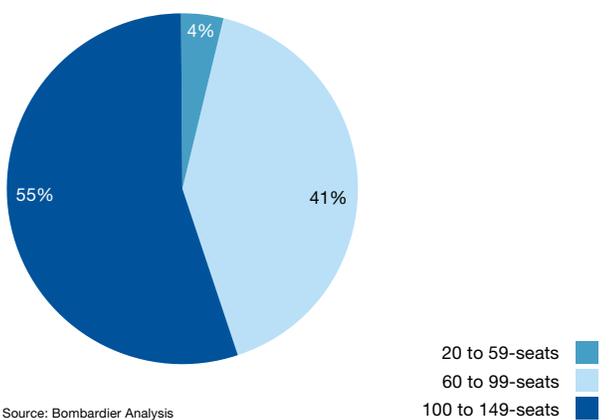
geographic detail

More than half of the European deliveries are anticipated to be 100 to 149-seat aircraft over the forecast period. Within the regional segments, deliveries of 60 to 99-seat aircraft will dominate, with a small component of 20 to 59-seat deliveries adding to the total. The shift to larger capacity aircraft in the regional markets is evident in the distribution of demand over the 20 year period.

Despite the fall in commodity prices, Russia/CIS is expected to have a CAGR GDP of 2.9%, which is greater than the rest of Europe. Due to an aging Russian fleet, 75% of the current 20 to 149-seat fleet is expected to be retired over the forecast period. However, liberalization of the Russian marketplace remains a fledgling concept despite some recent signs of loosening of the regulations and taxes surrounding foreign aircraft purchases.

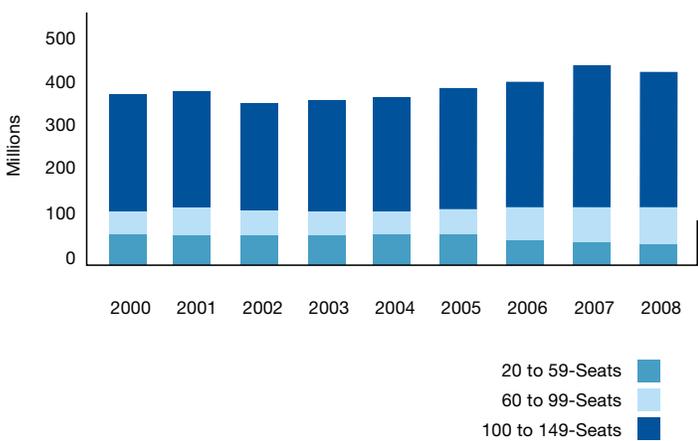
Demand Distribution by Seat Segment Europe, 2009-2028

Total: 2,230 Units



Source: Bombardier Analysis

Yearly Scheduled Intra-European Airline Seats



Source: OAG Aviation Solutions

geographic detail

Asia/Pacific (ex China [PRC])

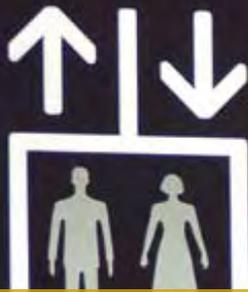
In the Asia/Pacific region, a growing middle-class and the development of LFCs are positive long-term trends that support a growing aviation industry. Deregulation and more private sector activity are also driving this growth.

India's economic growth is critical to the size and shape of aviation in the Asia/Pacific region. Driving the Indian economic expansion is a strong GDP growth rate averaging 5.0% over the next 20 years. Current airport infrastructure is lagging in some parts of India and the government has announced its intention to implement major improvement spending through a proposed public-private partnership. Additionally, consolidation in the Indian airline market will aid in reducing existing overcapacity while increasing the need for additional regional carriers. India is expected to represent 36% of deliveries in the region. With the exception of noise restricted airports in Australia and Japan, environmental considerations are



more relaxed than in the European and US markets. There is strong political interest in Australia and New Zealand in implementing emissions trading systems, and airlines in Japan have adopted voluntary carbon offset schemes. The absence of scope clauses in the region is extremely favourable to airline operational flexibility. In November 2008, the Association

of Southeast Asian Nations (ASEAN) signed the Multilateral Agreement on Air Services, which calls for the development of a single unified aviation market amongst its ten member states by 2015. Agreements such as this are key to increased air travel over the long-term.

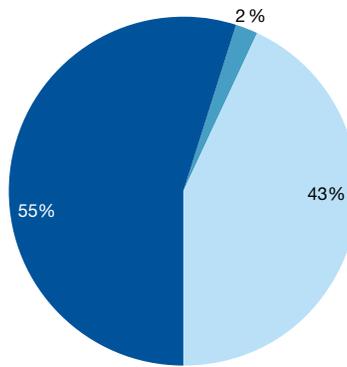


geographic detail

Demand for the region will be weighted towards the 100 to 149-seat segment, with 55% of the expected deliveries. Additionally, 700 regional aircraft are expected to be delivered, with 670 in the 60 to 99-seat segment. The Asia/Pacific region is expected to take delivery of 1,550 aircraft in the 20 to 149-seat market, representing 13% of the total demand.

Demand Distribution by Seat Segment Asia/Pacific (ex-China), 2009-2028

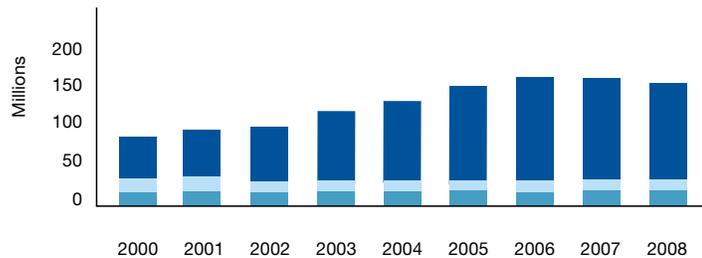
Total: 1,550 Units



20 to 59-seats
60 to 99-seats
100 to 149-seats

Source: Bombardier Analysis

Yearly Scheduled Intra-Asia/Pacific Airline Seats



20 to 59-Seats
60 to 99-Seats
100 to 149-Seats

Source: OAG Aviation Solutions





国际出发 7-8
International Departures 7-8

geographic detail

China

Due to the current financial crisis, the GDP growth rate of China is expected to slow to 6% in 2009, and the growth of commercial aviation is forecast to be below 10%. However, over the next 20 years it is projected that China will more than double its proportion of worldwide GDP to 15%. Year-over-year GDP growth above 7% will allow these projections to materialize. Chinese cities are experiencing unprecedented growth marking a major shift in China's demographics.

China's strengthening economic power can be observed throughout its aviation industry. Aviation sector manufacturing, repair and supply organizations are well entrenched. At present, the airline industry is still highly regulated, but steps towards liberalization are expected. The Civil Aviation Administration of China (CAAC) has been working with the military to open more airspace to commercial traffic.



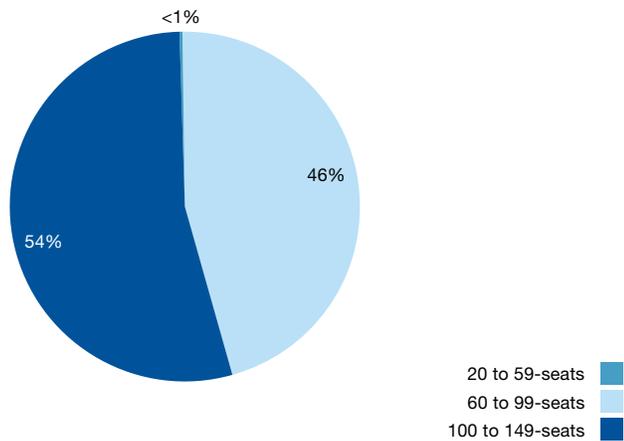
geographic detail

There are no scope clause issues in China, although a shortage of pilots is still a problem for startups. A planned 97 new airports will be built by 2020 and many airport expansion projects are underway. In April 2009, China and Taiwan further liberalised cross-strait air operations by allowing the introduction of scheduled passenger services and more cargo flights, building upon an initial 2008 agreement that allowed limited charter flights.

China is expected to receive 2,100 aircraft in the 20 to 149-seat market during the next 20 years, representing 17% of the worldwide total.

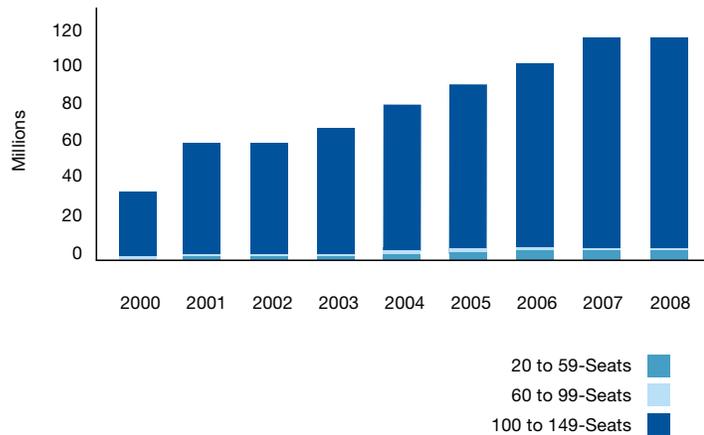
Demand Distribution by Seat Segment China, 2009-2028

Total: 2,100 Units



Source: Bombardier Analysis

Yearly Scheduled Intra-China Airline Seats



Source: OAG Aviation Solutions



geographic detail

Latin America (including Mexico and the Caribbean)

With 9.2% of the global population, Latin America currently accounts for 6% of the world's GDP and is expected to achieve growth rates higher than the worldwide average over the next 20 years. Despite the current economic challenges, the foundations of growth remain secure due to the relative political stability of the region.

Historically, the route network in Latin America was developed by flag carriers serving major city pairs with limited competition. Market changes through deregulation and the emergence of LFCs is altering this pattern and creating new opportunities for competitive non-stop services. A market transformation can be seen in Latin America with the introduction and expansion of the LFC business model, which has been particularly successful in Brazil, Colombia and Mexico. The trend is expected to permeate



the region. A strong secondary market for 50-seat regional jets has been established in a number of Latin American countries and is also expected to grow.

Regional governments are recognizing that investment in airport infrastructure is required to expedite airline growth. A need for low-cost regional point-to-point flying between secondary cities also exists. To date, most new start-ups have focused on large cities, with inadequate service in regional markets as a result of a mismatch between aircraft size and passenger demand.

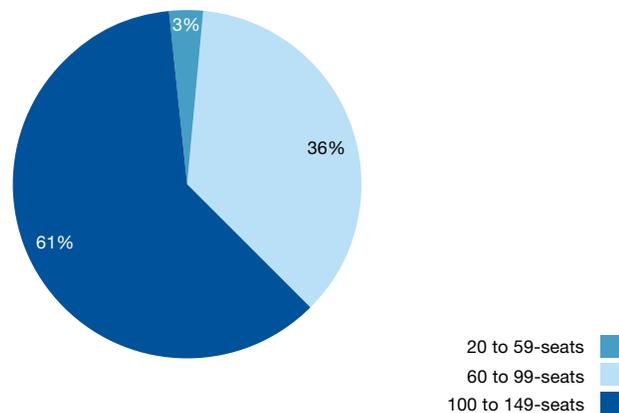
A unique domestic transportation system exists in Mexico. According to the Dirección General de Aeronáutica Civil, the domestic Mexican travel market is currently split disproportionately 5% by air and 95% by ground, with the latter dominated by bus travel. Travel times by bus are very long, between 4 to 20 hours. Hence, there is a huge opportunity for new low cost regional and single-aisle aircraft. Regional airlines will play an increasingly important role for both hub feed and non-stop services.

geographic detail

Latin America will represent 7% of the delivery demand during the forecast period, or 870 aircraft. The majority of the demand is centred on the 100 to 149-seat segment, with 39% comprised of 20 to 99-seat aircraft.

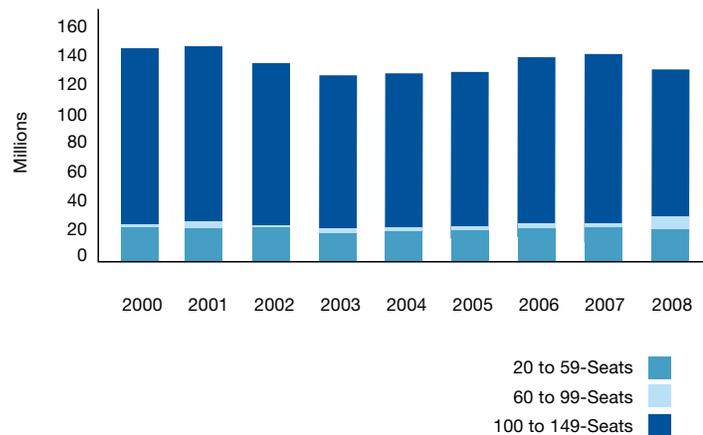
Demand Distribution by Seat Segment Latin America, 2009-2028

Total: 870 Units



Source: Bombardier Analysis

Yearly Scheduled Intra-Latin American Airline Seats



Source: OAG Aviation Solutions

geographic detail

Africa and the Middle East

In 2008, Africa experienced year-over-year GDP growth of 5.3%, while the Middle East grew at 4.7%, both exceeding the worldwide average. However, economic development and growth must be balanced against social and political issues within both regions. Global Insight reports that the short-term outlook for Africa and the Middle East has improved due to a higher oil revenue outlook and a more moderate political climate. Oil is a major export for these regions and is a source of significant revenue generation. Sub-Saharan Africa is not experiencing the same healthy growth in the short-term but is expected to continue to trend positively over time, driven by increased commodity prices and a growing tourism trade. While many of the airlines in this region are state-owned, market liberalization, regulatory reforms and privatization are underway. In the Middle East, LFCs emerged to compete with the majors in the market. Over



half a dozen major Middle Eastern LFCs have appeared in the last five years. These LFCs are stimulating the market by making air travel more affordable and accessible.





geographic detail

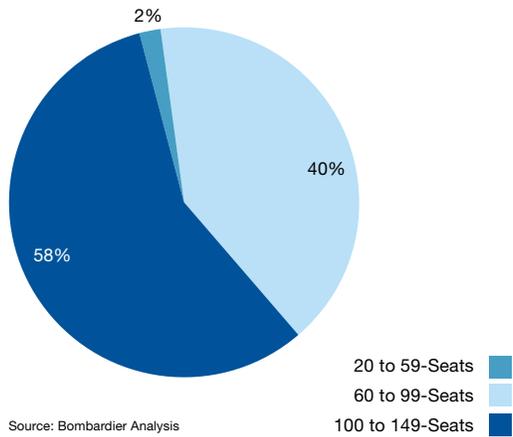
In Africa, intra-continental routes are a largely untapped market that promises great potential. The intra-African market currently accounts for less than 20% of the overall continental market (versus more than 50% for North America). Air travel is an excellent alternative to ground transportation over vast

distances and difficult terrain, where road and rail infrastructure is limited. Fifty-seat regional jets are an attractive solution for low-risk entries into new markets. As these markets mature, they will find themselves ideally suited for new technology single-aisle mainline aircraft.

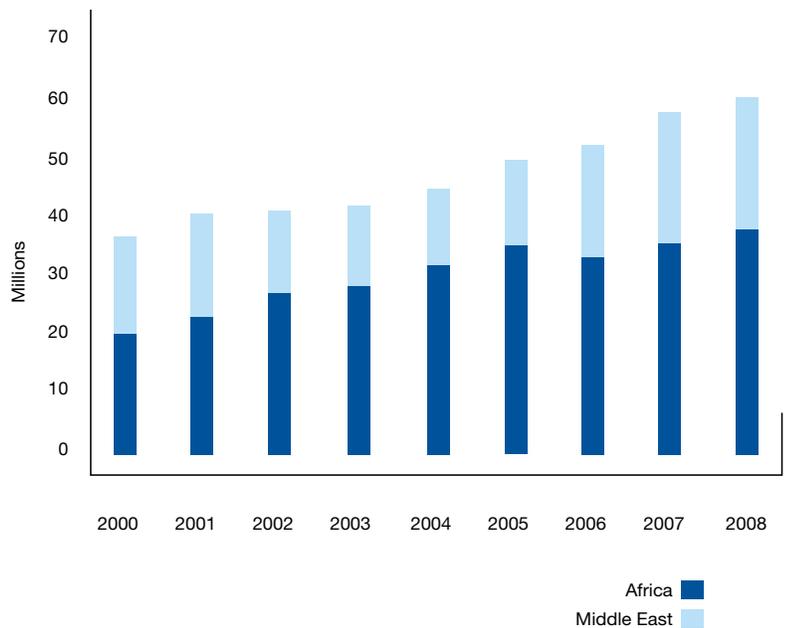
Africa and the Middle East together will account for 7% or 870 units of the 20 to 149-seat aircraft delivery demand.

Demand Distribution by Seat Segment Africa and the Middle East, 2009-2028

Total: 1,140 Units



Yearly Scheduled Intra-Africa and Intra-Middle East Airline Seats 20 to 149-seat Aircraft





resources



resources

Resources used in the Bombardier Aerospace, Commercial Aircraft Market Forecast

AAPA – Association of Asia/Pacific Airlines
ACAS – AirCraft Analytic System database
Airline Monitor
Association of SouthEast Asian Nations (ASEAN)
ATA – Air Transport Association
Aviation Daily
BTS – US Bureau of Transportation Statistics
Civil Aviation Administration of China (CAAC)
Direccion General de Aeronautica Civil (DGAC)
DOT – US Department of Transportation
EIA – US Energy Information Administration
ERAA – European Regional Airline Association
European Union – ec.europa.eu
IATA – International Air Transport Association, World Air Transportation Statistics
ICAO – International Civil Aviation Organisation
IHS Global Insight
OAG – BACK Aviation
RAA – Regional Airline Association
Raymond James Associates
World Bank – www.worldbank.org

For electronic copies of the Bombardier Aerospace Commercial Aircraft Market Forecast, 2009-2028, please visit our website at: www.bombardier.com