

Bombardier Aerospace



**NBAA 2007
Investor Presentation**

BOMBARDIER

Forward-looking statements

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”, “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 FY07 MD&A.

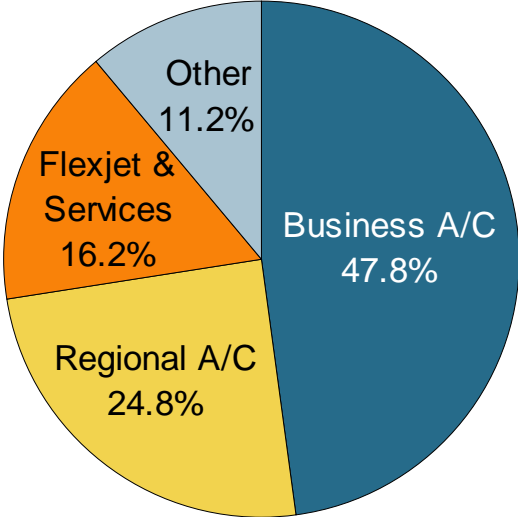
Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, include risks associated with general economic conditions, risks associated with the Corporation’s business environment (such as the financial condition of the airline industry, 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 FY07 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 this presentation 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.

Bombardier Aerospace has seen revenue growth in all of its business segments

AEROSPACE REVENUE BREAKDOWN BY BUSINESS

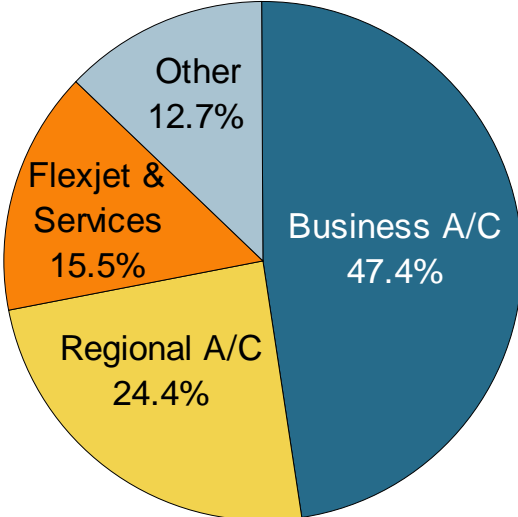
% of total revenues by business unit

Six-month period ended July 31, 2006



Relatively Constant Business Mix

Six-month period ended July 31, 2007



Total revenues = \$3,852M
Total unit deliveries = 152

16% Revenue Growth

Total revenues = \$4,470M
Total unit deliveries = 156

(1) Other includes primarily other manufacturing (eg, Amphibious, sub-contract) and pre-owned aircraft sales
 Source: Bombardier Q2/FY08 MD&A

Profitability has also improved, with margins reflecting our steady progress

(US\$ Millions)	Six month periods ended:		Fiscal years ended:	
	July 31, 2007	July 31, 2006	Jan 31, 2007	Jan 31, 2006
Revenues				
Business	2,121	1,842	3,858	3,330
Regional	1,089	954	2,122	2,690
Other⁽¹⁾	1,260	1,056	2,250	2,067
Total Revenues	4,470	3,852	8,230	8,087
EBIT	245 5.5%	121 3.1%	322 3.9%	266 3.3%
Amortization	207	209	409	406
EBITDA	452 10.1%	330 8.6%	731 8.9%	672 8.3%
Reduction in EOAPC⁽²⁾	136 3.0%	87 2.3%	277 3.4%	162 2.0%
EBITDA before reduction in EOAPC	588 13.2%	417 10.8%	1,008 12.3%	834 10.3%

(1) Other includes services, Flexjet, other manufacturing (eg, Amphibious, sub-contract) and pre-owned aircraft sales

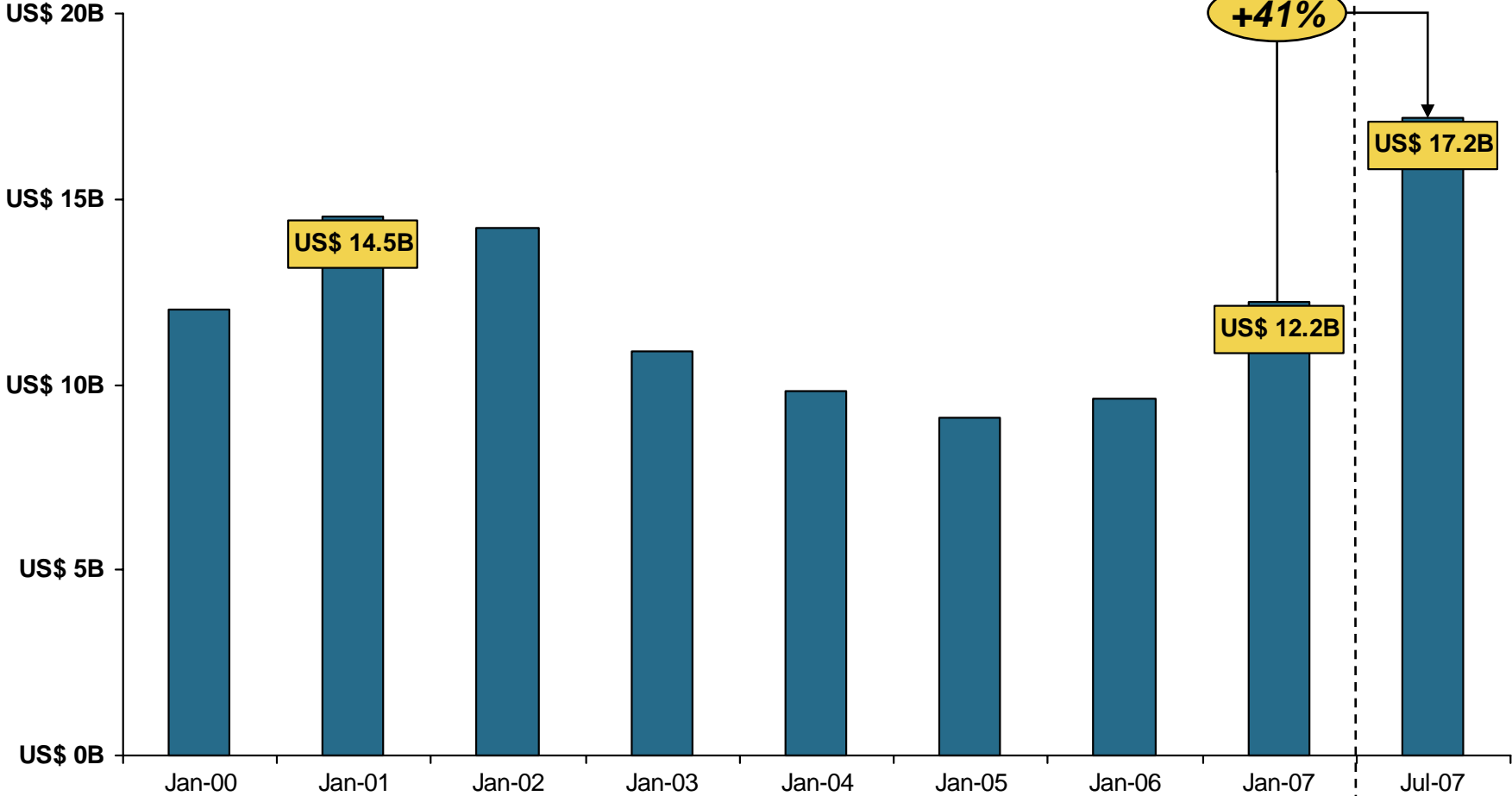
(2) Excess Over Average Production Cost

Source: Bombardier Annual Reports and Q2/FY08 MD&A

Strong order intake in the first half of FY07 has pushed the aircraft order backlog to a record high US\$ 17.2B

BOMBARDIER AIRCRAFT PROGRAMS ORDER BACKLOG

Aircraft programs order backlog in US\$ Billions (January 31, 2000 – July 31, 2007)



(1) January 2003 and earlier, figures converted from C\$ to US\$ at each year's average weekly spot rate
Source: Bombardier Annual Reports, Q2/FY08 MD&A and Bloomberg

Bombardier Aerospace is stronger everywhere and well-positioned to take advantage of current market environment

Stronger Everywhere

Well-Positioned Moving Forward

Business Aircraft

- Market strength persists
- Significant growth in Bombardier's own orders over last year, with a strong international component

- Strong backlog
- Product developments to build on success of original platforms, including *Learjet 60 XR* and *Global Vision* cockpit

Regional Aircraft

- Key US customers emerging from bankruptcy protection
- Strong order levels for *CRJ NextGen* and *QSeries* product lines
- Delivery of the 800th turboprop

- *CRJ* production increase
- With their low emissions, *NextGen* and *QSeries* aircraft respond to environmental challenges
- Further improvements to operational execution, allowing for continued margin improvement

Aircraft Services

- Continued expansion of integrated services and price-by-the-hour offerings
- Improved operational performance and customer satisfaction indices

- Strong installed base growth generating \$3.6B in annual aftermarket business
- Recent investment into high-demand parts inventory to further improve parts availability

Flexjet

- World-class operations, leading the industry in profitability

- Continued innovation in customer offerings (eg, jet cards) and fleet management

Bombardier Aerospace – Business Aircraft



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Agenda

- **Bombardier is the market leader**
- **Business aircraft market drivers remain strong**
- **Bombardier is positioned to build its leadership going forward**

Bombardier's Business Aircraft portfolio is centred on three families

LEARJET FAMILY



Learjet 40 XR



Learjet 45 XR



Learjet 60 XR

CHALLENGER FAMILY



Challenger 300



Challenger 605



Challenger 850

GLOBAL FAMILY



Bombardier Global 5000



Global Express XRS

Bombardier's portfolio covers 97% of market revenues

New *Global Vision* cockpit makes the family even stronger

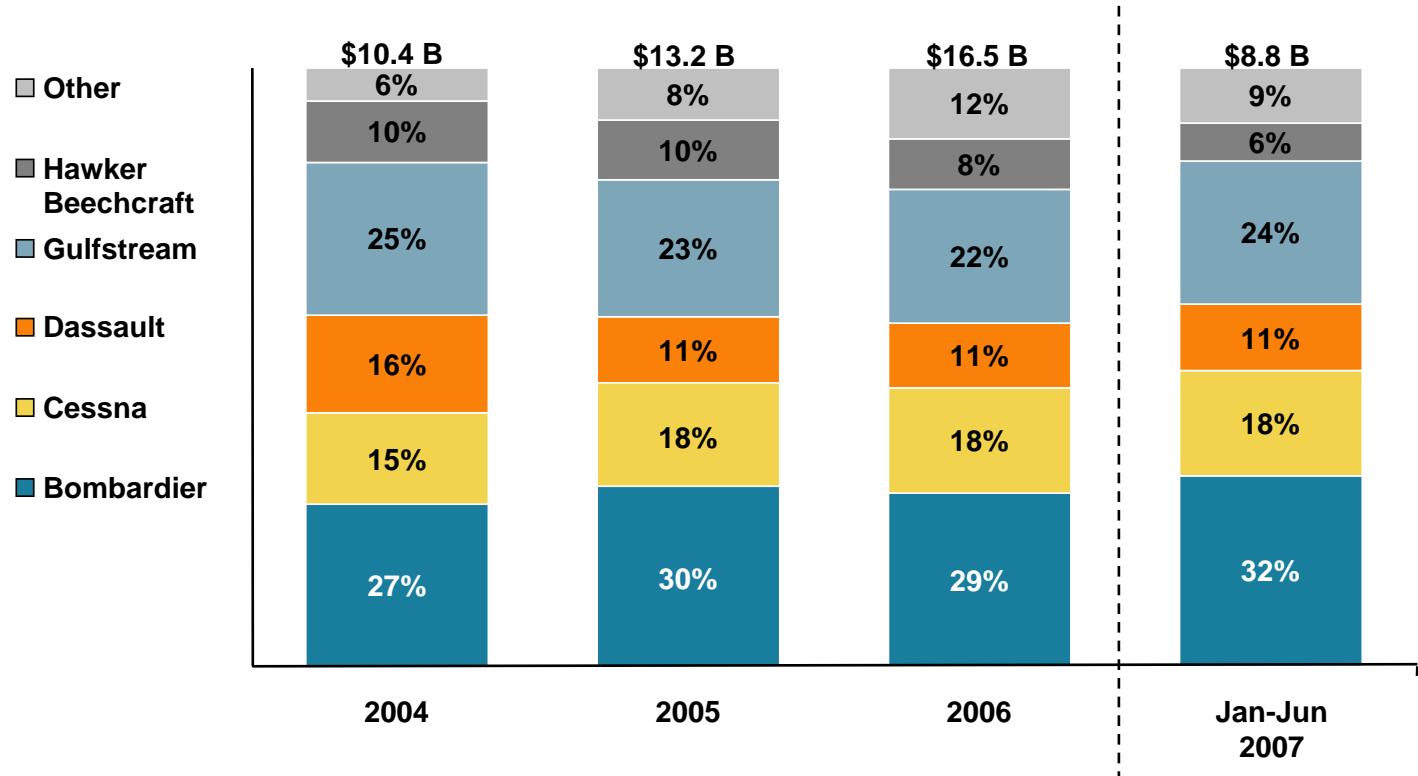


- **New flight deck with enhanced functionality**
- **Four 15.1” screens provide increased display area**
- **New styling for improved ergonomics and improved comfort**

Bombardier is in position to be the Business Aircraft market leader for a fourth consecutive year

REVENUE MARKET SHARE

% Estimated Market Share, Total Deliveries, Calendar Year 2004-June 2007



Source: GAMA and Business & Commercial Aircraft Magazine (B&CA) list prices








Agenda

- **Bombardier is the market leader**
- **Business aircraft market drivers remain strong**
- **Bombardier is positioned to build its leadership going forward**

Business aircraft market indicators suggest a positive market outlook

PRIMARY MARKET DRIVERS OUTLOOK

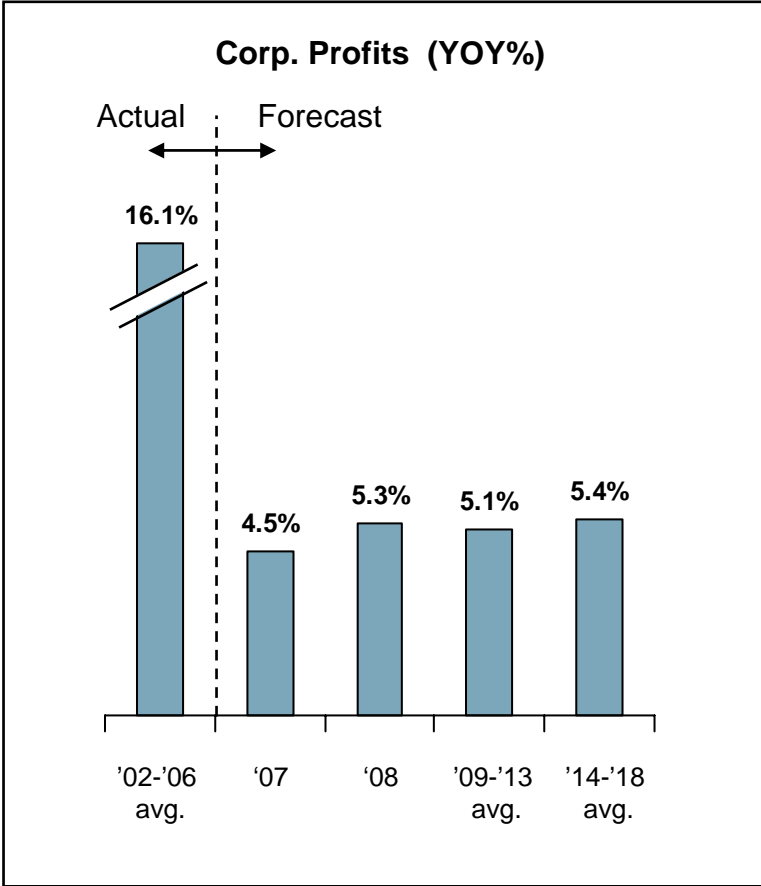
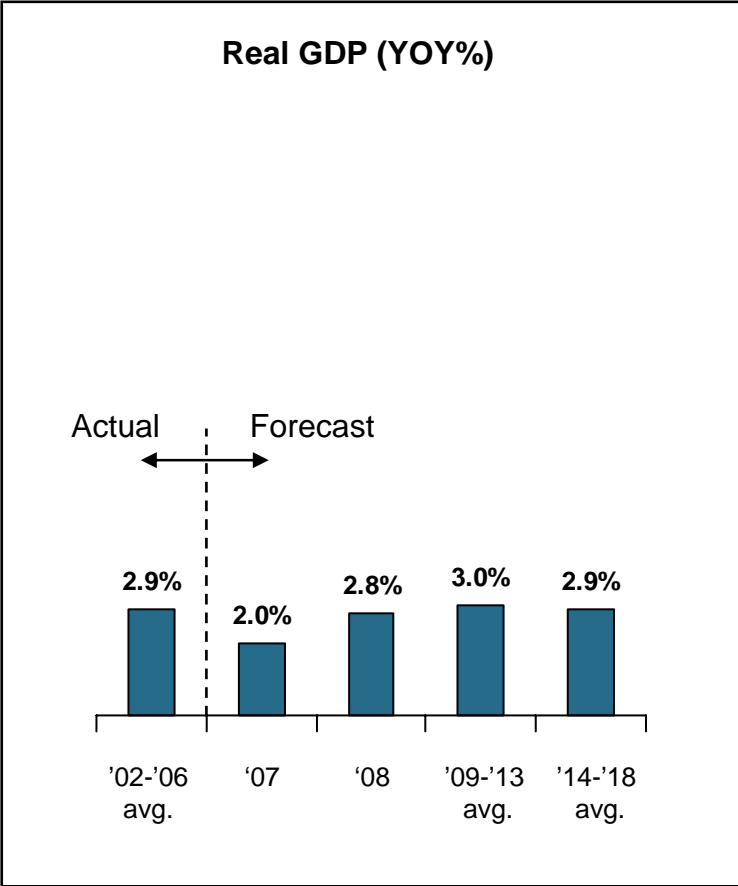
Driver, Market Direction and Justification

1. OEM Backlogs		<ul style="list-style-type: none"> OEM Backlogs in the segments in which Bombardier competes are at approximately 30 months.
2. US Economic Growth		<ul style="list-style-type: none"> Mild growth slowdown expected in 2007 compared to previous years, but should remain close to 3.0% for the next 10 years.
3. International Markets		<ul style="list-style-type: none"> Very strong order intake over the past 2 years. Major emerging markets are showing brisk growth in deliveries.
4. Used Markets		<ul style="list-style-type: none"> No current sign of weakness. However, a surplus of deliveries could put pressure on the used market in a few years.
5. New Aircraft Programs		<ul style="list-style-type: none"> Many new aircraft scheduled to enter service (including some clean-sheet design aircraft) over the 2007-09 period.
6. Non-Traditional Markets		<ul style="list-style-type: none"> Fractional market expected to remain stable at approximately 110-140 deliveries per year. The air taxi business model will be put to the test.
7. Buyer Intentions		<ul style="list-style-type: none"> All recent surveys are indicating continued consumer interest in the short term.

US economy should see a mild growth slowdown but remain stable over the coming years

SELECTED U.S. ECONOMIC GROWTH INDICATORS

%, Real GDP & Corp. Profits YoY change, Interest rates, Calendar year 2002-2018

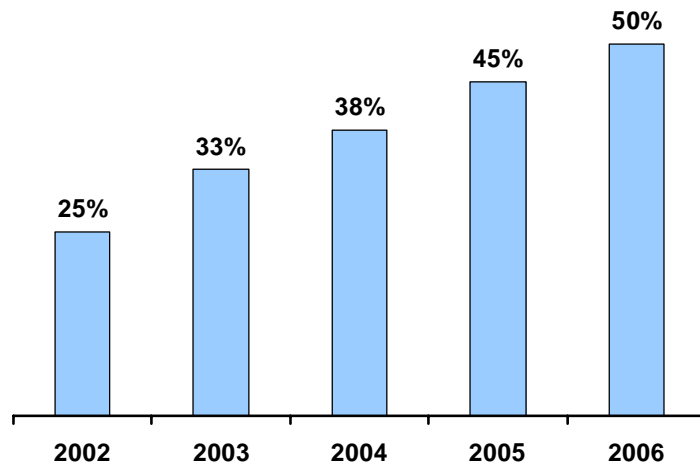


Sources: Actual US GDP growth, corporate profits and interest rates from US Bureau of Economic Analysis; forecasts from Blue Chip August 2007 Consensus Forecasts.

International orders now account for 50%

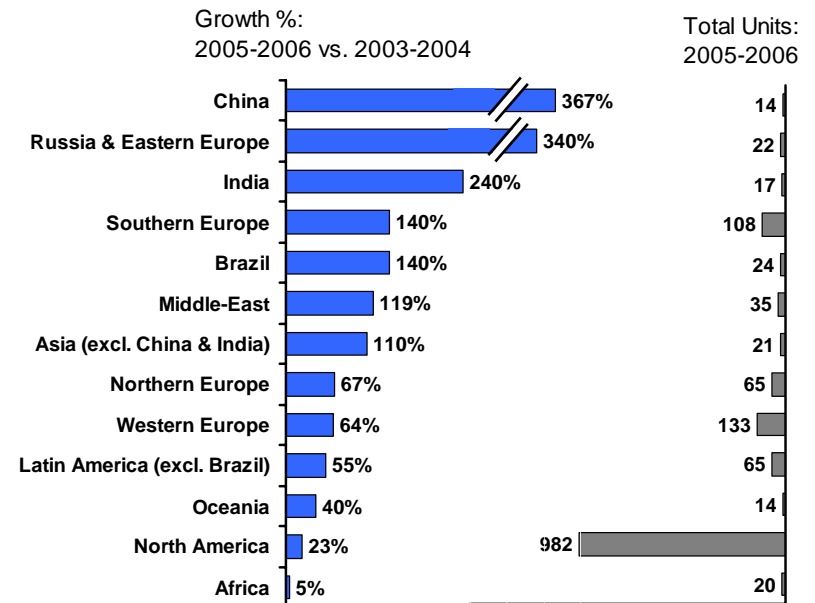
INTERNATIONAL (NON-US) ORDERS AS % OF WORLDWIDE MARKET ORDERS

%, Estimated, Calendar Year 2002-2006



GROWTH IN DELIVERIES BY REGIONS

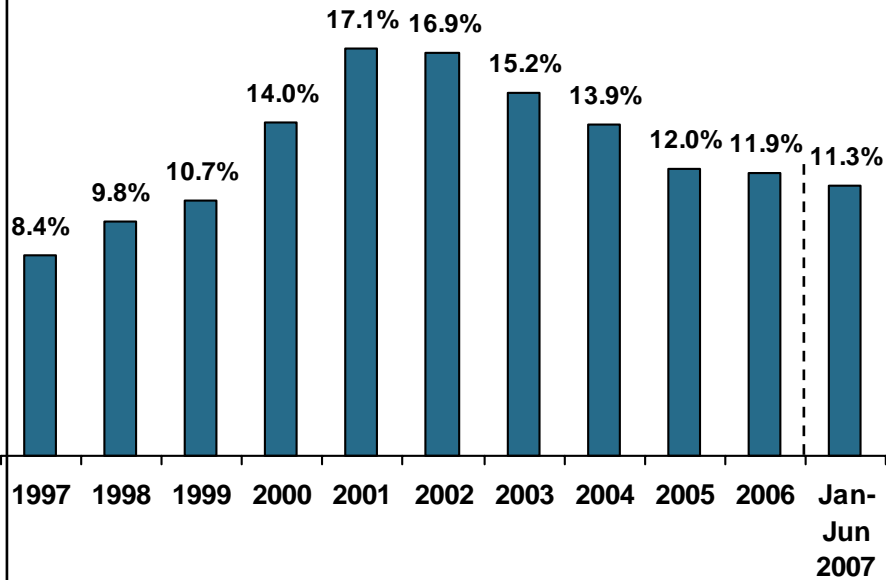
%, Total units, 2005-06 vs. 2003-04, Traditional deliveries only



Used fleet is stable and residual values strengthening

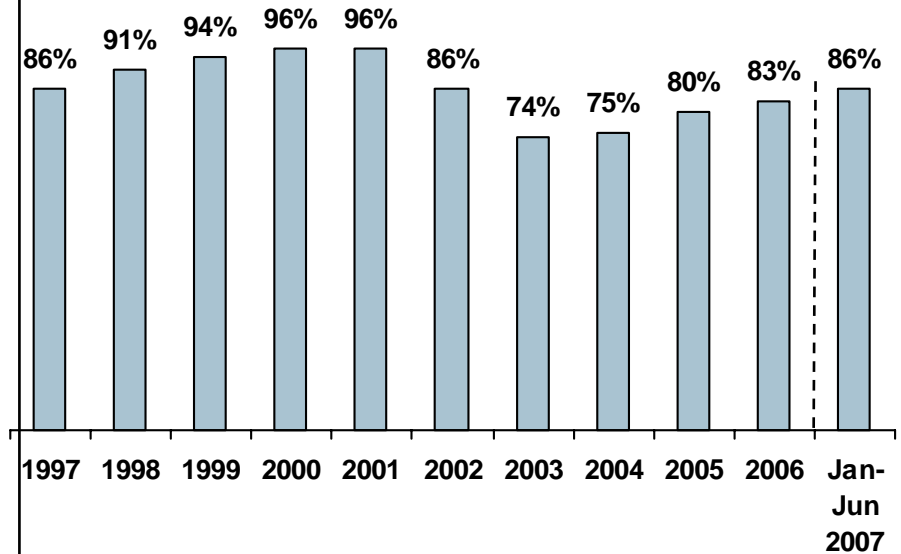
USED AIRCRAFT INVENTORY AS % OF FLEET

%, Calendar Year 1997-June 2007



5-YR RESIDUAL VALUE AS % OF ORIGINAL B&CA PRICE

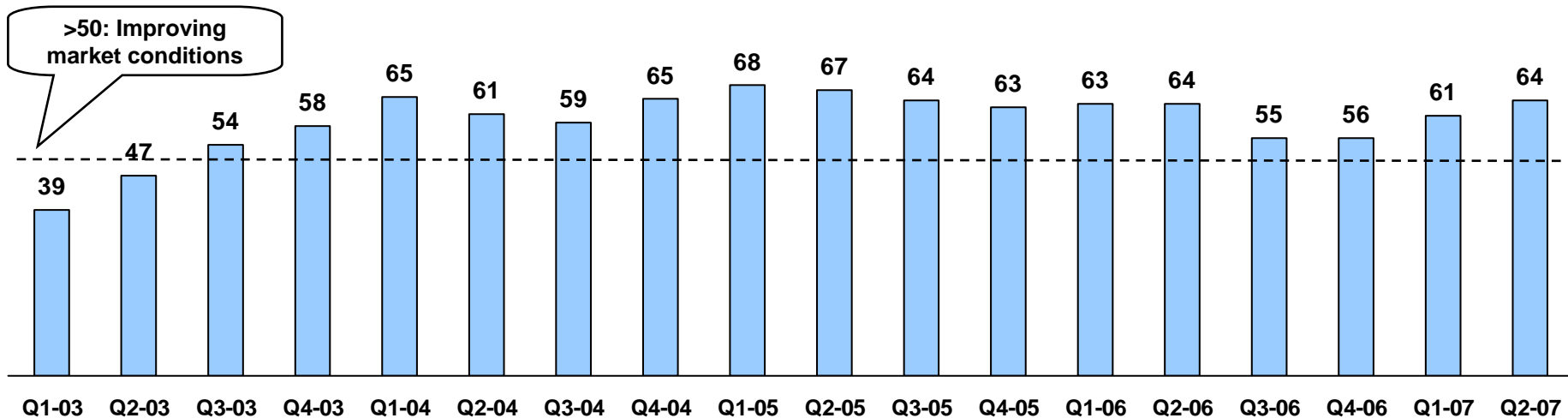
%, Calendar Year 1997-June 2007



Buyer intentions confirm sustained customer interest

U.B.S. BUSINESS JET MARKET CONDITIONS INDEX

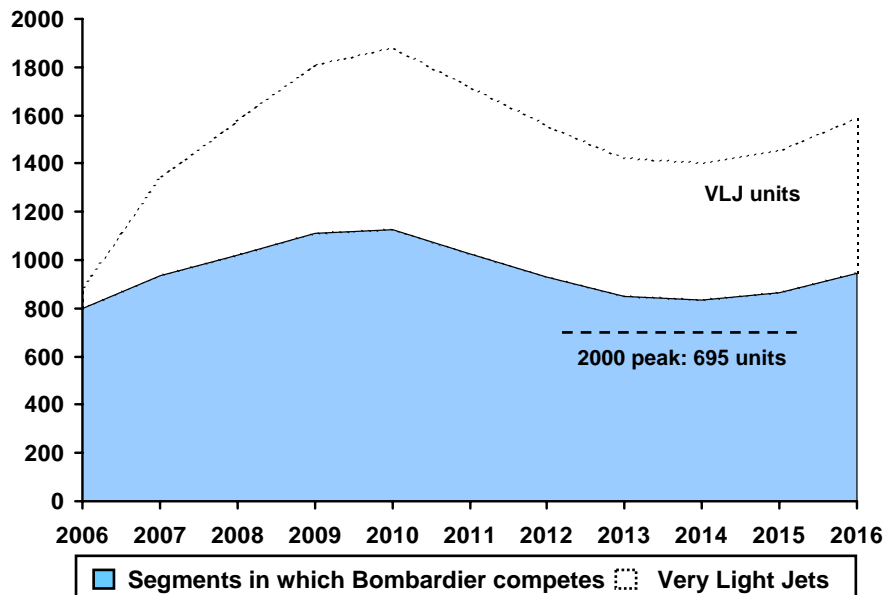
Survey score, 2003-2007



Bombardier Forecast shows market is reaching a new plateau

BUSINESS JET DELIVERY UNIT FORECAST

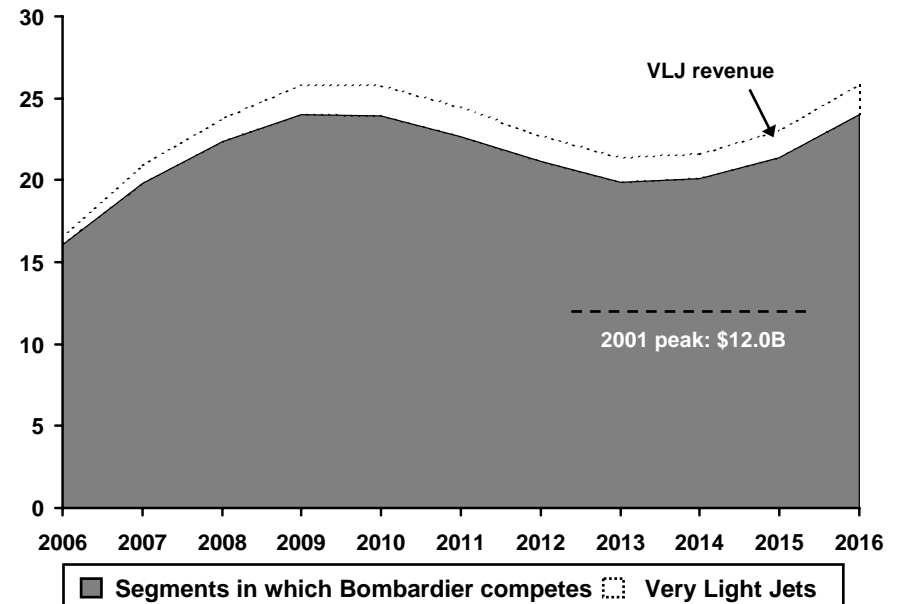
Units, Calendar year 2006-2016



2007-2016 forecast: 995* units/year

BUSINESS JET MARKET REVENUE FORECAST

Current US\$B; Calendar Year 2006-2016



2007-2016 forecast: \$23B* revenue/year

Future “trough” will still be higher than previous “peak”

* Excludes Very Light Jet market segment

Sources: Based on actual deliveries & demand model; actual deliveries from GAMA. Very Light Jets include, CJ1+, CJ2+, Mustang, Premier I and Eclipse 500, Phenom 100, Adam 700. Revenues estimated from GAMA and B&CA list prices. Prices assumed increasing at 2.5% / year

Bombardier Aerospace has published its first-ever Business Aircraft Market Forecast



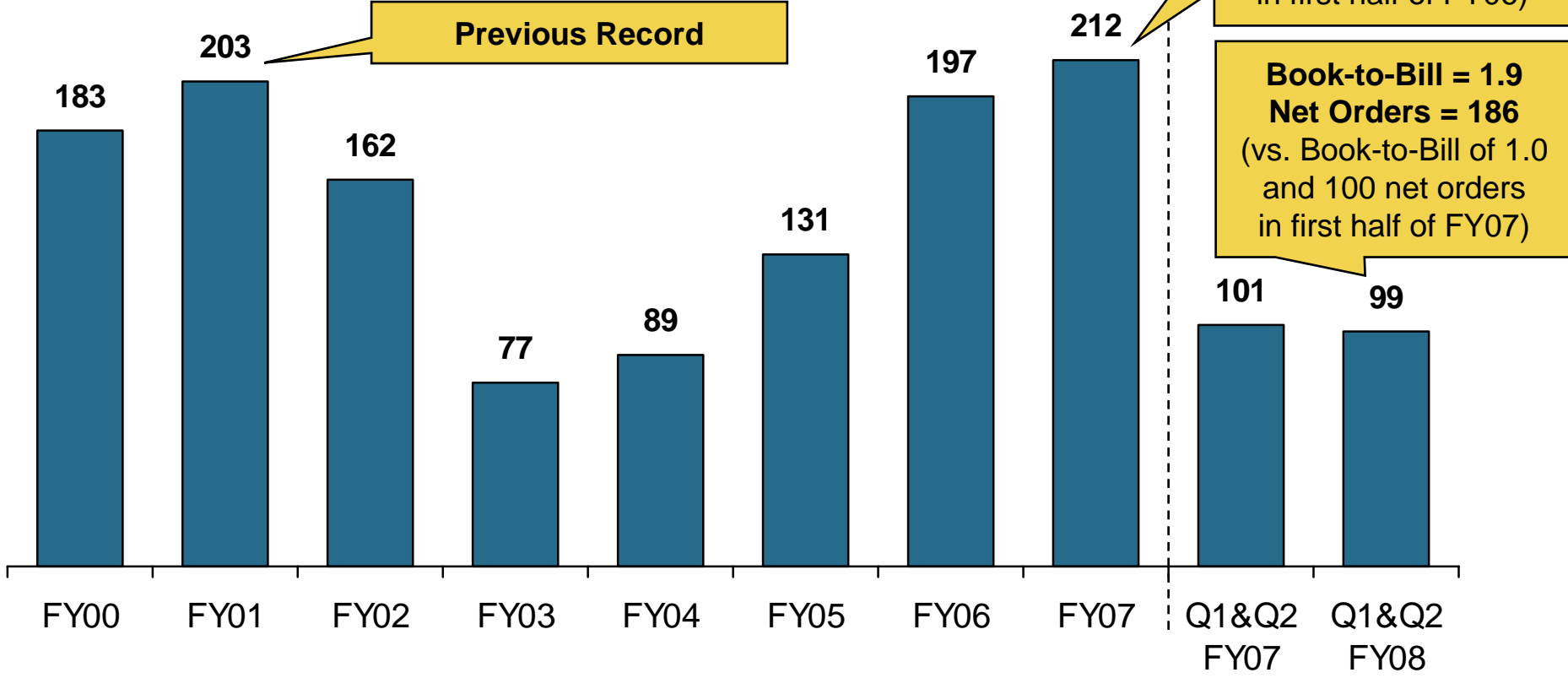
- Includes analysis of economic growth, industry trends and market drivers
- Thorough explanation of econometric model and results
- Forecast broken down by segment, giving total unit deliveries and revenues over the forecast period from 2007 - 2016

Agenda

- **Bombardier is the market leader**
- **Business aircraft market drivers remain strong**
- **Bombardier is positioned to build its leadership going forward**

Bombardier saw record Business Aircraft deliveries in FY07, and order intake remains strong

BOMBARDIER BUSINESS AIRCRAFT DELIVERIES
Units, Fiscal Year 2000 – Q2 2008

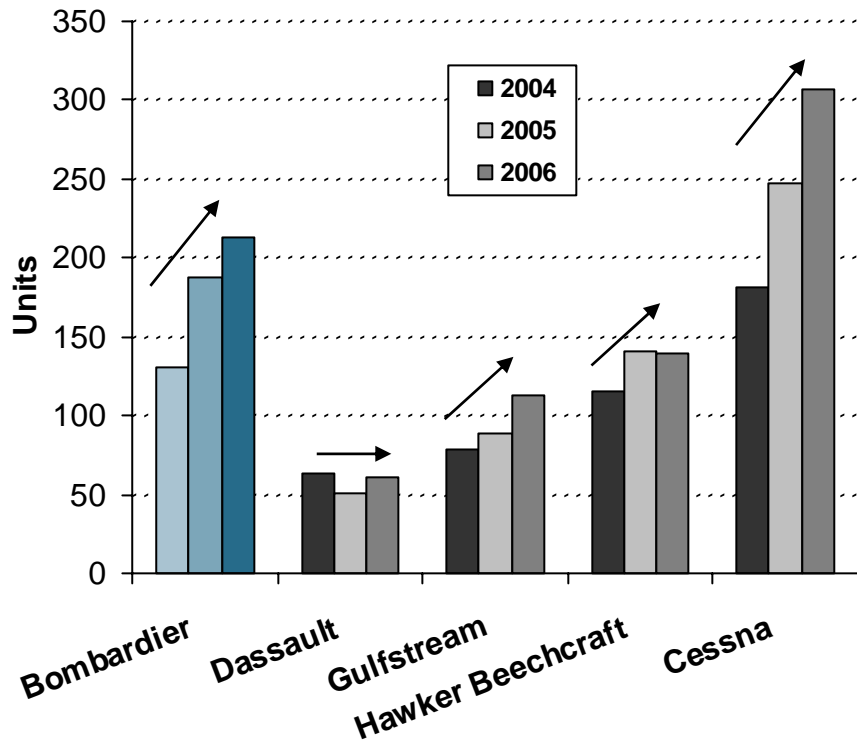


Source: Bombardier Aerospace Finance

Bombardier has balanced its strong backlog with continuous and controlled increases in its production

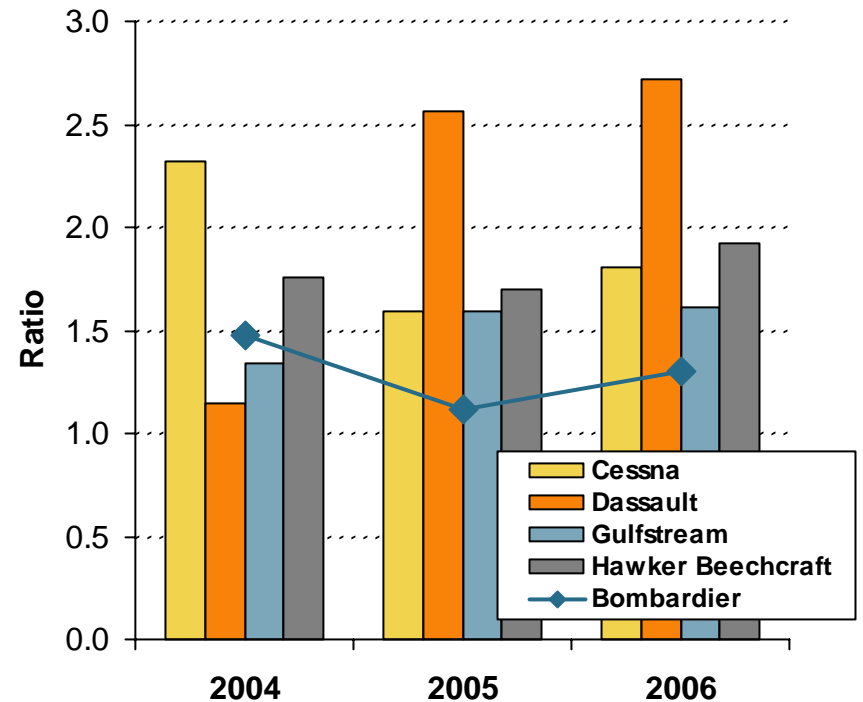
GROWTH IN PRODUCTION

Deliveries by OEM, Total Market, Calendar Year 2004 - 2006



TOTAL BOOK-TO-BILL

Book-to-Bill by OEM, Calendar year 2004-2006

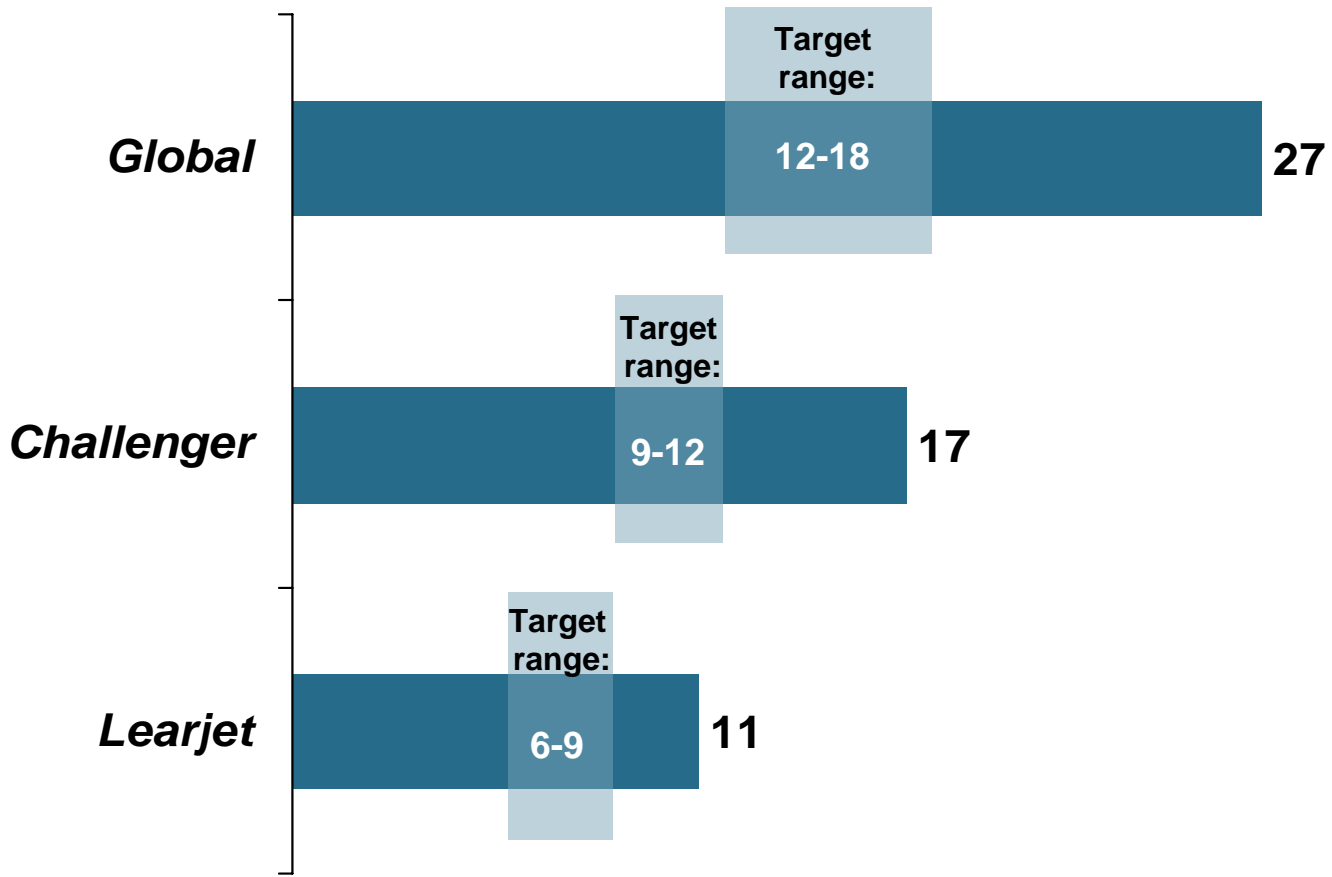


Bombardier's incremental controlled changes in production rate have allowed it to manage its backlog and have coincided with an industry-wide effort to ramp up

However, strong order intake has still increased backlogs

BOMBARDIER BUSINESS AIRCRAFT FINANCIAL BACKLOG

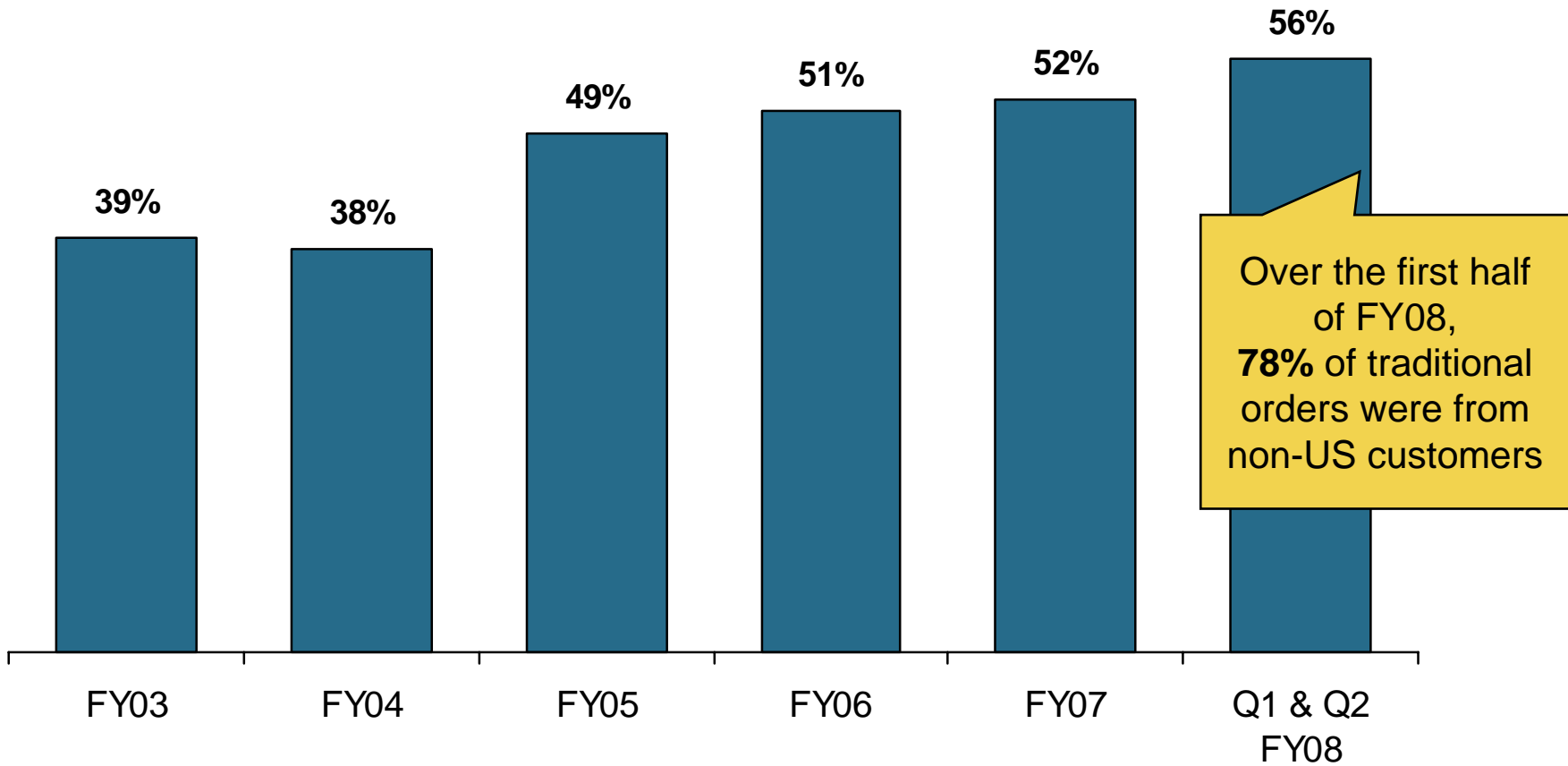
of months backlog by product family (As of end of July 2007)



Bombardier's diverse customer base will decrease its sensitivity to the US economy

BOMBARDIER NON-US DELIVERIES AS % OF TOTAL

Traditional Demand, Fiscal Year 2003 – Q2 2008



Bombardier Business Aircraft is working to build its leadership going forward

Improvement Initiatives

Operational Efficiency

- Lean Manufacturing
- Achieving Excellence
- Low-Cost Manufacturing Base

Meeting Contractual Commitments

- Improving On-Time-Deliveries
- Reduction of Open Delivery Items (ODIs)

Customer Satisfaction

- Aircraft-On-Ground (AOG) Support
- Parts Express
- Promoting Safe Operations

Lean Manufacturing is improving the efficiency of all our operations

- **Kaizen blitzes at all sites**
- **18% cycle time reduction targeted for first year *Lear 40/45* fuselage Lean implementation at Belfast site**
- **Challenger 605 U-Lean Line has reduced completion hours by 40% over the last year**
- **Global completion cycle time down 30% from last year**

Bombardier continues to build a low cost manufacturing base in emerging countries

Structures assembly

Challenger 850 centre fuselage



~11%
cost reduction⁽¹⁾

Electrical harnesses

Challenger 300, Global Express



~33%
cost reduction⁽¹⁾

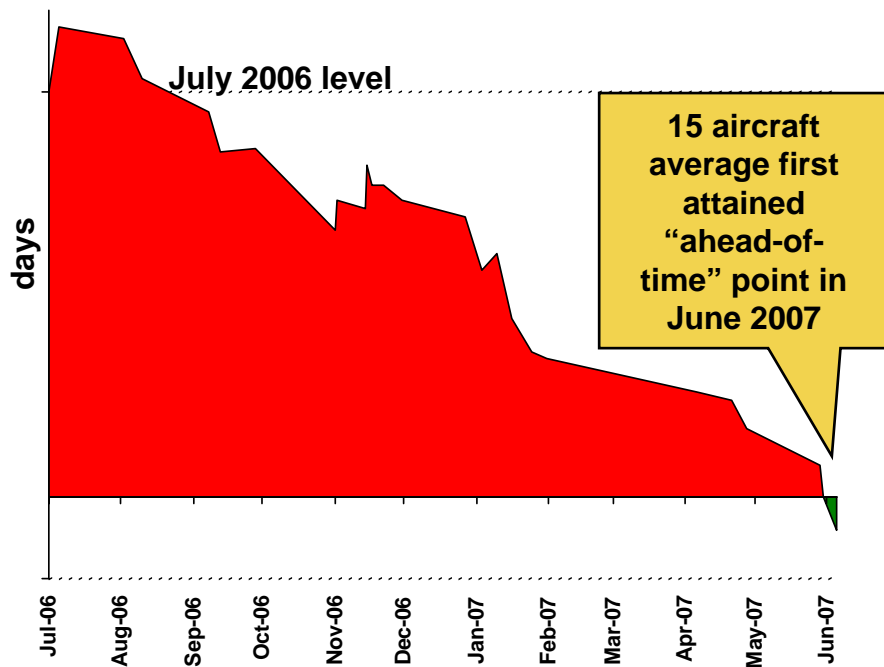


(1) Forecasted unit cost reduction no later than FY10, including absorption of transfer costs

Bombardier is better meeting contractual commitments as operations improve

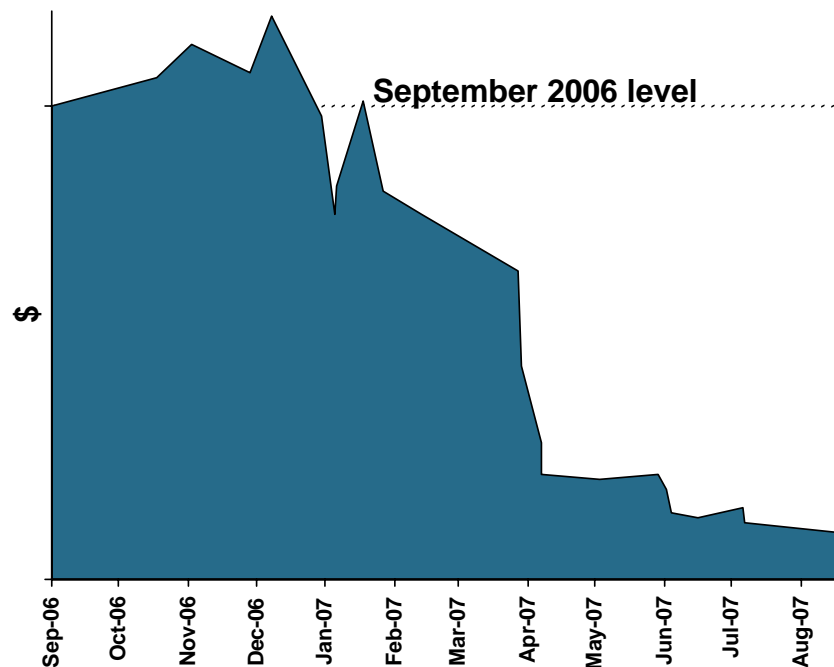
ON-TIME DELIVERIES – Challenger 605

Days between contract date and actual delivery, 15 a/c running average, July 2006 – June 2007



OPEN DELIVERY ITEMS (ODI)– Global XRS

ODI value per aircraft, 15 a/c running average, September 2006 – August 2007



On-time deliveries and decreased ODIs help to improve both profit margins and overall customer satisfaction

Bombardier continues to build innovative support services to improve Customer Satisfaction

- **Aircraft-on-Ground (AOG) support**
 - Established, integrated state-of-the art Customer Response Centers (CRC)

- **Parts Express**
 - Only manufacturer with the capability to dispatch multiple aircraft to deliver parts in AOG situations in North America

- **Promoting Safe Operations**
 - Industry recognized “Safety Standdown” seminar established by Bombardier to improve safety by combining skill-based and knowledge-based training

- **Overall Customer Satisfaction showing signs of improvement**
 - Bombardier saw the highest improvements in categories such as “speed in AOG service” and “spare parts availability,” but is still challenged to meet customer satisfaction levels seen by other OEMs

We have implemented a Parts Express delivery service using Flexjet

Customer Satisfaction



Summary

- **Bombardier is the Business Aircraft market leader**
- **The Business Aircraft market drivers remain strong and forecasts show deliveries increasing through 2010**
- **Bombardier Business Aircraft continues to improve operational efficiency, better meet contractual commitments and see signs of increasing customer satisfaction, all signaling even stronger leadership moving forward**

Bombardier Aerospace – Flexjet



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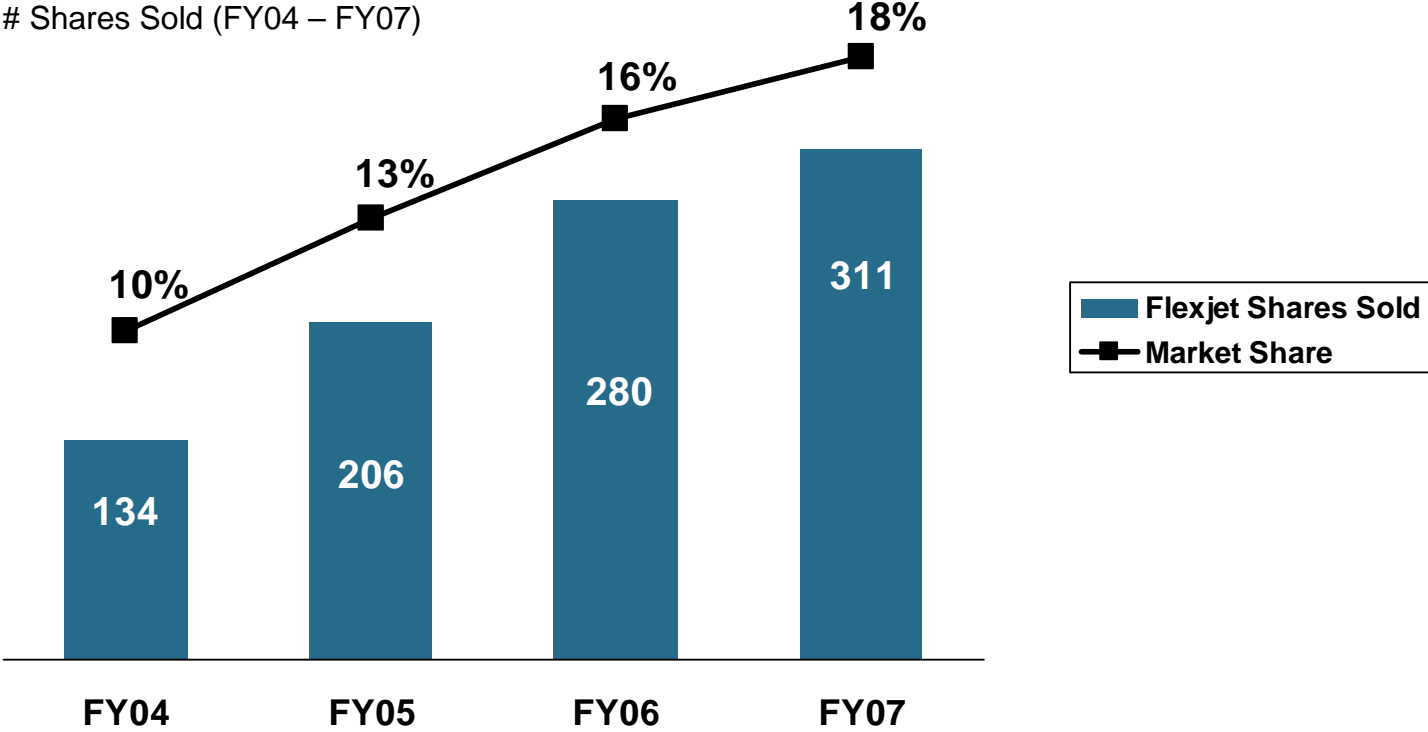
Bombardier Flexjet is a world-class fractional jet business

- **Established in 1995**
- **Offers:**
 - Flexjet fractional ownership
 - Flexjet 25 jet card
 - Flexjet One aircraft management
- **World's largest operator of Bombardier business jets**
 - 52 Learjet aircraft (Learjet 40, 45, 60)
 - 38 Challenger aircraft (Challenger 300, 604)
 - Average fleet age: 3.6 years
- **850 employees**
- **79,000 flight hours (FY 2006/07)**
- **New aircraft being introduced in 2007:**
 - Learjet 60 XR
 - Challenger 605

Flexjet's growth outpaces the market

FLEXJET SHARES SOLD AND MARKET SHARE

% Market Share⁽¹⁾, # Shares Sold (FY04 – FY07)



Since FY04, the market⁽¹⁾ has grown by 32%
Flexjet sales have grown by 133%
Flexjet market share has grown by a factor of 1.8

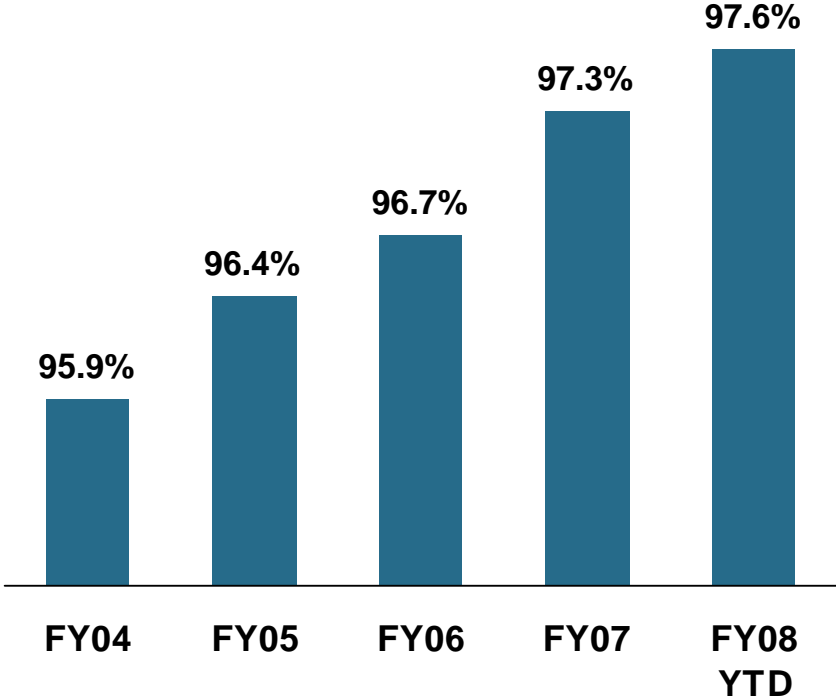
(1) Excluding jet cards

Source: Historical FAA records, published fractional program aircraft orders for 4 major U.S. fractional jet providers, and Flexjet market analysis

Flexjet is seeing its best-ever operational performance and high levels of customer satisfaction

FLEXJET OWNER DISPATCH RELIABILITY

% dispatch reliability (FY04 – FY08 YTD)

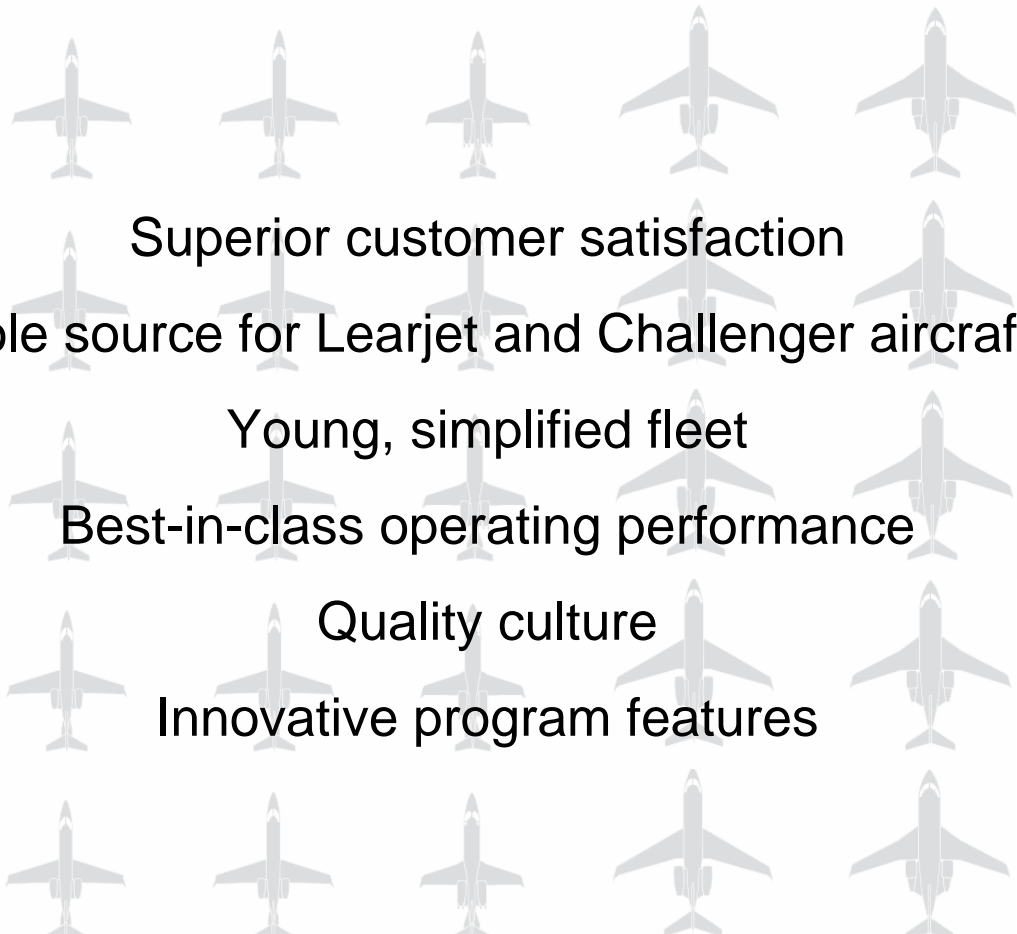


- Continuously improving dispatch reliability
- Best-ever operational performance
 - Lowest deadhead
 - Lowest charter sell-off
- Strong customer satisfaction and loyalty

(1) Excluding jet cards

Source: Historical FAA records, published fractional program aircraft orders for 4 major U.S. fractional jet providers, and Flexjet market analysis

Flexjet has grown in its journey to profitability



Superior customer satisfaction

Sole source for Learjet and Challenger aircraft

Young, simplified fleet

Best-in-class operating performance

Quality culture

Innovative program features

Bombardier Aerospace



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