Third quarter results – F2008-09
Presentation to investors, financial analysts and media

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December 4, 2008

Forward-looking statements

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All amounts are expressed in U.S. dollars unless otherwise indicated

Agenda

- Financial results overview
- Impact of foreign exchange variation
- Strong financial health
- Strong liquidity

- Addressing risks
  - Backlog and order flow
  - Production levels
  - Availability of financing for customers
  - Pre-owned aircraft inventories
  - Supplier risk

Financial results overview

(In millions of U.S. dollars, except per share amounts)

	Q3 F2008-09	%	Q3 F2007-08	%
Revenues				
Aerospace	2,292		2,350	
Transportation	2,279		1,878	
Total Revenues	4,571		4,228	
EBIT				
Aerospace	199	8.7	122	5.2*
Transportation	116	5.1	79	4.2
Total EBIT	315		201	
Financing expense, net	25		68	
EBT	290		133	
Income taxes	45		42	
Net income	245		91	
EPS – Basic and diluted	0.14		0.05	

*** EBIT of 8.1% before EOAPC charge**

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Free cash flow

(In millions of U.S. dollars)	Q3 F2008-09	Q3 F2007-08	YTD F2008-09	YTD F2007-08
Aerospace	9	579	399	1,122
Transportation	(243)	35	120	163
Interest and taxes	8	(54)	(86)	(246)
Total	(226)	560	433	1,039

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Impact of FX Variation – Overview

- In the course of the third quarter, we have seen major fluctuations in currencies

- The US dollar has strengthened against most currencies compared to last year

Variation	Period-end	Average Q3	Average YTD
Euro	*(15%)*	*2%*	*11%*
Canadian dollar	*(18%)*	*(7%)*	*4%*
Pound sterling	*(19%)*	*(11%)*	*(4%)*

- Changes to the FX rates may impact in two ways:
  - P&L and cash flows in relation to operations
  - Balance sheet mainly through translation of assets and liabilities denominated in foreign currencies

- Our hedging program to cover operations effectively minimizes the short-term effect of currency variations

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Impact of FX Variation – Aerospace

- Our average rate CAD/USD (including hedges) is 1.08, slightly lower than last year
- The P&L FX impact in Q3 is minimal, approximately $10M negative
- On a cumulative basis, the year-over-year impact is approximately $50M negative
- Our hedging program effectively minimizes short-term variations
- Hedges are marked to market on the balance sheet with no impact to the P&L. The net variation of $580M since the beginning of the year is recorded directly to the equity
- This negative fair value will be entirely compensated by the positive offsetting effect of lower future costs incurred in the related foreign currencies

Impact of FX Variation – Aerospace (cont'd)

Example:

$1 billion Cdn hedged at 1.08 and disbursed at 1.20

Anticipated expenditure ($1 B Cdn @1.08)		$926 M US
Actual disbursement ($1 B Cdn @ 1.20)	$833 M US	
Settlement of FX contracts	$ 93 M US	
Total	$926 M US	$926 M US

- The potential cash outflow of FX forward contracts will be compensated by reduced payments in U.S. dollars for related CAD and GBP expenditures
- Recent strengthening of the U.S. dollar, if sustained, will reduce Aerospace's U.S. dollar expense

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Impact of FX Variation – Transportation

- The currency variation is essentially a translation effect
- Each component of Transportation’s results and balance sheet is affected proportionally
- The third quarter year-over-year impact of FX variation on results is not significant
- Since we use period-end rates for the balance sheet, the impact is more important

FX Variation on Selected Consolidated Balance Sheet Accounts

Assets	**YTD Q3FY09**
Cash and Cash Equivalents	($495M)
Invested Collateral	($188M)
Liabilities	
Long-Term Debt	($368M)
Equity	
Cumulative Translation Adjustment (CTA)	($422M)

The variation resulting from the translation of Transportation's assets and liabilities, the invested collateral and Euro-denominated long-term debt has no P&L impact. The counter account, the CTA, has reduced by $422M since the beginning of the year

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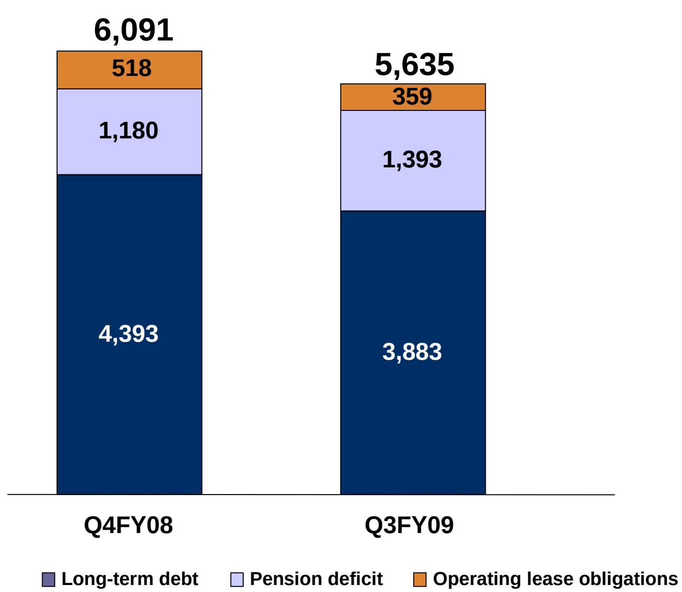
Bombardier's financial health is strong

Global Leverage Metrics	Target 2011	Y/E FY08	Q3FY09	Trend
Adj. EBIT to adj. net int.	5.0	2.5	5.0	↗
Adj. debt to adj. EBITDA	2.5	3.8	2.8	↗
Adj. debt to adj. total cap.	55%	67%	66%	↗

Total adjusted debt

(In millions of U.S. dollars)



- **All global leverage metrics continue to improve**
- **Improvement in ratios reflects increase in profitability and decrease in net interest expenses**
- **Pension deficit has slightly increased from \$1.2 billion to \$1.4 billion reflecting negative returns on plan assets mostly offset by positive variations in discount rates**

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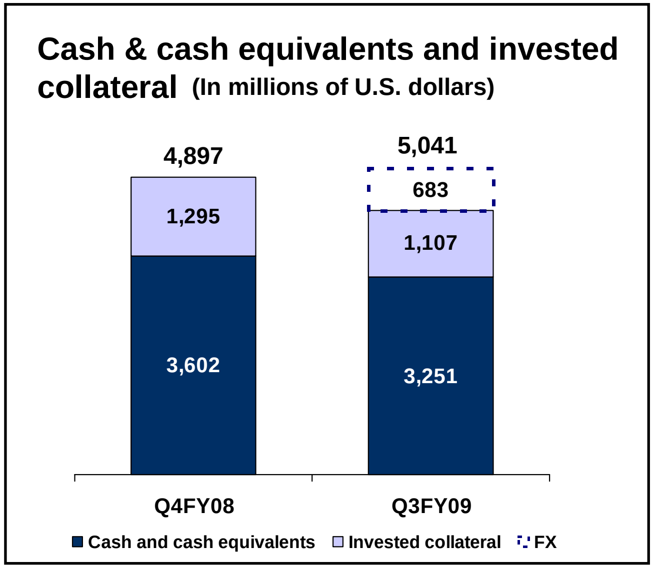
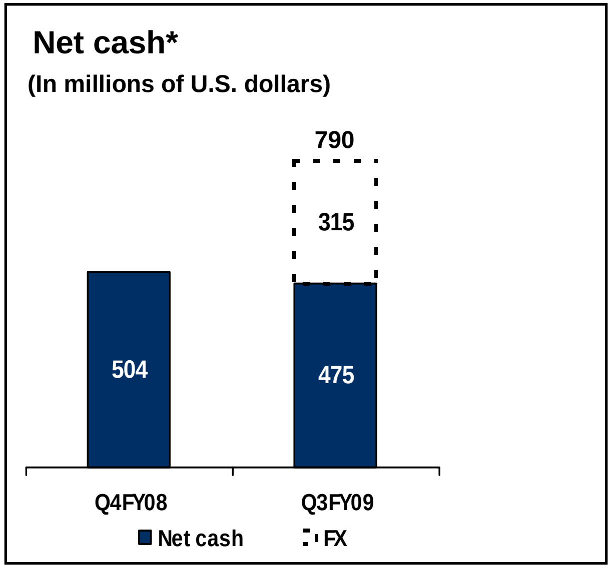
Strong Liquidity Position





* Cash and invested collateral minus long-term debt

- **Excluding FX translation:**
  - **Cash and invested collateral increased**
  - **Net cash position improved**
- **No debt maturity before May 2012**

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Aerospace

Aerospace – EBIT Outlook

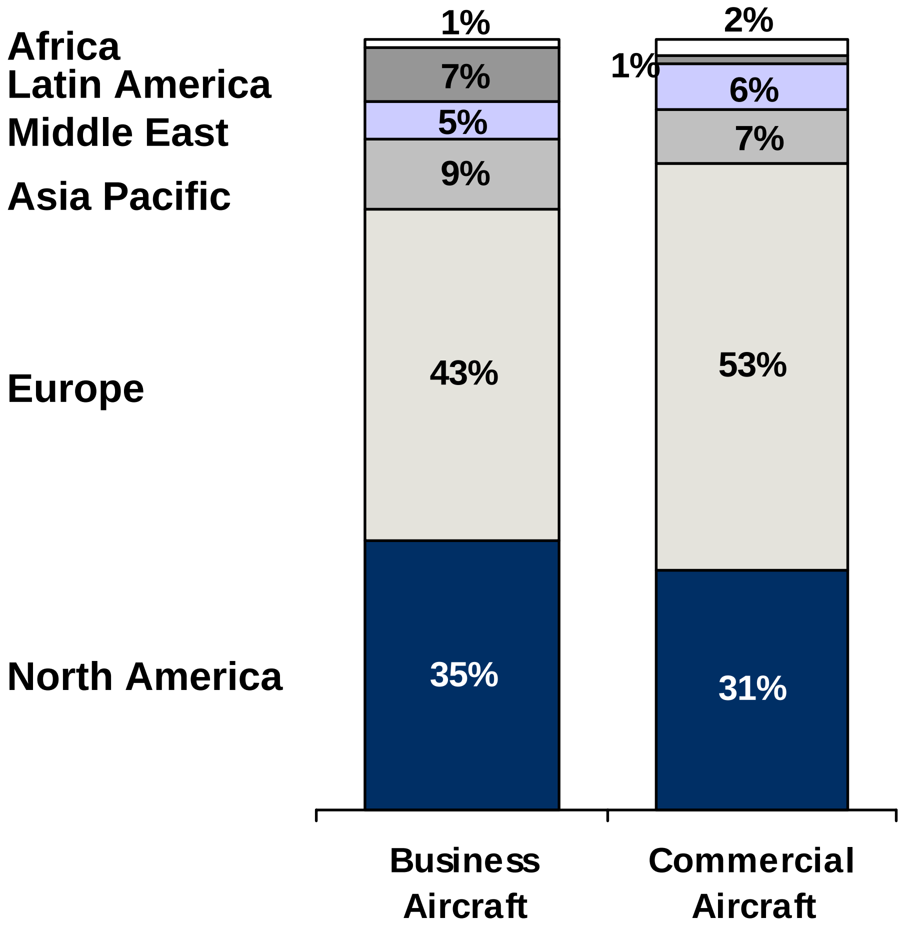
- **We surpassed our previously stated EBIT target**
- **We are committed to continue to improve our financial performance**
- **Our new target is to reach 12% EBIT margin by FY2013 (note 1)**

Note 1:

Please refer to page 12 of the MD&A for more details on basis for target and forward-looking statements

Aerospace – Backlog risk

Bombardier Aerospace Backlog Geographic Breakdown
% of net order backlog as of end of Q3 FY09



- **Backlog of $26 billion**
- **Well diversified by product and geography**
- **Close to 70% of backlog outside of North America**
- **A tail-by-tail analysis of the backlog has been completed for both Business and Commercial aircraft to assess risk**

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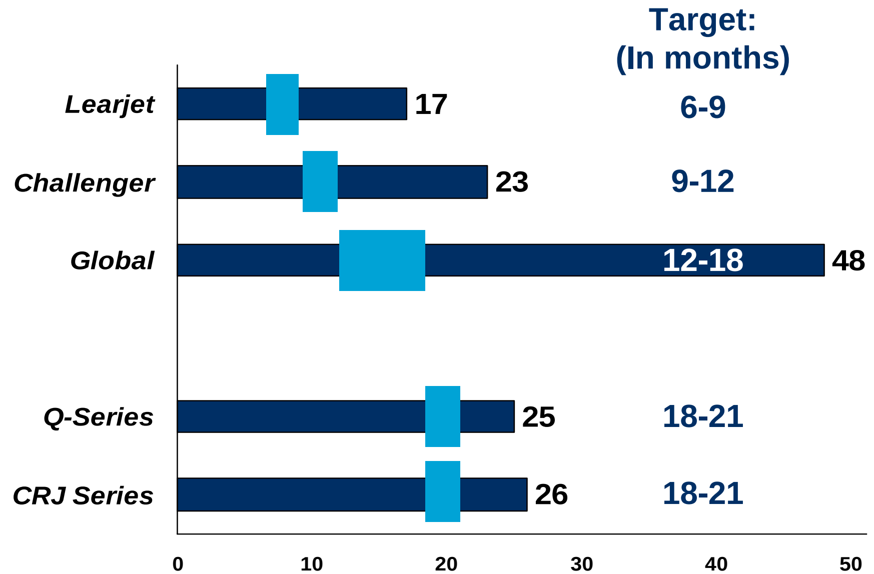
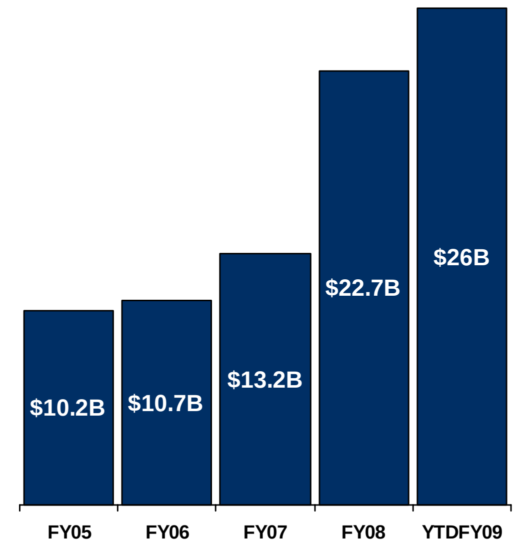
Aerospace – Current backlog and order risk

Bombardier Aerospace Backlog*

Number of months as of Q3FY09, Book-to-bill ratio



* Excluding *Learjet 85*, *CRJ1000* and *Flexjet* orders



	FY05	FY06	FY07	FY08	YTDFY09
Book-to-Bill Ratio	0.9	0.9	1.1	1.9	1.4
					0.9
					Q3FY09

- **Backlog still exceeds our target months of production**
- **Low level of cancellations, however, some customers requested delivery deferrals in both business and commercial aircraft**
- **Production rates are monitored in relation to length of backlog and delivery commitments**
- **Overall we expect deliveries this year to be slightly higher than last year**

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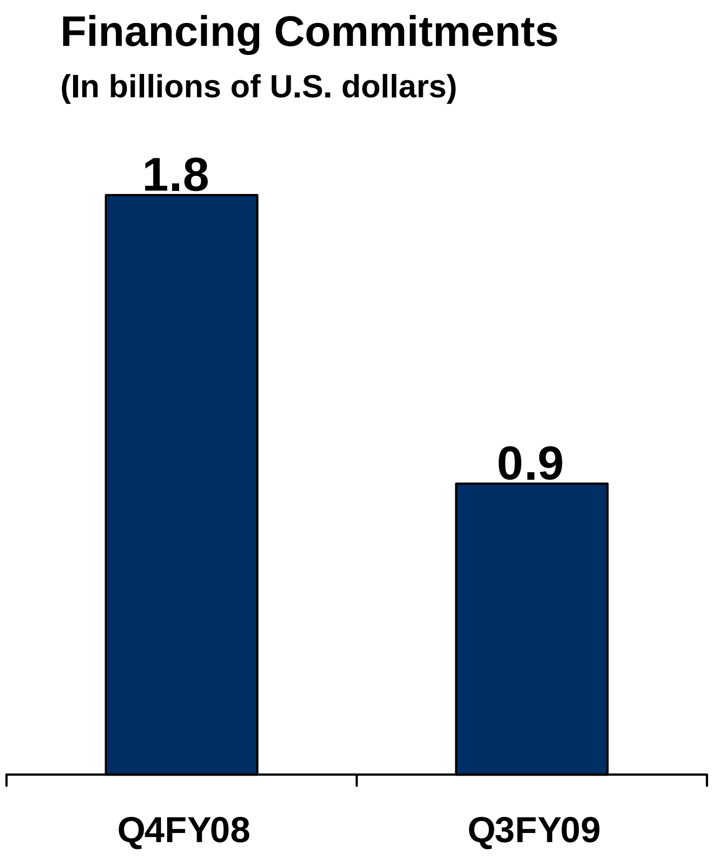
Aerospace – Aircraft Financing



- Financial commitments have gone from $1.8 billion to $0.9 billion since the beginning of year, the bulk of which is already covered by third party financing
- Financing availability/capacity has reduced
- We expect Export Credit Agencies worldwide to maintain or increase their level of activities for next year

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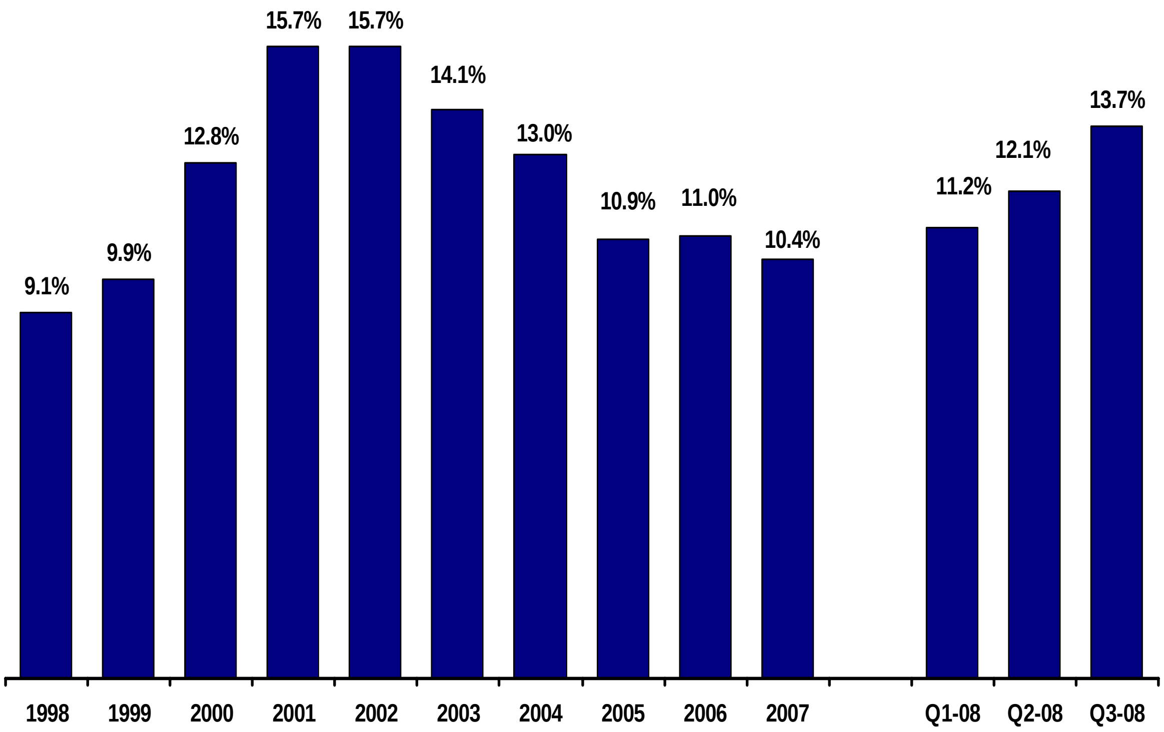
Aerospace – Pre-owned business jet inventory

Industry Pre-owned Business Jet Inventory
% of Jet Fleet, Excluding Very Light Jets, Calendar year basis



Source: Based on Jetnet and Case Database.

- **Industry inventory levels have risen significantly throughout the current fiscal year**
- **We have been controlling our level of trade-in commitments**
- **Our overall commitments are low and mostly based on market value**

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Aerospace – Supplier risk

- **Deployed full risk assessment program of our suppliers**
- **Increased monitoring of key suppliers**

Risk Identification	Analysis & Risk Assessment	Mitigation Actions	Monitor And Track Actions
Identify key risk areas and define a list of suppliers to investigate	Perform risk assessment on suppliers identified	Recommend and implement mitigation actions	Maintain close watch on progress of mitigation actions

- **No supplier has indicated its inability to meet commitments as a result of the financial crisis**

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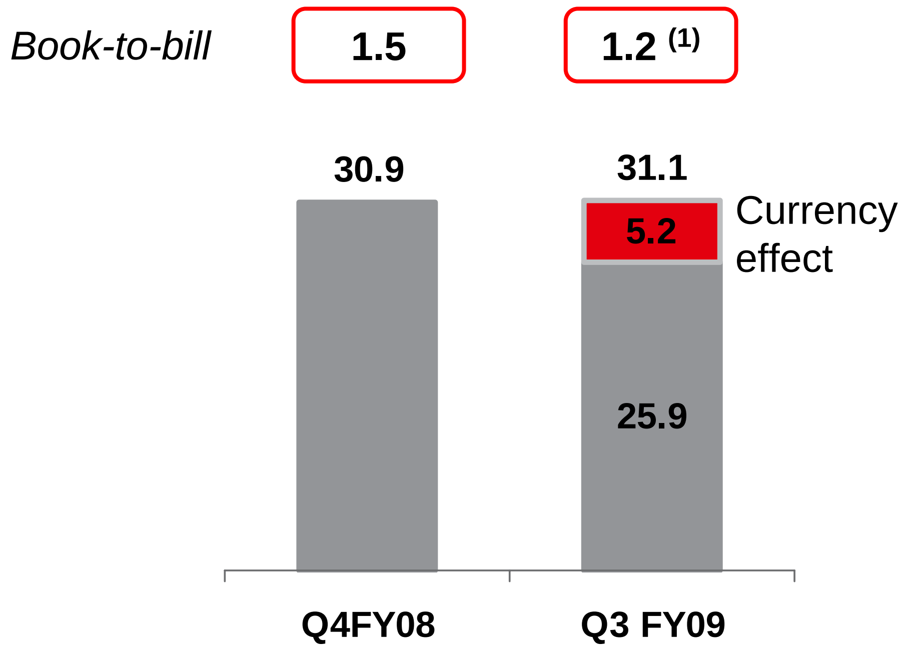
Transportation

Transportation – Backlog risk

Backlog Evolution
(In billions of U.S. dollars)



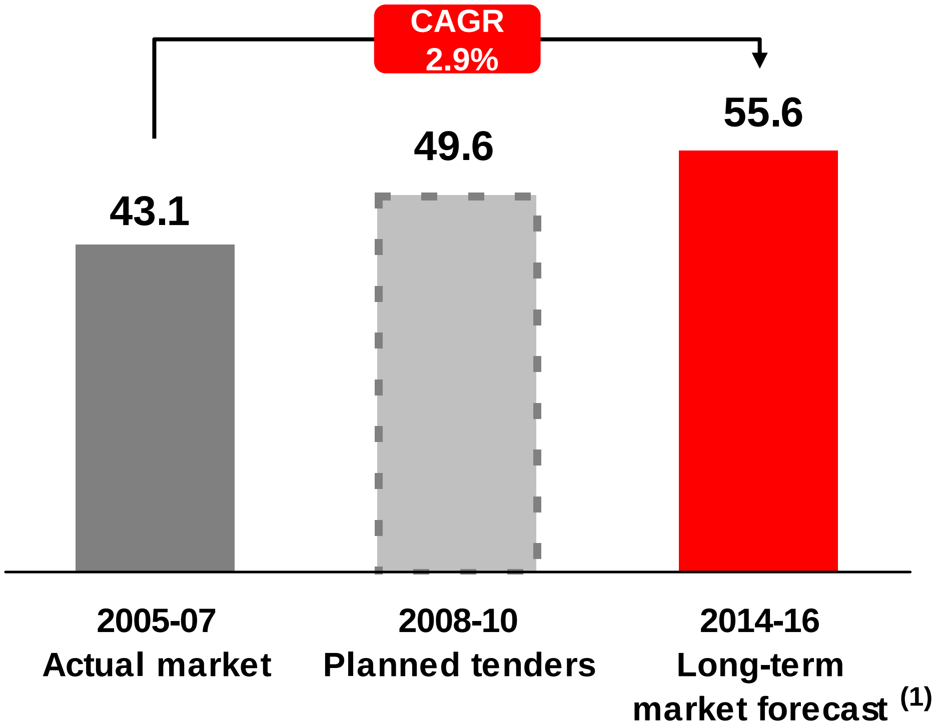
- **Backlog continues to be at historically high level**
- **Backlog reduction in Q3 is due to currency effect**
- **Majority of the backlog is with major public customers**
- **We have not received any cancellation or deferral**

(1) Q3 FY09 book-to-bill ratio. The year-to-date book-to-bill for FY09 is 1.0

Transportation – Order flow

BT relevant market

(In billions of U.S. dollars)

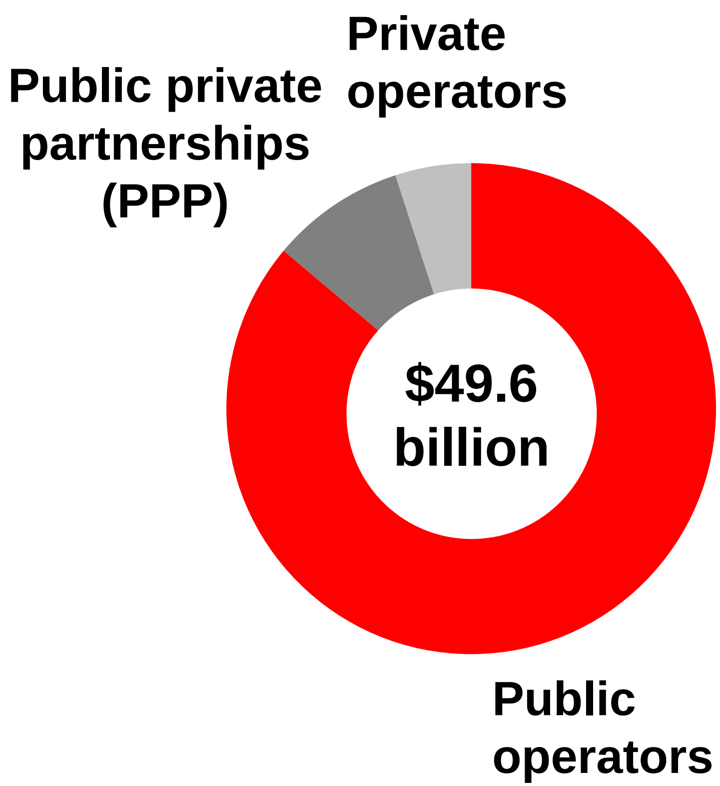


- **Overall relevant market still at high level, long-term market fundamentals positive**
- **The market is robust, supported by public spending on rail, however, some tenders may get delayed or cancelled**
- **Revenue growth can be maintained even if book-to-bill below 1.0 temporarily**

(1) Based on long-term growth rates published in UNIFE's Worldwide Rail Market Study

Transportation – Availability of financing

Planned tenders by customer type



- Financing in general will be more scarce
- However, majority of our business is with large, well-financed customers
- In addition, rail will remain a priority for public spending
- Overall impact on our business is expected to be limited

Transportation – Production levels and Supplier risk

Production levels

- **Existing backlog is driving growth in the next two years**
- **No major delays foreseen in production and delivery**

Supplier risk

- **Detailed analysis was conducted to identify critical suppliers based on financial health and availability of alternative sources**
- **No significant issues detected**
- **Teams were put in place to monitor risk for top 400 suppliers, which represent ~85% of the material spend**

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Conclusion

- Both groups are performing well
- Strong backlog at $51.9 billion
- Strong financial health
- We will continue to closely monitor the situation