



BOMBARDIER

Fourth quarterly report

Year ended January 31, 2000

Report to shareholders

For the fourth quarter ended January 31, 2000, the consolidated revenues of Bombardier Inc. totalled \$4.4 billion, compared with \$4.0 billion for the quarter ended January 31, 1999. Net income for the quarter, before net unusual items, rose to \$271.4 million, or \$0.38 per share, as against a net income of \$193.7 million, or \$0.27 per share, for the same period last year. After net unusual items of \$17.4 million (\$17.3 million after tax), net income for the quarter amounted to \$254.1 million or \$0.37 per share.

The unusual items result from restructuring charges of \$84.0 million related to Bombardier Transportation's European operations and of \$44.5 million related to Bombardier Aerospace's Commercial Aviation Services. These restructuring charges totalling \$128.5 million were partially offset by a net unusual gain of \$111.1 million on the divestiture of the Corporation's 50% interest in Shorts Missile Systems Limited and of its 100% interest in Specialist Aviation Services Limited.

Consolidated revenues for the fourth quarter increased by 9% while net income, excluding the net unusual items, rose by 40% compared to the same period last year. Improved revenues are mainly attributable to higher aircraft deliveries while improved net income is due to the excellent performance in the aerospace segment as well as to the return to profitability in the recreational products segment.

For the year ended January 31, 2000, the consolidated revenues of Bombardier Inc. amounted to \$13.6 billion, up 18% over revenues of \$11.5 billion the previous year. Net income for the year, before net unusual items, reached \$752.4 million, or \$1.06 per share, compared with net income of \$554.0 million, or \$0.77 per share, last year. Net income, after net unusual items of \$51.1 million (\$33.6 million after tax), reached \$718.8 million or \$1.02 per share, an increase of 30% over last year.

Profit margin before income tax and net unusual items rose from 7.2% to 8.3%. Increased revenues are attributable to growth in the aerospace, transportation and capital segments while increased net income before unusual items mainly results from the excellent performance of the aerospace segment as well as from the recreational products segment's turnaround.

Bombardier's order backlog at January 31, 2000 reached \$27.2 billion, a 7% increase over the \$25.5 billion backlog at January 31, 1999. In aerospace, the backlog increased to \$18.9 billion at January 31, 2000, from \$16.2 billion at the end of the previous fiscal year and in transportation, it totalled \$8.3 billion at the end of the fiscal year compared to \$9.3 billion at January 31, 1999.

Earnings per share for the year, after net unusual items, increased by 32%, in line with management's target for the year ended January 31, 2000. Management maintains its target of 30 to 40% earnings growth for each of the years ending January 31, 2001 and 2002.

For Bombardier Aerospace, revenues before intersegment eliminations totalled \$8.1 billion in fiscal 2000, compared with \$6.4 billion in fiscal 1999, an increase of 26% mainly attributable to higher aircraft deliveries. Reflecting growth in revenues, income before income tax and net unusual gain of \$66.6 million rose to \$903.9 million, for a 33% increase over the \$681.9 million recorded the previous year. The margin before income taxes and the net unusual gain rose from 10.6% to 11.1%.

Revenues before intersegment eliminations of Bombardier Transportation increased by 16% to \$3.4 billion, compared with \$3.0 billion in 1998-99. This is attributable to higher deliveries and increased work in process on key contracts in Europe and North America. Income before income taxes and restructuring charges of \$117.7 million rose by 18% to \$174.4 million, compared with \$147.9 million for the year ended January 31, 1999, as a result of increased volume of production. The margin before income taxes and restructuring charges increased slightly from 5.0% to 5.1%.

Bombardier Recreational Products' revenues before intersegment eliminations amounted to \$1.5 billion, compared to \$1.6 billion for the year ended January 31, 1999. This 10% decline in revenues, mainly due to lower watercraft and snowmobile sales for the 1999 season, was partially offset by initial sales of all-terrain vehicles. Despite the decrease in revenues, Bombardier Recreational Products returned to profitability as income before income taxes for 1999-2000 reached \$17.7 million, compared with a loss of \$45.5 million for 1998-1999. This was achieved through a reorganization undertaken to eliminate redundancy and encourage greater synergy in the context of reduced snowmobile and watercraft production as well as through a reduction of inventories of non-current models.

Revenues before intersegment eliminations of Bombardier Capital (BC) for 1999-2000 reached \$738.5 million, an increase of 29% as compared to \$570.6 million for 1998-99. Income before income taxes and interest allocation was \$61.7 million, down from \$66.4 million in fiscal 1998-99. Income before income taxes totalled \$28.0 million, down from \$42.6 million the year before. Assets under management at January 31, 2000 were \$10.8 billion, an increase of 32% over \$8.2 billion at the end of the previous year. Performance was mainly impacted by management's decision to recognize income generated from securitization of manufactured housing mortgage loan portfolios on a "As Earned" basis as opposed to "Gain on Sale".

Bombardier Capital announced that it has sold, as of January 31, 2000, its Canadian portfolio of consumer loans. As part of its orientation to focus on sectors which leverage the know-how and competencies of Bombardier Capital and Bombardier. Bombardier Capital has also announced its intention to sell or wind-down several portfolios such as Technology Management and Finance and Mid-Market Equipment Finance and Small Ticket Finance. No significant gain or loss is expected from these actions.

During the fourth quarter, Bombardier Aerospace received firm orders for 31 Canadair Regional Jet* Series 200 aircraft and for one Q300* and one Q200* Dash 8* aircraft.

Since the end of the quarter, firm orders were received for 18 CRJ200* aircraft and 29 Q300 aircraft.

The new Q400* turboprop airliner received certification from Europe's Joint Airworthiness Authorities in December 1999 and from the U.S. Federal Aviation Administration in February 2000. The first Q400 aircraft entered revenue service on February 7, 2000 with SAS Commuter of Denmark.

Fourth quarter orders for Bombardier Transportation totalled approximately \$67 million including an order for metro cars linking the centre of London to the Docklands in the U.K. and one for commuter coaches for Seattle's Sound Transit.

Since the end of the fourth quarter, Bombardier Transportation was awarded contracts for a total value of approximately \$783 million. This includes orders for 55 city trams for the City of Cologne in Germany and for 252 vehicles for the Netherlands Railways.

On February 11, Bombardier Recreational Products unveiled a third ATV model, the Traxter XT*. In March, the RX* DI Sea-Doo* watercraft model was named the Watercraft of the Year for 2000 by the publishers of Watercraft World magazine.

On January 19, 2000, the Corporation announced a share buy back program, over the period from January 24, 2000 to January 23, 2001, up to a maximum aggregate amount of 8,000,000 of its Class A and Class B shares.

On February 16, 2000, Yvan Allaire, Chairman of the Board of Bombardier Capital and Executive Vice President of Bombardier Inc., announced the appointment of Pierre Lortie as President and Chief Operating Officer of Bombardier Capital.



Robert E. Brown
President and Chief Executive Officer

March 23, 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***(unaudited)**(millions of Canadian dollars)*

	<i>Bombardier Inc.</i>		<i>Bombardier</i>		<i>BC</i>	
	<i>consolidated</i>					
	January 31	January 31	January 31	January 31	January 31	January 31
	2000	1999	2000	1999	2000	1999
Assets						
Cash and cash equivalents	\$ 1,664.0	\$ 1,738.7	\$ 1,548.7	\$ 1,706.3	\$ 115.3	\$ 32.4
Accounts receivable	570.7	670.3	570.7	670.3	---	---
Asset-based financing items	7,194.9	5,169.8	57.1	121.1	7,137.8	5,048.7
Inventories	5,361.5	4,576.2	5,361.5	4,576.2	---	---
Fixed assets	1,898.7	1,842.7	1,776.4	1,747.9	122.3	94.8
Investment and advances in BC	---	---	1,531.2	1,285.2	---	---
Other assets	344.3	280.2	146.3	148.3	198.0	131.9
	\$ 17,034.1	\$ 14,277.9	\$ 10,991.9	\$ 10,255.3	\$ 7,573.4	\$ 5,307.8
Liabilities						
Short-term borrowings	\$ 2,002.7	\$ 2,363.5	\$ ---	\$ 49.3	\$ 2,002.7	\$ 2,314.2
Advances from Bombardier	---	---	---	---	459.8	458.5
Accounts payable and accrued liabilities	3,335.2	3,099.7	3,125.2	2,845.5	210.0	254.2
Advances and progress billings in excess of related costs	2,636.8	2,328.6	2,636.8	2,328.6	---	---
Long-term debt	4,795.0	2,575.9	971.4	1,121.7	3,823.6	1,454.2
Other liabilities	652.6	421.7	646.7	421.7	5.9	---
	13,422.3	10,789.4	7,380.1	6,766.8	6,502.0	4,481.1
Shareholders' equity						
<i>(Investment in BC)</i>	3,611.8	3,488.5	3,611.8	3,488.5	1,071.4	826.7
	\$ 17,034.1	\$ 14,277.9	\$ 10,991.9	\$ 10,255.3	\$ 7,573.4	\$ 5,307.8

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>Years ended</i>	
	<i>January 31</i>		<i>January 31</i>	
	2000	1999	2000	1999
Revenues				
Aerospace	\$ 2,829.1	\$ 2,448.9	\$ 8,126.2	\$ 6,444.1
Recreational Products	511.5	572.9	1,473.0	1,628.1
Transportation	857.0	873.3	3,446.1	2,966.3
BC	232.0	164.8	738.5	570.6
Intersegment eliminations	(25.7)	(15.7)	(165.3)	(109.0)
External revenues	\$ 4,403.9	\$ 4,044.2	\$ 13,618.5	\$ 11,500.1
Income (loss) before unusual items and income taxes				
Aerospace	\$ 341.4	\$ 291.1	\$ 903.9	\$ 681.9
Recreational Products	11.9	(69.0)	17.7	(45.5)
Transportation	40.6	55.8	174.4	147.9
BC	2.8	(5.3)	28.0	42.6
	396.7	272.6	1,124.0	826.9
Unusual items, net	(17.4)	---	(51.1)	---
Income before income taxes	379.3	272.6	1,072.9	826.9
Income taxes	125.2	78.9	354.1	272.9
Net income	\$ 254.1	\$ 193.7	\$ 718.8	\$ 554.0
Earnings per share:				
Basic	\$ 0.37	\$ 0.27	\$ 1.02	\$ 0.77
Fully diluted	\$ 0.36	\$ 0.27	\$ 1.00	\$ 0.76
Average number of common shares outstanding during the period (millions)			684.5	680.4

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

BOMBARDIER INC.

Consolidated Statements of Cash Flows

(unaudited)

For the years ended January 31 (millions of Canadian dollars)

	<i>Bombardier Inc.</i>		<i>Bombardier</i>		<i>BC</i>	
	<i>consolidated</i>					
	2000	1999	2000	1999	2000	1999
Operating activities						
Net income	\$ 718.8	\$ 554.0	\$ 718.8	\$ 554.0	\$ 16.6	\$ 25.1
Non-cash items:						
Depreciation and amortization	227.5	232.6	218.7	225.9	8.8	6.7
Net income from BC	---	---	(16.6)	(25.1)	---	---
Provision for credit losses - BC	31.7	(12.9)	---	---	31.7	(12.9)
Deferred income taxes	240.9	146.0	229.1	138.1	11.8	7.9
Unusual items, net	51.1	---	51.1	---	---	---
Net changes in non-cash balances related to operations	(389.3)	1,074.6	(321.0)	949.7	(68.3)	124.9
Cash flows from operating activities	880.7	1,994.3	880.1	1,842.6	0.6	151.7
Investing activities						
Additions to fixed assets	(419.5)	(364.2)	(382.2)	(335.8)	(37.3)	(28.4)
Net investment in asset-based financing items	(2,251.4)	(2,145.0)	63.9	375.2	(2,315.3)	(2,520.2)
Investment and advances in BC	---	---	(257.3)	(894.5)	257.3	894.5
Disposal of businesses	145.6	---	145.6	---	---	---
Other	(27.7)	(2.8)	20.2	10.2	(47.9)	(13.0)
Cash flows used in investing activities	(2,553.0)	(2,512.0)	(409.8)	(844.9)	(2,143.2)	(1,667.1)
Financing activities						
Net variation in short-term borrowings	(284.0)	141.4	(32.5)	(280.7)	(251.5)	422.1
Net variation in long-term debt	2,331.4	891.6	(125.3)	(106.1)	2,456.7	997.7
Redemption of convertible notes	(243.2)	---	(243.2)	---	---	---
Issuance of shares, net of related costs	16.8	49.3	16.8	49.3	---	---
Dividends paid	(168.8)	(133.8)	(168.8)	(133.8)	---	---
Cash flows from (used in) financing activities	1,652.2	948.5	(553.0)	(471.3)	2,205.2	1,419.8
Effect of exchange rate changes on cash and cash equivalents	(54.6)	80.2	(74.9)	89.7	20.3	(9.5)
Net increase (decrease) in cash and cash equivalents	(74.7)	511.0	(157.6)	616.1	82.9	(105.1)
Cash and cash equivalents at beginning of year	1,738.7	1,227.7	1,706.3	1,090.2	32.4	137.5
Cash and cash equivalents at end of year	\$ 1,664.0	\$ 1,738.7	\$ 1,548.7	\$ 1,706.3	\$ 115.3	\$ 32.4

Supplemental information

- Cash paid for interest	\$ 344.8	\$ 288.2
- Cash paid for income taxes	\$ 48.2	\$ 54.0

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 descriptions of the columns shown in these financial statements are as follows:

Bombardier Inc. consolidated

This column represents all of the activities of the Corporation on a consolidated basis, after the 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 and uses 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.

The aerospace segment is engaged in the design, manufacture and sale of business and regional aircraft. 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 responsible for developing, manufacturing and marketing snowmobiles, watercraft, boats, all-terrain vehicles, utility vehicles and engines.

The transportation segment is responsible for all operations in the field of 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 and real estate services. The financial activities 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 used aircraft and open accounts receivable; consumer finance operations; mortgage financing to purchasers of manufactured homes; and leasing and technology management services. The real estate activities of this segment consist of selling land to real estate developers and renting office buildings to Bombardier. The intercompany transactions within this column have been eliminated.

UNUSUAL ITEMS

During the year ended January 31, 2000, the Corporation recorded the following pre-tax unusual items:

	(millions of Cdn dollars)	
Restructuring charges:		
- Transportation	\$	117.7
- Aerospace		44.5
		<hr/> 162.2
Net gain on sale – Aerospace		(111.1)
Net unusual items	\$	<hr/> <hr/> 51.1

During the year ended January 31, 2000, Bombardier Transportation decided to implement a plan to reduce its workforce and to consolidate certain of its European manufacturing operations. These actions were taken in response to the slowdown in the European transportation equipment market, which resulted in general manufacturing production overcapacity in Europe. The restructuring charges relate to severance and other involuntary termination costs and losses from the writedown of goodwill and manufacturing assets mainly located in Germany. Of the total restructuring charge of \$117.7 million (\$100.3 million after tax), an amount of \$84.0 million (\$84.0 million after tax) was recorded in the fourth quarter of fiscal year 2000. Management expects to carry out most of its restructuring plan during fiscal year 2001.

As part of its continuous review of the relevance of its business investments, Bombardier Aerospace decided to reduce certain of its activities in commercial aircraft services and in defence services. During the fourth quarter of fiscal year 2000, restructuring charges amounting to \$44.5 million (\$26.7 million after tax) were recorded, essentially related to management's decision to exit certain of Bombardier Aerospace's commercial aircraft services activities carried out through Commercial Aviation Services ("CAS") due to a lower level of activities than anticipated. These charges mostly relate to costs arising from the writedown of the carrying value of the assets of CAS and from costs related to the closure of CAS existing facilities. During the same quarter, the Corporation reduced its activities in the defence services sector by selling its 50% interest in its joint venture, Shorts Missile Systems Limited, and its 100% interest in Specialist Aviation Services Limited, both based in the United Kingdom, for net sale proceeds of \$145.6 million. A net gain of \$111.1 million (\$93.4 million after tax) was recorded in connection with these sales.

SEGMENT DISCLOSURE

The Corporation evaluates segment performance based on income or loss before unusual items and income taxes. Intersegment services are accounted for as if the services were to third parties, at current market prices.

For all manufacturing segments, interest costs are allocated to each segment based on their net assets. Most Corporate Office charges are allocated based on their respective revenues. The net segmented assets are used to assess the resources employed by each segment. Net segmented assets are comprised of the assets of each segment except for investment 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 measure used to evaluate the resources employed is the combined amount of BC equity and subordinated debt which is maintained at a level to produce a debt to equity ratio, including subordinated debt, which approximates 9 to 1. Consequently, this amount is shown as net segmented assets for BC.

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

	January 31 2000	January 31 1999
Aerospace	\$ 2,938.0	\$ 3,114.0
Recreational Products	103.2	220.9
Transportation	(891.2)	(1,245.2)
BC	1,071.4	826.7
	3,221.4	2,916.4
Accounts payable and accrued liabilities	3,125.2	2,845.5
Advances and progress billings in excess of related costs	2,636.8	2,328.6
Advances to BC	459.8	458.5
Cash and cash equivalents	1,548.7	1,706.3
Total assets - Bombardier	10,991.9	10,255.3
Investment and advances in BC	(1,531.2)	(1,285.2)
Total assets - BC	7,573.4	5,307.8
Total assets - Bombardier Inc. consolidated	\$ 17,034.1	\$ 14,277.9

BC total assets under management, including those off-balance sheet, amount to \$10,847.6 million as at January 31, 2000 and to \$8,244.6 million as at January 31, 1999.

Additional Information*(unaudited)**(millions of Canadian dollars)*

	Three months ended		Years ended	
	January 31		January 31	
	2000	1999	2000	1999
Depreciation and amortization				
Aerospace	\$ 28.3	\$ 27.7	\$ 110.1	\$ 110.0
Recreational Products	9.0	9.9	35.8	38.1
Transportation	17.0	14.4	72.8	77.8
BC	2.6	2.2	8.8	6.7
	\$ 56.9	\$ 54.2	\$ 227.5	\$ 232.6
Interest expense				
Aerospace	\$ 39.0	\$ 25.4	\$ 172.1	\$ 108.4
Recreational Products	3.7	3.9	18.5	17.8
Transportation	(43.0)	(34.9)	(177.7)	(108.2)
BC	10.0	6.6	33.7	23.8
	\$ 9.7	\$ 1.0	\$ 46.6	\$ 41.8