

Leading the way >>>



Bombardier Business Aircraft >>> Market Forecast 2010-2029



BOMBARDIER

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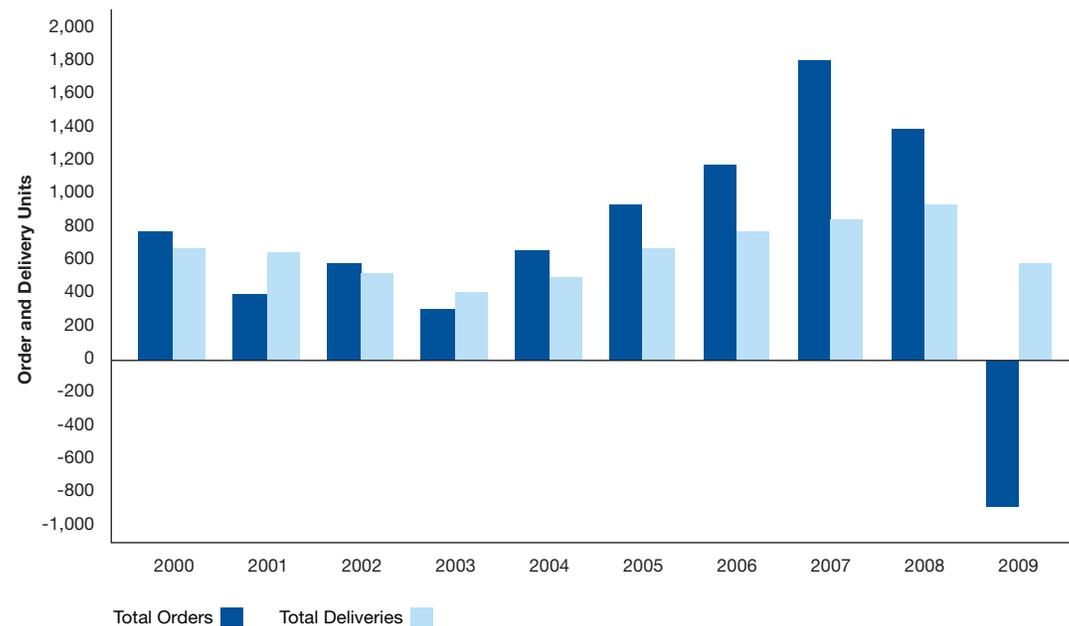
Bombardier Aerospace is pleased to present the 2010 edition of its Business Aircraft Market Forecast. This year’s forecast presents for the first time a 20-year outlook; Bombardier’s view of the business jet industry for calendar years 2010 to 2029. The 20-year time horizon reflects our long-term vision of the corporate jet market and better matches the life-cycle of aircraft programs. The 2010

forecast also includes a greater in-depth look at the market drivers in the major regions of the world.

Bombardier* has emerged from the recent market downturn of 2009 and early 2010 as the industry leader with the broadest product portfolio among all business jet manufacturers.

Industry Order and Delivery Units

Calendar years, 2000-2009



Sources: Actual deliveries from GAMA. Orders estimated from competitive intelligence, OEM guidance. Excludes Very Light Jet segment, ACJ, BBJ, Lineage 1000.

executive summary >>>



We remain confident of the strong long-term potential for the business aircraft industry. With a strong product line, superior customer support and an innovative product development roadmap, Bombardier plans to benefit from the expected long-term market growth and to continue to lead the way in business aviation.

This forecast focuses on the three business jet categories in which Bombardier competes; Light, Medium and Large. The Very Light and Large Converted Airliner categories are excluded.

Industry recovery

The precipitous and rapid decline of the business jet industry in 2009 resulted in cancellations exceeding gross orders, causing a significant reduction in firm order backlogs and aircraft deliveries, a clear reminder of this industry's cyclical nature.

During the first half of 2010, however, the "green shoots" of industry recovery were evident. The economic recovery in the United States was underway and strong growth continued in emerging economies. Unfortunately, lagging growth in Europe remains a concern. Sales in pre-owned aircraft rose to normal levels and, as a result, pre-owned inventories have declined. Business jet utilization, as measured by aircraft movements, was up significantly year-over-year. As anticipated, positive net orders for business jets resumed, albeit at a low rate. Furthermore, business aviation penetration in the fastest expanding world economies, China and India in particular, is accelerating. The stage is being set for a full industry recovery.

executive summary >>>

A long-term vision for the industry

We believe that the long-term market drivers of growth for the business jet industry remain solid. These market drivers include: wealth creation, emerging markets, increased globalization of trade, replacement demand, and market accessibility.

Our optimism is reflected in our 20-year industry delivery forecast which predicts 26,000 business jet deliveries worth \$661 billion, of which 10,500 deliveries worth \$254 billion are anticipated in the period from 2010-2019, and 15,500 deliveries worth \$407 billion in the period from 2020-2029.

The worldwide business jet fleet was approximately 14,200 aircraft at the end of 2009, and is expected to grow by a Compound Annual Growth Rate (CAGR) of 3.6% over the forecast period to amount to approximately 29,000 aircraft by 2029, net of aircraft retirements.

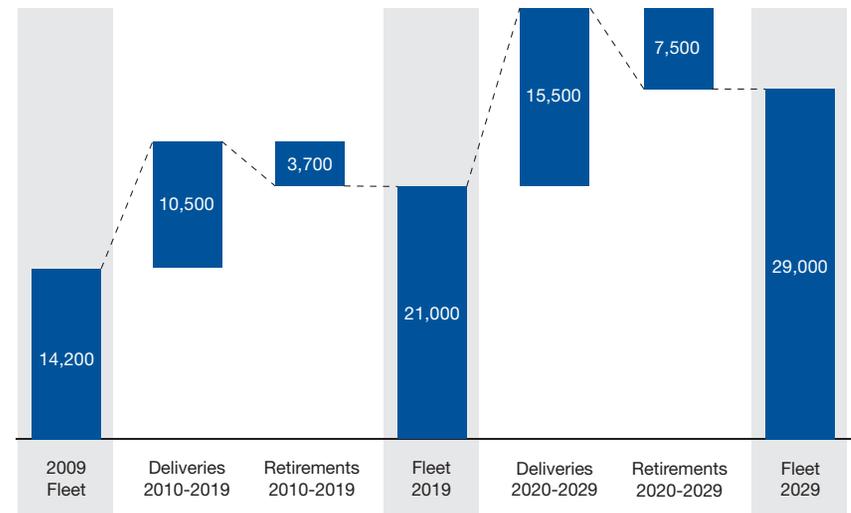
Business Jet Market History and Forecast

	Historical	Forecast		
	2000-2009	2010-2019	2020-2029	2010-2029
Delivery Units	6,500	10,500	15,500	26,000
Revenues	\$127 billion	\$254 billion	\$407 billion	\$661 billion

Source: Bombardier Forecast Model.

Business Jet Fleet Forecast

Units, calendar years 2009-2029



Source: Bombardier Forecast Model.

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The Business Jet Value Proposition

Business jets are enablers in an increasingly competitive and global marketplace.

Business jets provide significant time savings and productivity benefits for key decision makers and front-line managers. In addition to the productivity benefits of using a business jet, there exist other less quantifiable but equally important benefits. These include on-demand flight schedules, the ability to conduct private in-flight meetings, space to work while enroute, easier access to the company's sites (which may not be served by a scheduled airline), and reduced stress on the company's travelers.

Our industry has worked hard to clarify the true facts of business aviation. A 2009 study commissioned by the National Business Aviation Association (NBAA) and the General Aviation Manufacturers Association (GAMA) found that business aviation activities stimulate the economy by providing 1.2 million jobs and generating \$150 billion annually in economic activity in the U.S. alone.





historical market performance >>>

historical market performance >>>



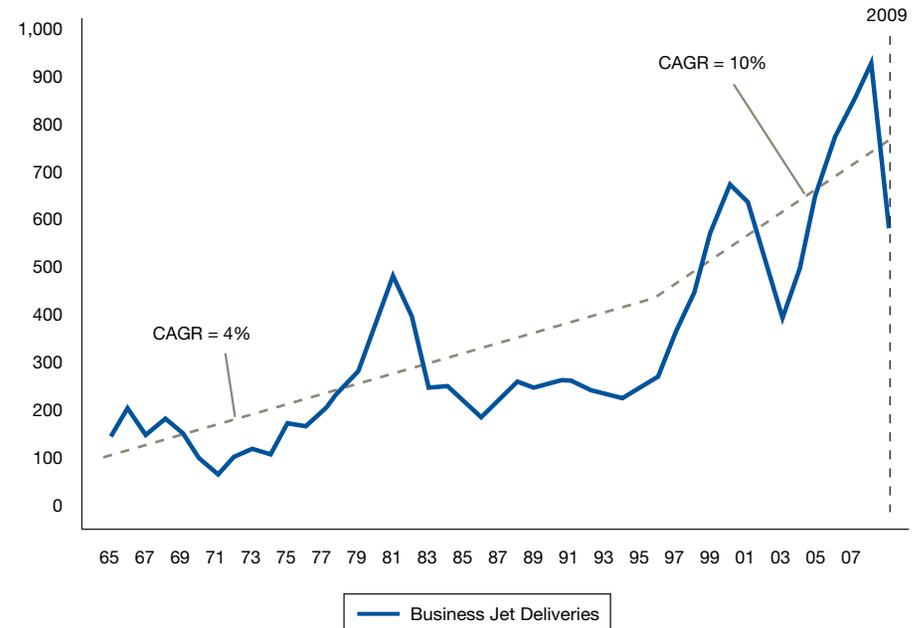
Over the past 40 years, the industry has been defined by multiple cycles. From 1965 to 1995, the industry delivery CAGR was at 4%, with most of the growth coming from its main market, the United States. Post 1995, business aviation accelerated in the U.S. and began expanding to other regions of the world, generating much higher growth, 10% on average.

2004 to 2008

Following the 2001-2003 downturn, the U.S. economy regained its momentum and the demand for business jets significantly rose between 2004 and 2007. New business aircraft markets such as Europe, Asia and the Middle East began to generate substantial demand. Moreover, the launch of new,

Historical Business Jet Market Deliveries

Units, calendar years 1965-2009



Source: Actual deliveries from GAMA.

innovative aircraft pushed orders even higher. The 842-unit delivery record set in 2007 was shattered in 2008, with deliveries totalling 927 units for the year. Record sales as well as a shift in buyer interest toward larger aircraft explain the peak of \$19.8 billion in industry revenue reached in 2008.

historical market performance >>>

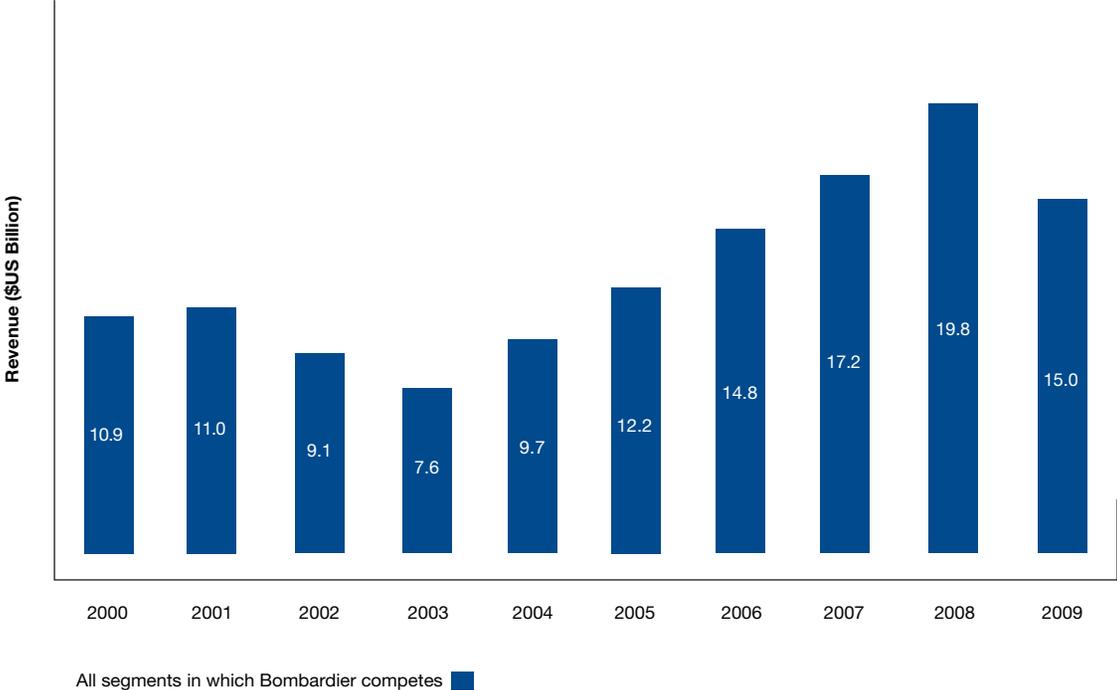
Since 2008



The near-collapse of financial markets at the end of 2008 precipitated a sharp downturn in business aviation. Order activity stalled in the last quarter of 2008 and onwards. The inventory of pre-owned aircraft for sale increased dramatically and residual values took a significant hit. Moreover, OEMs juggled cancellations and deferrals. We estimate that more than 800 net order cancellations were recorded in 2009 in the Light to Large categories. These unfavourable market conditions forced most OEMs to decrease their production that same year. The trough, in terms of market conditions, was reached in the first half of 2009. Since then, business jet usage has increased and pre-owned inventory has been on a steady downward path. Credit availability has started to recover; improving the ability for certain operators to finance their business jet purchases.

Historical Business Jet Market Revenues

US\$B, calendar years 2000-2009



Sources : Revenues estimated from GAMA and B&CA list prices.



current market
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current market drivers >>>

Economic Market Drivers

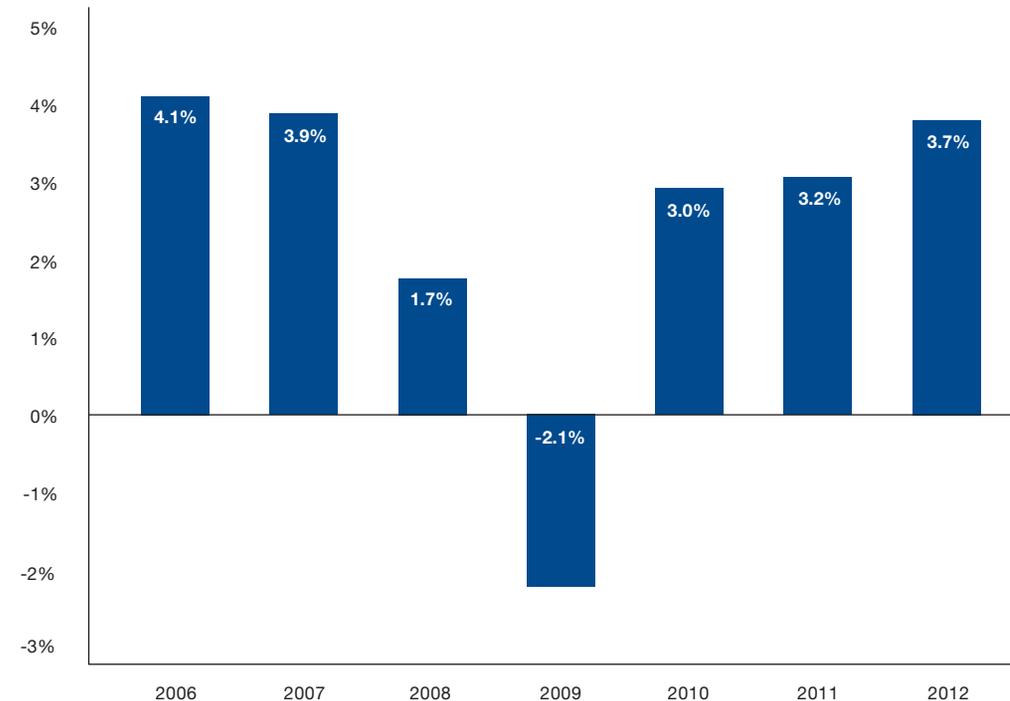
The Bombardier Aerospace Business Aircraft Market Forecast uses an econometric model based on several market drivers.

Global Economy

The state of the world economy, and that of individual countries, is a key factor in the demand for air travel. For most of 2008 and 2009, the worldwide economy experienced a sharp downturn. The recession resulting from the financial crisis had a global impact. The world real GDP shrank at an annual rate of 2.1% in 2009. Concerted efforts by all state governments helped the economy to find the path towards growth in the second half of 2009. World real GDP is expected to grow at an annual rate of 3.0% in 2010, and stabilize at 3.2% per year in the longer term. The significant economic downturn of 2008-2009 prompted a major short-term reduction in the demand for business jets. Resumption of global economic growth will translate into an expected strong recovery in the demand for business jets. The sound fundamentals of the business jet industry are expected to remain unchanged.

Prospect for World GDP Growth

World GDP growth forecast (percent change), 2006-2012



Source: IHS Global Insight, February 2010. Non chain weighted.

current market drivers >>>

Wealth Creation

Worldwide demand for business jets is highly correlated with wealth creation which, in turn, is largely driven by economic growth. The Morgan Stanley Capital International (MSCI) index is an aggregate stock market index, based on representative securities listed in major financial centres around the world, and a good estimate of wealth creation. The MSCI World index has been highly correlated with world business jet orders over the past 10 years.

Between 2007 and 2008, in one single year, the MSCI World index fell 42%. Some regions of the world experienced more acute variations. Between 2002 and 2007, prior to the impact of the economic downturn, the MSCI Index in China and India was multiplied by approximately 6 and 7 respectively. These countries lost 52% and 65% respectively between 2007 and 2008.

Stock markets have rebounded since March 2009, the MSCI World index grew by more than 20% from March 2009 to June 2010. For the most part, growth was consistent during the 16-month period, with the exception of spring 2010, which was characterized by high market uncertainty due to sovereign debt problems in Europe.

MSCI Index Evolution By Region

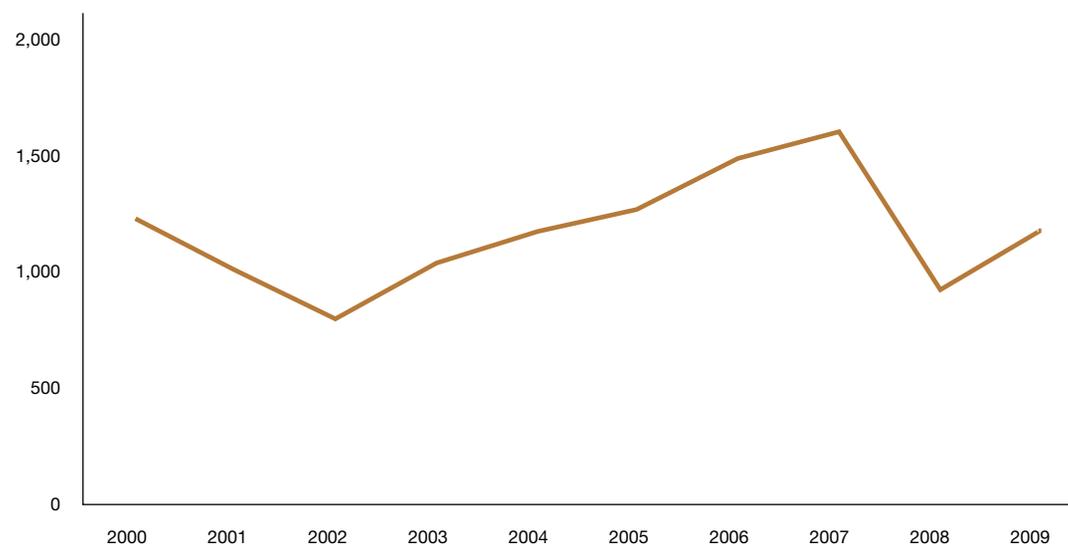
2002 = 100, Calendar years, 2002-2010

	2002 (base)	2007 (at peak)	March 2009	June 2010
North America	100	176	107	133
Europe	100	245	130	144
Latin America	100	668	340	501
Russia	100	567	135	282
India	100	699	239	501
China	100	605	281	444
Rest of Asia & Oceania	100	250	124	159
Africa	100	593	257	466
World	100	201	115	140

Sources: MSCI World Index from Morgan Stanley.
*Data from Middle East excluded as it was not available before 2005

MSCI World Index

Calendar years, 2000-2009



Sources: MSCI.

current market drivers >>>

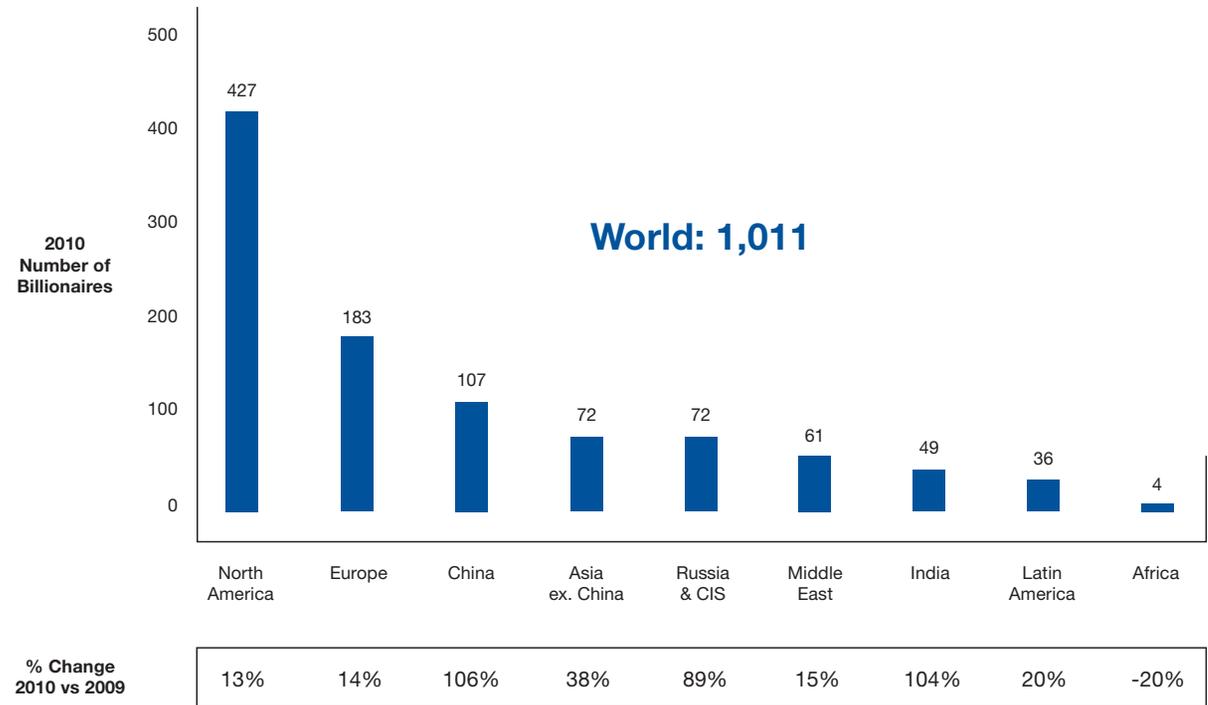
Wealth Creation (continued)

In their 2010 World Wealth Report, Merrill Lynch and Cap Gemini estimated that the world population of High Net Worth Individuals (HNWIs), i.e. people with financial assets to invest of \$1 million or more, increased by 17% from 2008 to 2009. Historically, HNWIs and private corporations have accounted for approximately 2/3 of business aircraft sales, and therefore represent a target market.

A February 2010 report from Forbes estimates the number of world billionaires at 1,011. This represents a growth of 27% when compared to the previous year. The most significant growth in the number of billionaires occurred in China (106%), India (104%) and Russia (89%). This year's total is only 112 short of the 1,123 peak reached in 2008.

Number of Billionaires

Unit & % Change 2009-2010



Sources: Forbes.com, February 2010

current market drivers >>>

Business Jet Utilization

Business jet utilization is widely accepted as an indication of the overall health of the industry and is driven by the general state of the economy. Therefore, once the economy grows, business jet utilization increases as well. The Federal Aviation Administration (FAA) and Eurocontrol record the number of take-offs and landings at American and European airports respectively, providing an indication of business jet utilization in mature markets.

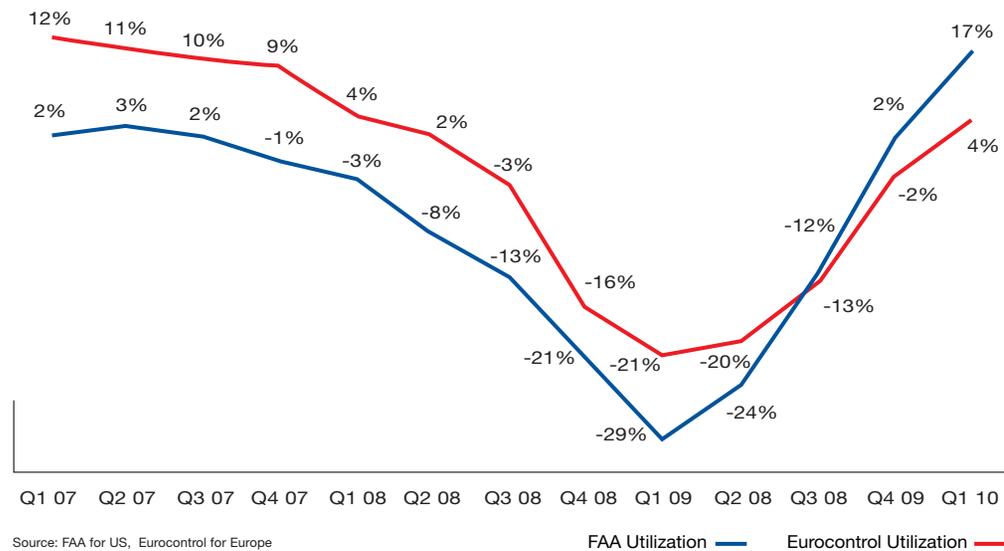
Although utilization levels have not returned to pre-recession levels, business jet movements in both the U.S. and Europe are recovering well during the first half of 2010, when compared to the same period in 2009. In the first quarter of 2010, business jet utilization was up 17% year-over-year in the U.S. and up 4% in Europe.

In Q1 of 2010, business jet utilization was up 17% year-over-year in the U.S.



U.S. and Europe Business Jet Utilization

All business jets, YoY change in departures and landings, calendar year



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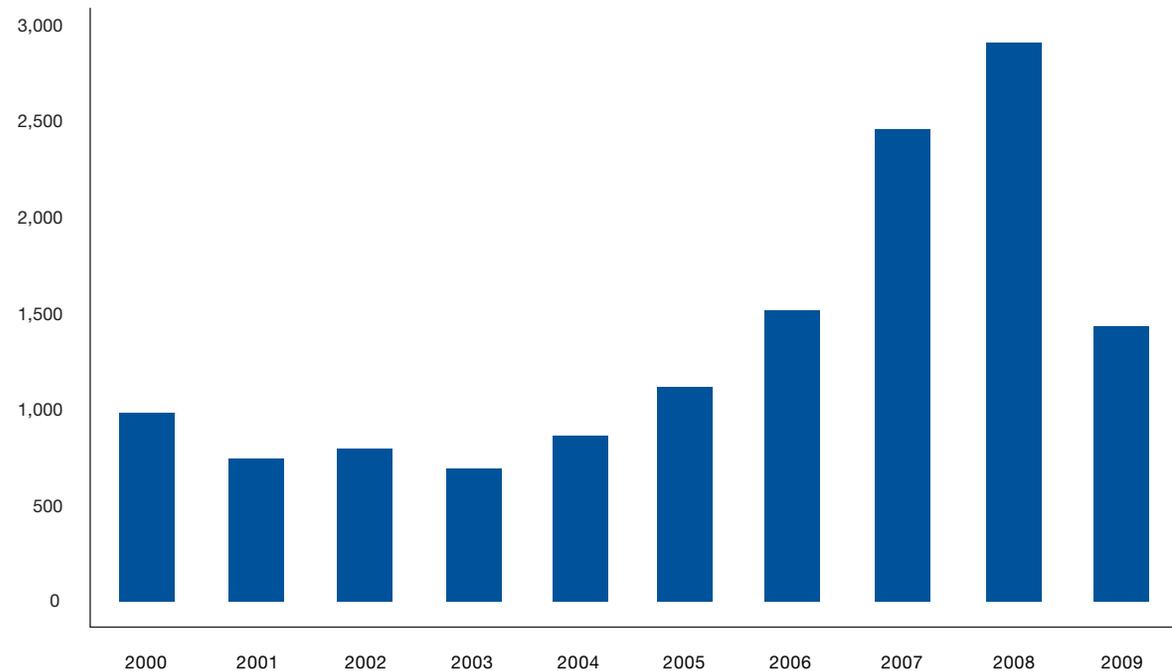
Backlogs

The term “backlog” refers to the total number of orders not yet delivered for a certain aircraft model. In the business aircraft industry, the order backlog indicates the potential for deliveries in the upcoming years. OEMs adjust their production rates based on their current backlog levels and their expectations regarding the number of net orders they can obtain in the future. Production rate changes are a costly and complex matter, due to expenses associated with hiring or laying off employees as well as changes to the supply chain and scheduling. Therefore, manufacturers aim to smooth out their production rates to maximize deliveries while minimizing the risk of frequent production rate changes.

In terms of business jet industry orders, 2007 was a record year with close to 1,800 estimated orders for the Light, Medium and Large aircraft categories. The first half of 2008 continued to be strong as manufacturers recorded more than 1,300 orders. Industry backlogs peaked during 2008 at close to 3,000 units. However, towards the end of 2008, the economic downturn led to an abrupt drop in orders and to a significant number of cancellations. This trend continued throughout 2009 with backlogs falling to approximately 1,300 units by year-end.

Industry Backlog

Estimated units, calendar years 2000-2009



Sources: Orders estimated from competitive intelligence, OEM guidance. List price from 2009 B&CA.

current market drivers >>>

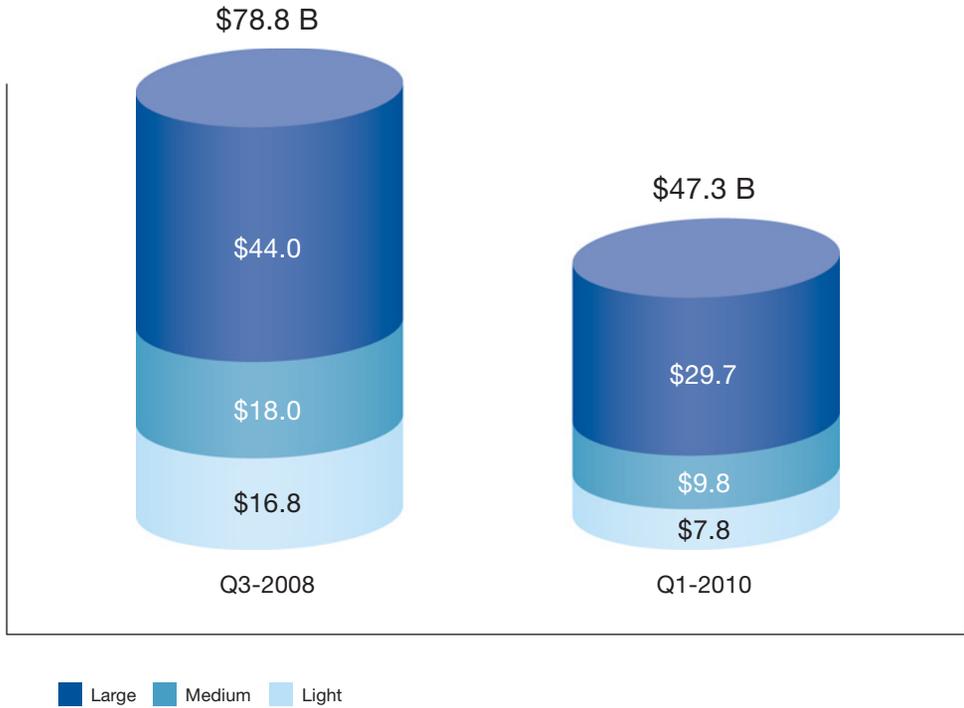
Backlogs (continued)

In general, the impact of cancellations was greater in the Light aircraft category, which has also experienced the greatest changes in production rates. The Medium category was affected to a lesser extent, however it also experienced decreasing production rates. The Large aircraft category was only slightly affected by cancellations and experienced very little change in production rates. Based on guidance from OEMs regarding future production, the industry backlog is estimated at more than two years. In dollar terms, the industry backlog at Q1 2010 is estimated at approximately \$47.3 billion, down from a peak of \$78.8 billion at Q3 2008. As a result of falling backlogs, OEMs reduced their deliveries in units by 38% during 2009 versus 2008. We forecast a further 10% to 15% reduction in industry deliveries for 2010 relative to 2009.

Reduced near-term deliveries combined with the progressive return to positive industry net orders should result in industry backlogs stabilizing and eventually growing.

Industry Backlog by Segment

Estimated Value (\$B), Q3-2008 & Q1-2010



Sources: Orders estimated from competitive intelligence, OEM guidance, 2010 List price from B&CA.

current market drivers >>>

The Pre-Owned Aircraft Market

Over 60% of new business jet orders represent replacement aircraft for current owners. The demand for new aircraft is impacted by the conditions prevailing on the pre-owned market. The pre-owned market is considered healthy when residual values are high and when the inventory of pre-owned aircraft for sale is low. In the beginning of 2008, the percentage of the overall business jet fleet for sale on the pre-owned market started to increase rapidly. Many aircraft owners experienced difficulties selling their aircraft, which, in turn, made them less likely

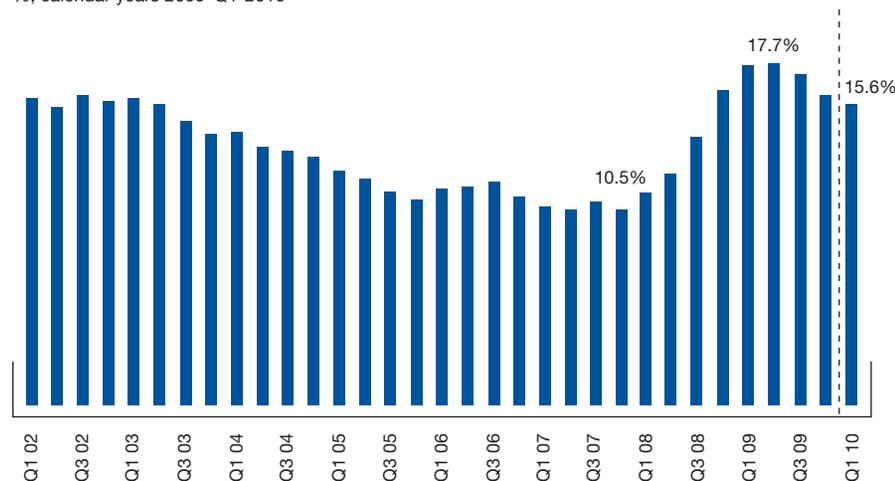
to purchase a replacement. The accumulation of aircraft on the pre-owned market was also a leading indicator of the new business aircraft market downturn that started in Q4 2008. At the end of 2007, the pre-owned inventory was sitting at a low of 10.5%. The inventory level started to climb in the beginning of 2008 and peaked at 17.7% in Q2 2009. During the second half of 2009, as pre-owned sales activity strengthened, pre-owned inventory started steadily declining. By the first quarter of 2010, pre-owned inventories had fallen to 15.6%. Going forward, we expect the

level of pre-owned inventory to continue to decline and to return to normal historical levels in the range of 10% to 13%.

Throughout the first half of 2008, residual values remained high due to manufacturers' large backlogs. Since then, residual values have dropped across all aircraft categories. During 2009, average business jet residual values fell by 17 percentage points. In the first quarter of 2010, residual values for five-year old aircraft began to show early signs of growth.

Pre-Owned Aircraft Inventory as a % of the Fleet

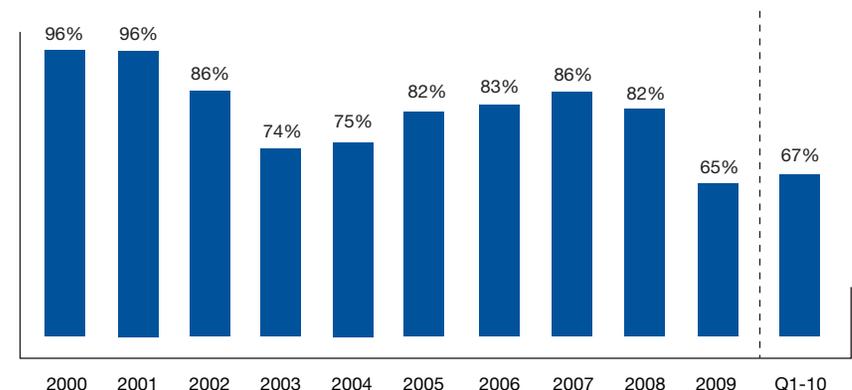
%, calendar years 2000–Q1-2010



Source: Aircraft inventory and fleet from JETNET.

5-Year Residual Value as a % of the Original B&CA List Price

All business jets, %, calendar years 2000–Q1-2010



Sources: Residual values from Aircraft Bluebook Price Digest, original list price from B&CA.

current market drivers >>>

New Aircraft Programs

Continued progress in all domains of technology (notably in aerodynamics, engines and avionics) allows recent generation aircraft models to offer, for a comparable price, more range, performance and features than those of the previous generation. The launch of new aircraft programs reflects OEMs' ability to apply the latest technology breakthroughs to aircraft design. The market is demanding more performing, environmentally friendlier aircraft featuring reduced emissions and noise.

Several business jet programs were launched during the last up-cycle and are now approaching entry into service. In 2010, three new business aircraft are expected to enter into service.

The number of models in service plays a role in the total market demand. The Herfindahl-Hirschman Index (HHI) was adapted to quantify the level of competition and innovation in the industry. The HHI measures competitiveness in a particular market by taking the sum of the squares of the market shares of all aircraft models, resulting in a score between 0% and 100%. A score of 0% represents a market with pure competition, while a score of 100% represents a monopolistic market. When applying the HHI to the business aircraft market, all aircraft are assumed to be competing in the same market. Over the past 40 years, the increased level of competition in the business aircraft industry led to the development of a significant number of aircraft models, driving an increasing level of orders. As a result, the HHI has been decreasing over the last 40 years.

Entry Into Service of New Programs

Entry into service by model, calendar years 2010-2014



Source: Dates of entry from competitors' press releases and trade media coverage.

Herfindahl Hirschman Index (HHI)

%, 1965 - 2009



Source: Bombardier analysis.

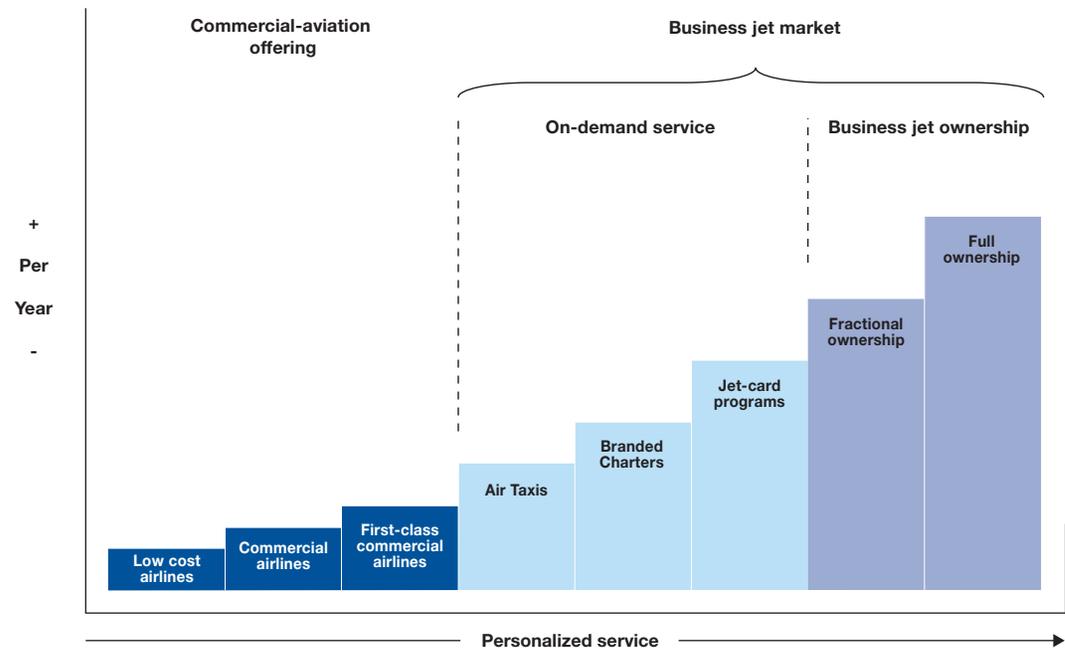
current market drivers >>>

Market Accessibility

Fractional ownership (where several users acquire a fraction of the same aircraft) has existed since the mid-1990's, and has accounted for 10% to 15% of deliveries on average. Subsequent variations of this business model include "fractional card" or "jet card" programs whereby customers obtain on-demand access to a business jet by committing to a predetermined number of flight hours per annum, without the obligation to purchase shares in any aircraft.

The growth of branded charter operators is a more recent trend. These operators offer on-demand and tailored services with identifiable, trip-specific pricing, without the obligation to purchase shares in any aircraft. Branded charter operators are characterized by volume purchases of a fleet of aircraft, sophisticated operations infrastructure, and a greater use of airline-style scheduling practices in order to minimize deadhead costs.

Air Travel Options



Source: Bombardier's internal research department.

Over the next 10 years, approximately 10% to 15% of industry orders will come from fractional and branded charter operators.

current market drivers >>>

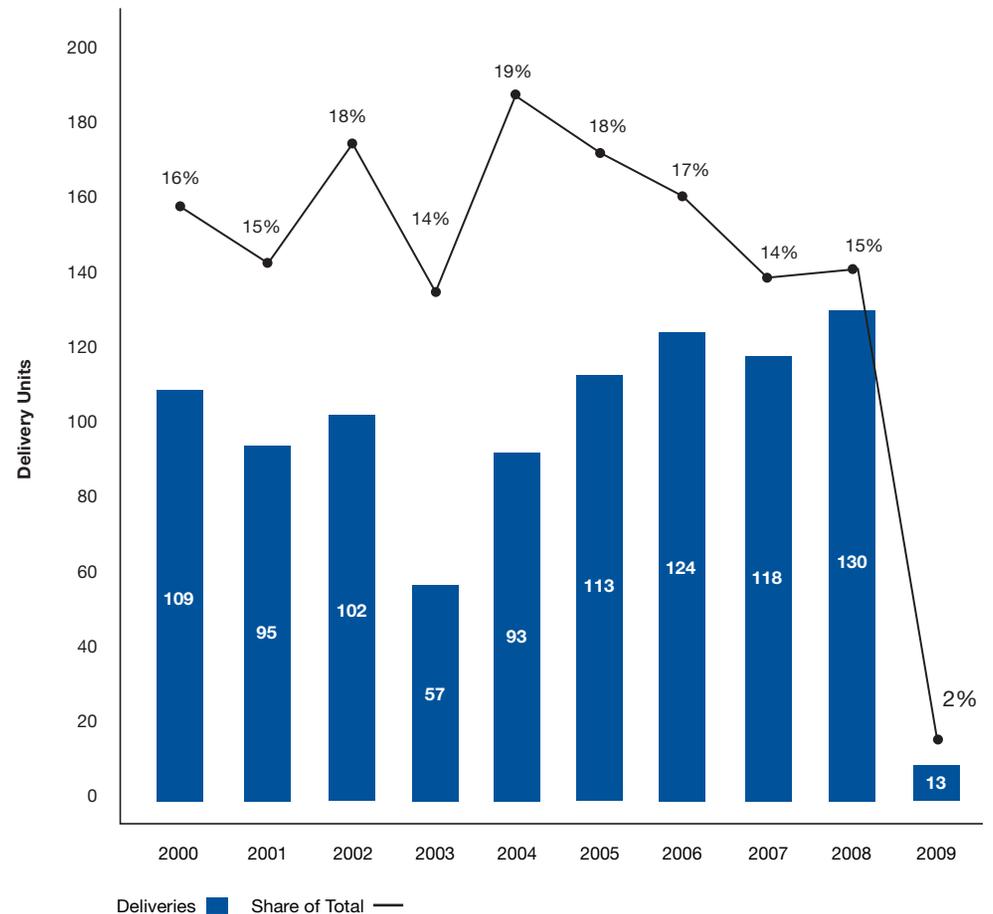
Market Accessibility (continued)

In 2008, branded charter operator orders represented approximately 20% to 30% of the total business jet orders. In 2009, the aftermath of the economic downturn caused the majority of branded charter operators to resort to order deferrals and cancellations. This market will most likely need another two to three years before generating sizeable orders. However, we expect that over the next 10 years, approximately 10% to 15% of industry orders will come from fractional and branded charter operators.



Business Jet Fractional Delivery Units

Units and share (%) of total deliveries, calendar years, 2000-2009



Sources: Airclaims database.
Fractional Operators includes: CitationShares, Flexjet, National Air Service, Netjets, NetJets Europe, Netjets International



the forecast >>>

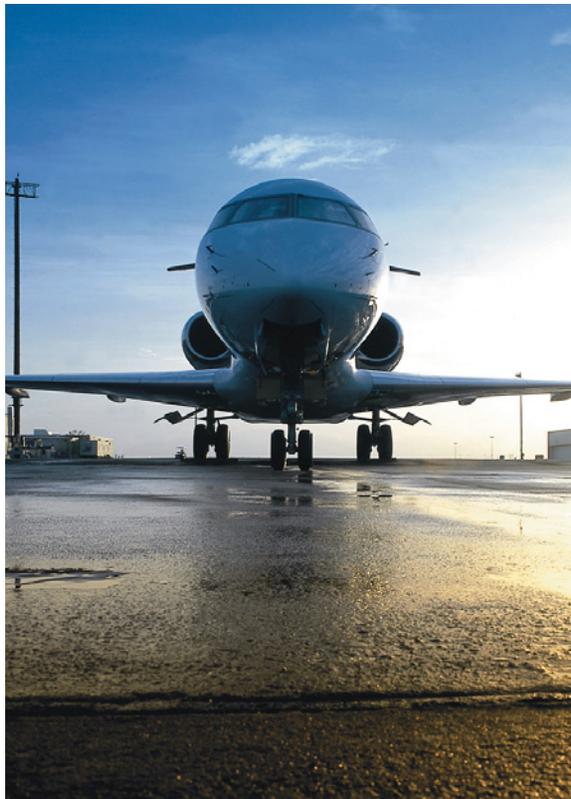
the forecast >>>

Orders, Deliveries and Revenues

As the world economy continues to expand following the severe recession of 2009, orders for business aircraft will increase, which should sustain deliveries of new business jets over the next 10 years.

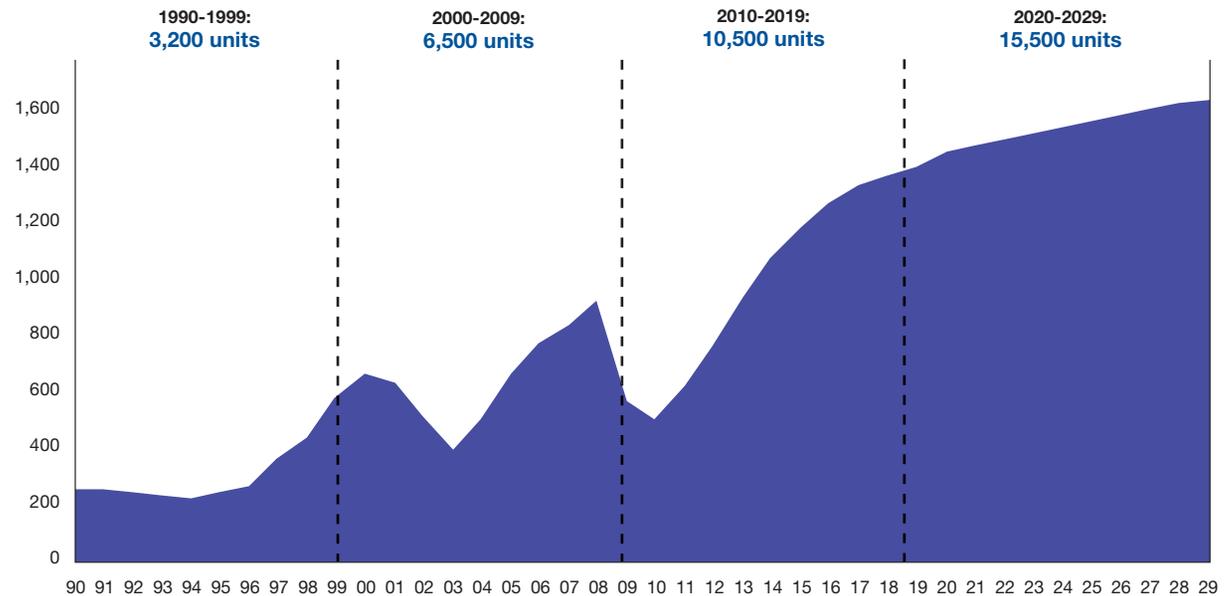
The sharp contraction of the world economy in 2008-2009 caused a significant reduction in the demand for business jets. Although cancellations outnumbered industry orders for 2009, we do not expect this scenario to repeat in 2010. Although demand has been slow to recover since the beginning of 2010, we

expect the industry order intake to return to positive territory this year. This burgeoning growth will accelerate as we progress into the decade. Within the next three years, order intake should return to the level reached during the last peak.



Business Jet Industry 20-Year Deliveries Outlook

Units, calendar years, 1990-2029



Sources: Bombardier Forecasting Model.

the forecast >>>

Orders, Deliveries and Revenues (continued)

The delivery forecast shows demand for 10,500 aircraft that will generate \$254 billion in total revenue in the Light to Large categories over the 2010-2019 period, compared to 6,500 aircraft and \$127 billion in total revenue between 2000 and 2009. During the

2020-2029 period, deliveries for the same categories are expected to total 15,500 units for total revenues of \$407 billion.

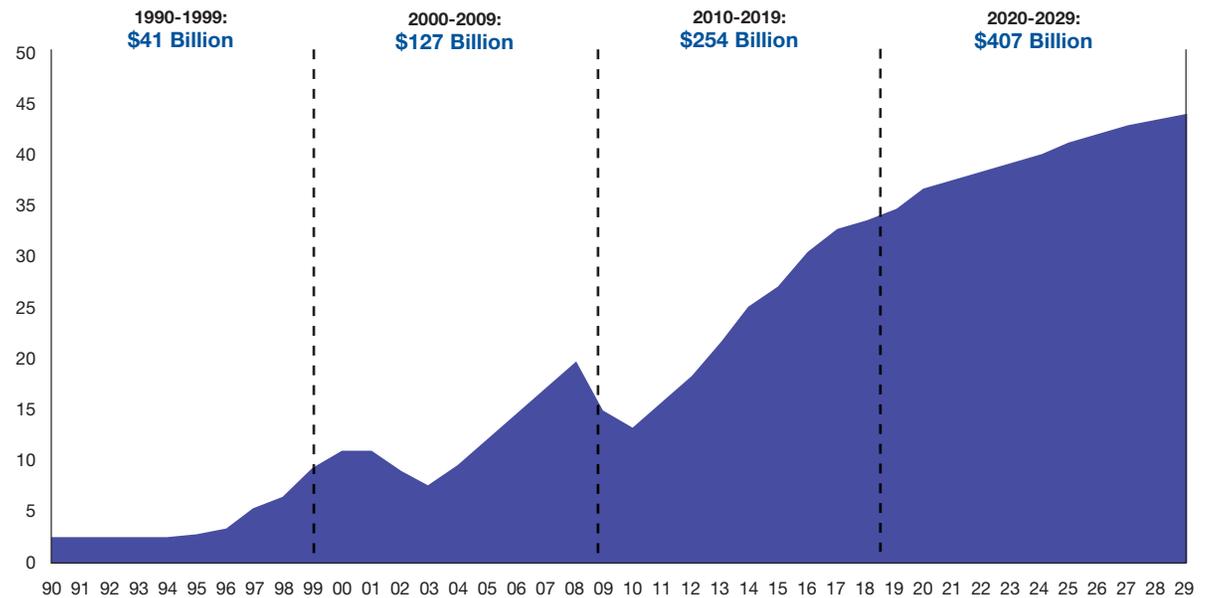
Industry deliveries are expected to decrease by 10% to 15% in 2010 versus 2009, totalling

approximately 500 units for the year. Deliveries should gradually increase to approximately 1,600 units per year by the end of the forecast period in 2029.



Business Jet Market Revenue Forecast

Constant 2009 US\$B, calendar years 1990-2029



Sources: Bombardier Forecasting Model.

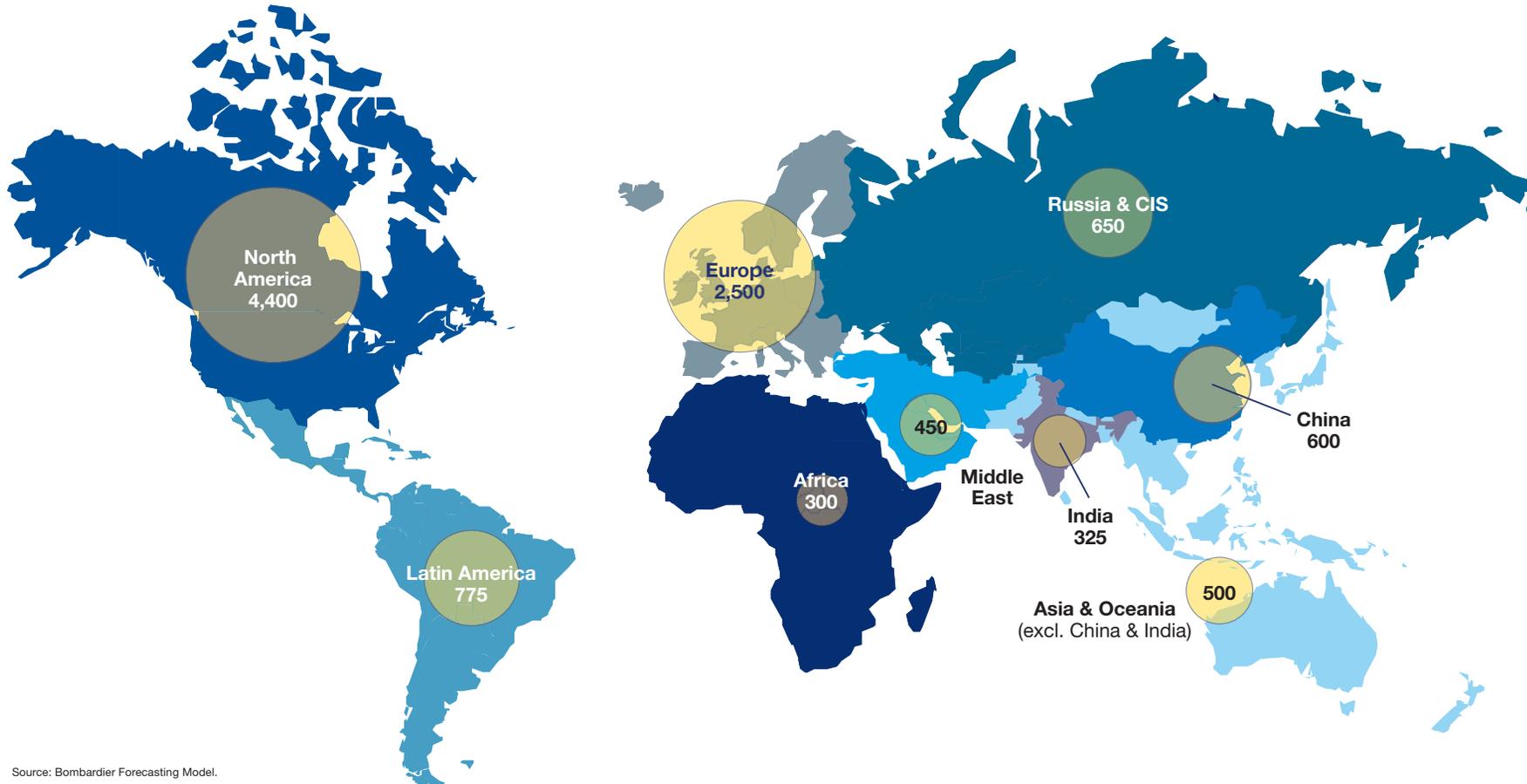
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Regional Details

The Forecast is broken down into nine geographic regions: North America, Europe, Latin America, Middle-East, Africa, Russia and Commonwealth of Independent States (CIS), China, India and rest of Asia and Oceania. Deliveries are presented for the 10-year 2010-2019 period.

Regional 10-Year Delivery Outlook

Units, calendar years, 2010-2019



Source: Bombardier Forecasting Model.

The North American Market (United States and Canada)



Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, North America

North America	
Fleet 2010:	9,635
Fleet 2019:	11,300
Fleet CAGR:	2%
Deliveries (2010-2019):	4,400

Sources: Bombardier Forecasting Model.

Business aviation began in North America in the 1960s, and the region has traditionally been the most important in terms of corporate aircraft sales. At the end of 2009, there were 9,635 business jets based in North America, or approximately 68% of the worldwide business jet installed base.

The well-developed infrastructure in the region can accommodate a continuous demand for new and replacement business aircraft. Consequently, business aviation has strong roots in North America, from manufacturing to servicing and maintenance. In 2008, approximately 80% of business jets were assembled in North America.

The recession that began in the U.S. in December 2007 has significantly affected demand for business jets, triggering the market slowdown which started in early 2008. The negative press associated with business jet usage among U.S. corporations also contributed to the record pre-owned aircraft inventory levels and the large number of cancellations throughout 2009.

The economic situation in the U.S. has steadily improved since the mid-2009. This recovery was ignited by significant fiscal and monetary stimulus measures by the U.S. Government.

The third estimate for the Q1-2010 U.S. real GDP growth was positive and according to the Blue Chip consensus forecast, it is projected at 3.2% for 2010. Industrial production increased significantly in May 2010, with a year-over-year increase of 8.1%. Corporate profits made substantial gains in Q1 2010 as well with a year-over-year growth of 34%. Job creation remains a concern, despite some marginal gains (775,000 jobs created from March to June 2010).

As the most dynamic and robust economy around the world, the U.S. should continue to generate wealth and sustain the development of its business aircraft industry in the long term.

With a banking system resilient to the financial crisis and a diversified economy, the recession was relatively mild and short in Canada. Growth has returned in all regions of the country, and according to the Royal Bank of Canada, real GDP growth is projected at 3.6% in 2010.

North America is forecast to receive the greatest number of business jet deliveries between 2010 and 2019 with 4,400 units being delivered. The 2009 fleet of 9,635 business jets will grow to 11,300 aircraft in 2019 resulting in a CAGR of approximately 2%.

the forecast >>>

Europe



Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, Europe

Europe
Fleet 2010: 1,780
Fleet 2019: 3,700
Fleet CAGR: 8%
Deliveries (2010-2019): 2,500

Sources: Bombardier Forecasting Model.

For the last few years, Europe has been taking an increasingly prominent position in the business aviation market. Europe saw its share of worldwide business jet deliveries jump from 12% in 2003 to 31% in 2008, fuelled by the strong Euro relative to the U.S. dollar, significant economic growth generated by the expanding European Union and the emergence of branded charter business jet operators.

The Euro-area economy entered into recession approximately one year later than the U.S., recording a contraction of real GDP of 4.0% for 2009. The majority of European countries are now showing positive real GDP growth. The sovereign debt crisis unfolding within some European countries may hamper this trend and influence timing and vigour of the European recovery. As a consequence, IHS Global Insight forecasts economic growth in the Eurozone for 2010 at only 0.9%.

The growing business jet installed base in Europe will create a significant replacement market in coming years ensuring that this region will continue to be a major source of demand for business jets. Europe will receive the second largest number of business jet deliveries with 2,500 units in the period from 2010 to 2019. The 2009 fleet of 1,780 business jets will grow to 3,700 aircraft by 2019 with a fleet growth CAGR of approximately 8%.

the forecast >>>

Latin America



Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, Latin America

Latin America
Fleet 2010: 1,350
Fleet 2019: 1,925
Fleet CAGR: 4%
Deliveries (2010-2019): 775

Sources: Bombardier Forecasting Model.

Following a period of mostly sustained economic growth between 2004 and 2008, Latin America entered the downturn in 2009, its real GDP declining by 2.2% that year. However, Latin American countries showed resilience, as they had pursued effective reforms to their economic and financial policies. As a result, Latin America, led by Brazil, rebounded during the second half of 2009. Effects of the rebound are expected to last throughout 2010, bringing Latin America's real GDP growth to 3.4%, according to IHS Global Insight.

Latin America has a long-standing tradition of business aviation, representing the third largest business jet installed base in the world, after North America and Europe.

Brazil's political stability and commitment to develop business aviation infrastructure in preparation for the 2014 FIFA (Fédération Internationale de Football Association) World Cup and the 2016 Olympic Games will also become determinant for business aviation activity in the area.

In the 2010-2019 period, Latin America is forecast to welcome 775 business jet deliveries. The 2009 installed base of 1,350 will grow to 1,925 aircraft in 2019, a rate of 4% per year on average.

the forecast >>>

Middle East



Between 2004 and 2008, the Middle East recorded a significant economic growth, an annual average of 6.5%, largely due to the wealth created by high oil prices. Thus, the region entered the downturn in 2009 with significant financial reserves. Plummeting oil prices, tight international credit and the global economic slowdown contracted the Middle East's real GDP by 0.2% that year. According to IHS Global Insight, the region is expected to return to economic growth in 2010, at an annual rate of 4.1%, driven by increasing oil revenues, and improving goods shipments to the European Union, its main trade partner.

Stimulated by a sustained economic growth, business aviation has been rapidly expanding in the Middle East from 140 business aircraft in the region in 2004, to a total fleet of 335 at the end of 2009, representing a fleet growth CAGR of 19%. The Middle East is expected to be a significant contributor to the expansion of business aviation in the emerging markets.

Between 2010 and 2019, the Middle East will receive 450 business jet deliveries. The 2009 fleet of 335 business jets will grow to 730 aircraft by 2019 representing CAGR of approximately 8%.

Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, Middle East

Middle East
Fleet 2010: 335
Fleet 2019: 730
Fleet CAGR: 8%
Deliveries (2010-2019): 450

Sources: Bombardier Forecasting Model.

Africa



From 2003 to 2008, Africa enjoyed a period of relatively high economic growth. The impact of the world financial and economic crisis was mostly felt through the fall of commodity prices and export volumes. Since Africa is less integrated to the world economy, this impact was somewhat dampened, resulting in a short economic slowdown. After a modest 2.2% in 2009, IHS Global Insight expects Africa's real GDP growth to accelerate again in 2010 to 4.0%.

The business jet installed base in Africa only represents 2% of the worldwide fleet. Africa will receive 300 business jet deliveries during the 2010-2019 period. The 2009 fleet of 230 business jets will grow to 500 aircraft by 2019, with a fleet growth CAGR of approximately 8%.

Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, Africa

Africa
Fleet 2010: 230
Fleet 2019: 500
Fleet CAGR: 8%
Deliveries (2010-2019): 300

Sources: Bombardier Forecasting Model.

the forecast >>>

Russia & CIS



During the last economic up-cycle, high oil and natural resources prices and the resulting wealth creation allowed Russia and CIS economies to develop. In 2009, the sharp drop of oil price in 2008 plunged the resource-based Russian economy into the worst recession of the BRIC (Brazil, Russia, India, and China) and G20 countries, contracting the Russian real GDP by 7.9%. In the long term, timing and strength of the recovery in the region will be highly dependent on oil price and Western European economic growth. In the short term, oil revenue increases and a return to activity on the export market (especially with Germany) are expected to bring Russia to a modest economic growth in 2010. IHS Global Insight estimated Russia's growth to be 2.6% for the year.

Business aviation is a recent phenomenon in Russia and the CIS, the business jet fleet grew significantly from 100 aircraft in 2004 to 315 jets in 2009. Between 2010 and 2019, Russia and the CIS will receive 650 business jet deliveries. The 2009 fleet of 315 business jets will grow to 925 aircraft by 2019 representing a CAGR of approximately 11%.

Regional 10-Year Outlook

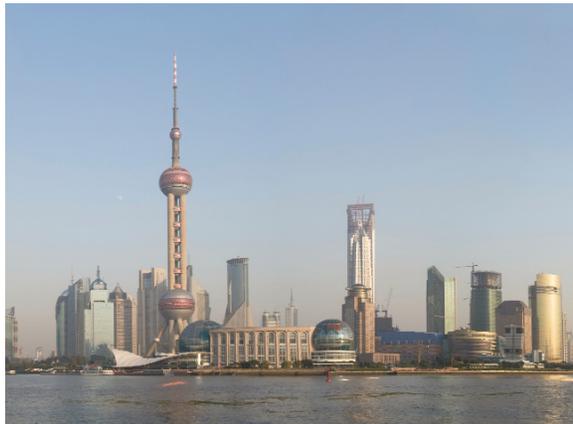
Units & % , calendar years, 2010-2019, Russia & CIS

Russia & CIS
Fleet 2010: 315
Fleet 2019: 925
Fleet CAGR: 11%
Deliveries (2010-2019): 650

Sources: Bombardier Forecasting Model.

the forecast >>>

China



Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, China

China
Fleet 2010: 110
Fleet 2019: 700
Fleet CAGR: 20%
Deliveries (2010-2019): 600

Sources: Bombardier Forecasting Model.

China's performance during the last recession was exceptional. In 2009, despite major economic difficulties faced by its key trade partners, China succeeded in maintaining a real GDP growth of 8.7%. According to a HSBC forecast dated April 2010, China should continue to lead world growth in 2010 with a real GDP growth in excess of 10%. A February 2010 survey by The Economist Intelligence Unit estimated that China is poised to become the world's largest economy by 2023.

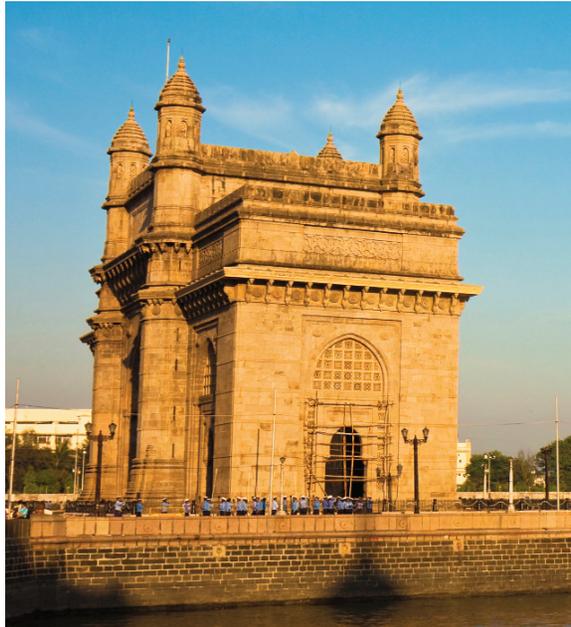
Over the past years, important barriers have prevented the Chinese business jet market to grow to its full potential. Restrictive airspace access, high aircraft import taxes, a shortage of small airports and high operating costs are among the factors which explain why China only hosts an installed base of some 100 business jets for a population of 1.3 billion. The strong commitment made by the

Chinese government to build new infrastructure and recent improvements to flight planning regulation bring hope that private aviation could blossom in China over the next 10 years.

We expect demand for business jets to increase as barriers progressively come down. The Chinese business jet fleet is expected to grow at a CAGR of 20% over the next 10 years, and to account for 700 aircraft in 2019. 600 deliveries are expected in China throughout the next 10 years.

the forecast >>>

India



Like China, India was less affected than the developed economies by the 2009 recession, real GDP growth was 6.8% for India in 2009. Over the past seven years, India's real GDP growth averaged 8.2%, making India one of the world's fastest growing economies. Exports contribute to one fifth of India's economy and as the world economy recovers, exports will start to improve. There are signs of revival in the textile sector, one of the worst hit in the recent economic slump, while sectors such as automobiles and engineering are showing positive growth. As financial markets start to stabilize and economic sentiments improve, foreign direct investment will start to rise. According to IHS Global Insight, India's real GDP growth should be around 8% in 2010.

With an installed base of 125 aircraft, business jet penetration in India remains relatively low. Business jet sales should progressively accelerate in the country due to economic growth and wealth creation. Currently, India's business aviation sector is not living to its full potential due to a lack of aviation infrastructure, stringent government regulations, long procedures for aircraft imports, and strict bank regulations. The Indian business jet fleet is expected to grow at a CAGR of 13% over the next 10 years, and to account for 440 aircraft in 2019. 325 deliveries are expected in India throughout the next 10 years.

Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, India

India
Fleet 2010: 125
Fleet 2019: 440
Fleet CAGR: 13%
Deliveries (2010-2019): 325

Sources: Bombardier Forecasting Model.

the forecast >>>

Asia and Oceania



Regional 10-Year Outlook

Units & % , calendar years, 2010-2019, Asia & Oceania

Asia & Oceania
Fleet 2010: 320
Fleet 2019: 780
Fleet CAGR: 9%
Deliveries (2010-2019): 500

Sources: Bombardier Forecasting Model.

Asia's share of the world's economy is growing rapidly. South East Asian countries have been on a rapid industrialization path. During the last 10 years, this region has grown at an average of 4.1% per year. Foreign direct investment in countries like Singapore, Malaysia, Thailand and Indonesia has been substantial and each of these countries benefited from growing trade with China. South East Asia's real GDP is expected to grow by 5.4% in 2010 and by an annual average of 5.0% over the next 10 years, according to IHS Global Insight.

Japan's recovery appears more fragile, bringing back memories of the "lost decade" when the economy showed signs of recovery only to falter again. Record unemployment, falling wages, and a decline in business investment have kept the mood sombre.

Japan's real GDP growth is expected to reach 1.8% in 2010. Over the 2010-2019 period, Japan is expected to grow by 1.4% per year on average. On the other hand, South Korea managed to keep productivity and exports at a high level during the downturn. IHS Global Insight forecasts South Korea's economic growth at 3.8% for 2010, and at an annual average of 3.7% for the next 10 years.

Despite hurdles such as the high handling costs across the region's airports, Asia and Oceania business jet fleet is expected to grow at a CAGR of 9% over the next 10 years, and to account for 780 aircraft in 2019. 500 deliveries are expected in Asia and Oceania throughout the next 10 years.

the forecast >>>

Segment Details

The following segmentation differentiates the various types of aircraft offered on the business jet market. It is primarily based on a combination of range, cabin volume, and price.

Light Category

The Light category comprises business jets with Business and Commercial Aircraft (B&CA) magazine 2010 Purchase Planning Handbook equipped prices between \$8M

and \$20M, offering 1,700 NM to 3,100 NM of range and 300 ft³ (8.5 m³) to 700 ft³ (19.8 m³) of cabin volume. When compared to other business jet market categories, the Light category value proposition relies on relative low prices and low operating economics combined with sufficient range for short-haul missions. The Bombardier Learjet 40 XR*, the Learjet 45 XR*, the Learjet 60 XR* aircraft and the in-development Learjet 85* aircraft are part of this category. The Learjet 85

aircraft program is progressing on schedule for the jet's entry into service in 2013.

The Light aircraft category is expected to take the longest time to recover after the downturn because of the large number of aircraft (16.6% of fleet in Q1-10) still for sale on the pre-owned market. We expect the Light category to generate a total of 5,000 deliveries over the next 10 years, representing \$58 billion.



Business Jet Market Segmentation⁽¹⁾

	Very Light Jets	LIGHT JETS				MEDIUM JETS			LARGE JETS		Large Corporate Airliner
Bombardier		Learjet 40 XR	Learjet 45 XR	Learjet 60 XR	Learjet 85	Challenger 300	Challenger 605	Challenger 850	Global 5000	Global Express XRS	
Cessna	Mustang CJ1+ CJ2+	CJ3 CJ4	XLS+		Sovereign	CX					
Dassault							F2000DX F2000LX	F900DX F900EX	F7X		
Gulfstream				G150	G200 G250	G350	G450	G500	G550	G650	
Hawker Beechcraft	Premier 1A Premier II	H400XP H450XP		H750	H850XP H900XP	H4000					
Embraer	Phenom 100	Phenom 300		Legacy 450	Legacy 500	Legacy 600	Legacy 650				Lineage 1000
Others	HondaJet SJ30-2										ACJ318/319 BBJ1/2/3

(1) Segmentation is largely determined by a combination of cabin volume, range and price.

Note: Bombardier, Learjet, Challenger, Global, Learjet 40 XR, Learjet 45 XR, Learjet 60 XR, Learjet 85, Challenger 300, Challenger 605, Challenger 850, Global 5000, and Global Express XRS are either registered or unregistered trademarks of Bombardier Inc. or its subsidiaries.

Source: Bombardier's internal research department

40 In production 10 In development

the forecast >>>

Segment Details (continued)

Medium Category

The Medium category features aircraft with BCA magazine 2010 Purchase Planning Handbook equipped prices between \$20M and \$38M, offering 3,100 NM to 5,000 NM of range and 700 ft³ (19.8 m³) to 1,500 ft³ (42.5 m³) of cabin volume. The Medium category value proposition relies on

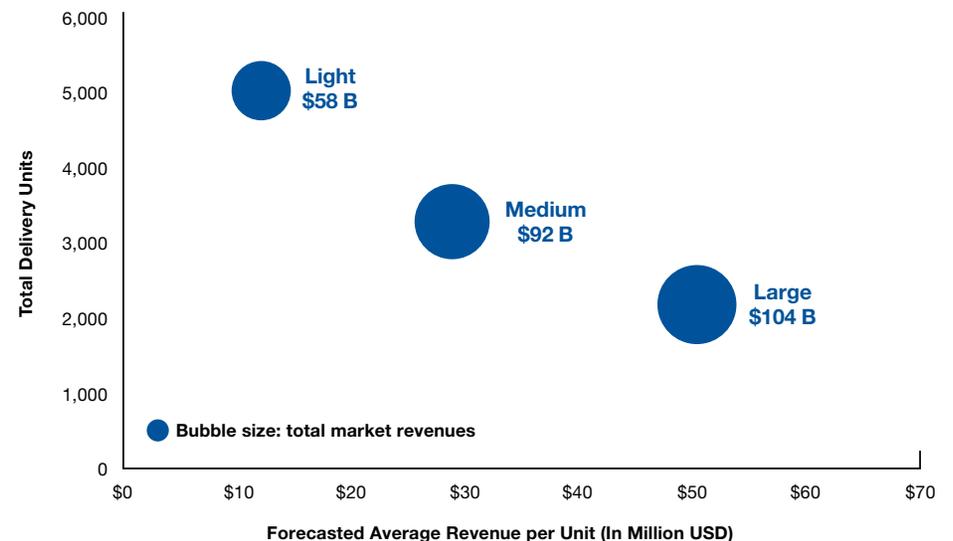
enhanced cabin comfort and superior range relative to the Light category, and is often the preferred business jet category of large corporations. Bombardier successfully developed the Medium category with the Challenger 600 series. Today, Bombardier has three strong products in this category: the Challenger 300*, the Challenger 605* and the Challenger 850*.

The Medium aircraft category is also expected to take some time to recover as the number of pre-owned aircraft for sale in this category is still substantial (16.1% of fleet). This category is expected to account for a total of 3,300 deliveries over the next 10 years, representing \$92 billion in revenue.



Business Jet Forecast by Segment

Delivery units, avg. revenue per unit, total market revenue (US\$B), constant 2009 \$, calendar years 2010-2019



Sources: Bombardier analysis. Revenues estimated from GAMA and 2009 B&CA list prices.

the forecast >>>

Segment Details (continued)

Large Category

The Large category groups aircraft with B&CA magazine 2010 Purchase Planning Handbook equipped prices between \$38M and \$60M, offering over 5,000 NM of range and 1,500 ft³ (42.5 m³) to 3,000 ft³ (85.0 m³) of cabin volume. Of all market categories, the Large category offers the most capabilities in terms of range, speed, and cabin comfort. With the Global 5000* aircraft, the Global Express* XRS business jet, and the in-development Global Vision* flight deck, Bombardier offers the most advanced product line of the industry in this market category.

The Large category is expected to expand faster than the other categories. The recent shift in demand towards more international customers has driven the sales of larger aircraft. Contrary to U.S. customers, who generally enter the business jet market in the Light category and then trade up, many international customers acquire their first aircraft within the Large category. Customers in this category also seem more willing to pay a premium for additional comfort and technology than those who purchase Light and Medium category aircraft.



We expect deliveries in the Large category to expand the most rapidly after the downturn. Total 2010-2019 deliveries are forecast to be 2,200 units for a value of \$104 billion.



commitment on
climate change>>>

commitment on climate change >>>

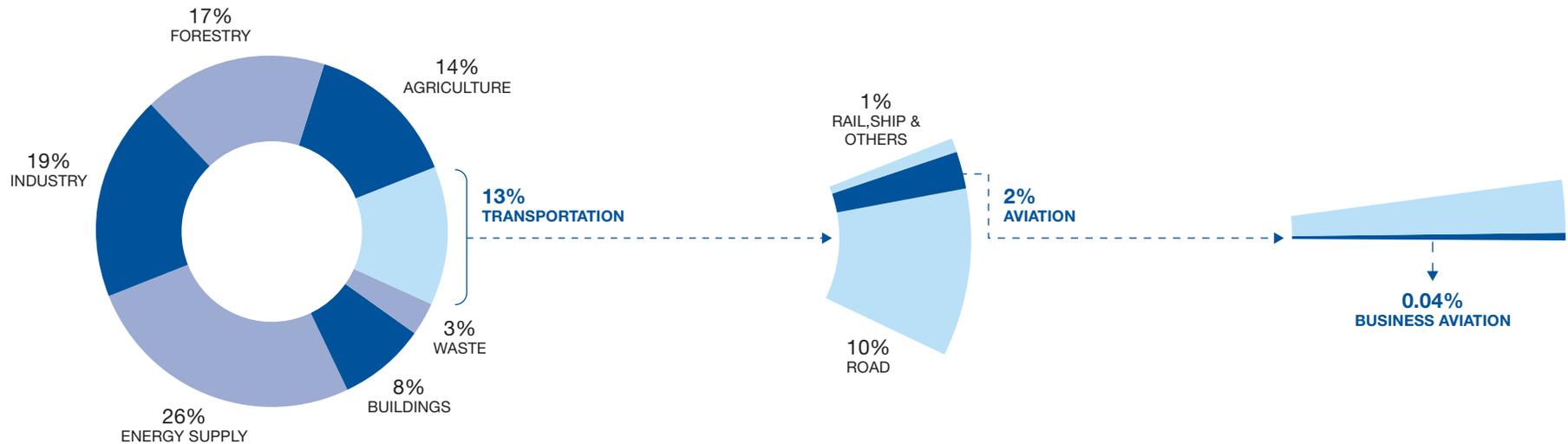


According to a 2004 report from the United Nations' Intergovernmental Panel on Climate Change (IPCC), civil aviation only contributes 2% of total worldwide CO₂ and 3% of total worldwide Green House Gas (GHG) emissions. Of this, a November 2009 study conducted by the General Aviation Manufacturers Association (GAMA) and the International Business Aviation Council (IBAC) established that business aviation contributes to 2% of all aviation emissions, or only 0.04% of global emissions.

While the business aviation community already has an excellent environmental record, in 2009 the industry resolved to do more. Led by GAMA, IBAC, Bombardier and other OEMs, the business aviation industry has proactively developed its commitment on climate change. In summary, the industry has committed to carbon-neutral growth by 2020, an improvement in fuel efficiency of an average of 2% per year from today until 2020, and a reduction in total CO₂ emissions of 50% by 2050 relative to 2005.

Business Aviation Commitment on Climate Change

% Value



Sources: "Business Aviation Commitment on Climate Change" Report, GAMA / IBAC, November 2009

commitment on climate change >>>

Business aviation will achieve carbon reduction targets through expected advances in four areas: technology, infrastructure and operational improvements, alternative fuels, and market-based measures.

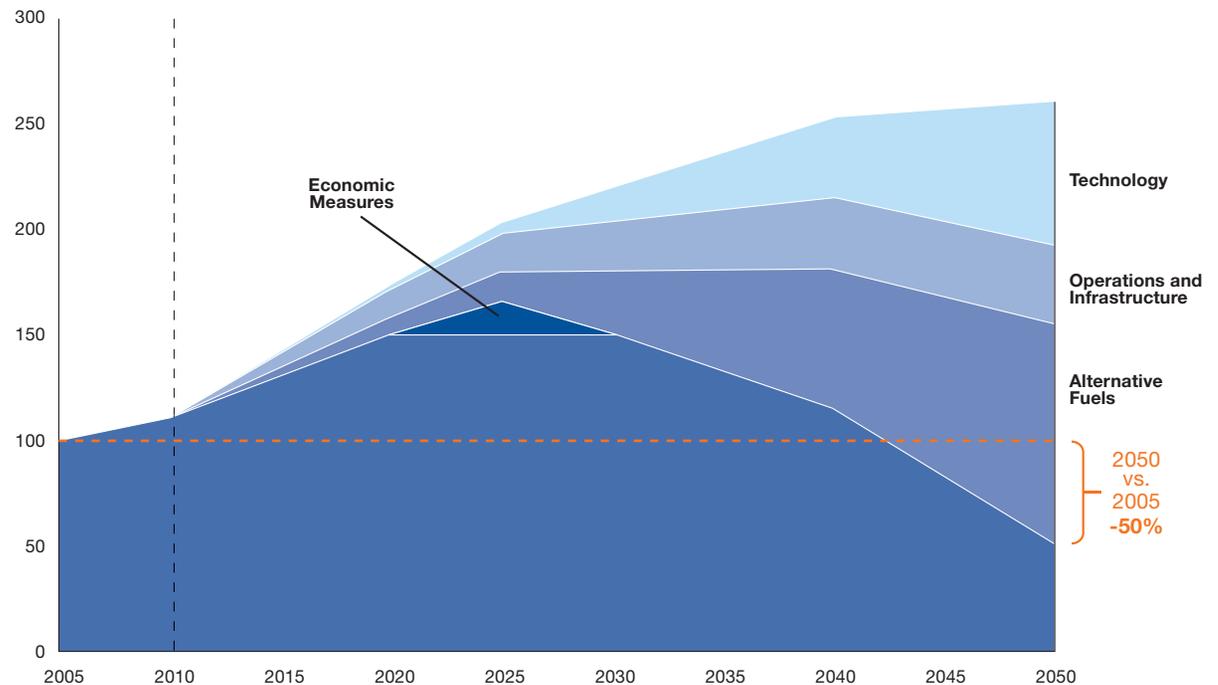
Technology: The business aviation market demands efficiency. Business aviation manufacturers have led the way in the use of innovative technologies that allow for more efficient operations. The manufacturers have committed that a business aircraft built in 2050 will be 45% more efficient than one built in 2005.

Infrastructure and Operational Improvements: Through collaboration with air traffic management (ATM) providers to accelerate modernization of air traffic infrastructure and procedures, CO₂ will be considerably reduced. Along with development and implementation of operational best practices to reduce fuel usage, these programs will deliver 14% of overall CO₂ reductions by 2050.

Alternative Fuels: The aviation industry is driving the research, development and deployment of commercially viable, sustainable alternative aviation fuels within the next few years. Based on current

Business Aviation CO₂ Emissions

Index 100 Equals 2005 Levels
Actual and Forecast 2005-2050



Sources: "Business Aviation Commitment on Climate Change" Report, GAMA / IBAC, November 2009

research and encouraging test results, business aviation anticipates a CO₂ life cycle reduction of 40% in absolute terms from biofuels by 2050.

Market-based Measures: As the impact of improvements in technology, infrastructure

and operations, and alternative fuels, will be realized over time, the achievement of industry carbon neutral growth by 2020 will be challenging. During this interim period, business aviation has committed to offsetting their emissions through market-based economic measures.



conclusion >>>

conclusion >>>

The 2008-2009 downturn had a significant impact on business aviation through order deferrals and cancellations, and decreasing production rates. Certainly, the cyclical nature of the business jet industry was very clear. Near-term challenges remain before full industry recovery is realized. We believe that current industry challenges such as reduced utilization rates, negative perceptions, and the high level of pre-owned inventory will continue to fade during 2010. Business aviation, like many other growth industries, is sustained by underlying long-term market drivers that continue to be positive. These market drivers include wealth creation,

emerging markets, increased globalization of trade, replacement demand, and market accessibility. Medium to long-term growth in the industry will be fuelled by manufacturers continuing to design and market new aircraft to drive value to customers.

The business jet market should continue to experience strong growth over the 2010-2029 period with 26,000 deliveries worth \$661 billion. The worldwide business jet fleet is expected to grow from 14,200 in 2009 to 29,000 aircraft by 2029, net of retirements. The Large category of the market is expected to expand faster than the other categories.

The manufacturing of these aircraft and the revenue associated with them will create significant economic value.

Leading the Way

The business aircraft industry will likely face new challenges going forward which are expected to modify customers' perceptions and actions in the future. The industry has anticipated one by announcing its commitment on climate change to reduce total CO₂ emissions by 50% by 2050 relative to 2005 levels. Bombardier continues to be proactive in addressing environmental concerns through our Corporate Social Responsibility initiatives. In 2007, Bombardier was the first OEM to offer business aircraft customers a fully managed carbon-offset program to compensate for their aircraft's carbon emissions. Also, original equipment manufacturers will have to contribute to develop worldwide infrastructure to support the expected rapid growth of business aviation in emerging economies.

Despite short-term challenges that are likely to occur along the way, the long-term prospects for business aviation are solid and Bombardier expects the industry to achieve new heights in the next 20 years.



conclusion >>>



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 F10 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

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

resources

Resources used in the Bombardier Business Aircraft Market Forecast:

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Aircraft Blue Book Price Digest
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