

In addition, even more rigorous internal processes will enable the Board to cope with the significantly increased oversight responsibilities stemming from new Canadian and U.S. regulations. The new Canadian legislation requires the CEO and the Chief Financial Officer to sign and file a certification form with securities regulators for each interim and annual report—a process similar to that required under the U.S. Sarbanes-Oxley Act.

Enduring values

Like good governance, innovation and entrepreneurship are Bombardier hallmarks. That explains how Bombardier Aerospace has managed to design and bring to market 15 new aircraft in the space of 15 years—more than the other two leading commercial aircraft makers combined. The fact that we recently delivered our 1,000th Bombardier CRJ aircraft—a feat accomplished by only seven other commercial airliners in the 100-year history of flight—further underscores our strengths in that regard. So do state-of-the-art solutions such as the “brains on trains” technologies being pioneered these days at Bombardier Transportation.

I am confident that those enduring cultural values—the entrepreneurial vision and passion for innovation that drove us to revolutionize air travel with the Bombardier CRJ aircraft—will keep us on the leading edge of future advances in aerospace and rail transportation. In fact, we are evaluating the possibility of developing a new-generation commercial airliner that would take air passenger travel to the next level. A multidisciplinary team was put together in March 2004 to evaluate such a program and will report back within 12 months.

While product development will continue to figure prominently in Bombardier’s future, I should point out that innovation encompasses more than new products—a lot more. It’s also about enhancing the quality, reliability and cost competitiveness of existing products to offer customers an even more compelling value equation. It’s about developing

and disseminating best practices. It’s about finding ways to improve customer service. It’s about working smarter—precisely the sort of ingenuity we require to maintain our positive momentum and put Bombardier back on a solid footing.

Acknowledgements

Yet another constant at Bombardier is the quality of our people. On behalf of the entire Board, I would like to thank employees for their loyalty and dedication in these very challenging times.

I also wish to thank my fellow Board members for their hard work and valuable counsel during a year marked by a major transformation at Bombardier. Special thanks are owed to André Desmarais, who is leaving the Board after nearly 20 years of service. In fact, Mr. Desmarais has been a Bombardier director since 1985 and has contributed much to our success over the years. As well, I would like to take this opportunity to formally welcome two individuals who joined the Board over the course of the past fiscal year, Michael H. McCain and Federico Sada G. Mr. McCain is President and CEO of Maple Leaf Foods Inc. and Mr. Sada G. is President and CEO of glass manufacturer Vitro, S.A. de C.V.

Finally, I wish to express the Board’s appreciation to Paul Tellier and his team for the excellent progress made to date—and for the tenacity they are demonstrating in pursuing the remaining phases of the action plan.

A year or so ago, when we took the first steps to restore the competitiveness of the Company, no one said it was going to be easy. And we’re not there yet. There is much more work to be done.

But with the decisive actions of the past year, we have clearly demonstrated that Bombardier still has what it takes. In the process, I sense that we have also begun to rekindle the spirit and vision that helped make this organization great.

We’re on our way!

Signed by

LAURENT BEAUDOIN, FCA
EXECUTIVE CHAIRMAN OF THE BOARD