The cash flows in fiscal year 2004 reflect a net decrease in finance receivables and assets under operating leases of $2.5 billion, mainly due to the continued reduction in the wind-down portfolios, partially offset by the net change in advances and subordinated loans to Bombardier of $778 million and loans made in connection with a financing transaction entered into for term-debt management. The cash flows in fiscal year 2003 reflect a net decrease in finance receivables and assets under operating leases of $1.3 billion, mainly due to a reduction in the wind-down portfolios.

BC's cash flows used in financing activities amounted to $1.8 billion for fiscal year 2004, compared to $1.4 billion for the same period last year. Cash flows used in financing activities in the current fiscal year reflect the repayment of long-term debt and short-term borrowings of $1.3 billion and $1.7 billion respectively, partially offset by the issuance of long-term debt of $1.2 billion. Cash flows used in financing activities for fiscal year 2003 reflect the repayment of long-term debt and short-term borrowings of $2.1 billion and $708 million respectively, partially offset by the issuance of long-term debt of $1.4 billion.

Capital resources

Total committed credit facilities were $7.9 billion for Bombardier and $1.3 billion for BC, $2.1 billion and $1.0 billion of which, respectively, were available as at January 31, 2004. Of these credit facilities, 76% have maturities of two years or more. Taking into consideration $1.6 billion of cash and cash equivalents, the Corporation had a total of $4.7 billion of short-term capital resources as at January 31, 2004. Total availability under Bombardier's lines of credit decreased by $1.2 billion for the year ended January 31, 2004, and cash and cash equivalents increased by $863 million, for a net decrease in short-term capital resources of $371 million. This net decrease results mainly from free cash flows used during the year ended January 31, 2004, an increase in the amount of letters of credit issued under Bombardier credit facilities, and the repayment of long-term debt, partially offset by the net proceeds of $1.2 billion from the issuance of 370 million Class B Shares (Subordinate Voting), proceeds from divestitures amounting to $930 million, and the net change in advances and subordinated loans to Bombardier from BC amounting to $778 million.

BC's availability under lines of credit decreased by $317 million for the year ended January 31, 2004, and cash and cash equivalents decreased by $287 million, for a net decrease in short-term capital resources of $604 million. This net decrease results mainly from the non-renewal of two facilities of $470 million and $400 million US respectively, in accordance with BC's expected future requirements, the net change in advances and subordinated loans to Bombardier amounting to $778 million, as well as a translation adjustment arising from the weakening of the U.S. dollar compared to the Canadian dollar. This was partially offset by cash flows from the reduction in the wind-down portfolios.

Bombardier

On September 9, 2003, Bombardier renewed the 364-day portion of its North American credit facility for an amount of $730 million (previously $750 million). The committed five-year $1.0-billion portion of this facility matures in September 2005. On July 9, 2003, Bombardier renewed the 364-day portion of its European credit facility for an amount of €560 million (previously €600 million). The committed five-year €3.2-billion ($5.2-billion) portion of this facility matures in July 2007.

On July 28, 2003, Bombardier repaid, at maturity, debentures amounting to $150 million.

On April 17, 2003, the Corporation issued 370 million Class B Shares (Subordinate Voting) at a price of $3.25 per share. The net proceeds from this issue amounted to $1.2 billion.

Bombardier's two main syndicated credit facilities include a covenant whereby the ratio of Bombardier's total debt (defined essentially as short-term borrowings and long-term debt less subordinated debt and cash and cash equivalents) to Bombardier's total capitalization (total debt as defined, plus shareholders' equity and subordinated debt) should not exceed 50% as at January 31, 2004 and thereafter at each of the Corporation's quarter end. As at January 31, 2004, the Corporation was in compliance with this covenant.

In April 2002, the Corporation issued notes amounting to $550 million US ($866 million) in the term-debt market, which mature on May 1, 2012. These notes bear interest at 6.75% per year. Also, on March 8, 2002, the Corporation issued 9.4 million Series 4 Cumulative Redeemable Preferred Shares, carrying a fixed cumulative preferential cash dividend of 6.25% per year. The net proceeds from this issue amounted to $228 million.