NEW FLYER INDUSTRIES INC.

NOTICE OF ANNUAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 9, 2013

March 28, 2013

NEW FLYER INDUSTRIES INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "**Meeting**") of the shareholders of New Flyer Industries Inc. ("**NFI**") will be held at the Sheraton Centre Hotel, 123 Queen Street West, Toronto, Ontario on May 9, 2013 at 4:00 p.m. (Toronto time) for the following purposes:

1. **TO RECEIVE** the consolidated financial statements of NFI for the fiscal year ended December 30, 2012, together with the report of the auditors thereon;

2. **TO APPOINT** the auditors and authorize the board of directors of NFI to fix the remuneration of the auditors;

3. **TO ELECT** nine members of the board of directors of NFI;

4. **TO CONSIDER** and, if deemed appropriate, **TO PASS** an ordinary resolution in the form set in Exhibit "A" to the accompanying Information Circular approving the adoption of the share option plan and the grant of certain options; and

5. **TO CONSIDER** and, if deemed appropriate**, TO PASS** an advisory resolution on approach to executive compensation ("**Say on Pay Resolution**")**;** and

6. **TO TRANSACT** such other business as may properly come before the meeting or any adjournment thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

DATED at Toronto, Ontario this 28th day of March, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

By: *"The Honourable Brian Tobin"*

The Honourable Brian Tobin
Chairperson of the Board of Directors

NEW FLYER INDUSTRIES INC.

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of New Flyer Industries Inc. ("**NFI**" and, together with its subsidiaries, the "**Company**") for use at the annual meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of NFI to be held on May 9, 2013 at the Sheraton Centre Hotel, 123 Queen Street West, Toronto, Ontario commencing at 4:00 p.m. (Toronto time), and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

All references to "**Common Shares**" in this Information Circular refer to common shares of NFI. If you hold Common Shares, you are a Beneficial Owner and are entitled to receive notice of, attend and vote at the Meeting as further described in this Information Circular.

The information contained in this Information Circular is given as at March 28, 2013, except where otherwise noted.

INFORMATION FOR BENEFICIAL OWNERS OF COMMON SHARES

Overview of Book-Entry Only Registration of Common Shares

Common Shares are registered in a "book-entry only" system under which all the issued and outstanding Common Shares are evidenced by global certificates that are registered in the name of and held by CDS Clearing and Depository Services Inc. or its nominee ("**CDS**"). At the date of this Information Circular, CDS is the only registered holder of the Common Shares.

CDS and intermediaries (such as banks, trust companies, securities dealers and brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) with whom you deal in respect of your Common Shares maintain written records (book-entries) of who are the beneficial owners of Common Shares and how many Common Shares they beneficially own. In this Information Circular, references to "**Beneficial Owners**" means persons who are shown in the book-entry only system as beneficial owners of Common Shares.

In accordance with Canadian securities law, NFI has distributed copies of the Notice of Meeting, this Information Circular and a form of proxy (collectively, the "**Meeting Materials**") for onward distribution by intermediaries to Beneficial Owners.

Intermediaries are required to forward Meeting Materials to you as a Beneficial Owner. Typically, intermediaries will use a service company (such as Broadridge Financial Services, Inc. ("**Broadridge**") to forward the Meeting Materials to Beneficial Owners.

Request for Voting Instructions

Beneficial Owners will receive a voting instruction form with their Meeting Materials. The purpose of this form is to permit you as a Beneficial Owner to direct the voting of the Common Shares you own. As a Beneficial Owner, you should do the following:

If You <u>Do Not</u> Wish to Attend the Meeting.

If, as a Beneficial Owner, you <u>do not</u> wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), complete and sign the voting instruction form and return it in accordance with the instructions on the form. Voting instruction forms sent by Broadridge also permit the completion of the voting instruction form by telephone or through the Internet at *www.proxyvotecanada.com*. As a Beneficial Owner, you may revoke a voting instruction form given to an intermediary at any time by written notice to the intermediary. However, an intermediary is not required to act on a revocation of a voting instruction form that is not received by the intermediary at least seven days prior to the Meeting.

If You <u>Wish to Attend</u> the Meeting (or Have Someone You Choose Attend for You).

If, as a Beneficial Owner, you <u>wish to attend</u> and vote at the Meeting in person (or have another person, who need not be a Shareholder, attend and vote on your behalf), you must follow the instructions on the voting instruction form that you receive or seek a form of proxy from your intermediary.

As a Beneficial Owner, you should follow the instructions on the voting instruction form you receive. If you are not sure what to do, you should immediately contact your intermediary in respect of your Common Shares.

SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone by representatives of NFI, at nominal cost. NFI will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of this Information Circular.

Voting of Proxies

In certain cases, you will not receive a voting instruction form and will instead receive, as part of the Meeting Materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by you but which is otherwise uncompleted. As a Beneficial Owner and upon submission by you (or your designee) of identification satisfactory to your intermediary's representative, you may also require the intermediary to sign and deliver to you (or your designee) a proxy to exercise personally your voting rights attaching to the Common Shares you own, if you either (i) have not previously given the intermediary voting instructions in respect of the Meeting or (ii) submit to such representative written revocation of any such previous instructions.

If a Beneficial Owner who receives a form of proxy does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Owner's behalf), the Beneficial Owner must complete the form of proxy and deposit it with Computershare Investor Services, Inc. (the "**Transfer Agent**"), as described below in "Deposit of Proxies" or otherwise follow the instructions provided by the intermediary.

If a Beneficial Owner who receives a form of proxy wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Owner's behalf), the Beneficial Owner must strike out the names of the persons named in the proxy and insert the Beneficial Owner's (or such other person's) name in the blank space provided and deposit it with the Transfer Agent, as described below in "Deposit of Proxies" or otherwise follow the instructions provided by the intermediary.

Appointment of Proxies

The persons named in the form of proxy are representatives of NFI. **Shareholders have the right to appoint as proxyholder a person or company other than the NFI representatives named on the form of proxy.** Shareholders should write the name of the person or company they wish to appoint, who need not be a Shareholder, in the blank space provided on the form or proxy. If the Shareholder does not appoint another person or company as proxyholder, the NFI representatives designated in the form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

In the absence of any direction, your Common Shares will be voted:

(a) **FOR** the election of each of the nine nominees to the board of directors listed under the heading "Matters to be Considered at the Meeting - Election of Directors";

(b) **FOR** the appointment of Deloitte LLP as auditors of NFI and that the board of directors of NFI be authorized to fix the remuneration of the auditors;

(c) **FOR** the adoption of the share option plan and the approval of the grant of certain options; and

(d) **FOR** the Say on Pay Resolution.

The form of proxy confers discretionary authority upon the NFI representatives designated in the form of proxy with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, the directors of NFI (the "**Directors**") know of no such amendments, variations or other matters.

Deposit of Proxies

To be valid, proxies must be deposited with Computershare Investor Services, Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Fax: 1-866-249-7775 or 416-263-9524, Attention: Proxy Department, in accordance with the instructions therein, by no later than 4:00 p.m. (Toronto time) on May 7, 2013 or if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed meeting. Failure to properly complete or deposit a proxy may result in its invalidation. The time limit for the deposit of proxies may be waived by NFI in its discretion without notice.

Revocation of Proxies

Proxies may be revoked by:

(a) completing and signing a proxy bearing a later date and depositing it with the Transfer Agent, as described above; or

(b) depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing: (i) at the registered office of NFI at any time up to and including the last business day preceding the date of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or (ii) with the chairperson of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment of the Meeting; or

(c) in any other manner approved by law.

You should follow the instructions on the document that you have received and contact your intermediary promptly if you need assistance.

VOTING SECURITIES OF NFI AND PRINCIPAL HOLDERS THEREOF

NFI is authorized to issue an unlimited number of Common Shares. As of the date of this Information Circular, there were 49,304,600 Common Shares outstanding.

At the Meeting, each Shareholder of record at the close of business on March 18, 2013, the record date established for notice of the Meeting (the "**Record Date**"), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting.

To the knowledge of the Directors and officers of NFI, as of the date of this Information Circular, the following persons beneficially own or exercise control or direction over, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to the Common Shares:

Name	Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly [1]	Approximate percentage of total Common Shares
Mawer Investment Management Limited	6,565,695	13.32%
Coliseum Capital Management, LLC	5,622,637	11.40%
Franklin Resources Inc., on behalf of its division, Bissett Investment Management Ltd.	5,508,860	11.17%
Marcopolo Canada Holdings Corp. [2]	4,925,530	9.99%

(1) Based on publicly available filings.
(2) Wholly-owned subsidiary of Marcopolo S.A.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The consolidated financial statements of NFI for the fiscal year ended December 30, 2012, together with the report of the auditors thereon accompanying this Information Circular will be placed before the Shareholders at the Meeting for their consideration. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding the financial statements, the questions may be brought forward at the Meeting. These financial statements are also available on the internet on NFI's SEDAR profile at www.sedar.com.

Appointment of Auditors

The management representatives designated in the enclosed form of proxy (if not expressly directed to the contrary in such form) intend to vote **FOR** the reappointment of Deloitte LLP as auditor of NFI to hold office until the next annual meeting of Shareholders and that the Directors be authorized to fix the remuneration of the auditors. Deloitte LLP has served as auditor of NFI since NFI's inception.

Election of Directors

The board of directors of NFI (the "**Board**") is currently comprised of nine Directors and all nine of the Directors are being nominated for re-election.

The management representatives designated in the enclosed form of proxy (if not expressly directed to the contrary in such form) intend to vote **FOR** the election, as Directors, of the nominees whose names are set out below. All nominees are currently Directors and have been Directors since the dates indicated below. Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason before the Meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each Director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

Biographies for each of the proposed nominees for Director, which include a summary of each nominee's principal occupation and employment within the five preceding years, are set out on pages 52 to 55 of NFI's Annual Information Form for the financial year ended December 30, 2012 (the "**AIF**") and such information is specifically incorporated by reference in this Information Circular. The AIF can be found under NFI's SEDAR profile at www.sedar.com. Upon request, NFI will provide a copy of the AIF free of charge to the requesting Shareholder.

The following table sets forth the names of, and certain information for, the persons nominated for election as Directors.

Name and Province and Country of Residence	Position with NFI	Principal Occupation	Director Since	Ownership or Control Over Common Shares
The Honourable Brian Tobin [a] Toronto, Ontario, Canada	Director	Senior Business Advisor, Fraser Milner Casgrain LLP	June 16, 2005	49,700 [b]
V. James Sardo [a, c] Mississauga, Ontario, Canada	Director	Corporate Director	June 16, 2005	30,000
Wayne M.E. McLeod [d] Toronto, Ontario, Canada	Director	Corporate Director	June 16, 2005	19,000
Larry Edwards [d, e] Tulsa, Oklahoma, USA	Director	Corporate Director	September 3, 2008	104,976 [f]
John Marinucci [d] Oakville, Ontario, Canada	Director	Corporate Director [g]	June 16, 2005	193,035
Patricia Jacobsen [a] Vancouver, British Columbia	Director	Corporate Director	November 12, 2009	17,514
Paul Soubry [h] Winnipeg, Manitoba, Canada	Director	President and Chief Executive Officer, NFI [i]	May 11, 2009	147,300
Adam Gray [d] Greenwich, Connecticut, USA	Director	Managing Partner, Coliseum Capital Management, LLC	May 10, 2012	5,622,637 [j]
William Millar [a] Stevensville, Maryland, USA	Director	Corporate Director	May 10, 2012	25,000

a Member of the Human Resources, Compensation and Corporate Governance Committee.

b Mr. Tobin owns 31,400 Common Shares directly and has control over 18,300 Common Shares.

c Between April 3, 2006 and May 3, 2006, Mr. Sardo, who was then a director of Royal Group Technologies Limited, was prohibited from trading in securities of Royal Group Technologies Limited pursuant to a management cease trade order issued by the Ontario Securities Commission in connection with the delay in filing of certain of Royal Group Technologies Limited's financial statements. See "Directors, Officers and Management - Cease Trade Orders, Bankruptcies, Penalties and Sanctions" on page 56 of the AIF.

d Member of the Audit Committee.

e On September 28, 2006, Global Power Equipment Group Inc. ("**GPEG**") and all of its U.S. subsidiaries filed voluntary petitions for reorganization under chapter 11 of title 11, United States Code in the United States Bankruptcy Court for the District of Delaware. Mr. Edwards served as Chairman of the Board, President and Chief Executive Officer at the time of filing. On November 22, 2006, Mr. Edwards resigned as President and Chief Executive Officer of the Company; remaining as Chairman of the Board. GPEG and its U.S. subsidiaries emerged from bankruptcy proceedings in January, 2008 and Mr. Edwards resigned as a director of GPEG. See "Directors, Officers and Management – Cease Trade Orders, Bankruptcies, penalties and Sanctions" on page 56 of the AIF.

f Mr. Edwards owns 22,616 Common Shares directly and has control over or is a beneficiary of 82,360 Common Shares.

g Mr. Marinucci retired as President and Chief Executive Officer of the Company on January 18, 2009 and was retained by the Company as Senior Advisor from January 19, 2009 until March 31, 2009.

h For a period of less than two months between October 26, 2004 and December 12, 2004, Mr. Soubry served as a director of Crocus Investment Fund ("**Crocus**"), a labour-sponsored venture capital corporation created by *The Crocus Investment Fund Act* (Manitoba). On December 10, 2004, in connection with an organizational review and assessment of the value of its portfolio, Crocus received regulatory approval from the Manitoba Securities Commission to suspend redemptions and to halt sales of its shares. On June 28, 2005, Deloitte & Touche Inc. was appointed receiver and manager of Crocus by the Manitoba Court of Queen's Bench pursuant to an application made by the Manitoba Securities Commission and on September 4, 2009, the Manitoba court approved an interim distribution to all shareholders of Crocus and the distribution of funds to shareholders in settlement of various proceedings brought against Crocus. See "Directors, Officers and Management – Cease Trade Orders, Bankruptcies, penalties and Sanctions" on page 56 of the AIF.

i Mr. Soubry became President and Chief Executive Officer of the Company on January 19, 2009 following the retirement of Mr. Marinucci as President and Chief Executive Officer.

j Coliseum or its affiliates beneficially own or control, directly or indirectly 5,622,637 Common Shares, representing approximately 11.40% of the issued and outstanding Common Shares. Mr. Gray is the Managing Partner of Coliseum and thus can exert control or direction over these Common Shares.

Approval of Share Option Plan and Grant of Certain Options

Background

On March 21, 2013, the Board adopted a new Share Option Plan (the "**Option Plan**") for NFI. Only employees of NFI and certain affiliates ("**participants**") may receive grants of share options ("**Options**") under the Option Plan. Non-employees directors of NFI are not eligible to participate in the Option Plan.

In accordance with the policies of the Toronto Stock Exchange (the "**TSX**"), NFI is required to submit the Option Plan for approval by NFI's shareholders at the Meeting. If approved, the Option Plan will be effective as of March 21, 2013, and a maximum of 3,600,000 of common shares of NFI will be available for issuance under the Option Plan.

The following description of the Option Plan has been prepared assuming that the Option Plan, as presented to the shareholders, will be approved at the Meeting. A copy of the proposed Option Plan is available on NFI's website at www.newflyer.com.

Purpose

The purposes of the Option Plan are to: (i) support the achievement of NFI's performance objectives; (ii) ensure that interests of key persons are aligned with the success of NFI; and (iii) provide compensation opportunities to attract, retain and motivate senior management critical to the long-term success of NFI and its subsidiaries.

Administration

Subject to the Human Resources, Compensation and Corporate Governance Committee ("**Governance Committee**") reporting to the Board on all matters relating to the Option Plan and obtaining approval of the Board for those matters required by the Governance Committee's mandate, the Option Plan is administered by the Governance Committee, which will: (i) determine which eligible employees will receive Options, the number of Options to be granted and any terms and conditions of the Options; (ii) interpret and administer the Option Plan; (iii) establish the Option exercise price; and (iv) make any other determinations required for the administration of the Option Plan. Decisions of the Governance Committee are binding on the participants.

Award of Options

The Governance Committee may award Options to any eligible employee. The exercise price of an option may not be less than fair market value which, for these purposes means the closing price of a Common Share on the principal stock exchange on which the Common Shares are traded on the last trading day immediately preceding the applicable day. The vesting terms and expiry of an option will be determined by the Governance Committee for each applicable grant, provided that Options must expire no later than the eighth anniversary of the date of grant, except that Options which would otherwise expire during, or within 10 business days following a blackout period will expire 10 business days following the end of the blackout period.

Exercise of Options

Vested Options may be exercised by the Participant providing a notice of exercise and paying the exercise price in full to NFI. On exercise of a vested Option, NFI will issue to the participant one Common Share for each vested Option elected to be exercised.

Transfer of Options

Options are not transferable or assignable other than by will or the laws of descent and distribution.

Vesting Provisions

Each Option will vest on the date or dates designated in the grant agreement or such earlier date as is provided for in the Option Plan or is determined by the Governance Committee. If no specific provision is made, options will vest 25% on each of the first through fourth anniversaries of the date of grant.

Number of Common Shares Available for Issuance

The maximum number of Common Shares available for issuance under the Option Plan is 3,600,000 Common Shares, representing 7.3% of the issued and outstanding Common Shares as at March 28, 2013; provided that Common Shares reserved for issuance pursuant to Options that are terminated or are cancelled without having been exercised will again be available for issuance under the Option Plan. The total number of Common Shares reserved for issuance under the Option Plan, being all of the security-based compensation arrangements of NFI, is 3,600,000, representing 7.3% of the issued and outstanding Common Shares as at March 28, 2013.

Restrictions on the Award of Options

The Option Plan provides that: (i) the number of Common Shares reserved for issuance pursuant to Options and other awards under the Option Plan and any other security-based compensation arrangements of NFI to any one person shall not exceed 5% of the issued and outstanding securities of NFI; (ii) the number of Common Shares issued to any insider or that insider's associates under the Option Plan and under any other security-based compensation arrangement of NFI shall not exceed 5% of the issued and outstanding securities of NFI within a 12-month period; and (iii) the aggregate number of Common Shares issued to insiders of NFI within any 12-month period, or issuable to insiders of NFI at any time, under the Option Plan and any other security-based compensation arrangement of NFI, may not exceed 10% of the total number of issued and outstanding Common Shares of NFI at such time.

Cessation of Employment

If a participant’s employment is terminated by the participant’s death, the participant’s legal representatives will have until the earlier of one year after the date of death and the expiry date of the Option, to exercise Options which are vested on the participant’s death and will forfeit all rights to Options which are not vested on the participant’s date of death or which are not exercised within the one year period.

If a participant’s employment is terminated due to the participant’s disability or retirement, the participant’s options will continue to vest (and will vest at the same time as if the participant had remained employed for three years after the date of termination) and be exercisable until the earlier of three years after the date of termination due to disability or retirement and the expiry date of the Option and the participant will forfeit all rights to Options which do not vest or which are not exercised within the three-year period.

If a participant’s employment is terminated without cause or for good reason (as defined in the Option Plan) the participant will have until the earlier of 90 days after the termination date and the expiry date of the Options to exercise Options which are vested on the termination date and will forfeit all rights to Options which are not vested at the participant’s termination date or which are not exercised within the 90 day period.

If a participant’s employment is terminated without cause or for good reason immediately prior to or within twenty-four months following a Change of Control (as defined under the Option Plan, which includes the acquisition of 50% or more of the Common Shares or a sale of all or substantially all of the assets of NFI) all of the participant's Options will vest immediately prior to the participant’s termination date and will be exercisable until the earlier of 90 days after termination of employment and the expiry date of the Option and the participant will forfeit all rights to Options which are not exercised within the 90 day period.

If a participant's employment is terminated for any reason, other than death, disability, retirement, termination without cause or resignation for good reason, the participant will have until the earlier of 30 days after the termination date and the expiry date of the Options to exercise Options which are vested on the termination date and will forfeit all rights to Options which are not vested at the participant's termination date or which are not exercised within the 30 day period.

Amendment, Suspension or Termination of Option Plan

The Governance Committee may amend, suspend or terminate the Option Plan at any time, subject to any provisions of applicable law that require the approval of shareholders or any governmental or regulatory body. The Governance Committee may make any amendments to the Option Plan without shareholder approval including, for example, housekeeping amendments, amendments to comply with tax laws or amendments to reduce or restrict participation in the plan Provided that the participant's consent is required to make amendments that are adverse to the participant. Notwithstanding the foregoing, shareholder approval is required for:

- any amendment to increase the number of Common Shares issuable under the Option Plan or change from a fixed maximum number of Common Shares to a fixed maximum percentage;
- any amendment that increases the length of the automatic extension for Options expiring during a blackout period;
- any amendment reducing the exercise price of an Option (directly or by the cancellation and reissuance of an Option), except in connection with a stock dividend or split, recapitalization, merger, consolidation or other corporate change;
- any amendment expanding the categories of eligible person which would have the potential of broadening or increasing insider participation or which would permit non-employee directors to participate in the plan;
- any amendment extending the term of an Option or any rights pursuant thereto held by an insider beyond its original expiry date, other than the extension of options which would otherwise expire during or within 10 business days following a blackout period, to 10 business days following the end of the blackout period;
- the addition of any other provision which results in participants receiving Common Shares while no cash consideration is received by NFI;
- any amendment to add a cashless exercise feature, unless it provides for a full deduction of the number of underlying Common Shares from the Option Plan reserve;
- amendments which would permit Options to be transferred or assigned other than for normal estate planning purposes; and
- amendments to the amending provision of the Option Plan.

No new Options may be awarded under the Option Plan after March 21, 2023, the tenth anniversary of the Option Plan's effective date.

In the absence of a contrary instruction, the persons designated by management of NFI in the enclosed form of proxy intend to vote FOR approval of the Option Plan.

The Board reserves the right to alter any terms of or not proceed with the Option Plan at any time prior to the Meeting if the Board determines that it would be in the best interests of the Corporation and its shareholders to do so, in light of subsequent developments.

Grant of Certain Options

On March 21, 2013, the Governance Committee approved the grant of a total of 490,356 Options (determined based on a valuation using the closing price of the Common Shares on the TSX on March 25, 2013) to eleven executives. The effective date of the grant is March 26, 2013 and the exercise price of an Option will be equal to the closing price of the Common Shares on the TSX on March 25, 2013. The Options will expire on March 26, 2021. All of the Options have been granted to insiders. These Options cannot be exercised until such time that NFI has obtained shareholder approval of the Option Plan and the grants have been ratified by shareholders. The Options will be cancelled if shareholders do not approve the Option Plan and do not ratify these grants.

Advisory Resolution on Approach to Executive Compensation

In 2013, the Board adopted a policy of giving shareholders the opportunity to cast an advisory vote on NFI's approach to executive compensation. NFI believes it is important for shareholders to understand what it pays its named executive officers ("**NEOs**") and the rationale for these decisions. The compensation section of this Information Circular has been developed to help shareholders understand NFI's compensation philosophy and practices, the objectives of its executive compensation program, and the principles and process used by the Governance Committee in making its compensation recommendations and the decisions ultimately made by the Board.

Please read the compensation section beginning at the bottom of this page of this Information Circular, including the discussion about compensation governance and the compensation discussion and analysis for details about executive compensation at NFI.

As a shareholder you have the opportunity to vote **FOR** or **AGAINST** NFI's approach to executive compensation through the following resolution:

"**RESOLVED**, on an advisory basis and not to diminish the role and responsibilities of the board of directors of New Flyer Industries Inc., that the shareholders accept the approach to executive compensation disclosed in the corporation's Management Information Circular delivered in advance of the 2013 Annual Meeting of shareholders."

This is an advisory vote and your vote is non-binding on the Board. However the Board and the Governance Committee will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and the level of shareholder engagement on compensation and related matters. The results of the vote will be disclosed in NFI's 2013 report on voting results, which will be available on SEDAR at www.sedar.com.

COMPENSATION DISCUSSION AND ANALYSIS

Currency

For reporting purposes, NFI prepares its financial statements in United States dollars and in conformity with International Financial Reporting Standards, or IFRS. All amounts in this Compensation Discussion and Analysis are expressed in United States dollars, except where otherwise indicated. All compensation, with the exception of Wayne Joseph, NFI's Executive Vice President, Operations, was earned by and paid to NFI's NEOs in Canadian dollars. The compensation earned by Larry Edwards, Adam Gray and William Millar, who are U.S. residents, although earned in Canadian dollars were paid in United States dollars. The Bank of Canada's closing exchange rate on December 28, 2012 was CAD $1.00 = USD $1.0035, and therefore, all United States dollar amounts disclosed in this Compensation Discussion and Analysis for NFI's 2012 fiscal year were determined by multiplying the compensation earned by the NEOs (with the exception of Mr. Joseph which requires no currency conversion for disclosure purposes, unless otherwise indicated) and the Directors in Canadian dollars by an exchange rate of $1.0035.

Financial Statement Definitions

References to "EBITDA" are to earnings before interest expense, income taxes, depreciation and amortization; losses or gains on disposal of property, plant and equipment; unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts and fair value adjustment to embedded derivatives. References to "Adjusted EBITDA" are to EBITDA after adjusting for: the effects of certain non-recurring and/or non-operations related items that have impacted the business and are not expected to recur, including business acquisition related costs, loss on debt repurchase, loss on exercise of redemption right, warranty expense assumed as a result of the ISE Corporation bankruptcy, past service pension costs, realized and unrealized investment tax credits and costs associated with assessing strategic and corporate initiatives.

"Free Cash Flow" means net cash generated by operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, effect of foreign currency rate on cash, defined benefit funding, business acquisition related costs, costs associated with assessing strategic and corporate initiatives, past service pension costs, proceeds on sale of redundant assets and decreased for defined benefit expense, cash capital expenditures and principal payments on capital leases.

Introduction

This section of the Information Circular explains how NFI's compensation program is designed and operated with respect to our executives, specifically the following NEOs:

Name	Title
Paul Soubry	President and Chief Executive Officer
Glenn Asham	Chief Financial Officer and Treasurer
Wayne Joseph	Executive Vice President, Operations
Paul Smith	Executive Vice President, Sales and Marketing
Ian Smart	Executive Vice President, Aftermarket

This section is divided into the following areas:

I – Overview of 2012 Performance and Compensation

– Changes to Executive Compensation Framework for 2013

II – Compensation Elements

III – 2012 Performance Targets

IV – 2012 Compensation Decisions

V – Compensation Policy and Process

I - Overview of 2012 Performance and Compensation

In evaluating 2012 performance, the Governance Committee and the Board considered a number of qualitative and quantitative factors including: 2012 financial performance (deliveries, revenue, Adjusted EBITDA, Free Cash Flow, and liquidity), the market and competitive dynamics, and progress made on strategic objectives. The continued economic turbulence, combined with the continuing pressure on funding levels to transit agencies for capital purchases and operating budgets (especially in the United States which represented approximately 82% of NFI's consolidated revenue in 2012) have continued to result in reduced demand for heavy-duty transit buses and aftermarket parts and services in the United States and Canada.

Management anticipates that demand in the industry will remain under pressure. Additionally, competitive intensity in the industry has caused significant price pressure. As a result of these difficult market conditions (and with bus deliveries for 2012 reduced by approximately 9% compared to 2011), NFI's Adjusted EBITDA for 2012 was $61.5

million, compared to Adjusted EBITDA for 2011 of $80.1 million. Given the challenging year due to the struggling U.S. economy, the decrease in demand for bus purchases and significant pricing pressure bus and aftermarket parts prices, the Governance Committee and the Board believe the Company performed satisfactorily.

Changes to Executive Compensation Framework for 2013

In late 2012, the Governance Committee, with the assistance of its independent compensation consultant Meridian Compensation Partners, conducted a review of executive compensation. The Governance Committee reviewed the competitiveness of the existing compensation program within the marketplace and its alignment with NFI's compensation philosophy as identified below:

- To promote the long-term success and continually improving performance of NFI.

- To attract, retain and motivate talented executives by providing a total compensation program that is competitive to the marketplace. NFI's compensation philosophy is to pay executives around the 65th percentile of comparable corporations for stretch performance and around the 75th percentile for outstanding performance.

- To reinforce NFI's values and strategic objectives, including emphasis on the shareholder, employee, customer, supplier and community stakeholders.

- To include competitive share ownership guidelines that ensure executive ownership of NFI aligns with the interest of shareholders.

- To pay for performance and reward the executive leadership team for achieving both short-term and long-term performance goals of NFI, with increased emphasis placed on longer term value creation.

Overall, the review resulted in the following changes for 2013:

- Changes to the short term incentive plan ("**STIP**") to focus on threshold, target and maximum performance levels, with Adjusted EBITDA and Free Cash Flow as the company performance metrics and to provide for the approved individual performance objectives component to be 10% of salary rather than 10% of the target bonus.

- Changes to long-term compensation plans ("**LTIP**"), specifically the New Performance Unit Plan ("**New PUP**") to focus on three performance levels of threshold, target and maximum.

- Introduction of share options to the LTIP to further enhance alignment of executive compensation with the interests of shareholders.

- The total LTIP mix for executives would be weighted between the various LTIP plans on the following basis: 50% performance units ("**Performance Units**") granted under the New PUP, 25% restricted share units ("**RSUs**") granted under the Restricted Share Unit Plan (the "**RSU Plan**") and 25% Options issued under the Option Plan.

- The introduction, on a go-forward basis, of a Performance and Restricted Share Unit Plan to consolidate the New PUP and RSU Plan in one document.

- Adjusted total direct compensation payout percentage for certain NEO positions to align with the NFI compensation philosophy and market competitiveness; reduce target and maximum performance levels of the STIP and LTIP percentage payouts for the Chief Executive Officer ("**CEO**") and Executive Vice President, Operations and increase the threshold and target performance levels of the STIP and LTIP percentage payouts for the Chief Financial Officer ("**CFO"**).

- Executive share ownership requirements are increased to three times salary for the CEO, two times salary for the other NEOs (including executive vice presidents) and one times salary for vice presidents.

- Changes to the comparator group to position NFI at the median of a group which is 1/3 to 3 times the size of NFI.

- Effective January 1, 2013, the salary for the Executive Vice President, Aftermarket was increased from CAD $275,000 to CAD $290,000 based on the competitive analysis and internal equity. No other changes were made to NEO salaries.

The Governance Committee believes these changes will align compensation with NFI's strategy and allow NFI to attract, retain and motivate key employees to achieve the results required to deliver shareholder value over the long term.

II – Compensation Elements

The Company's 2012 executive compensation program is comprised of the following elements:

Component	Performance Period	Key Features	Purpose
Fixed Pay - Salary	1 year	• Set in employment contracts with executives • Assessed annually, considering scope and responsibilities of the role and the competitive market • Changes, if any, typically made effective January 1	• Attract and retain executives • Compensate for meeting the responsibilities of the role
Variable Pay – STIP	1 year	• Paid annually in cash • Awards are based on Governance Committee and Board's assessment of performance against pre-determined financial, operating and individual performance targets (or MBOs) • Performance measures and minimum, target and maximum performance and award levels are established by the Governance Committee, considering management's performance projections for the year	• Reward for achieving key annual performance objectives • Motivate, attract and retain executives
Variable Pay – New PUP Plan	3 years – vesting at the end of the term	• Notional units are granted based on a target level of long-term incentive compensation and track the Common Share price • Value of dividends on Common Shares are accrued over the 3-year performance period • Number of units that vest is subject to the level of performance achieved against predetermined threshold, target and maximum levels, as determined by the Governance Committee • The final payment is made in cash	• Pay for sustainable long-term performance • Align the interests of executives and shareholders
Variable Pay – RSU Plan	3 years – vesting at the end of the term	• Notional units are granted based on a target level of long-term incentive compensation and track the Common Share price • Value of dividends on Common Shares are accrued over the 3-year performance period • The units vest at the end of three years • The final payment is made in cash	• Pay for sustainable long-term performance • Attract and retain executives
Benefits, Pension and Perquisites		• Limited number of benefits, pension and perquisites, including executive health benefits and defined contribution pension arrangements • See Retirement Plan Benefits discussed on pages 28 and 29 for more information	• Attract and retain executives

III – 2012 Performance Targets

Short-Term Incentive Plan (STIP)

For the 2012 STIP, the performance measures and performance ranges were as follows:

Performance Measure	**Adjusted EBITDA** (in millions of $)	**Free Cash Flow** (in millions of $)	**MBOs**
Range	$76 - $96	$33 - $54	Individual objectives
Allocation	75% of target incentive, less MBO award	25% of target incentive, less MBO award	10% of salary

The Governance Committee established the threshold, sustainable, stretch, outstanding and exceptional performance targets (all within the ranges identified in the table above) and corresponding award levels for the Adjusted EBITDA and Free Cash Flow measures after considering management's projections of financial performance for 2012. Adjusted EBITDA for purposes of the calculation of the STIP means Adjusted EBITDA before provision for PUP expense.

Payouts for the Adjusted EBITDA and Free Cash Flow performance target components under the 2012 STIP can range from 0% of salary if performance is below threshold, up to a maximum, based on actual performance achieved, of 189% of salary for the CEO, 115% for the CFO, 153% for the Executive Vice President, Operations and 86% for the remaining NEOs. No payments are expected to be made if the Company does not achieve the threshold performance level required for the applicable measure, although the Board does maintain the discretion to make STIP awards if performance targets are not met due to extraordinary or unexpected events. Generally, as the Company generates higher levels of Adjusted EBITDA and Free Cash Flow, the aggregate STIP payment increases. The Governance Committee believes that this structure strongly motivates executives to generate high levels of Adjusted EBITDA and high levels of Distributable Cash.

Individual objectives or MBOs are determined based on the recommendation of the CEO after a discussion with each executive, and are related to the strategic objectives of the Company. The individual performance targets (MBOs) were amended by the Board for 2012 to be based on 10% of salary rather than 10% of the target bonus. This change was made to acknowledge and recognize NEO efforts to improve future business performance, reverse declining backlog trend, and increased investment and strategic activity, all of which management believes will create significant shareholder value.

The MBO portion of the STIP awarded to the NEOs (and other executives) are determined by the Governance Committee in respect of the CEO's MBOs, by the CEO in respect of the executives who report directly to him and by the Executive Vice President, Operations in respect of the executives who report directly to him. At the discretion of the Governance Committee, a payout relating to the MBO component of the STIP can be made to executives even though the Company did not achieve the threshold performance targets in respect of the Adjusted EBITBA or Free Cash Flow performance target components of the STIP. Since the Adjusted EBITDA and Free Cash Flow performance target components of the STIP were below threshold for 2012, STIP awards paid in 2012 reflect only the MBO component of the STIP. See the table on page 17 for the STIP awards paid to NEOs in 2012.

In assessing each executive's performance against the executive's individual MBOs for the year, the following factors are evaluated:

- the performance of the individual against their job description,

- the adherence of the individual to the Company's core values, being:

    - Integrity: Adheres to the Company's values and consistently delivers on promises and commitments made,
    - Dependable: Consistent behaviour or performance that is deserving of trust,
    - Accountable: Willingness to accept responsibility and to be accountable for individual actions,
    - Passionate: Strong interest and enthusiasm in achieving successful results,
    - Responsive: Promptly and professionally replies to external and internal inquiries,
    - Decisive: Makes decisions, supported by appropriate information, and takes action,
    - Fair: Makes unbiased decisions and seeks to balance the interests of all of the Company's stakeholders,
    - Ethical: Adheres to applicable laws and acts in accordance with the Company's Code of Business Conduct and Ethics and in accordance with accepted social and professional standards, and
    - Citizenship: Acts in a socially-conscious manner and is a willing participant in appropriate local, regional, and industry forums and initiatives, and

- the accomplishment by the individual of their personal objectives for the year.

Long-Term Incentive Component - Performance Unit Plan (PUP) and New Performance Unit Plan (New PUP)

Effective January 1, 2008, New Flyer Industries Canada ULC ("**NFI ULC**"), an indirect wholly-owned subsidiary of NFI, adopted the PUP to replace the Company's previous long-term incentive plan that was discontinued at the end of 2009. Effective January 1, 2011, NFI ULC amended the PUP as the New PUP. The terms of the PUP will continue to govern awards made prior to January 1, 2011 and the terms of the New PUP will govern awards made on or after January 1, 2011. As a result of the changes in the capital structure of NFI and NFI ULC, the Governance Committee determined that it was necessary and equitable to make certain changes to the PUP and the New PUP. Accordingly, the PUP and the New PUP were amended on October 2, 2011 to treat the PUP and New PUP awards on an equivalent basis as income deposit securities of NFI and NFI ULC ("**IDSs**") that were converted into Common Shares pursuant to the Rights Offering (as defined below) and taking into account the September 30, 2011 consolidation of Common Shares.

The purpose of the PUP and the New PUP (collectively, the "**Incentive Plans**") are to attract, motivate and reward officers and senior managers of the Company and to align their interests with the interest of shareholders by making a significant portion of their long term incentive compensation dependent on the Company's long term financial performance and on the fair market value of the Common Shares.

Under the Incentive Plans, the Governance Committee may grant eligible participants each year Performance Units which give the holders thereof the right to receive, upon vesting and redemption of Performance Units, a cash payment equal to the fair market value of a Common Share. When dividends are paid on a Common Share, additional units equivalent to the amount of the dividends multiplied by the number of Performance Units held (and determined based on the then fair market value of the Common Shares) will be credited to the participant's account. Performance Units granted under the PUP and the New PUP generally vest at the end of the third fiscal year following the date of grant in an amount equal to a percentage of between approximately 38% and 256% of the Performance Units in the participant's account, depending on the individual participant and subject to and based on the Company achieving certain specified Adjusted EBITDA targets.

The redemption date for vested Performance Units is generally March 30th of the calendar year following the end of the performance period in respect of which the Performance Units were granted. Following the time of vesting, participants will be entitled to receive cash redemption payments equal to the fair market value of a Common Share for every vested unit held. Units shall also immediately vest upon the closing of a transaction resulting in certain change of control events and upon certain terminations of employment.

With respect to Performance Units granted by the Company for the 2010, 2011 and 2012 fiscal years, cumulative Adjusted EBITDA was chosen as the PUP performance measure. The Governance Committee believes that cumulative Adjusted EBITDA best measures sustainable growth over the longer performance period. The potential percentage vesting at the end of the performance period of the 2010 PUP awards under the PUP is as follows:

	Actual Performance as a % of Target Performance	**Vesting Percentage**
Below Threshold	less than 79%	0%
At Threshold	79%	35%
At Target	100%	100%
At or above Maximum	116% or more	200%

The potential vesting at the end of the performance period for the 2011 and 2012 PUP awards under the New PUP varies by position:

	Actual Performance as a % of Stretch Performance	**Vesting Percentage**			
		CEO	**CFO**	**EVP, Operations**	**Other NEOs**
Below Threshold	less than 88%	0%	0%	0%	0%
At Threshold	88%	45%	38%	44%	38%
At Sustainable	94%	76%	77%	89%	75%
At Stretch	100%	100%	100%	100%	100%
At Outstanding	105%	121%	123%	128%	125%
At or above Exceptional	115% or more	152%	246%	256%	250%

Long-Term Incentive Component - Restricted Share Unit Plan ("RSU Plan")

On December 13, 2011, the Board approved the RSU Plan which provides for grants of RSUs to officers and senior managers of NFI, including the NEOs. An RSU is the right to receive a cash payment based on the fair market value of a Common Share, subject to a vesting period of three years. The RSU Plan was adopted in 2012 to supplement the long-term incentive compensation framework for the executives to promote their continued efforts in growing NFI, as well as to assist in attracting and retaining senior management personnel. The Governance Committee determined, supported by the research of Towers Watson, the Governance Committee's compensation consultant in 2011, that most companies use two or more forms of long-term incentive vehicles. The Governance Committee determined that for 2012, the total value of the long-term incentive compensation grants for each executive be allocated 75% to grants issued under the New PUP and 25% to grants issued under the RSU Plan. Although the RSU Plan has been added as a component of the LTIP, the aggregate value of long-term compensation grants issued to executives in 2012 did not change.

IV – 2012 Compensation Decisions

Total Compensation Paid

The resulting compensation paid to the NEOs for 2012 is as follows (disclosed in the currency in which the compensation was earned and paid):

Name & Title	Currency [1]	Salary ($)	STIP Award [2] ($)	PUP Grant Value ($)	RSU Grant Value ($)	Total Direct Compensation ($)
Paul Soubry *President and Chief Executive Officer*	CAD	650,000	61,750	804,375	268,125	1,784,250
Glenn Asham *Chief Financial Officer and Treasurer*	CAD	310,000	29,450	151,125	50,375	540,950
Wayne Joseph *EVP, Operations*	USD	380,000	36,100	256,500	85,500	758,100
Paul Smith *EVP, Sales and Marketing*	CAD	300,000	25,500	135,000	45,000	505,500
Ian Smart *EVP, Aftermarket*	CAD	275,000	24,750	123,750	41,250	464,750

(1) Disclosed in the currency in which the compensation was earned and paid.
(2) STIP awards paid reflect only the MBO component of the STIP. No amounts were paid with respect to the Adjusted EBITDA and Free Cash Flow performance target components of the STIP in 2012.

Salary

Base salaries are initially set in the executives' respective employment agreements. Based on the thorough review of the executive compensation framework that was implemented in 2011, it was determined that the salary of the CFO would be increased from CAD $300,000 to CAD $310,000 but that the salaries of the other NEOs would remain the same for 2012, as illustrated below. An increase was determined appropriate for the CFO to bring the position's base compensation in line with desired positioning against the competitive market.

Name	Currency [1]	2011 Salary ($)	2012 Salary ($)	% Change
Paul Soubry *President and Chief Executive Officer*	CAD	650,000	650,000	0%
Glenn Asham *Chief Financial Officer and Treasurer*	CAD	300,000	310,000	3.33%
Wayne Joseph *EVP, Operations*	USD	380,000	380,000	0%
Paul Smith *EVP, Sales and Marketing*	CAD	300,000	300,000	0%
Ian Smart *EVP, Aftermarket*	CAD	275,000	275,000	0%

(1) Disclosed in the currency in which the compensation was earned and paid.

Short-term Incentive Awards (STIP)

In fiscal 2012, NFI achieved Adjusted EBITDA before provision for PUP expense of $61 million and a Free Cash Flow of $30 million, which were below the threshold performance targets for both measures and therefore, no STIP awards were earned or paid to the NEOs in respect of the Adjusted EBITDA and Free Cash Flow performance target components of the STIP.

The MBO component of the STIP awarded to each of the NEOs is reflected on the table at the top of this page.

New Performance Unit Plan (New PUP) – 2012 Grants

The number of Performance Units granted to each of the NEOs for fiscal 2012 under the New PUP were determined based on a target compensation value that the Governance Committee expects the plan to deliver at the end of the performance period. The 2012 grants will vest at the end of 2014, with payout in the first quarter of 2015.

Name and Title of NEO	Number of Units Granted	Estimated Future Payouts [(1)]				
		Number of Threshold Units	Number of Sustainable Units	Number of Stretch Units	Number of Outstanding Units	Number of Exceptional Units
Paul Soubry *President and Chief Executive Officer*	144,765	65,802	109,671	144,765	175,473	219,341
Glenn Asham *Chief Financial Officer and Treasurer*	27,198	10,461	20,922	27,198	33,475	66,950
Wayne Joseph *EVP, Operations*	46,163	20,517	41,034	46,163	58,986	117,972
Paul Smith *EVP, Sales and Marketing*	24,296	9,111	18,222	24,296	30,370	60,741
Ian Smart *EVP, Aftermarket*	22,272	8,352	16,704	22,272	27,839	55,679

(1) The total number of Performance Units in respect of which the future payout is calculated will be increased or decreased depending on the achievement of the Adjusted EBITDA target set by the Governance Committee and the Board. The amounts reported in these columns assume performance at the threshold, sustainable, stretch, outstanding and exceptional EBITDA performance levels, respectively determined using the NEO's vesting percentage (see vesting potential chart on page 16) with each Performance Unit having a value equivalent to the value of a Common Share, consistent with the valuation for purposes of determining accounting fair value.

Restricted Share Unit Plan (RSU Plan) - 2012 Grants

The number of RSUs granted to each of the NEOs for fiscal 2012 under the RSU Plan were determined based on the weighted average trading price of NFI Common Shares for the last five trading days of the year preceding the performance period. The 2012 grants will vest at the end of 2014, with payout occurring in the first quarter of 2015.

Name and Title of NEO	Number of Units Granted
Paul Soubry *President and Chief Executive Officer*	48,255
Glenn Asham *Chief Financial Officer and Treasurer*	9,066
Wayne Joseph *EVP, Operations*	15,388
Paul Smith *EVP, Sales and Marketing*	8,099
Ian Smart *EVP, Aftermarket*	7,424

Annual Compensation Discretionary Bonus

The Board and the Governance Committee have discretionary authority to award an annual cash bonus to reward exceptional individual results and accomplishments. No discretionary bonuses were awarded to any of the NEOs in respect of fiscal 2012.

V – Compensation Policies and Process

Compensation Philosophy and Guiding Principles

In making compensation decisions, the Governance Committee is guided by the following compensation objectives:

- To promote the long-term success and continually improving performance of the Company
- To attract, retain, and motivate talented executives by providing a total compensation program competitive with the heavy manufacturing industry
- To reinforce NFI's values and strategic objectives
- To reward outstanding short-term and long-term performance, emphasizing longer-term value creation for shareholders
- To align the interests of executives with the interests of long-term shareholders

The Governance Committee determines the mix between the various elements of compensation based upon the results of the annual review of the executive compensation framework, the results of any benchmarking comparator studies, compensation trends and market practices of public companies for short term incentive and long term incentive design and current executive compensation governance in Canada and the United States.

Compensation Process and Benchmarking

The Governance Committee considers a number of additional factors when determining the total potential amount of compensation to be awarded to an executive for a particular year including the scope of responsibility of the role, corporate and individual performance, the executive's skills and experience, and compensation levels at similarly-situated companies.

To understand competitive levels of compensation for a company of NFI's size and complexity, the Governance Committee may survey executive compensation practices and levels in similarly-situated companies. For the most recent review conducted in 2012, the Governance Committee retained Meridian Compensation Partners. Meridian developed a North American comparator group which was approved by the Governance Committee, comprised of 1/3 Canadian and 2/3 United States, industrial companies, since NFI's revenue sources and operations span both the United States and Canada. New Flyer is positioned at approximately the median of the comparator group in terms of revenue and the comparator group includes companies from approximately 1/3 to 3 times the revenue size of NFI. Meridian benchmarked compensation to the comparator group and also reviewed comparator group incentive compensation practices, and determined that total direct compensation at target ranged from below to approximately the median of the comparator group. (see Schedule "B" to this Information Circular for list of companies).

Management retained Towers Watson to provide survey based compensation information for executives below the level of the NEOs. This information was reviewed by Meridian Compensation Partners, to the extent it was in respect of members of the executive leadership team.

Role of the Human Resources, Compensation and Governance Committee

NFI's Governance Committee is responsible for, among other things, approving, determining and making recommendations to the Board (when appropriate) concerning the principal elements of executive compensation for the NEOs (including the CEO) and the Company's other executives. The Governance Committee also reviews and makes recommendations to the Board concerning the appointment of officers of the Company (including the NEOs) and the hiring and termination of officers of the Company. The Governance Committee annually reviews the CEO's goals and objectives for the upcoming year and provides an appraisal of the CEO's performance. The Governance Committee also makes recommendations concerning the remuneration of the Directors.

The Governance Committee is comprised of four Directors: V. James Sardo (Chairperson), The Honourable Brian Tobin, Patricia Jacobsen and William Millar. All of the members of the Governance Committee are Directors who are independent within the meaning of Multilateral Instrument 52-110. None of the members of the Governance Committee is an officer, employee or former officer or employee of NFI or any of its affiliates.

Each Governance Committee member has direct experience in executive compensation matters and issues. Each member has held executive management roles where he or she dealt with human resources and compensation issues. Two of the four Governance Committee members currently serve on the compensation committees of other publicly traded companies and two of the four members have previously served on the compensation committees of other publicly traded companies. In particular, Mr. Sardo, the chairperson of the Governance Committee, has held the position of chief executive officer of a number of manufacturing corporations where he gained experience in human resources and compensation issues. Furthermore, he has served as chairperson of the compensation committees of Capstone Infrastructure Corporation, Consolidated Thompson Iron Mines Limited, Northstar Healthcare Inc., Sonnen Energy Corp., Hydrogenics Corporation, Countryside Power Income Trust and Royal Group Technologies Limited. Mr. Sardo has also served as a member of the compensation committees of Union Waterheater Income Trust and Custom Direct Income Fund. Collectively, the members' experiences provide the Governance Committee with the knowledge, skills and experience in executive compensation and human resources that enable him or her to make informed decisions or the suitability of the Company's policies and practices.

Role of Management

The Governance Committee meets with the CEO and other members of Management to discuss the performance of the organization and strategic objectives. The CEO provides his recommendations regarding salary adjustments, STIP and New PUP awards and discusses the individual performance of the executives with the Committee. The Governance Committee meets without management present to further discuss the CEO's recommendations and determine the actual adjustments and awards. The CEO is not present for the discussion of his own compensation adjustments and awards.

Role of Compensation Consultant

As described more fully in the section entitled "Changes to Executive Compensation Framework for 2013" and the section entitled "Compensation Process and Benchmarking", the Governance Committee retained Meridian Compensation Partners in 2012 to:

- Develop a new compensation comparator group
- Benchmark executive compensation
- Provide advice in connection with the design of NFI's incentive programs

Meridian Compensation Partners did not provide any other services to the Company in 2012.

Executive Compensation-Related Fees

The fees of Meridian Compensation Partners for the services provided in 2012 were approximately CAD $41,737.50.

The fees of Towers Watson (the Governance Committee's prior independent compensation consultant) for the services provided in 2011 were approximately CAD $32,000.

Risk Management

Management, the Board, the Audit Committee and the Governance Committee have devoted substantial time over the last couple of years to the manner in which risk is identified, assessed, managed and reported. Risk can take different forms, and NFI's risk management policy, is expected to improve the way in which management identifies and manages risks across the company.

NFI identifies risk using six different categories:

- financial
- operational
- strategic
- health and safety
- reputation
- compliance

A broad based, systematic approach is used to identify, assess and report the significant risks to NFI's strategic objectives. Employees "own" the risks as part of the enterprise risk management process, and they are responsible for sustaining established controls, performing ongoing risk assessments and implementing additional controls when residual risk exceeds accepted tolerances.

NFI's executive risk committee, chaired by NFI's Director of the Audit and Risk Management department, meets regularly to review the status of managing the most significant risks and in identifying any emerging risks. Management reports to the Board and committees regarding significant risks and NFI's mitigation actions.

The table below shows how the Board and the committees monitor risk across the organization:

Board of Directors	**Committee Areas of Responsibility**
Overall company responsibility for risk oversight	**Audit Committee:** • Monitors financial risks and overall corporate risks to NFI
	Governance Committee: • Oversees compensation risk, talent management risk and succession risk • Oversees governance compliance • Reviews the policies and systems related to safety and workplace hazards

The Board has a conservative approach to compensation risk management and, with the changes to the executive compensation framework made in 2011 and in 2012, the Board has strived to ensure that the executive compensation program has been appropriately structured, encourages the right management behaviours and does not create an incentive to take excessive or inappropriate risks.

Compensation risk is managed by:

- maintaining a multi-year strategic plan
- considering risk when setting annual corporate objectives
- working within a formal enterprise risk management framework
- establishing absolute measures of performance
- establishing individual and joint accountabilities for achieving objectives
- setting threshold performance levels under the STIP and LTIP
- using appropriate caps on performance incentives

- acknowledging the Board's role in overseeing compensation policies and practices, and its use of discretion to adjust payouts up or down, as it deems appropriate
- providing annual awards of equity-based compensation which vest over time, creating overlapping vesting periods and ensuring that management remains exposed to the risks of their decision making.

Each year, the Governance Committee considers the implications of the risks associated with NFI's compensation policies and practices. As discussed in this Compensation Discussion and Analysis, a significant portion of variable compensation for executives is deferred, to maintain the focus of the executives on sustained long term performance. As well, under NFI's securities trading policy, directors and employees, including NEO's are prohibited from entering into short sales or buying or selling call or put options in respect of securities of NFI. Finally, hedging activities in respect of Performance Units, RSUs and DSUs are expressly prohibited under the terms of the New PUP, RSU Plan, PRSU Plan and DSU Plan, respectively (all as defined herein). As part of its annual review of NFI's compensation policies and practices, the Governance Committee has concluded that such policies and practices do not encourage executive officers to take inappropriate or excessive risks and that NFI's compensation philosophy, program design and policies are reasonable and appropriate for its needs.

Clawback Policy

NFI does not have a formal clawback policy. The Governance Committee however, continues to monitor developments in this area of compensation.

Common Share Ownership Guidelines

As part of the changes to the executive compensation framework for 2012 and for 2013, the Governance Committee approved and implemented share ownership guidelines for executive officers as follows:

Level	2011 Guideline	2012 Guideline	2013 Guideline
Chief Executive Officer (CEO)	No guideline	2x base salary	3x base salary
CFO/EVP	No guideline	1x base salary	2x base salary
VP	No guideline	0.5x base salary	1x base salary

Any RSUs granted under the RSU Plan that are held by an executive officer and that have vested are included in determining the executive officer's Common Share ownership requirement. Executives are expected to meet their ownership guidelines within five years of January 1, 2013, or the date on which they joined the Company, whichever is later.

The table below sets out the value of the NEO's shareholdings as at January 1, 2013:

Name and Title	2012 Share Ownership Guideline	Number of Common Shares Owned	Number of Vested RSUs Held	Value of Shares and Vested RSUs [(1)] ($)
Paul Soubry *President and Chief Executive Officer*	2x base salary or CAD $1,300,000	122,300	0	CAD 1,057,895.00
Glenn Asham *Chief Financial Officer and Treasurer*	1x base salary or CAD $310,000	211,000	0	CAD 1,825,150.00
Wayne Joseph *EVP, Operations*	1x base salary or USD $380,000	7,250	0	CAD 62,712.50
Paul Smith *EVP, Sales and Marketing*	1x base salary or CAD $300,000	275,913	0	CAD 2,386,647.45
Ian Smart *EVP, Aftermarket*	1x base salary or CAD $275,000	0	0	0

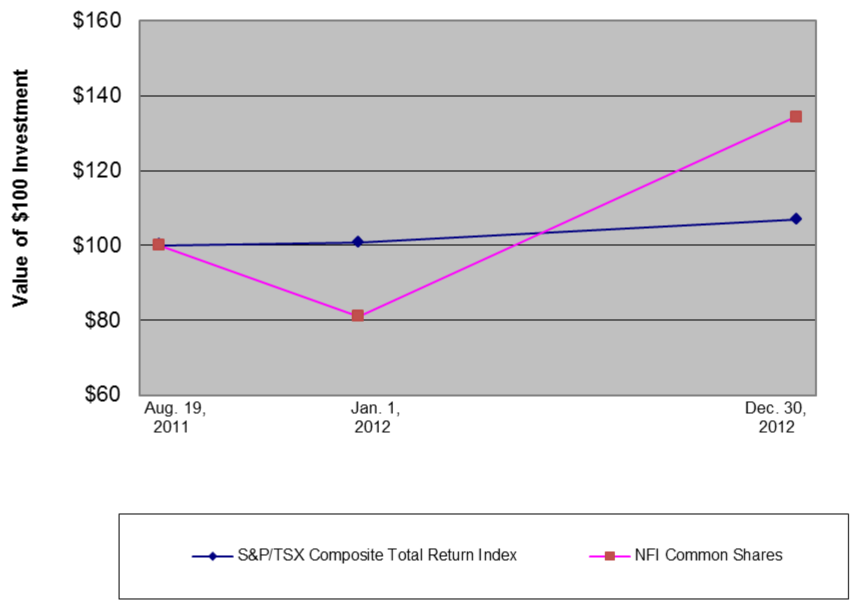
(1) Based on the closing price of CAD $8.65 for the Common Shares on the Toronto Stock Exchange on December 28, 2012.

PERFORMANCE GRAPH

Common Shares

The following graph compares the total cumulative return on funds invested in Common Shares (assuming reinvestment of dividends) with the total cumulative return of the Standard and Poor's TSX Composite Total Return Index (the "**TSX Total Return Index**") for the period from August 19, 2011, when the Common Shares were posted for trading on the TSX, until December 30, 2012.

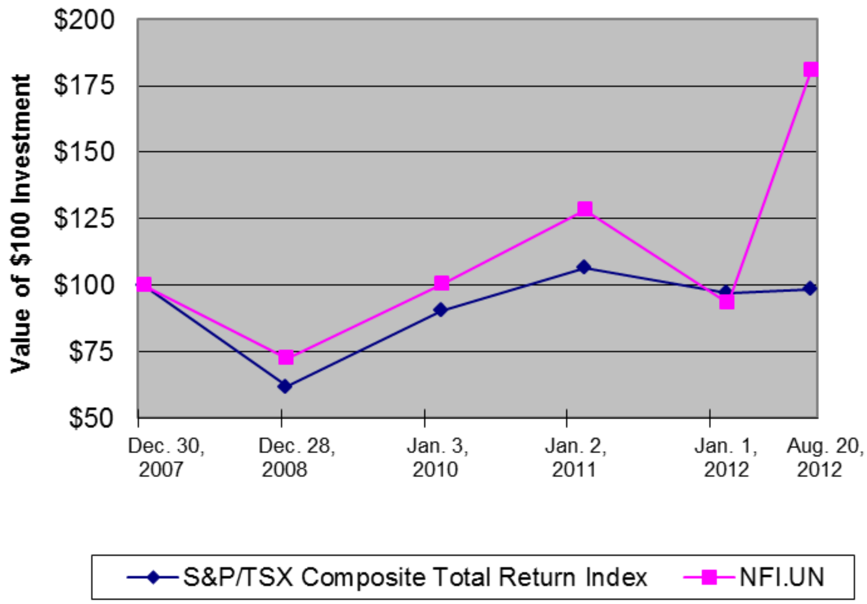
<u>Performance Graph – Common Shares</u>



IDSs

The following graph compares the total cumulative return on funds invested in IDSs (assuming reinvestment of distributions) with the total cumulative return of the TSX Total Return Index for the period from December 31, 2007, to August 20, 2012 when the IDSs were delisted on the TSX, for IDS holders who did not exercise any of their rights ("**Rights**") pursuant to NFI's non-cash rights offering (whereby each Shareholder was issued one right for each Common Share held which entitled such shareholder to subscribe for nine additional Common Shares in exchange for C$5.53 principal amount of Subordinated Notes) that expired on August 18, 2011 (the "**Rights Offering**"), such that the holders continued to hold only IDSs (represented by the line "NFI.UN").

Performance Graph – IDSs



As described above in this Information Circular, the Company's performance based compensation is based on the Company achieving Adjusted EBITDA and Free Cash Flow targets and the executives meeting individual objectives as the Governance Committee and the Board believe that these measures are directly related to the creation of long term shareholder value. However, there is not necessarily a direct correlation between the Adjusted EBITDA and Free Cash Flow generated by the Company on the one hand and the market price of Common Shares or IDSs (before August 20, 2012) on the other hand.

CEO Performance Compensation During Tenure

The following table compares the grant date value of compensation awarded to Mr. Soubry in respect of his performance as CEO with the value that he has received from his compensation awards during his tenure (realized pay). The compensation he has received includes salary, STIP and discretionary bonus awards, as well as the value of PUP and RSU units that are outstanding (as at December 30, 2012). All amounts disclosed in this table are in Canadian dollars.

Year	Total Direct Compensation Awarded (1) ($)	Total Direct Compensation Value as at December 30, 2012 (2) ($)	Value of $100		
			Mr. Soubry (3) ($)	IDS Holders (4) ($)	Common Shareholders (5) ($)
2009	1,908,485	1,423,476	75	140	
2010	2,137,948	1,162,948	54	125	-
2011	1,789,775	1,339,516	75	58	-
2012	1,784,250	2,568,559	144	-	166
Total Direct Compensation	7,620,458	6,494,499			
		Weighted average	85	107	166

(1) Includes salary and incentive compensation (STIP, PUP and, beginning in 2012, RSU) awarded at year-end in respect of performance during the year.
(2) PUP and RSU awards include targeted award plus distributions and have not been adjusted for EBITDA performance.
(3) Represents the accrued value to Mr. Soubry for each $100 awarded in total direct compensation during the fiscal year indicated.
(4) Represents the cumulative value of a $100 investment in IDSs for the fiscal year indicated if the investment was made on the first day of such period, assuming reinvestment of dividends, and for the 2011 fiscal year, assuming the holder of such IDSs exercised all of their Rights pursuant to the Rights Offering.
(5) Represents the cumulative value of a $100 investment in Common Shares for the fiscal year indicated if the investment was made on the first day of such period, assuming reinvestment of dividends, and for the 2012 fiscal year.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by and the share-based awards granted to the NEOs for the year ended December 30, 2012.

Name and Title of NEO	Year	Salary (1)	Share-based Awards (2)	Non-Equity Incentive Plan Compensation Annual Incentive Plans(3) STIP	Pension Value (4)	All Other Compensation	Total Compensation (5)
		($)	($)	($)	($)	($)	($)
Paul Soubry (6)	2012	652,275	1,076,254	61,966	23,903	0	1,814,398
President and Chief Executive Officer	2011	639,145	1,054,589	66,152	22,586	0	1,782,472
	2010	653,529	980,294	515,733	22,572	0	2,172,128
Glenn Asham	2012	310,892	202,205	29,553	23,903	0	566,553
Chief Financial Officer and Treasurer	2011	294,422	191,744	12,537	22,586	0	521,289
	2010	271,466	339,332	150,224	22,572	0	783,594
Wayne Joseph (7)	2012	380,000	342,000	36,100	23,820	0	781,920
Executive Vice President, Operations	2011	380,000	342,000	23,940	22,970	0	768,910
	2010	350,000	437,500	192,809	22,000	0	1,002,309
Paul Smith	2012	301,050	180,630	25,589	23,903	0	531,172
Executive Vice President, Sales and Marketing	2011	294,990	176,994	8,297	22,586	0	502,867
	2010	301,629	377,036	160,883	22,572	0	862,120
Ian Smart (8)	2012	275,963	165,578	24,837	23,903	0	490,281
Executive Vice President, Aftermarket	2011	62,402	40,561	2,282	5,647	0	110,892
	2010	N/A	N/A	N/A	N/A	N/A	N/A

(1) With the exception of Mr. Joseph's compensation, all dollar amounts disclosed for NFI's 2010 fiscal year were determined by multiplying the compensation earned in Canadian dollars by an exchange rate of \$0.9946 (the Bank of Canada's closing exchange rate of CAD to USD on December 31, 2010), (ii) NFI's 2011 fiscal year were determined by multiplying the compensation earned in Canadian dollars by an exchange rate of CAD to USD \$0.9833 (the Bank of Canada's closing exchange rate of CAD to USD on December 30, 2011), and (iii) NFI's 2012 fiscal year were determined by multiplying the compensation earned in Canadian dollars by an exchange rate of CAD to USD \$1.0035 (the Bank of Canada's closing exchange rate of CAD to USD on December 28, 2012).

(2) Represents the grant date fair value of awards granted under the PUP and, for 2012, the RSU Plan for compensation and accounting purposes, calculated based on the average trading price of the Common Shares on the TSX for the five trading days prior to the date of the grant.

(3) Represents payments under the STIP and any discretionary bonus payments.

(4) Represents contributions made by the Company to the executive's registered retirement plan.

(5) Represents the sum of all amounts included in the other columns of the Summary Compensation Table.

(6) The aggregate annual incentive plan payment for fiscal 2010 to Mr. Soubry of \$515,733 disclosed under the column for the STIP above is comprised of \$364,919 in respect of the award made under the STIP and \$150,814 in respect of the discretionary cash bonus awarded by the Governance Committee and the Board.

(7) Mr. Joseph's compensation was earned and paid in United States dollars. Therefore, no currency conversion is required for disclosure purposes.

(8) Mr. Smart commenced employment with NFI ULC on October 3, 2011.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards

The following table sets forth information concerning all outstanding share-based awards granted by the Company to the NEOs on or before December 30, 2012. Prior to 2013, the Company did not offer option-based awards as a compensation element to the NEOs.

	Share-based Awards [1]		
Name and Title of NEO	**Number of shares or units that have not vested [2]**	**Market or payout value of share-based awards that have not vested [3] ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Paul Soubry *President and Chief Executive Officer*	321,943	2,475,158	0
Glenn Asham *Chief Financial Officer and Treasurer*	59,835	461,312	0
Wayne Joseph *Executive Vice President, Operations*	102,662	789,287	0
Paul Smith *Executive Vice President, Sales and Marketing*	54,032	415,409	0
Ian Smart *Executive Vice President, Aftermarket*	39,764	325,100	0

(1) Awards under the PUP, New PUP and RSU Plan may be considered "share-based awards" for the purposes of this table under applicable Canadian securities laws.

(2) Represents the number of notional Common Shares underlying the Performance Units granted under the PUP, and the New PUP and Restricted Share Units granted under the RSU Plan, which were unvested as at December 30, 2012. This number of notional Common Shares assumes that the grants under the PUP and New PUP will vest at the stretch level of performance.

(3) Represents the aggregate value of the Common Shares listed in the adjacent column of this Share-Based Awards Table, calculated based on the market price of the Common Shares on the TSX on December 28, 2012 of $8.65.

Value Vested or Earned During the Year

The following table sets forth the value of share-based awards of the NEOs that vested on or before December 30, 2012, as well as the value of non-equity incentive plan compensation that the NEOs earned on or before December 30, 2012.

Name and Title of NEO	Share-based awards - Value vested during the year [1] ($)	Non-equity incentive plan compensation - Value earned during the year [2] (STIP) ($)
Paul Soubry *President and Chief Executive Officer*	0	61,966
Glenn Asham *Chief Financial Officer and Treasurer*	0	29,553
Wayne Joseph *Executive Vice President, Operations*	0	36,100
Paul Smith *Executive Vice President, Sales and Marketing*	0	25,589
Ian Smart *Executive Vice President, Aftermarket*	0	24,837

(1) Represents the value of awards granted under the PUP, New PUP and RSU Plan, which may be considered "share-based awards" for the purposes of this table under applicable Canadian securities laws, which vested during fiscal 2012.
(2) The amounts listed represent the MBO component only of the STIP payments made in 2012. No payments were made in respect of the Adjusted EBITDA and Free Cash Flow performance target components of the STIP in 2012.

RETIREMENT PLAN BENEFITS

The registered retirement plan for the executives of the Company based in Canada is a non-contributory defined contribution plan. Four of the NEOs are based in Canada. The Company contributes each year, on behalf of the NEOs, an amount equal to 18% of base salary, subject to the maximum level of contributions set out in the *Income Tax Act* (Canada). The contributions made to the plan by the Company vest immediately.

The retirement plan for the executives of the Company who are based in the United States (one of whom is an NEO) consists of a 401(k) plan and a supplemental executive retirement savings plan (the "**ERSP**"), both of which are non-contributory. The Company contributes each year, on behalf of the U.S.-based executives, to the 401(k) plan an amount equal to the limit set out under the United States Internal Revenue Code and an amount to the ERSP, such that the aggregate of the amounts contributed to the two plans equal 18% of base salary, similar to the registered retirement plan provided to the executives of the Company based in Canada. The vesting period for the contributions made to the 401(k) is based upon the number of years an executive is employed with the Company and vest immediately upon an executive attaining the age of 59.5 years, upon death or in the event the executive becomes disabled. The contributions made to the ERSP by the Company vest immediately.

The Canadian and U.S.-based executives (including the NEOs) are entitled to invest the funds in any investment vehicle (e.g., guaranteed investment certificates and mutual funds) permitted by the providers of the plans. Upon retirement the value of the accumulated contributions, together with any interest earned and capital appreciation on the funds invested, less any capital losses, can be withdrawn by the executives to provide retirement benefits. The amount of retirement income provided to each of the executives under the plans will depend upon the amount contributions made by the Company, the length of time the funds are in the plans and the rates of return earned on the funds until the executive's retirement.

Defined Contribution Plan Table

Name	Accumulated value at start of year ($)	Compensatory ($)	Accumulated value at year-end ($)
Paul Soubry *President and Chief Executive Officer*	73,702	23,903	97,474
Glenn Asham *Chief Financial Officer and Treasurer*	207,279	23,903	255,257
Wayne Joseph [(1)] *Executive Vice President, Operations*	137,248 [(2)]	23,820	190,338
Paul Smith *Executive Vice President, Sales and Marketing*	259,724	23,903	313,174
Ian Smart *Executive Vice President, Aftermarket*	0	23,903	25,135

(1) With respect to Mr. Joseph, the columns above disclosing the accumulated value in the defined contribution plan at the start of the year and at year end were mixed United States and Canadian currency as Mr. Joseph's pension was paid in Canadian dollars when he worked in both Canada and the United States in 2009. The column above disclosing compensatory amounts were in United States dollars as Mr. Joseph was employed in the United States in 2012. All Canadian amounts have been converted from Canadian dollars to United States dollars at an exchange rate of CAD $1.00 = USD $1.0035.

(2) The "accumulated value at year-end" of Mr. Joseph's defined contribution plan in the amount of $98,168 as disclosed in the Information Circular dated March 28, 2012 was incorrect. The correct amount has been reflected in Mr. Joseph's "accumulated value at start of year" in this Information Circular.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Paul Soubry

NFI ULC entered into a new indefinite term employment agreement with Paul Soubry commencing January 1, 2011. Mr. Soubry's agreement provides that his employment may be terminated for "Cause" without advance notice, and that he may resign without "Good Reason" on 60 days' prior written notice. In these circumstances, Mr. Soubry will be entitled to any amounts earned to the termination date. "Cause" is defined as a willful failure or refusal to perform duties following a 15-day opportunity to correct the failure, material act of dishonesty or breach of trust in performing his duties, a conviction of or pleading guilty to an offence involving fraud, dishonesty or misappropriation, a breach of Mr. Soubry's non-competition, confidentiality and intellectual property obligations or any other conduct which would be treated as cause under Manitoba Law. "Good Reason" is defined as assignment without consent of Mr. Soubry's duties causing a substantial reduction in authority or responsibilities, failure of any successor of NFI ULC to assume the obligations under the employment agreement, or a material violation by NFI ULC of the terms of the employment agreement that NFI ULC fails to correct within 15 days of being notified of the violation. On termination of Mr. Soubry's employment without Cause or resignation by Mr. Soubry with Good Reason, Mr. Soubry is entitled to payment of base salary and continuation of benefits for 12 months and payment of a prorated bonus. If Mr. Soubry's employment ends as a result of death, then Mr. Soubry's estate will be entitled to amounts earned to the termination date, payment of a prorated bonus.

Mr. Soubry is bound by non-competition and non-solicitation covenants during the term of employment and for a period of 12 months in the case of the non-competition covenant, and 24 months, in the case of non-solicitation covenant, following cessation of employment. If Mr. Soubry's employment is terminated without Cause or he resigns with Good Reason, the continuing payments and benefits provided to him will cease immediately if he breaches his post-employment non-competition or non-solicitation obligations.

The PUP and New PUP and RSU Plan set out termination and change of control consequences that are in addition to those described above. All Performance Units and Restricted Share Units are forfeited on termination of employment for Cause or on resignation without Good Reason. If Mr. Soubry's employment is terminated without Cause or he resigns with Good Reason, he is entitled to a prorated portion of Performance Units and Restricted Share Units based on the number of days in the performance period prior to the termination date, and these Performance Units and Restricted Share Units will continue to vest as if Mr. Soubry had remained employed. In the case of death, a prorated number of Performance Units and Restricted Share Units vest and are redeemed within 60 days of the date of death. In the case of disability or retirement, Mr. Soubry is entitled to a prorated number of Performance Units and Restricted Share Units, which will continue to vest as if Mr. Soubry had remained employed. On the closing of a transaction resulting in certain change of control events, Performance Units and Restricted Share Units shall vest and be paid immediately. "Change of control" is defined to include (i) a reorganization, amalgamation, merger or plan of arrangement with respect to which all or substantially all of the persons who were the beneficial owners of the voting securities of NFI immediately prior to such reorganization, amalgamation, merger or plan of arrangement do not, following such reorganization, amalgamation, merger or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the voting securities of the resulting entity on a fully-diluted basis; (ii) a formal takeover bid or tender offer for the voting securities of NFI resulting in a change in ownership of more than 50% of the voting securities of NFI; or (iii) the direct or indirect sale or other disposition of either more than 50% of the voting securities of New Flyer Holdings, Inc. ("**NFL Holdings**") or all or substantially all of the assets of NFL Holdings. Additional PUP and RSU Plan terms are described in the "Compensation Discussion and Analysis" section above.

Glenn Asham, Paul Smith, Wayne Joseph and Ian Smart

NFI ULC entered into indefinite term employment agreements with each of Messrs. Asham, Smith, Joseph and Smart (as well as with the other six executive officers of NFI ULC and New Flyer of America Inc., its affiliate). These employment agreements provide that upon termination of employment without "Cause" or resignation for "Good Reason", the executive officer is entitled to payment of base salary and continuation of benefits for 12 months and payment of accrued and prorated bonuses. "Cause" and "Good Reason" under each of these employment agreements have the same definitions as described above under the summary of Mr. Soubry's employment terms. Under their respective employment agreements, each of Messrs. Asham, Smith, Joseph and Smart are bound by non-competition and non-solicitation covenants during the term of employment and for a period of 12 months, in the case of the non-competition covenant, and 24 months, in the case of the non-solicitation covenant, following cessation of employment.

In addition to the benefits provided to these NEOs under their employment agreements, the PUP, New PUP and RSU Plan also set outs employment termination and Change of Control consequences, as set out above in the description of Mr. Soubry's employment terms.

Summary of Termination Payments

The following table sets forth the estimated incremental payments and benefits that would be payable by NFI ULC to each NEO listed below under their respective employment agreements described above, assuming that such NEO's employment had been terminated on December 30, 2012. In certain of the scenarios below, the amount of the incremental payments payable to the NEO under the STIP, PUP, New PUP and RSU Plan depend on the achievement of performance targets and are not determinable until the end of the relevant performance period, being the end of fiscal 2012 in respect of the STIP and the end of the performance period that relates to each of the PUP, New PUP and RSU grants issued to the NEO.

Termination Scenario	Base Salary	STIP	PUP, New PUP and RSU Plan
Termination Without Cause or Resignation for Good Reason	100% of base salary for 12 months.	Pro rata entitlement to the STIP determined as at end of fiscal 2012.	Pro rata number of PUP, New PUP and RSU Plan units based on number of days in performance period prior to date of termination. Will continue to vest as if employment had continued.
Termination for Cause	Unpaid base salary to date of termination.	No entitlement to STIP for fiscal period in which employment terminated.	All PUP, New PUP and RSU Plan units will be forfeited.
Resignation without Good Reason	Unpaid base salary to date of termination.	No entitlement to STIP for fiscal period in which employment terminated.	All PUP, New PUP and RSU Plan units will be forfeited.
Death	Unpaid base salary to date of termination.	Pro rata entitlement to the STIP determined as at end of fiscal 2012.	Pro rata portion of PUP, New PUP and RSU Plan units based on number of days in performance period prior to date of termination vest immediately. PUP, New PUP and RSU Plan units are redeemed and paid within 60 days of death.
Disability	Short-term disability = 100% of base salary for 26 weeks. Long-term disability = 70% of base salary for a maximum of CAD $18,000 per month (for Canadian executives) and USD $16,000 per month (for US executives). Supplemental individual policy for CEO of CAD $17,000 per month.	Pro rata entitlement to the STIP determined as at end of fiscal 2012.	Pro rata portion of PUP, New PUP and RSU Plan units based on number of days in performance period prior to date of termination. Will continue to vest as if employment had continued.
Termination Without Cause or Resignation for Good Reason and Change of Control	100% of base salary for 12 months.	Pro rata entitlement to the STIP determined as at end of fiscal 2012.	All PUP, New PUP and RSU Plan units granted will vest and be redeemed and paid immediately upon date of change of control.
Change of Control and no termination of employment	Base salary paid in accordance with terms set out in employment agreement.	STIP paid in accordance with terms set out in employment agreement and determined as at end of fiscal 2012.	All PUP, New PUP and RSU Plan units granted will vest and be redeemed and paid immediately upon date of change of control.

Name and Title	Termination Without Cause or Resignation for Good Reason	Termination for Cause	Resignation without Good Reason	Death	Disability	Termination Without Cause or Resignation for Good Reason and Change of Control	Change of Control and no termination of employment
Paul Soubry *President and Chief Executive Officer*	$652,275 salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	$ 0	$ 0	No salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	Salary, STIP, PUP, New PUP and RSU Plan paid as described above.	$652,275 salary and PUP, New PUP and RSU Plan. STIP is paid as described above.	$2,898,917 PUP, New PUP and RSU Plan. Salary and STIP continue to be paid as described above.
Glenn Asham *Chief Financial Officer and Treasurer*	$310,892 salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	$ 0	$ 0	No salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	Salary, STIP, PUP, New PUP and RSU Plan paid as described above.	$310,892 salary and PUP, New PUP and RSU Plan. STIP is paid as described above.	$538,359 PUP, New PUP and RSU Plan. Salary and STIP continue to be paid as described above.
Wayne Joseph *Executive Vice President, Operations*	$380,000 salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	$ 0	$ 0	No salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	Salary, STIP, PUP, New PUP and RSU Plan paid as described above.	$380,000 salary and PUP, New PUP and RSU Plan. STIP is paid as described above.	$924,415 PUP, New PUP and RSU Plan. Salary and STIP continue to be paid as described above.
Paul Smith *Executive Vice President, Sales and Marketing*	$301,050 salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	$ 0	$ 0	No salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	Salary, STIP, PUP, New PUP and RSU Plan paid as described above.	$301,050 salary and PUP, New PUP and RSU Plan. STIP is paid as described above.	$486,529 PUP, New PUP and RSU Plan. Salary and STIP continue to be paid as described above.
Ian Smart *Executive Vice President, Aftermarket*	$275,963 salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	$ 0	$ 0	No salary, plus STIP, PUP, New PUP and RSU Plan paid as described above.	Salary, STIP, PUP, New PUP and RSU Plan paid as described above.	$275,963 salary and PUP, New PUP and RSU Plan. STIP is paid as described above.	$351,716 PUP, New PUP and RSU Plan. Salary and STIP continue to be paid as described above.

DIRECTOR COMPENSATION

In 2012, compensation for non-management Directors was CAD $75,000 per year with CAD $60,000 being paid in cash. The non-management Directors elected to receive the balance of CAD $15,000 of their 2012 retainer in the form of deferred share units ("**DSUs**") under the Company's Deferred Share Unit Plan for Non-Employee Directors (as described below) in four equal installments having a fair market value of CAD $3,750 at the time of issuance. For 2012, the non-management Directors also received CAD $1,500 per meeting for attending Board and committee meetings in person or by phone.

For 2013, compensation for non-management Directors was increased to CAD $90,000 per year, with a maximum of CAD $75,000 being paid in cash. The non-management directors have elected to receive at least the balance of CAD $15,000 of their 2013 retainer in the form of DSUs in accordance with the terms of the DSU Plan (defined below). Some non-management directors have elected to receive a greater proportion of their 2013 retainer in the form of DSUs. The Board also determined that, effective January 1, 2013, meeting attendance fees would no longer be paid to Directors. The Board believes a flat-fee base retainer is more aligned with a Director's duties and responsibilities and time commitment to the corporation, which should not be meeting-focused, but is a year-round commitment. If the number of Board and committee meetings held in 2013 remains the same as the number of meetings held in 2012, then the increase of CAD $15,000 in the Directors' base retainer would be a reduction in Directors' overall compensation for 2013.

The chairperson of the Board (the "**Chair**") received additional remuneration of CAD $90,000 per year, the chairperson of the audit committee (the "**Audit Committee**") received additional remuneration of CAD $15,000 per year, and the chairperson of the Governance Committee received additional remuneration of CAD $10,000 per year. Effective January 1, 2013, the additional remuneration of the chairperson of the Governance Committee has been increased to CAD $15,000 per year to reflect the increasing complexity of the compensation and governance issues facing issuers and the additional amount of time spent working on such issues on behalf of NFI.

Directors may also receive a per diem of CAD $2,000 in the event that they perform additional work authorized by the Board where such additional work occupies a majority of the Director's day. Directors are also reimbursed for out-of-pocket expenses for attending Board and committee meetings. The Directors that served on the board of directors of NFI's subsidiaries did not receive any additional compensation for such services. Directors participated in the insurance and indemnification arrangements described below under "Directors' and Officers' Liability Insurance".

The Board adopted the Company's Deferred Share Unit Plan for Non-Employee Directors on November 7, 2011 (the "**DSU Plan**"). Pursuant to the DSU Plan, non-management Directors may elect to receive all or a portion of their annual retainer and meeting fees in the form of DSUs instead of cash. A DSU is the right to receive a cash payment based on the value of a Common Share credited by means of a bookkeeping entry to an account in the name of the non-employee director. DSUs are credited to the Director's account on the last day of each calendar quarter, the number of which is determined by dividing the amount of the applicable portion of the Director's annual retainer by the fair market value of a Common Share on that date. When dividends are paid on a Common Share, additional DSUs equivalent to the amount of the dividend multiplied by the number of DSUs held (and determined based on the then fair market value of the Common Shares) will be credited to the Director's account. At the end of the Director's tenure as a member of the Board, he or she will be entitled to receive a cash redemption payment equal to the fair market value of a Common Share multiplied by the number of DSUs held.

The DSU Plan was adopted by the Board to attract, retain and motivate highly qualified and experienced individuals to serve as Directors of the Company and to further promote a greater alignment of interests between the non-employee members of the Board and the stakeholders of the Company.

Director Compensation Table

The following table sets forth the compensation earned by each Director for the year ended December 30, 2012.

Name [(1)]	Fees earned ($)	Share-based awards [(2)]	All other compensation ($)	Total ($)
The Honourable Brian Tobin *Toronto, Ontario, Canada*	190.665	15,053	0	205,718
V. James Sardo *Mississauga, Ontario, Canada*	102.859	15,053	0	117,912
Wayne M.E. McLeod *Toronto, Ontario, Canada*	105.869	15,053	0	120,922
Larry Edwards [(3)] *Tulsa, Oklahoma, USA*	90.747	15,053	0	105,800
Patricia Jacobsen *Vancouver, British Columbia, Canada*	89.312	15,053	0	104,365
John Marinucci *Oakville, Ontario, Canada*	92.824	15,053	0	107,877
Adam Gray [(3), (4)] *Greenwich, Connecticut, USA*	57.356	9,659	0	67,015
William Millar [(3)] *Stevensville, Maryland, USA*	57.356	9,659	0	67,015

(1) Compensation disclosure for Mr. Soubry, who was an NEO and a director in fiscal 2012, can be found in the "Summary Compensation Table" on page 26 of this Information Circular.

(2) Amounts reflect the grant date fair value of DSUs based on the volume weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of the award, in accordance with the DSU Plan.

(3) Compensation was earned by Messrs. Edwards, Gray and Millar in Canadian dollars, but was paid in United States dollars. The amounts reflected in this table are the actual amounts paid to each of Messrs. Edwards, Gray and Millar in United States dollars.

(4) Mr. Gray's compensation, including any future amounts to be paid upon the redemption of the DSUs, has been assigned to Coliseum Capital Partners, LP.

Outstanding Share-Based Awards

The following table sets forth information concerning all outstanding share-based awards granted by the Company to the Directors on or before December 30, 2012.

	Share-based Awards		
Name of Director	**Number of shares or units that have not vested**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed [(1)] ($)**
The Honourable Brian Tobin *Toronto, Ontario, Canada*	0	0	18,289
V. James Sardo *Mississauga, Ontario, Canada*	0	0	18,289
Wayne M.E. McLeod *Toronto, Ontario, Canada*	0	0	18,289
Larry Edwards *Tulsa, Oklahoma, USA*	0	0	18,289
Patricia Jacobsen *Vancouver, British Columbia, Canada*	0	0	18,289
John Marinucci *Oakville, Ontario, Canada*	0	0	18,289
Adam Gray [(2)] *Greenwich, Connecticut, USA*	0	0	10,968
William Millar *Stevensville, Maryland, USA*	0	0	10,968

(1) Represents the aggregate value of the DSUs, calculated based on the market price of the Common Shares on the TSX on December 28, 2012 of $8.65.

(2) Mr. Gray's compensation, including any future amounts to be paid upon the redemption of the DSUs, has been assigned to Coliseum Capital Partners, LP.

Value Vested or Earned During the Year

The following table sets forth the value of share-based awards of the Directors that vested on or before December 30, 2012.

Name of Director	Share-based awards - Value vested during the year [(1)] ($)
The Honourable Brian Tobin *Toronto, Ontario, Canada*	18,289
V. James Sardo *Mississauga, Ontario, Canada*	18,289
Wayne M.E. McLeod *Toronto, Ontario, Canada*	18,289
Larry Edwards *Tulsa, Oklahoma, USA*	18,289
Patricia Jacobsen *Vancouver, British Columbia, Canada*	18,289
John Marinucci *Oakville, Ontario, Canada*	18,289
Adam Gray [(2)] *Greenwich, Connecticut, USA*	10,968
William Millar *Stevensville, Maryland, USA*	10,968

(1) Based on the volume weighted average trading price of the Common Shares on the TSX for the five trading days prior to the applicable grant dates. Directors are immediately vested in their DSUs but do not receive payment in respect of their DSUs until they cease to be Directors.

(2) Mr. Gray's compensation, including any future amounts to be paid upon the redemption of the DSUs, has been assigned to Coliseum Capital Partners, LP.

Common Share Ownership Guideline

The Board promotes and supports the ownership of the Common Shares by the Directors and has established a Common Share ownership guideline. Under the Common Share ownership guideline, which was amended on January 21, 2013, each Director, within five years of being appointed to the Board or January 1, 2018, whichever is later, is expected to own 25,000 Common Shares. Any DSUs granted under the DSU Plan that are held by a Director are included in determining the Director's Common Share ownership requirement. For the current Common Share ownership by each Director, see the table under the heading "Matters to be Considered at the Meeting – Election of Directors" on page 6 of this Information Circular.

INDEBTEDNESS OF DIRECTORS AND OFFICERS OF THE COMPANY

No amounts are owed to NFI or any of its subsidiaries or to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by NFI or any of its subsidiaries, by any Director or officer of NFI, former Directors or officers of NFI or any associates or affiliates of the foregoing.

AUDIT COMMITTEE

Information regarding NFI's Audit Committee can be found on pages 58 to 59 of the AIF. A copy of the AIF can be obtained by contacting NFI or can be found at www.sedar.com.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance practices are an important factor in the overall success of the Company. To that end, the Board strives to uphold high standards of corporate governance that reflect applicable legal and regulatory requirements as well as evolving best practices. The Governance Committee regularly assesses NFI's approach to corporate governance and makes recommendations to the Board on emerging best practices and other policy improvements.

1. Board of Directors

- The independent members of the Board, within the meaning of NI 52-110, are The Honourable Brian Tobin, V. James Sardo, Wayne M.E. McLeod, Larry Edwards, Patricia Jacobsen, John Marinucci, Adam Gray and William Millar.
- The non-independent Director of NFI is Paul Soubry, who is considered to be non-independent by virtue of his position as the President and Chief Executive Officer of NFI since January 19, 2009.
- Eight of the nine members of the Board are independent of management.
- The Chair is The Honourable Brian Tobin, an independent Director.
- Mr. Tobin sits on the following public company boards (other than NFI): Aecon Group Inc., Cline Mining Crop. and Marret Resource Corp.
- Mr. Sardo sits on the following public company board (other than NFI): Capstone Infrastructure Corporation and Currency Exchange International, Corp.
- Mr. McLeod sits on the following public company boards (other than NFI): Morguard Investments Inc. and Richards Packaging Income Fund.
- Mr. Marinucci sits on the following public company board (other than NFI): Intelgenx Corporation.
- Other than NFI, Mr. Edwards, Ms. Jacobsen, Mr. Gray, Mr. Millar and Mr. Soubry do not sit on any other public company board.
- During fiscal 2012, there were 15 meetings of the Board (either in person or by teleconference). All directors attended such meetings, except: Ms Jacobsen was absent for one meeting.
- During fiscal 2012, there were four meetings of the Audit Committee (either in person or by teleconference). All members of the Audit Committee attended such meetings.
- During fiscal 2012, there were five meetings of the Governance Committee (either in person or teleconference). All members of the Governance Committee attended such meetings.
- The independent Directors hold meetings, as may be necessary, at which members of management are not in attendance. During fiscal 2012, there were five meetings of the Board, four meetings of the Audit Committee and five meetings of the Governance Committee where independent Directors held meetings without management present. To facilitate open and candid discussion

among the Directors, the chairman of the Board, an independent Director, regularly calls and leads meetings of the Board. In addition, the independent Directors have unfettered access to information regarding NFI's activities and have the ability to engage outside advisors as deemed necessary.

2. Board Composition

The Governance Committee maintains a matrix that sets out the background, skills and experience of each of the Directors. This information is used to assess the overall strength and diversity of the Board and is presented in Schedule "C" to this Information Circular.

3. Board of Directors Mandate

The Board mandate is included as Schedule "D" to this Information Circular.

4. Charter of Expectations for Directors

The Board has adopted a Charter of Expectations for Directors which sets out the Company's expectations regarding personal and professional competencies and criteria for Directors, share ownership requirements (described on page 36 of this Information Circular), meeting attendance, conflict of interest guidelines, changes of circumstance, resignation events and majority voting policy (described below). The Charter is reviewed annually by the Board and a copy is posted on the Company's website at www.newflyer.com/index/corporategovernance.

5. Majority Voting Policy

The Board has adopted a policy which provides that, if the total number of shares voted in favor of the election of a Director nominee at a shareholders' meeting represents less than a majority of the total shares voted and withheld for that Director, the Director must submit his or her resignation to the Chairperson, to be effective when accepted by the Board. The Governance Committee will consider and make a recommendation to the Board regarding the resignation, and the Board's decision to accept or reject the resignation will be disclosed to the public within 90 days of receiving the resignation. If a resignation is accepted, the Board may appoint a new Director to fill the vacancy. This policy applies only to uncontested elections — that is, elections in which the number of nominees for Director is equal to the number of Directors to be elected.

6. Position Descriptions

Position descriptions for the Chair and the chairpersons of the Governance Committee and Audit Committee are found in the Appendix of the Board mandate included as Schedule "D" to this Information Circular.

A position description for the CEO has also been adopted by the Directors and is as follows:

Responsibilities of the CEO

1. Demonstrate leadership values and integrity in all aspects of managing NFI and its subsidiaries in the best interests of its stakeholders.

2. With input from the Board, develop a multi-year strategic plan and an annual business plan.

3. Provide leadership and vision in setting, implementing and achieving NFI's and its subsidiaries' strategic objectives and distribution targets, developing and implementing sound operating and financial plans, designing an effective organizational structure, and determining annual operating budgets and resource levels for NFI and its subsidiaries to meet its short-term and long-term goals and objectives.

4. Identify business opportunities and plan and direct investigations and negotiations pertaining to capital investments, mergers, joint ventures, material acquisitions of businesses or the sale of major assets, and obtain Directors approval of material transactions.

5. Set an operational philosophy that is performance driven and customer focused, while providing leadership to management in support of NFI's commitment to its Code (as defined below).

6. At the discretion of the securityholders of NFI and the Directors, serve on the Board.

7. Communicate in a timely**,** candid and comprehensive fashion with the Audit Committee, the Governance Committee and the Directors on the progress of NFI towards the achievement of its strategic objectives and business plan.

8. Meet regularly with the chairperson of the Board (the "**Board Chair**") and other Directors to ensure that Directors are being provided with necessary information and resources to fulfill their responsibilities and statutory obligations.

9. On an ongoing basis, work with the Board Chair to develop schedules and agendas of meetings of the Directors and its committees and verify that all items requiring Directors and/or committee approval are appropriately tabled.

10. Serve as chief spokesperson and liaison for NFI, including effectively managing relations with NFI's external stakeholders, such as securityholders, NFI's employees, customers, suppliers, the investment community, the media, governments and the public generally.

11. Oversee the direction of NFI's tax management and planning.

12. With the CFO and under the supervision of the Audit Committee:

    - establish and maintain NFI's disclosure controls and procedures through appropriate policies and procedures, including NFI's Disclosure and Insider Trading Policy;

    - identify all significant risks to NFI's business and ensure that procedures are established to mitigate the impact of the risks in the best interest of stakeholders;

    - ensure the accuracy, completeness, integrity and appropriate disclosure of NFI's financial statements and other financial information through appropriate policies and procedures; and

    - ensure that NFI has complied with all regulatory requirements for NFI's financial information, reporting, disclosure requirements and internal controls over financial reporting.

13. Provide general supervision and management of the day-to-day business affairs of NFI and its subsidiaries within the guidelines established by the Directors, consistent with decisions requiring prior approval of the Directors and the Directors' expectations of management.

14. With the CFO, direct and monitor the activities and resources of NFI, consistent with the strategic direction, financial limits and operating and financial objectives approved by the Directors.

15. With the Governance Committee:

    - ensure, through supervision and performance assessment, that NFI and its subsidiaries have an effective senior executive leadership team (the "**ELT**") and that there exists a plan of succession and development for the CEO, CFO and other members of the ELT;

    - directing the selection and retention of the ELT;

- develop a compensation and benefit plan for the ELT;
- develop an effective training and development program for NFI's employees;
- develop effective processes and metrics to track employment satisfaction of NFI's employees;
- develop effective guidelines and practices with respect to NFI's employee safety practices; and
- develop effective processes and metrics to track customer satisfaction.

16. Provide required regulatory certifications regarding NFI and its activities.
17. Carry out any other appropriate duties and responsibilities assigned by the Directors.

7. Orientation and Continuing Education

Management, working with the Directors, provides orientation opportunities for new Directors to familiarize them with NFI and its business. All new Directors will now participate in an active orientation operation program soon after the date on which the new Director first joins the Board. The orientation includes:

- a detailed briefing with the Chair and with the chairperson of each of the Audit Committee and Governance Committee;
- a detailed briefing on the role of the director in NFI and other matters by NFI's general counsel and external legal counsel, including a briefing on the legal duties and obligations required of a director of a publicly-held company;
- a detailed briefing on NFI and its business by the CEO, CFO and other members of the ELT, as determined by the Chair and the CEO from time to time, including a discussion of NFI's key products and operations; and
- a tour of one of NFI's manufacturing facilities.

The orientation program is reviewed regularly by the Governance Committee in connection with new appointments.

All of the Directors have attended NFI's corporate headquarters in Winnipeg, Manitoba for a visit with staff and a tour of that facility's operations. To date, each of NFI's independent Directors, except for Messrs. Millar and Gray (who were appointed to the Board in May 2012), have also visited NFI's facility in St. Cloud, Minnesota to obtain an understanding of the operations, maintenance and staffing issues that are key drivers to NFI's success. Messrs. Millar and Gray intend to visit one of the US manufacturing facilities in 2013.

NFI has a continuing education program for its Directors, for which the Governance Committee is responsible. The program was developed to help Directors maintain or enhance their skills and abilities, and update their knowledge and understanding of the company and its industry. The key components of the program include:

- *Regular briefings.* Directors are briefed regularly (and at least on a quarterly basis) on strategic issues affecting NFI, and these briefings include reviews of the competitive environment, NFI's performance relative to its peers, and any other developments that could materially affect NFI's business such as the government funding of transit agencies in Canada and the United States. The briefings are conducted by the CEO, CFO and other members of the ELT, as well as external advisors to NFI.
- *Seminars, conferences and other industry events.* Directors are also encouraged to participate in external education seminars at NFI's expense that are relevant to their role on the Board or Board committees. As part of the continuing education program, NFI provides Directors with a list of the

principal education activities that are aimed at the transit industry and the role of a director of a public company. In 2012, the Directors attended the annual conference of the Canadian Urban Transit Association in Québec City, Québec. Seven of the nine proposed nominees for Director are also members of the Institute of Corporate Directors and have graduated from the Institute's Directors' Education Program.

- *Presentations by subject matter experts.* External advisors and consultants also make presentations to the Directors regarding various corporate governance issues and best practices. In 2012, Meridian Compensation Partners, the Governance Committee's compensation consultant, made two presentations to the Directors regarding compensation governance.

Directors have also periodically visited some of NFI's customers in order to gain a better understanding of the customers' businesses and their opinion on NFI's products and how it services the customers.

8. Ethical Business Conduct

The Directors have adopted and subsequently amended a written code of conduct and ethics for NFI (the "**Code**"), which constitutes written standards that are designed to promote integrity and to deter wrongdoing. The Code addresses the following issues:

- conflicts of interest, including transactions and agreements in respect of which a Director or executive officer has a material interest;
- protection and proper use of corporate property and opportunities;
- confidentiality of undisclosed corporate information;
- fair dealing with suppliers, competitors and employees of NFI;
- compliance with laws, rules and regulations; and
- reporting of any illegal or unethical behaviour.

To ensure the Directors exercise independent judgment in considering transactions, agreements or decisions in respect of which a Director or executive officer has a material interest, the Directors follow a practice whereby any such Director must be absent during any Board discussion pertaining thereto and not cast a vote on any such matter.

The Directors are responsible for monitoring compliance with the Code, as well as NFI's Whistleblower Policy. Any person can report complaints or concerns, which may be submitted on an anonymous and confidential basis, arising from infractions of these two policies to the chairperson of the Audit Committee.

Management will prepare reports for the Audit Committee, noting any alleged violations of the Code, on a quarterly basis. The Audit Committee will update the Board on a quarterly basis regarding compliance with the Code, and will report any alleged violations to the Board as necessary. The Audit Committee is also notified of any alleged violations of the Code relating to accounting, internal controls or auditing matters. The Governance Committee, in consultation with the Board, reviews the process for administering the Code every year.

The Board believes that providing a procedure for employees and officers to raise concerns about ethical conduct on an anonymous and confidential basis fosters a culture of ethical conduct within NFI and its subsidiaries and affiliates. NFI requires that Directors and officers annually certify they have complied with the Code. To date, NFI has not been required to file a material change report relating to a departure from the Code.

The Code is posted on NFI's website www.newflyer.com and is also available on SEDAR at www.sedar.com.

9. Nomination of Directors and Compensation

The Board has appointed the Governance Committee composed entirely of independent Directors.

The Governance Committee charter establishes the Governance Committee's purpose, responsibilities, member qualifications, appointment and removal, structure and powers and manner of reporting to the Board. In addition, the Governance Committee has the authority to engage and compensate any outside advisor as it considers necessary to permit it to carry out its duties.

The Governance Committee, which is comprised entirely of independent Directors, is responsible for identifying individuals qualified to become new Directors and recommending to the Directors the new Director nominees. When considering a potential director candidate, the Governance Committee considers the qualities and skills that the Board, as a whole, should have and assesses the competencies and skills of the current Directors. Based on the talent already represented on the Board, the Governance Committee then identifies the specific skills, personal qualities or experiences that a director candidate should possess in light of the opportunities and risks facing NFI.

Potential candidates are screened to ensure that they possess the requisite qualities, including integrity, business judgment and experience, industry, business or professional expertise, independence from management, financial literacy, excellent communications skills and the ability to work well with the Board and management. The Governance Committee considers the existing commitments of a potential candidate to ensure that such candidate will be able to fulfill his or her obligations as a member of the Board.

The Governance Committee maintains a list of potential director candidates for its future consideration and may engage outside advisors to assist in identifying potential candidates. The Governance Committee will also consider recommendations for nominees submitted by NFI's shareholders.

The Governance Committee is also responsible for:

- making recommendations to the Directors with respect to the adoption and amendment of executive incentive compensation plans and equity-based plans;

- approving the compensation of senior executives in light of the compensation paid to senior executives in comparable organizations;

- reviewing and approving the corporate goals and objectives that are relevant to the CEO's compensation and evaluating the CEO's performance in meeting those goals and objectives; and

- reviewing executive compensation disclosure before it is publicly released.

10. Other Board of Directors Committees

NFI has no board of directors committees other than the Audit Committee and Governance Committee.

11. Assessments

The Board conducts an annual assessment of the effectiveness of the performance and effectiveness of the Board. The results of the evaluation are analyzed and reviewed by members of the Governance Committee and the Board, who consider whether any changes to the Board's processes, composition or committee structure are appropriate. Additionally, senior management is advised of any suggestions made by Directors for enhancement of processes to support the work of the Board. Assessment of individual board members involves Directors participating in an annual written peer review to assess individual Directors on the Board and attributes that contribute to an effective Board. This consists of both an evaluation of each Directors' peers and a self-evaluation which are based on a survey and questionnaire approved by the Board. The written peer evaluation process is complemented with one-on-one discussions between the Chair and each Director. In addition, each committee annually evaluates its effectiveness in carrying out the duties specified in its charter. The results are reviewed by the members of each committee who consider whether any changes to its structure or charter may be appropriate.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

NFI has obtained a policy of insurance for Directors and officers of NFI, and for the directors and officers of NFI's subsidiaries. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified directors and officers. The policy includes securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against NFI and any of its subsidiaries. The total annual premium for such insurance is approximately CAD $126,320, no part of which is payable by any Director or officer of NFI or any of NFI's subsidiaries. The initial aggregate limit of liability coverage applicable to the insured directors and officers is CAD $40 million, with a CAD $100,000 deductible per occurrence. The total limit of liability coverage will be shared among NFI and its subsidiaries and their respective directors and officers so that the limit of liability coverage will not be exclusive to any one of the entities or their respective directors and officers.

The by-laws of each of NFI, NFL Holdings and NFI ULC provide for the indemnification, to the extent permitted by applicable law, of each of their respective directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, including in respect of periods prior to the initial public offering of the Company on August 19, 2005.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors, and except as described elsewhere in this Information Circular, as of the date of this Information Circular, no Director nor officer and no person or company beneficially owning, directly or indirectly, or exercising control or direction over, Common Shares carrying more than 10% of the voting rights attached to the Common Shares (of which there are none to the knowledge of the Directors), nor any associates or affiliates of the foregoing, had any material interest in any transactions involving the Company since the commencement of the 2012 fiscal year or in any proposed transactions involving the Company which has materially affected or would materially affect the Company or any of its subsidiaries.

ADDITIONAL INFORMATION

Financial information for the financial year ended December 30, 2012, is provided in NFI's financial statements and the associated management's discussion and analysis ("**MD&A**"). Shareholders who wish to be added to the mailing list for the annual and interim financial statements and MD&A should contact the Corporate Secretary of NFI at 711 Kernaghan Avenue, Winnipeg, Manitoba R2C 3T4.

Copies of NFI's current AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the current AIF; NFI's most recently filed annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of NFI that have been filed for any period after the end of NFI's most recently completed financial year; and this Information Circular are available to anyone, upon request, from the Corporate Secretary of NFI, and without charge to Shareholders.

The financial statements, MD&A, the AIF and other information relating to NFI are also available at www.sedar.com.

DIRECTORS' APPROVAL

The contents of this Information Circular and its sending to Shareholders have been approved by the Directors.

BY ORDER OF THE BOARD OF DIRECTORS

By: *"The Honourable Brian Tobin"*

The Honourable Brian Tobin
Chairperson of the Board of Directors

Toronto, Ontario
March 28, 2013

Exhibit "A"

RESOLUTION TO APPROVE ADOPTION OF SHARE OPTION PLAN AND GRANT OF CERTAIN OPTIONS

BE IT RESOLVED THAT:

1. The adoption by New Flyer Industries Inc. ("**NFI**") of a share option plan (the "**Plan**"), the text of which is attached as Schedule "A" to NFI's management information circular dated March 28, 2013 ("**Circular**"), is hereby approved by the shareholders of NFI.

2. In connection with the adoption of the Plan, a reserve for issuance of 3,600,000 Common Shares is hereby ratified, confirmed and approved by the shareholders of NFI.

3. In connection with the adoption of the Plan, the initial grant of 490,356 Options as described on page 10 of the Circular is hereby ratified, confirmed and approved by the shareholders of NFI.

4. Any director or officer of NFI is hereby authorized to execute and deliver such other documents and instruments and take such other action as he or she may determine necessary or advisable to implement the Plan and this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions by such director or officer.

Schedule "A"

SHARE OPTION PLAN

NEW FLYER INDUSTRIES INC.

SHARE OPTION PLAN

Effective March 21, 2013

NEW FLYER INDUSTRIES INC.
SHARE OPTION PLAN

Section 1. Interpretation and Administrative Provisions

1.1 Purpose

The purposes of this Plan are to: (i) support the achievement of the Corporation's performance objectives; (ii) ensure that interests of key persons are aligned with the success of the Corporation; and (iii) provide compensation opportunities to attract, retain and motivate senior management critical to the long-term success of the Corporation and its subsidiaries.

1.2 Definitions

For the purposes of the Plan, the following terms have the following meanings:

"Affiliate" means, with respect to any Person, another Person controlled by the Person, controlling the Person or under common control with the Person;

"**Blackout Period**" means the period imposed by the Corporation, during which a Participant may not trade in the Corporation's securities and includes any period during which a Participant has material non-public information, but does not include any period when a regulator has halted trading in the Corporation's securities;

"**Board**" means the board of directors of the Corporation;

"**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the Province of Manitoba;

"**Cause**" means: (a) "cause", "just cause" or a similar term as defined in the Participant's employment agreement, if any; or (b) if there is no such definition or agreement, means:

(i) a Participant's willful failure or refusal to perform his or her duties under the employment agreement with the Participant's employer following a fifteen (15) day opportunity, after receipt of written notice from the Participant's employer, to remedy such failure or refusal;

(ii) a material act of dishonesty or breach of trust in connection with the performance of the Participant's duties to the Participant's employer;

(iii) a conviction of, or a plea of guilty or no contest to, any indictable offense or any summary conviction offense having as its predicate element fraud, dishonesty or misappropriation;

(iv) the material breach by a Participant who has an employment agreement, of the Participant's employment agreement; or

(v) any other conduct that would be determined by the courts of the jurisdiction in which the Participant is employed to constitute cause for termination of employment.

"**Change of Control**" means any of:

(a) a reorganization, amalgamation, merger or a plan of arrangement, other than solely involving the Corporation and one or more of its Affiliates, with respect to which all or substantially all of the Persons who were the beneficial owners of the voting securities of the Corporation immediately prior to such reorganization, amalgamation, merger or plan of arrangement do not, following such reorganization, amalgamation, merger or plan of arrangement, beneficially own, directly or indirectly, more than 50 percent of the voting securities of the resulting entity on a fully-diluted basis;

(b) a formal takeover bid or tender offer for the voting securities of the Corporation being completed (other than by the Corporation or one or more of its Affiliates) as a result of which the offeror and its Affiliates beneficially own, directly or indirectly, more than 50 per cent of the voting securities of the Corporation then outstanding; or

(c) the direct or indirect sale or other disposition (including through a reorganization, amalgamation, merger or plan of arrangement) to a Person other than an Affiliate of NFI of (x) more than 50 per cent of the voting securities of New Flyer Holdings, Inc. or (y) all or substantially all of the consolidated assets of New Flyer Holdings, Inc.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time and the Treasury Regulations promulgated thereunder;

"**Committee**" means the Human Resources, Compensation and Corporate Governance Committee of the Board, or if there is no such committee for any reason at any relevant time, the Board;

"**Common Share**" means a common share of the Corporation;

"**Corporation**" means New Flyer Industries Inc.;

"**Disability**" means, with respect to an Eligible Participant, any medical condition which qualifies such Eligible Participant for benefits under a long-term disability plan of the Corporation or any Affiliate;

"**Eligible Person**" means any employee of a Participating Company (and includes any such person who is on a leave of absence authorized by a Participating Company);

"Exercise Price" means such amount as the Committee may determine, provided that the Exercise Price will not be less than Fair Market Value at the date of grant of the Option;

"**Fair Market Value**" means the closing price of the Common Shares on the principal Canadian stock exchange on which the Common Shares are traded on the last trading day before the applicable date;

"**Good Reason**" means: (a) "Good Reason" or a similar term as defined in the Participant's employment agreement, if any; or (b) if there is no such definition or agreement, means (i) the Participant's employer, without the consent of the Participant, assigning the Participant duties which substantially diminish the Participant's authority or responsibilities; (ii) the failure of any successor to the Participant's employer to assume the employer obligations under its employment agreement with the Participant; (iii) a material violation by the Participant's employer of terms of the employment agreement between the Participant and the Participant's employer; or (iv) a material reduction in the Participant's compensation, other than as a result of the Participant or the Participating Companies not achieving performance targets, in each case following a fifteen (15) day opportunity to remedy such action following receipt of written notice from the Participant;

"**Notice of Exercise**" means a notice substantially in the form set out as Schedule B, as amended by the Committee from time to time;

“**Option**” means a right granted to an Eligible Person to purchase Common Shares of the Corporation pursuant to the terms of this Plan;

“**Option Agreement**” means an agreement substantially in the form set out as Schedule A, as amended by the Committee from time to time;

“**Participant**” means any Eligible Person to whom an Option is granted;

“**Participating Company**” means the Corporation, New Flyer Canada ULC, New Flyer Holdings, Inc., New Flyer of America Inc. and any of their Affiliates as designated by the Committee from time to time;

“**Person**” means any individual, partnership, corporation, limited or unlimited liability corporation, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative;

“**Plan**” means the New Flyer Industries Inc. Share Option Plan, as amended from time to time;

“**Retirement**” means, with respect to an Eligible Participant who is an employee of a Participating Company, resignation as an employee of a Participating Company in circumstances which the Committee, in its sole discretion, after considering the recommendation of the Corporation’s President and CEO, determines shall be treated as Retirement;

“**Termination Date**” means the date a Participant ceases to be an Eligible Person and does not include any period of statutory, contractual or reasonable notice of termination of employment or any period of salary continuance or deemed employment; and

“**U.S. Participant**” means any Participant who is a United States citizen or United States resident alien as defined for purposes of Code Section 7701(b)(1)(A).

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing the masculine gender also include the feminine and neuter genders.

1.3 Administration

Subject to the Committee reporting to the Board on all matters relating to this Plan and obtaining approval of the Board for those matters required by the Committee’s mandate, this Plan will be administered by the Committee which has the sole and absolute discretion to: (i) grant Options to Eligible Persons; (ii) determine the Exercise Price, vesting, terms, limitations, restrictions and conditions upon such grants; (iii) interpret and administer the Plan; (iv) establish, amend and rescind any rules and regulations relating to the Plan (subject to obtaining any required regulatory approval); and (v) make any other determinations that the Committee deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan, in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable (subject to obtaining any required regulatory approval). Any decision of the Committee with respect to the administration and interpretation of the Plan will be conclusive and binding on the Participants.

Each Option is intended to be exempt from Code Section 409A. Notwithstanding the foregoing, to the extent that any Option granted to a U.S. Participant is determined to constitute “nonqualified deferred compensation” within the meaning of Code Section 409A, such Option will be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Code Section 409A. If any provision of the Plan contravenes Code Section 409A or could cause the U.S. Participant to incur any tax, interest or penalties under Code Section 409A, the Committee may, in its sole discretion and without the U.S. Participant’s consent, modify such provision to: (i) comply with, or avoid being subject to, Code Section 409A, or to avoid the incurrence of taxes, interest and penalties under Code Section 409A, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the U.S. Participant of the applicable provision without materially increasing the cost to the Corporation or contravening Code Section 409A. However, the Corporation will have no obligation to modify the Plan or any Option and does not guarantee that Options will not be subject to taxes, interest and penalties under Code Section 409A.

1.4 Governing Law

This Plan is to be governed by and interpreted in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

1.5 Common Shares Reserved for Issuance

(a) A maximum of 3,600,000 Common Shares are available for issuance under this Plan, provided that Common Shares reserved for issuance pursuant to Options which are cancelled or terminated without having been redeemed will again be available for issuance under this Plan.

(b) Under no circumstances may the Plan, together with all of the Corporation's other previously established or proposed security-based compensation arrangements result, at any time, in the number of Common Shares reserved for issuance pursuant to Options and/or other units or stock options to any one person exceeding 5% of the total number of issued and outstanding Common Shares of the Corporation.

(c) Any insider and that insider's associates may not, within a 12-month period, be issued a number of Common Shares under the Plan and/or under any other security-based compensation arrangement of the Corporation exceeding 5% of the total number of issued and outstanding Common Shares of the Corporation.

(d) The aggregate number of Common Shares issued to insiders of the Corporation within any 12 month period, or issuable to insiders of the Corporation at any time, under the Plan and/or any other security-based compensation arrangement of the Corporation may not exceed 10% of the total number of issued and outstanding Common Shares of the Corporation.

(e) The terms "security-based compensation arrangement", "insider" and "associate" have the meanings attributed thereto in the Toronto Stock Exchange Company Manual.

Section 2. Options

2.1 Grant of Options

(a) The Committee may grant Options to Eligible Persons in its sole discretion. The grant of an Option to an Eligible Person at any time will neither entitle such Eligible Person to receive nor preclude such Eligible Person from receiving a subsequent grant of an Option and will not restrict in any way the right of the Corporation or any Participating Company to terminate the Eligible Person's employment. The Committee will determine the Exercise Price of each Option.

(b) The Committee may determine when any Option will become vested and may determine that the Option will become vested in installments. In the absence of any other determination (including, without limitation, in a Participant's employment agreement), Options will become vested as follows:

(i) as to one-quarter on the first anniversary of the date of grant;

(ii) as to an additional one-quarter, on the second anniversary of the date of grant;

(iii) as to an additional one-quarter, on the third anniversary of the date of grant; and

(iv) as to the remaining one-quarter, on the fourth anniversary of the date of grant;

provided that, subject to the terms of any employment or other agreement between the Participant and the Corporation or the Committee expressly providing to the contrary, Options which are not vested prior to a Participant's Termination Date will not become vested thereafter.

2.2 Expiry of Options

Each Option must be exercised no later than eight years after the date of grant or such shorter period as the Committee may require, at which time each Option will expire. Notwithstanding any other provision of this Plan, each Option that would expire during or within ten (10) Business Days immediately following a Blackout Period, will expire on the later of its expiration date and ten (10) Business Days immediately following the expiration of the Blackout Period.

2.3 Termination, Retirement, Death or Resignation

(a) If a Participant ceases to be an Eligible Person by reason of death, all Options which have vested at the Participant's date of death will be exercisable by the Participant's legal representatives for one year from the Participant's date of death. All Options which are not vested as at the Participant's date of death or which are not exercised as set out in this section will expire.

(b) If a Participant ceases to be an Eligible Person by reason of Retirement or Disability, all Options will continue to vest (and shall vest at the same time as if the Participant had remained employed for three years from the Termination Date) and all vested Options will be exercisable by the Participant for three years from the Participant's Termination Date due to Retirement or Disability and all Options which are not so exercised will expire.

(c) If a Participant's employment ceases because of termination without Cause or resignation for Good Reason, all Options which have vested at the Participant's Termination Date will be exercisable by the Participant for 90 days from the Termination Date and all Options which are not vested at the Termination Date or which are not exercised within the 90 day period will expire.

(d) If the Participant's employment ceases because of termination without Cause or resignation for Good Reason immediately prior to or within 24 months following a Change of Control, all Options, whether vested or unvested on the Participant's Termination Date, will be exercisable by the Participant for 90 days from the Participant's Termination Date and all Options which are not so exercised will expire.

(e) If a Participant ceases to be an Eligible Person for any other reason, all Options which have vested at the Participant's Termination Date will be exercisable by the Participant for 30 days from the Termination Date and all Options which are not vested at the Termination Date or which are not exercised within the 30 day period will expire.

(f) Notwithstanding the foregoing, except as otherwise provided in Section 2.2, no Option may be exercised after its stated expiration.

(g) The Committee may, in its sole discretion, accelerate the vesting of any Option.

2.4 End of Participation

At the time a Participant ceases to hold Options which are or may become exercisable, the Participant ceases to be a Participant.

2.5 Assumption or Substitution

Notwithstanding any other provision of this Plan (with the exception of the immediately following paragraph), in the event of a Change of Control of the Corporation in which the shares of the surviving, successor or acquiring entity are listed on a recognized Canadian or U.S. stock exchange, such, surviving, successor or acquiring entity shall assume any outstanding Options or shall substitute similar options for the outstanding Options on economic terms and conditions consistent with the treatment of the Common Shares (i) in the Change of Control and (ii) in a manner which preserves the otherwise applicable terms and conditions of any such outstanding Options, to the extent practicable. If the surviving, successor or acquiring entity does not assume the outstanding Options or substitute similar options for the outstanding Options, as provided for in the immediately preceding sentence, or if the Committee otherwise determines in its sole discretion, the Corporation shall give written notice to all Participants advising that the Plan shall be terminated effective immediately prior to the Change of Control and the vesting of such Options (and, if applicable, the time during which such Options may be exercised) will be accelerated in full, and the Options will terminate if not exercised (if applicable) at or before such event.

Notwithstanding any other provision of this Plan, on a potential Change of Control, the Committee may make such changes to the terms of the Options as it considers fair and appropriate in the circumstances, including but not limited to: (i) accelerating the date at which Options become exercisable and the date on which the Options expire; (ii) otherwise modifying the terms of the Options to assist the Participants to tender into a take-over bid or other arrangement leading to a Change of Control; and thereafter (iii) terminating, conditionally or otherwise, the Options not exercised following successful completion of the Change of Control. If the Change of Control referred to in this Section is not completed within the time specified therein (as it may be extended), the Options which vested pursuant to this Section 2.5 will be returned by the Participant to the Corporation and reinstated as unvested Options and the original terms applicable to such Options will be reinstated.

Notwithstanding anything in this Plan to the contrary, with respect to U.S. Participants, all assumptions, substitutions or adjustments made pursuant to this Section 2.5 will be made in compliance with Code Section 409A.

2.6 Option Agreement

Each Option must be confirmed by an Option Agreement signed by the Corporation and by the Participant acknowledging that the Participant agrees to be bound by the terms of this Plan.

2.7 Exercise of Option

A Participant may only exercise Options which have vested. In order to exercise a vested Option, the Participant must file with the Secretary of the Corporation a completed Notice of Exercise. The Exercise Price of each Common Share purchased under the Option must be paid in full by bank draft or certified cheque at the time of exercise. Upon receipt of payment in full and subject to the terms of this Plan, the Corporation will issue to or for the benefit of the Participant the number of Common Shares in respect of which the Option is exercised as fully paid and non-assessable.

Section 3. General

3.1 Capital Adjustments

On any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting Common Shares, the Committee will make such proportionate adjustments, if any, as the Committee in its discretion deems appropriate to reflect such change (for the purpose of preserving the value of the Options), with respect to: (i) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and (ii) the number or kind of shares or other securities subject to unexercised Options previously granted and the Exercise Price of those Options; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. With respect to U.S. Participants, all adjustments made pursuant to this Section 3.1 will be made in compliance with Code Section 409A.

3.2 Non-Exclusivity

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant, subject to any required regulatory or shareholder approval.

3.3 Unfunded Plan

To the extent any individual holds any rights under the Plan, such rights (unless otherwise determined by the Committee) will be no greater than the rights of a general unsecured creditor of the Corporation.

3.4 Successors and Assigns

The Plan will be binding on all successors and assigns of the Corporation and each Participant, including without limitation, the legal representative of a Participant, or any receiver or trustee in bankruptcy or representative of the creditors of a Participating Company or a Participant.

3.5 Transferability of Options

Options and any rights with respect thereto may not be transferred or assigned other than by will or the laws of descent and distribution.

3.6 Amendment and Termination

The Committee may amend, suspend or terminate the Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange), if any, that require the approval of shareholders or any governmental or regulatory body. By way of example, the Committee may make any amendments to the Plan without seeking shareholder approval, including housekeeping amendments, amendments to comply with tax laws or amendments to reduce or restrict participation in the Plan.

Provided that, except as specified in the Plan, the Committee, Board or shareholders may not alter or impair the rights of a Participant without the consent of the affected Participant, under any Option, or any rights pursuant thereto, previously granted to the Participant.

Provided also that shareholder approval is required for the following amendments:

(a) amendments to increase the number of Common Shares issuable under the Plan or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;

(b) amendments to the Plan that increase the length of the period after a Blackout Period during which Options or any rights pursuant thereto may be exercised;

(c) amendments which would reduce the Exercise Price of an Option, directly or by the cancelation and re-issuance of an Option or which would result in the Exercise Price for any Option granted under the Plan being lower than the Fair Market Value of the Common Shares at the time the Option is granted, except as provided in Section 3.1;

(d) any amendment expanding the categories of Eligible Person which would have the potential of broadening or increasing insider participation or which would permit the participation of non-employee directors in the Plan;

(e) any amendment extending the term of an Option or any rights pursuant thereto held by an insider beyond its original expiry date except as provided in Section 2.2;

(f) the addition of any other provision which results in Participants receiving Common Shares where the required cash consideration is not received by the Corporation;

(g) an amendment to add a cashless exercise feature if there is no full deduction of the underlying Common Shares from the Plan reserve in Section 1.5(a);

(h) an amendment which would allow the transfer or assignment of Options under the Plan, other than for normal estate settlement purposes;

(i) amendments to this amendment provision; and

(j) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange).

3.7 No Special Rights

Nothing contained in the Plan or in any Option will confer upon any Participant any right to the continuation of the Participant's employment by a Participating Company or interfere in any way with the right of any Participating Company at any time to terminate that employment or to increase or decrease the compensation of the Participant. Options will not be considered Common Shares nor will they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Common Shares, nor will any Participant be considered the owner of Common Shares, unless and until such Participant has satisfied all requirements for the exercise of the Option pursuant to its terms and Common Shares have been issued therefor. No adjustments shall be made for dividends or distributions or other rights for which the record date is prior to the date such Common Shares are issued to the Participant pursuant to the exercise of Options.

3.8 Other Employee Benefits

The amount of any compensation deemed to be received by a Participant as a result of the exercise of an Option or the sale of Common Shares received upon an exercise of an Option will not constitute compensation with respect to which any other employee benefits of that Participant are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, insurance or salary continuation plan, except as otherwise specifically determined by the Committee.

3.9 Compliance with Legislation

The Committee may postpone any exercise of any Option or the issue of any Common Shares pursuant to this Plan for as long as the Committee in its discretion may deem necessary in order to permit the Corporation to effect or maintain qualification of the Common Shares issuable pursuant thereto under the securities laws of any applicable jurisdiction, or to determine that the Common Shares are exempt from that qualification. The Corporation is not obligated by any provision of this Plan or grant hereunder to sell or issue Common Shares in violation of any applicable law. In addition, if the Common Shares are listed on a stock exchange, the Corporation will have no obligation to issue any Common Shares pursuant to this Plan until such Common Shares have been duly listed. The Corporation will make all reasonable commercial efforts to maintain and effect the qualification in Canada of Common Shares.

3.10 Tax Consequences

It is the responsibility of the Participant to complete and file any tax returns which may be required under Canadian, U.S., and any other applicable jurisdiction's tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. No Participating Company will be held responsible for any tax consequences to the Participant as a result of the Participant's participation in the Plan.

If a Participating Company is required under applicable law to withhold and remit to the applicable governmental authority an amount on account of tax in respect of any amount paid hereunder, the Participant shall:

(i) pay to the Participating Company sufficient cash as is reasonably determined by the Participating Company to be the amount necessary to permit the required tax remittance;

(ii) authorize the Participating Company on behalf of the Participant, to sell in the market on such terms, and at such time or times as the Participating Company determines, a portion of the Common Shares issued hereunder to realize cash proceeds to be used to satisfy the required tax remittance; or

(iii) make other arrangements acceptable to the Participating Company to fund the required tax remittance.

3.11 No Liability

The Corporation will not be liable to any Participant for any inability to sell Common Shares or any loss resulting from a decline in the market value of any Common Shares.

3.12 Effective Date

The Plan is effective March 21, 2013. No Options may be granted under the Plan after March 21, 2023.

NEW FLYER INDUSTRIES INC. SHARE OPTION PLAN

SCHEDULE A

OPTION AGREEMENT AND CONFIRMATION

[Name of Employee]

(the "Participant")

Pursuant to the New Flyer Industries Inc. Share Option Plan (the "Plan") effective March 21, 2013, and in consideration of services provided to any Participating Company by the Participant, New Flyer Industries Inc. hereby grants to the Participant an Option to acquire _____________ Common Shares of New Flyer Industries Inc. at an Exercise Price of $_________ per Common Share.

All capitalized terms not defined in this agreement have the meaning set out in the Plan.

Subject to earlier expiry in accordance with the Plan, the Option will cease to be exercisable and will expire on ________________, _______ [date no longer than 8 years]. The Option vests as follows:

(i) as to one-quarter on the first anniversary of the date of grant;

(ii) as to an additional one-quarter, on the second anniversary of the date of grant;

(iii) as to an additional one-quarter, on the third anniversary of the date of grant; and

(iv) as to the remaining one-quarter, on the fourth anniversary of the date of grant;

New Flyer Industries Inc. and the Participant understand and agree that the granting and exercise of this Option and the issue of Common Shares are subject to the terms and conditions of the Plan, all of which are incorporated into and form a part of this agreement.

DATED ______________________, _______.

NEW FLYER INDUSTRIES INC.

Per ___________________________c/s

I agree to the terms and conditions set out herein and confirm and acknowledge that I have not been induced to enter into this agreement or acquire any Option by expectation of employment or continued employment with any Participating Company.

____
Signature

____
Name (please print)

NEW FLYER INDUSTRIES INC. SHARE OPTION PLAN

SCHEDULE B

NOTICE OF EXERCISE

TO: NEW FLYER INDUSTRIES INC. (the "Company")
Attention: The Secretary

Pursuant to the New Flyer Industries Inc. Share Option Plan (the "Plan"), the undersigned elects to exercise Options to purchase the number of Common Shares of the Company, which are subject of Options granted in the corresponding year, at the Exercise Price per Common Share, as indicated in the table below.

Grant Year	Number of Exercisable Options Available	Number of Options to Exercise	Exercise Price per Common Share
Total			

The undersigned confirms that payment in full of the Exercise Price accompanies this Notice of Exercise.

DATED ____________________.

____
Signature of Employee

____
Name of Employee

Schedule "B"

North American Comparator Peer Groups Used for Compensation Benchmarking

Construction, Farming Machinery and Heavy Trucks		
Accuride Corp.	Commercial Vehicle Group Inc.	Titan International Inc.
Alamo Group Inc.	Federal Signal Corp.	Wabash National Corp.
Astec Industries Inc.	Greenbrier Companies Inc.	Westport Innovations Inc.
Cascade Corp.	Lindsay Corp.	

Trading Companies & Distributors	**Industrial Machinery**
MFC Industrial	Briggs & Statton
Russel Metals Inc.	Columbus McKinnon Corp.

Aerospace & Defense	**Trucking**	**Environmental & Facilities Services**
CAE Inc.	Vitran Corp.	Progress Waste Solutions

Schedule "C"
Directors' Skill and Experience Matrix

NEW FLYER INDUSTRIES INC.
Director Skills and Experience Summary - 2013

		The Honourable Brian Tobin	*Jim Sardo*	*Wayne McLeod*	*Larry Edwards*	*John Marinucci*	*Patricia Jacobsen*	*Adam Gray*	*William Millar*	*Paul Soubry*
Gender	Male	X	X	X	X	X		X	X	X
	Female						X			
Independence		X	X	X	X	X	X	X	X	
Region	Ontario	X	X	X		X				
	Manitoba									X
	British Columbia						X			
	Quebec									
	U.S.A.		X		X			X	X	
	Other	X								
Profession	CA/CMA/CPA			X		X				
	Engineer				X					
	Lawyer									
	Director / Consultant	X	X	X	X	X	X	X	X	
	Private Equity	X				X		X		
	MBA		X	X	X					
	Investor / Investment Manager							X		
Government Relations	Ontario	X	X							
	Manitoba	X								X
	Quebec	X								
	U.S.A.		X						X	X
	Other	X					X (B.C.)		X	X
	Federal	X	X				X			X
Essential Business/Industry Experience	CEO / Senior Executive	X	X	X	X	X	X	X	X	X
	Board Experience	X	X	X	X	X	X	X	X	X
	Public Company Experience	X	X	X	X	X	X	X		X
	Financial Literacy	X	X	X	X	X	X	X	X	X
	Financial Expert			X		X		X		
	Manufacturing Experience		X	X	X	X				X
	Transit Industry Operations					X	X		X	
	Transit Industry Funding						X		X	
	Strategic Planning	X	X	X	X	X	X	X	X	X
	Government Policy Experience	X					X		X	
Beneficial Business/Industry Experience	Facility Operation Experience		X		X	X	X		X	X
	Risk Management Experience		X	X		X		X	X	X
	Marketing Experience	X	X		X		X	X	X	X
	IT Experience	X					X		X	
	Research / Technology	X	X						X	
	HR Experience	X	X		X	X	X	X	X	
	Financial Experience		X	X		X		X	X	
	Mergers and Acquisitions	X	X	X	X	X	X	X		X

Schedule “D”

NEW FLYER INDUSTRIES INC.

(the “Corporation”)

Mandate of the Board of Directors

The purpose of this document is to summarize the governance and management roles and responsibilities of the board of directors of the Corporation (the “Board”).

1. **ACCOUNTABILITY**

The Board is responsible to securityholders.

2. **ROLE**

The role of the Board is to focus on governance and stewardship of the business carried on by the Corporation and its subsidiaries as a whole. The Board will review strategy, assign responsibility for achievement of that strategy, and monitor performance against those objectives. In fulfilling this role, the Board will regularly review the strategic plans developed by management so that they continue to be responsive to the changing business environment in which the Corporation and its subsidiaries operate.

3. **RESPONSIBILITIES**

In fulfilling its role, the Board will:

(a) Define Securityholder Expectations

- Satisfy itself that there is effective communication between the Board and the Corporation’s securityholders, other stakeholders and the public.
- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.

(b) Establish Strategic Goals, Performance Objectives and Operational Policies

The Board will review and approve broad strategic corporate objectives and establish corporate values against which the performance of the Corporation and its subsidiaries will be measured. In this regard, the Board will, at least annually:

- Approve long-term strategies.
- Review and approve management of the Corporation and its subsidiaries’ strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies proposed by management and within which management of the Corporation and its subsidiaries will operate.
- Set targets against which to measure corporate and executive performance of the Corporation and its subsidiaries.
- Satisfy itself that a portion of executive compensation is linked appropriately to the Corporation’s performance.

- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management of the Corporation and its subsidiaries.

(c) Delegate Management Authority to the Chief Executive Officer

- Ensure that the boards of directors or managers of the Corporation's subsidiaries delegate to the Chief Executive Officer of the Corporation (the "Chief Executive Officer") the authority to manage and supervise the business of such company and decisions regarding the ordinary course of business and operations.

- Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.

(d) Monitor Corporate Performance

- Identify, understand, assess and monitor the principal risks of all aspects of the businesses in which the Corporation and its subsidiaries as a whole are engaged.

- Monitor performance of the Corporation and its subsidiaries against both short-term and long-term strategic plans and annual performance targets, and monitor compliance with Board policies and the effectiveness of risk management practices.

- Ensure that the boards of directors or managers of the Corporation's subsidiaries monitor compliance by management of its subsidiaries with internal controls and effective management information systems.

(e) Develop Board Processes

- Develop procedures relating to the conduct of the Board's business and the fulfillment of the Board's responsibilities.

- Develop the Board's approach to corporate governance through the Corporation's Human Resources, Compensation and Corporate Governance Committee (the "HR Committee").

4. QUALIFICATIONS OF DIRECTORS

Directors are expected to have the highest personal and professional ethics and values and be committed to advancing the best interests of the Corporation and its securityholders. They are also expected to possess skills and competencies in areas that are relevant to the Corporation's activities and that enhance the ability of the Board to effectively oversee the business and affairs of the Corporation and its subsidiaries.

A majority of the Board must be independent. Independence shall have the meaning, as the context requires, given to it in Multilateral Instrument 52-110 *Audit Committees*, as may be amended from time to time. The Chairperson of the Board is expected to be an independent director but, if the Chairperson is not independent, then there will be an independent lead director who assumes the responsibilities of the Chairperson. The Chairperson should act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

Each director must have an understanding of the Corporation's and its subsidiaries' principal operational and financial objectives, plans and strategies, financial position and performance as well as the performance of the Corporation and its subsidiaries relative to their principal competitors. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the Chairperson of the HR Committee and, if determined appropriate by the Board on the recommendation of the HR Committee, resign from the Board.

5. MAJORITY VOTING POLICY

At meetings of shareholders at which directors are to be elected, shareholders will vote in favor of, or withhold from voting for, each nominee separately. If, with respect to any particular nominee, the number of votes withheld exceeds the votes cast in favour of the nominee, then for purposes of this policy the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law.

An individual elected as a director who is considered under this policy not to have the support or confidence of the shareholders is expected forthwith to submit to the Chairperson of the Board his or her resignation from the Board. The HR Committee will consider the director's offer to resign and make a recommendation to the Board as to whether to accept it. A director who has tendered a resignation pursuant to this policy will not participate in any deliberations of the HR Committee or the Board with respect to his or her resignation.

Within ninety (90) days of receiving a director's resignation, the Board will make a decision and issue a press release either announcing the resignation of the director or explaining why it has not been accepted. In determining whether or not to accept the resignation, the Board will take into account the factors considered by the HR Committee and any other factors the Board determines are relevant.

Subject to any corporate law restrictions, the Board may: (i) leave the resultant vacancy unfilled until the next annual meeting of shareholders, (ii) fill the vacancy through the appointment of a new director who merits the confidence of the shareholders, or (iii) call a special meeting of shareholders to fill the vacant position.

This majority voting policy does not apply to contested elections in which the number of director nominees for election is greater than the number of director positions on the Board. In contested elections, the directors shall be elected by the vote of a plurality of the votes cast.

6. MEETINGS

The Board has meetings at least once in each quarter, with additional meetings held when required. Additional meetings may be called by the Chairperson or any two directors on proper notice. The independent directors will hold regularly scheduled meetings at which members of management and non-independent directors are not in attendance.

The Chairperson is primarily responsible for the agenda. Prior to each Board meeting, the Chairperson will discuss agenda items for the meeting with the Chief Executive Officer and other members of the Board. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management of the Corporation or its subsidiaries, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The HR Committee and the Audit Committee generally have meetings quarterly, with additional meetings held when required. Meeting frequency and agendas for the standing committees may change from time to time, however, depending on opportunities or risks faced by the Corporation and its subsidiaries. The Chairperson of a committee or any two members of a committee may call a committee meeting, request that an item be included on the committee's agenda or raise subjects that are not on the agenda for that meeting. Audit Committee meetings can also be called by the Corporation's auditor or Chief Financial Officer.

Notice of the place, day and time of each Board or committee meeting must be served on each director or committee member sufficiently far in advance of the meeting so as to facilitate the directors' preparation for the meeting. Director or committee members may waive notice of any meeting, and attendance at a meeting without objection is deemed to be waiver of notice. The notice needs to state the purpose or purposes for which the meeting is being held.

(a) Procedures for Board Meetings

- Subject to any applicable by-laws, procedures for Board meetings are determined by the Chairperson unless otherwise determined by a resolution of the Board.

- Subject to any applicable by-laws, procedures for committee meetings are determined by the committee chairperson unless otherwise determined by a resolution of the committee or the Board.

- A quorum for any Board or committee meeting shall be as required by the constating documents of the Corporation or its subsidiary as applicable.

7. DIRECTORS' RESPONSIBILITIES

(a) Attendance and Participation

- Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a meeting in person may participate by telephone or teleconference. The Board or any committee may also take action from time to time by unanimous written consent.

- In advance of each Board or committee meeting, members will receive the proposed agenda and other materials necessary for the directors' understanding of the matters to be considered. Directors are expected to spend the time needed to review the materials in advance of such meetings and to actively participate in such meetings.

(b) Service on Other Boards and Audit Committee

- The Board does not believe that its members should be prohibited from serving on the boards of other companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chairperson in advance of accepting an invitation to serve on the board of another company and, as a general rule, directors are not allowed to join a board of another company on which two or more other directors of the Corporation serve. In addition, directors cannot be on the board of a competitor of the Corporation.

- Members of the Audit Committee may not serve on the audit committees of more than two other companies without the prior approval of the Board.

(c) Access to Independent Advisors

- The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation's subsidiaries and have the authority to determine the advisors' fees and other retention terms. Any director may, subject to the approval of the Chairperson, retain an outside advisor at the expense of the Corporation's subsidiaries.

8. EVALUATION OF BOARD, DIRECTORS AND COMMITTEES

The HR Committee, in consultation with the Chairperson, will ensure that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the Board as a whole as well as the committees of the Board, and the boards of directors or managers and board committees of the Corporation's subsidiaries, to ensure they are fulfilling their respective responsibilities and duties. In connection with these evaluations, each director will be requested to provide his or her assessment of the effectiveness of the Board and each committee as well as the performance of individual directors. These evaluations should take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

9. MANAGEMENT

(a) Management's Role

- The primary responsibility of management of the Corporation and its subsidiaries is to safeguard the Corporation's assets and to create wealth for securityholders. When performance is found to be inadequate, the Board has the responsibility to bring about appropriate change.

- In managing the Corporation, management should also have regard to the interests of the Corporation's other stakeholders, such as the Corporation's employees, customers, suppliers, creditors and the communities in which the Corporation operates.

- Management of the Corporation and its subsidiaries is under the direction of the Chief Executive Officer. The Board shall take such steps as it deems necessary to satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and its subsidiaries and that such individuals create a culture of integrity throughout the Corporation and its subsidiaries.

(b) Management's Relationship to the Board

- Senior management of the Corporation and its subsidiaries, primarily through the Chief Executive Officer, reports to and is accountable to the Board, or the board of such subsidiary which, in turn, is accountable to the Board.

- Business plans are developed to ensure the compatibility of securityholder, Board and management views on the Corporation's and its subsidiaries' strategic direction, performance targets and utilization of securityholders' equity. A special meeting of the Board is held each year to review the strategic initiatives and the business plan submitted by senior management of the Corporation and its subsidiaries.

(c) Board Access to Business Information and Management

- Information provided by and access to management is critical to directors' effectiveness. In addition to the reports presented to the Board at its regular and special meetings, the Board is also kept informed on a timely basis by management of the Corporation and its subsidiaries with respect to developments and key decisions taken by management in pursuing the Corporation's and its subsidiaries' business plan. Subject to notifying the Chairperson and the Chief Executive Officer in advance, directors should have direct access to senior management of the Corporation and its subsidiaries. The directors periodically assess the quality, completeness and timeliness of information provided by management to the Board.

(d) Management Performance Review and Rewards

- The HR Committee annually reviews the position description of the Chief Executive Officer and establishes objectives against which his or her performance is reviewed, with his or her compensation being assessed against these agreed objectives. Similar reviews and assessments are undertaken for other members of senior management in consultation with the Chief Executive Officer.

- The compensation plans of the Corporation and its subsidiaries are based on maintaining a direct link between management rewards and the achievement of objectives including risk management, with the ultimate objective of creating long-term, sustainable wealth for securityholders.

10. COMMUNICATION AND DISCLOSURE POLICIES

The Corporation has adopted a Disclosure and Insider Trading Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that the Corporation's communications with the investment community are timely, consistent and in compliance with all applicable securities legislation. This Disclosure and Insider Trading Policy is reviewed annually by the Board and will be available on the Corporation's website.

The Corporation endeavors to keep its securityholders informed of its progress through a comprehensive annual report, annual information form, quarterly interim reports and periodic press releases. It also maintains a website that provides summary information about the Corporation and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management meet with the Corporation's securityholders at the annual meeting and are available to respond to questions at that time.

The Corporation also maintains an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts, financial advisors and interested members of the public to ensure that accurate information is available to investors, including quarterly conference calls and webcasts to discuss the Corporation's financial results. The Corporation also endeavors to ensure that the media is kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with the Corporation's designated spokespersons.

11. CODE OF BUSINESS CONDUCT AND ETHICS

The Board expects all directors, officers and employees of the Corporation and its subsidiaries to conduct themselves in accordance with the highest ethical standards and to adhere to the Corporation's Code of Business Conduct and Ethics. Waivers of the Code of Business Conduct and Ethics will only be granted in exceptional circumstances where the waiver would not be inconsistent with the spirit of the Code of Business Conduct and Ethics and following consultation with legal counsel. Any waiver of the Code of Business Conduct and Ethics for officers or directors may only be made by the Board or the HR Committee and will be disclosed to securityholders by the Corporation to the extent required by law, regulation or stock exchange requirement. Employees may seek waivers from the CEO and any such waivers will be promptly reported to the Board.

12. PROHIBITION ON PERSONAL LOANS

The Corporation will not, either directly or indirectly, including through its subsidiaries, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or executive officer.

13. ORIENTATION AND CONTINUATION EDUCATION OF DIRECTORS

The holders of the common shares of the Company are best served by the Board comprised of individuals who are well versed in modern principles of corporate governance and other subject matters relevant to Board service and who thoroughly comprehend the role and responsibilities of an effective Board in the oversight and management of the Corporation and its subsidiaries. The Chairperson of the HR Committee, with the assistance of the Chief Executive Officer, shall develop an orientation and continuing education program for all directors of the Corporation and its subsidiaries. This program will be articulated in a separate director orientation and continuing education policy that will be reviewed by the HR Committee on an annual basis.

APPENDIX

Position Description of Chairperson

The Chairperson of the Board of the Corporation is principally responsible for overseeing the operations and affairs of the Board. It is expected that the Chairperson will be independent but, if not, there will be a lead independent director. In fulfilling his or her responsibilities, the Chairperson will:

(a) provide leadership to foster the effectiveness of the Board;

(b) ensure there is an effective relationship between the Board and senior management of the Corporation and its subsidiaries;

(c) ensure that the appropriate committee structure is in place and assist the Human Resources, Compensation and Corporate Governance Committee (the "HR Committee") in making recommendations for appointments to such committees;

(d) in consultation with the other members of the Board and the Chief Executive Officer, prepare the agenda for each meeting of the Board;

(e) ensure that all directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board;

(f) chair Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded;

(g) together with the HR Committee, ensure that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committees and individual directors, and make recommendations to the HR Committee for changes when appropriate;

(h) work with the Chief Executive Officer and other members of senior management to monitor progress on strategic planning, policy implementation and succession planning; and

(i) provide additional services required by the Board.

Position Description of Committee Chairperson

A committee chairperson is principally responsible for overseeing the operations and affairs of his or her particular committee. In fulfilling his or her responsibilities, the chairperson will:

(a) provide leadership to foster the effectiveness of the committee;

(b) ensure there is an effective relationship between the Board and the committee;

(c) ensure that the appropriate charter is in effect and assist the HR Committee in making recommendations for amendments to the charter;

(d) in consultation with the other members of the committee and Board, where appropriate, prepare the agenda for each meeting of the committee;

(e) ensure that all committee members receive the information required for the proper performance of their duties, including information relevant to each meeting of the committee;

(f) chair committee meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual members and confirming that clarity regarding decision-making is reached and accurately recorded;

(g) together with the HR Committee, ensure that an appropriate system is in place to evaluate the performance of the committee as a whole, the committee's individual members, and make recommendations to the HR Committee for changes when appropriate; and

(h) provide additional services required by the Board.