NEW FLYER

NEW FLYER INDUSTRIES INC.

NOTICE OF ANNUAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 13, 2016

March 24, 2016

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 Manitoba Club, 194 Broadway, Winnipeg, Manitoba on Friday May 13, 2016 at 1:00 pm (Winnipeg time) for the following purposes:

1. **TO RECEIVE** the consolidated financial statements of NFI for the fiscal year ended December 27, 2015, 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 advisory resolution in the form set in Schedule "A" to the accompanying Information Circular on the approach to executive compensation ("**Say on Pay Resolution**"); and

5. **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 24th day of March, 2016.

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 Friday May 13, 2016 at the Manitoba Club, 194 Broadway, Winnipeg, Manitoba commencing at 1:00 p.m. (Winnipeg 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 24, 2016, 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 Do Not Wish to Attend the Meeting.

If, as a Beneficial Owner, you do not 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; and

(c) **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 1:00 p.m. (Central time) on May 11, 2016 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 55,876,526 Common Shares outstanding.

At the Meeting, each Shareholder of record at the close of business on March 14, 2016, 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 (2)	Approximate percentage of total Common Shares
Marcopolo Canada Holdings Corp.(1)	11,087,834	19.84%

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

MATTERS TO BE CONSIDERED AT THE MEETING

1. Financial Statements

The consolidated financial statements of NFI for the fiscal year ended December 27, 2015, 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 under NFI's SEDAR profile at www.sedar.com.

2. 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.

At NFI's 2015 annual general meeting of shareholders held on May 7, 2015, Deloitte LLP received 99.69% of the votes in favour of their re-appointment.

Auditor Appointment Results: 2015 Annual General Meeting	
For:	37,452,007
Withheld:	116,127
Total:	37,568,134
% in favour:	**99.69%**

3. Election of Directors

The board of directors of NFI (the "**Board**") is currently comprised of nine Directors. All 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 in the section 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.

At the 2015 annual meeting of shareholders held on May 7, 2015, the eight individuals who were nominated to be elected as Directors of the Corporation at the time received the following votes regarding their appointment from voting Shareholders. Mr. Paulo Cezar da Silva Nunes was appointed to the Board in August 2015 by Marcopolo S.A., pursuant to the terms of the Investment Agreement between NFI and Marcopolo S.A.

Director Election Results: 2015 Annual Meeting								
Director:	**Cochran**	**Edwards**	**Gray**	**Hoeg**	**Marinucci**	**Sardo**	**Soubry**	**Tobin**
For:	36,432,818	36,375,186	36,375,539	36,434,758	32,949,950	36,331,330	36,437,178	36,356,416
Withheld:	36,705	94,337	93,984	34,765	3,519,573	138,193	32,345	113,107
Total:	36,469,523	36,469,523	36,469,523	36,469,523	36,469,523	36,469,523	36,469,523	36,469,523
% in Favour:	99.90%	99.74%	99.74%	99.90%	90.35%	99.62%	99.91%	99.69%

NFI's By-Law No. 2 fixes a deadline by which Shareholders must submit a notice of director nominations to NFI prior to any meeting of Shareholders. In the case of an annual meeting, advance notice must be given to NFI not less than 30 and not more than 65 days prior to the date of the meeting. By-Law No. 2 also requires any Shareholder making a director nomination to provide certain important information about its nominees with its advance notice. Only Shareholders who comply with the requirements of By-Law No. 2 will be permitted to nominate directors to the Board unless the "advance notice" requirements of By-Law No. 2 are waived by the Board in its sole discretion. A copy of NFI's By-Law No. 2 is available online on SEDAR at www.sedar.com.

4. 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 2015 Report on Executive Compensation in 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 NFI's Human Resources, Compensation and Corporate Governance Committee (the "**Governance Committee**") in making its compensation recommendations and the decisions ultimately made by the Board.

Please read the 2015 Report on Executive Compensation beginning on page 22 of this Information Circular, including the discussion about compensation governance 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 resolution in the form set in Schedule "A".

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 2016 report on voting results, which will be available on SEDAR at www.sedar.com.

Approach to Executive Compensation Results: 2015 Annual General Meeting	
For:	30,704,213
Withheld:	5,765,810
Total:	36,470,023
% in favour:	**84.19%**

DIRECTOR NOMINEES

The following pages set out detailed information on Director nominees, including:

- place of residence;
- year first elected or appointed as a Director;
- age and principal occupation, education and experience;
- other principal directorship; and
- committee memberships and meeting attendance.

This information also includes the Director's equity ownership in NFI at the end of the last two fiscal years, consisting of Common Shares, DSUs and Director RSUs (which is described under "Director Compensation" in this Information Circular). The value of the Common Shares was calculated using the closing price of Common Shares on the Toronto Stock Exchange ("**TSX**") on December 24, 2014, which was $13.45 per Common Share, and on December 24, 2015, which was $26.75 per Common Share. The value of the DSUs and Director RSUs was calculated using the volume weighted average trading price per Common Share for the five (5) trading days ending on December 24, 2014, which was $12.92 per Common Share, and for the five (5) trading days ending on December 24, 2015, which was $26.98 per Common Share.

Phyllis Cochran

64
Corporate Director
Deer Park, Illinois
Director since May 2015
Independent

2015 Board/Committee Membership	Meeting Attendance [1]	
Board of Directors	6 of 6	100%
Audit Committee (Chair)	3 of 3	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	2 of 2	100%

Phyllis Cochran**,** CPA, is a corporate director and has served on the board of Spartan Light Metal Products, which is a private company, since 2014. Ms. Cochran also served on the board of The Mosaic Company from 2006 to 2013. She retired in 2012 after 33 years with Navistar International Corporation, a global manufacturer of commercial trucks and engines, where she served as President, Parts Group and President and Chief Executive Officer of Navistar Financial Corporation, among other leadership roles. She has strong strategic, operational and financial experience. Ms. Cochran also serves on several not-for-profit and charitable boards and is a member of the Institute of Corporate Directors, National Association of Corporate Directors and the American Institute of Certified Public Accountants.

Securities held as at fiscal year end								
Fiscal Year	Common Shares				DSUs	Director RSUs	Total Value	% of Share Ownership Requirement ($225,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	1,000	0	1,000	26,750	120,722	0	147,472	66%
2014	0	0	0	0	N/A	N/A	N/A	N/A

(1) Ms. Cochran was appointed to the board on May 7, 2015. She participated in committee and board meetings held after that date.

Larry Edwards [1, 2]

66
Corporate Director
Tulsa, Oklahoma
Director since Sept. 2008
Independent

2015 Board/Committee Membership	Meeting Attendance	
Board of Directors	11 of 11	100%
Audit Committee	5 of 5	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	5 of 5	100%

Larry Edwards, ICD.D, is a corporate director and also serves as a director and Chairman of the board of Victory Energy Organization, LLC, a private company based in Oklahoma (USA) which designs and manufactures fired packaged boilers, waste heat boilers and heat recovery steam generators and related equipment. Mr. Edward also serves on the board of directors of Patriot Bank and Black Mesa Production, LLC, both of which are private companies. Mr. Edwards served on the board of Red Fork Energy Limited (a company that was listed on the Australian Securities Exchange) from 2013 to 2015, NCI Building Systems, Inc. from 2007 to 2009 and Global Power Equipment Group Inc. ("GPEG") and its predecessor Global Energy Equipment Group, Inc. from 1998 until January, 2008. Mr. Edwards served as the President and Chief Executive Officer of GPEG from June 1998 until his retirement in December 2006. Mr. Edwards also served as the CEO of GPEG's predecessor company from June 1998 until GPEG's initial public offering in May 2001. From February 1994 until June 1998, Mr. Edwards served as the President of Jason Incorporated's power generation division. From 1976 until 1994, Mr. Edwards held various positions with Braden Manufacturing, including Vice President of Operations, General Manager and President. Prior to NFI's initial public offering, Mr. Edwards served on the board of Transit Holdings, Inc. since August 2004. Mr. Edwards earned a B.S. in Industrial Engineering and Management from Oklahoma State University and an M.B.A. with honors from Oklahoma City University. Mr. Edwards is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Securities held as at fiscal year end								
Fiscal Year	**Common Shares**				**DSUs**	**Director RSUs**	**Total Value**	**% of Share Ownership Requirement** ($225,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	22,616	82,360	104,976	2,808,108	256,311	0	3,064,419	Exceeds
2014	22,616	82,360	104,976	1,411,927	86,336	0	1,498,263	Exceeds

(1) Mr. Edwards was a director of Red Fork Energy Limited ("RFE") from May 2013 to April 2015. In December 2014, KordaMentha Pty Ltd. was appointed as receivers and managers over the assets of RFE under the terms of the security provided to Guggenheim Corporate Funding LLC. As a consequence of this appointment, the directors of RFE appointed Ferrier Hodgson as joint and several voluntary administrators and the powers of RFE's directors were suspended. In March 2015, Ferrier Hodgson concluded that RFE was not insolvent for a material time leading to their appointment and that the directors had a reasonable expectation they would be able to refinance the Guggenheim facility. In April 2015, the creditors of RFE resolved that the company execute a deed of company arrangement for purposes of reconstruction and recapitalisation of RFE (to be renamed Brookside Energy Limited). In July 2015, the deed was effectuated and control of Brookside Energy Limited reverted to a new board of directors. See "Directors, Officers and Management - Cease Trade Orders, Bankruptcies, Penalties and Sanctions" on page 48 of the AIF.

(2) 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 48 of the AIF.

Adam Gray [1]

50
Managing Partner, Coliseum Capital Management, LLC
Greenwich, Connecticut
Director since May 2012
Independent

2015 Board/Committee Membership	Meeting Attendance	
Board of Directors	11 of 11	100%
Audit Committee	5 of 5	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	5 of 5	100%

Adam Gray is a managing partner of Coliseum Capital Management, a private firm that makes long-term investments in both public and private companies, which he co-founded in December 2005. He also serves as non-executive Chairman of Redflex Holdings Limited and serves on the board of The Pas Group Limited (both of which are listed on the Australian Securities Exchange) and the board of Blue Bird Corporation. Mr. Gray served on the board of directors of DEI Holdings, Inc. since February 2009 until its sale in June 2011, and on the board of directors of Benihana Inc. since September 2010 until its sale in August 2012. From January 2005 to November 2005, Mr. Gray was a consultant for a private investment firm. From 2003 to 2004, Mr. Gray served as Executive Vice President, Strategic Projects and Capital Management at Burger King Corp. From 1993 to 2003, Mr. Gray held several executive positions with the Metromedia Restaurant Group, comprised of S&A Restaurant Corp. and Metromedia Steakhouses Company, LP, which included the Bennigan's, Steak & Ale, Ponderosa and Bonanza restaurant concepts. Prior to that time, Mr. Gray served as an Associate at Kluge & Co. and an Analyst within Morgan Stanley's Merchant Banking Group. Mr. Gray holds both a BSE in Finance from the Wharton School of Business and a BS in Mechanical Engineering from the School of Engineering & Applied Science at the University of Pennsylvania.

Securities held as at fiscal year end

Fiscal Year	Common Shares				DSUs	Director RSUs	Total Value	% of Share Ownership Requirement ($225,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	0	5,329,444	5,329,444	142,562,627	326,358	0	142,888,985	Exceeds
2014	0	6,164,337	6,164,337	82,910,333	156,881	0	83,067,214	Exceeds

(1) As at March 24, 2016, Coliseum or its affiliates beneficially own or control, directly or indirectly 5,331,048 Common Shares, representing approximately 9.5% 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.

Krystyna Hoeg

66
Corporate Director
Toronto, Ontario
Director since May 2015
Independent

2015 Board/Committee Membership	Meeting Attendance [1]	
Board of Directors	6 of 6	100%
Human Resources, Compensation & Corporate Governance Committee	2 of 2	100%
Audit Committee (ex-officio)	2 of 3	67%

Krystyna Hoeg, CPA, CA, is a corporate director and was the former President and Chief Executive Officer of Corby Distilleries Limited, a marketer and seller of spirits and wine. She occupied this position from October 1996 to February 2007. She joined the Allied Domecq group of companies in 1985 and held a number of senior financial positions with Hiram Walker & Sons Ltd., Hiram Walker – G&W Ltd., Allied Domecq Spirits and Wine and Hiram Walker and Sons Limited, lastly as Senior Vice-President of Finance – the Americas. Ms. Hoeg is currently a director of Imperial Oil Limited and Sun Life Financial Inc. and is also a director of Revera Inc. and Samuel, Son & Co. Limited, both of which are private companies. She is a past director of Canadian Pacific Railway Limited, Shoppers Drug Mart Corporation and Cineplex Galaxy Income Fund and was a director of Ganong Bros. Limited, a private company. Currently, Ms. Hoeg is the chairperson of the board of directors of the Toronto East General Hospital. She was a director of the Woodrow Wilson Center, Canadian Institute (Advisory Council), Green Shield Canada and St. Michael's Hospital Foundation, as well as the Business Advisory Council of United Nations Office for Project Services. Ms. Hoeg is a Chartered Accountant (1982) and holds a Bachelor of Science from McMaster University, and a Bachelor of Commerce and a Masters of Science from the University of Windsor.

Securities held as at fiscal year end								
Fiscal Year	Common Shares				DSUs	Director RSUs	Total Value	% of Share Ownership Requirement ($225,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	2,000	0	2,000	53,500	0	107,797	161,297	72%
2014	0	0	0	0	N/A	N/A	N/A	N/A

(1) Ms. Hoeg was appointed to the board on May 7, 2015. She participated in committee and board meetings held after that date.

John Marinucci [1]

59
Corporate Director
Oakville, Ontario
Director since June 2005
Independent

2015 Board/Committee Membership	Meeting Attendance	
Board of Directors	11 of 11	100%
Audit Committee	5 of 5	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	5 of 5	100%

John Marinucci, C.A., ICD.D, H.R.C.C.C, joined New Flyer as President and Chief Executive Officer in 2002 and retired as an executive officer of the Company at the beginning of 2009. Mr. Marinucci also serves as a director of Intelgenx Corporation. Mr. Marinucci previously served as a director of SMTC Corporation and Advance Engineered Products Ltd. He is a past governor and chairperson of Mohawk College in Hamilton, Ontario and was the chairperson of the CWB Group of Companies. Mr. Marinucci is a Chartered Accountant and holds an Honours Bachelor of Commerce degree from McMaster University. Mr. Marinucci has a strong manufacturing background with a proven track record in operational restructurings and management of highly leveraged business concerns. Mr. Marinucci served for eight years as President and Chief Operating Officer for a major Canadian manufacturer and lessor of freight railcars and is a former President of the Canadian Association of Railway Suppliers. He has also held executive and senior management roles within leading Canadian and United States based organizations. Mr. Marinucci is also a member of several private company boards and is the founder and Chairman of the Marinucci Family Foundation, a registered charity focused on funding education, live arts and proactive healthcare initiatives. Mr. Marinucci is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Securities held as at fiscal year end								
Fiscal Year	Common Shares				DSUs	Director RSUs	Total Value	% of Share Ownership Requirement ($225,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	150,000	0	150,000	4,012,500	256,311	0	4,268,811	Exceeds
2014	150,000	0	150,000	2,017,500	86,336	0	2,103,836	Exceeds

(1) Mr. Marinucci was a director of Advance Engineered Products Ltd. ("AEPL") from March 1, 2014 to his resignation from the board on April 9, 2015. AEPL is a manufacturer of tank trucks, trailers and vacuum truck equipment. On April 10, 2015, AEPL filed for protection from its creditors under the Companies' Creditors Arrangement Act (Canada) ("CCAA") with the Court of Queen's Bench of Saskatchewan, Judicial Centre of Saskatoon and Ernst & Young Inc. was appointed by the court as monitor of AEPL. In October 2015, substantially all of AEPL's assets were sold to an affiliate of Ironbridge Equity Partners and the court ordered that the stay period for proceedings be extended to April 2016 to enable the company to resolve certain outstanding matters and complete the administration of CCAA proceedings. See "Directors, Officers and Management - Cease Trade Orders, Bankruptcies, Penalties and Sanctions" on page 48 of the AIF.

Paulo Cezar da Silva Nunes

63
Corporate Director
Porto Alegre, Brazil
Director since Aug. 2015
Independent

2015 Board/Committee Membership	Meeting Attendance [1]	
Board of Directors	6 of 6	100%
Audit Committee	2 of 2	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	3 of 3	100%

Paulo Cezar Da Silva Nunes is a corporate director and an independent automotive business consultant, providing services focused on strategy and governance in the automotive industry. Mr. Da Silva Nunes also serves as a director of Marcopolo S.A., one of the world's largest bus manufactures and Cesbe S.A. Engenharia e Empreendimentos, a Brazilian construction company mainly focused on energy generation segments and industrial building construction. He served on the board of Sindipeças, the Brazilian association of auto parts manufacturers from 2002 to 2013. Mr. Da Silva Nunes held various senior positions with Dana Holding Corporation from 1994 to 2012, including as Vice-President, Business Development, as well as various positions with Racine Hidraulica S.A. from 1974 to 1993 and Massey Ferguson S.A. from 1971 to 1974. Mr. Da Silva Nunes holds degrees in business administration and general accounting.

Securities held as at fiscal year end								
Fiscal Year	Common Shares				DSUs	Director RSUs	Total Value	% of Share Ownership Requirement ($225,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	0	0	0	0	0	0	0	0%
2014	0	0	0	0	N/A	N/A	N/A	N/A

(1) Mr. Nunes was appointed to the board on August 6, 2015. He participated in committee and board meetings held after that date.

V. James Sardo [1, 2]

72
Corporate Director
Mississauga, Ontario
Director since June 2005
Independent

2015 Board/Committee Membership	Meeting Attendance	
Board of Directors	10 of 11	91%
Audit Committee	5 of 5	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	5 of 5	100%

V. James Sardo, ICD.D, is a corporate director and also serves on the boards of Currency Exchange International, Corp. and Capstone Infrastructure Corporation. Mr. Sardo was a director of Cline Mining Corporation from 2013 to 2015, Consolidated Thompson Iron Mines Limited from 2010 to 2011, Royal Group Technologies Limited from 2003 to 2006, Hydrogenics Corporation from 2003 to 2009, SonnenEnergy Corp from 2008 to 2009 and Northstar Healthcare Inc. from 2008 to 2010. Mr. Sardo was also a trustee of Countryside Power Income Fund from 2004 to 2007; Union Waterheater Income Trust from 2003 to 2007; and Custom Direct Income Fund from 2003 to 2007. Prior to these appointments, Mr. Sardo was interim CEO of Royal Group Technologies Limited from 2004 to 2005, President of the Canadian Operations of Moore Corporation Limited, a business forms and communications company, from 1999 to 2001 and President and CEO of SMK Speedy International Inc., an international automotive repair company, from 1997 to 1999. Prior to 1997 Mr. Sardo was Chief Executive Officer of Amre Inc., a Dallas based marketer of home improvement products from 1994 to 1995 and Chief Executive Officer of SNE Inc., a manufacturer and marketer of windows and doors from 1991 to 1994. Mr. Sardo was the President of Firestone Canada Inc. from 1983 to 1988 and its Chairman and Chief Executive Officer from 1985 to 1988. Mr. Sardo holds a Bachelor of Arts degree from the University of Western Ontario in London, Ontario and an MBA from McMaster University in Hamilton, Ontario and is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Securities held as at fiscal year end

Fiscal Year	Common Shares				DSUs	Director RSUs	Total Value	% of Share Ownership Requirement ($225,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	30,000	0	30,000	802,500	256,311	0	1,058,811	Exceeds
2014	30,000	0	30,000	403,500	86,336	0	489,836	Exceeds

(1) Mr. Sardo served as a director on the board of directors of Cline Mining Corporation ("Cline") from May 23, 2013 to July 8, 2015. At the time of his appointment, Cline was in default of its senior secured debt obligations. Mr. Sardo was appointed to assist Cline and the board of directors with their assessment of strategic alternatives to address the company's financial challenges for the benefit of the company and its stakeholders. Subsequently, Cline and certain of its subsidiaries obtained protection under the CCAA in the Ontario Superior Court of Justice (Commercial List) on December 3, 2014 in connection with a proposed restructuring and recapitalization. On July 8, 2015, Cline completed a re-capitalization and emerged from CCAA, at which time Mr. Sardo resigned as a director of Cline. See "Directors, Officers and Management - Cease Trade Orders, Bankruptcies, Penalties and Sanctions" on page 48 of the AIF.

(2) 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 48 of the AIF.

Paul Soubry [1]

53
President & CEO, NFI
Winnipeg, Manitoba
Director since May 2009
Non-independent

2015 Board/Committee Membership	Meeting Attendance	
Board of Directors	11 of 11	100%
Audit Committee	5 of 5	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	5 of 5	100%

Paul Soubry, ICD.D, joined New Flyer as President and Chief Executive Officer in January 2009. Mr. Soubry holds a Bachelor of Commerce (Honours) degree from the University of Manitoba and completed the executive development program at Harvard Business School. Mr. Soubry has a strong sales, marketing, business development and operations background in businesses held by both trade and private equity owners, with substantial experience in business transformations and LEAN operational practices. Prior to joining New Flyer, Mr. Soubry worked for StandardAero for 24 years where he held a variety of increasingly senior positions including being named President in 2001, Chief Operating Officer in 2006, and Chief Executive Officer in 2007. Mr. Soubry currently serves on the boards of True North Sports and Entertainment Limited/Winnipeg Jets Hockey Club and the Winnipeg Airports Authority. He has also served on the board of the Mondetta Clothing Company and Economic Development Winnipeg Inc. In 2003, Mr. Soubry was named one of the recipients of "Canada's Top 40 under 40" award and in 2014 was inducted in the Canadian Manufacturers and Exporters Hall of Fame. Mr. Soubry is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Securities held as at fiscal year end								
Fiscal Year	Common Shares				DSUs [1]	Director [1] RSUs	Total Value	% of Share [2] Ownership Requirement ($2,175,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	289,565	1,000	290,565	7,772,614	N/A	N/A	N/A	Exceeds
2014	161,700	1,000	162,700	2,188,315	N/A	N/A	N/A	Exceeds

(1) As a member of management, Mr. Soubry is not permitted to be a participant in the DSU Plan or the Director RSU Plan and therefore no DSUs or Director RSUs have been awarded to him. For the value of the share-based awards and option-based awards granted to Mr. Soubry, refer to the Summary Compensation Table on page 42 of this Information Circular.

(2) Mr. Soubry's share ownership requirement in 2014 and 2015 was set at three times his base salary. See page 30 of this Information Circular.

The Honourable Brian V. Tobin

61
Vice Chairman, BMO Capital Markets
Ottawa, Ontario
Director since June 2005
Independent

2015 Board/Committee Membership	Meeting Attendance	
Board of Directors	11 of 11	100%
Audit Committee	5 of 5	100%
Human Resources, Compensation & Corporate Governance Committee (ex-officio)	5 of 5	100%

The Honourable Brian V. Tobin, P.C., O.C., ICD.D, was named as an Officer of the Order of Canada in 2013 for his contribution to Canadian public policy. Mr. Tobin is currently a Vice-Chair of BMO Capital Markets, is the Chairperson of the board of directors of New Flyer, serves as Lead Director and Vice Chairperson on the board of directors of Aecon Group Inc. and is a member of the board of directors of Element Financial Corporation. Mr. Tobin is also a member of the board of directors of the Royal Conservatory of Music. Previously, Mr. Tobin served as the Premier of Newfoundland and Labrador from 1996 to 2000 and won two consecutive majority governments in provincial elections held in February 1996 and February 1999. Mr. Tobin also served as a Member of Parliament from 1980 to 1996, served as Minister of Fisheries and Oceans in the federal cabinet from 1993 to 1996 and served as the Federal Minister of Industry from October 2000 to January 2002. Mr. Tobin served as the Executive Chairman, President and Chief Executive Officer of Consolidated Thompson Iron Mines Limited until May 2011 when that company was purchased by Cliffs Natural Resources Inc. Mr. Tobin has also served as a director of Aurvista Gold Corporation, Calvista Gold Corporation, Cline Mining Corporation, Marret Resources Inc., Lions Gate Entertainment Corp. and Canpages Inc. and was a trustee of Newport Partners Income Trust. Mr. Tobin has been awarded honorary degrees by St. Francis Xavier University in Nova Scotia, Canada and by Brock University in Ontario, Canada. Mr. Tobin is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Securities held as at fiscal year end

Fiscal Year	Common Shares				DSUs	Director RSUs	Total Value	% of Share Ownership Requirement ($360,000)
	Ownership (#)	Control (#)	Total (#)	Value ($)	Value ($)	Value ($)	($)	
2015	54,400	30,300	84,700	2,265,725	378,138	145,762	2,789,625	Exceeds
2014	54,400	30,300	84,700	1,139,215	181,763	0	1,320,978	Exceeds

DIRECTOR COMPENSATION

Compensation is paid to Directors in a combination of cash, deferred share units ("**DSUs**"), and/or restricted share units ("**Director RSUs**"). A Director must generally make the election to receive DSUs or Director RSUs before the start of the calendar year in which such election is to apply. The Directors determined that as the Company reports its financial statements in U.S. dollars, the majority of its revenue and business is generated from the United States and its functional currency is the U.S. dollar, effective January 1, 2016, non-management directors' compensation will be paid in U.S. dollars, instead of in Canadian dollars, in quarterly payments, in advance.

	2015	2016
Total annual retainer for Board membership	$125,000 CAD	$125,000 USD
• Maximum amount paid in cash	$75,000 CAD	$62,500 USD
• Minimum amount paid in DSUs / Director RSUs	$50,000 CAD	$62,500 USD
Additional retainers:		
Board Chair	$90,000 CAD	$100,000 USD
o Maximum amount paid in cash	$45,000 CAD	$50,000 USD
o Minimum paid in DSUs / Director RSUs	$45,000 CAD	$50,000 USD
Audit Committee Chair	$15,000 CAD	$15,000 USD
Governance Committee Chair	$15,000 CAD	$15,000 USD

Directors may also receive a per diem of USD $2,000 in the event that they perform additional work authorized by the Board where the 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 who 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".

Directors are not paid meeting attendance fees as the Board believes a flat-fee base retainer is more aligned with a Director's duties and responsibilities and time commitment to the Company, which should be a year-round commitment.

Director compensation is reviewed for market competitiveness on a biannual basis. The comparator group is the same as the comparator group used for executive compensation benchmarking.

DSU Plan and Director RSU Plan

The DSU Plan and Director RSU Plan help NFI attract, retain and motivate highly qualified and experienced individuals to serve as Directors of NFI and promote alignment of interests between the non-employee members of the Board and the stakeholders of NFI.

Director Fee Repayment Policy

As Directors' compensation is paid quarterly, in advance, effective January 1, 2016, the Board adopted a Director Fee Repayment Policy in early 2016 which provides that if a Director ceases to be a Director of the Company prior to the end of the quarter in respect of which the retainer was paid, the Director shall repay to the Company a pro rata portion of the cash retainer paid and forfeit a portion of DSUs and Director RSUs allocated to the Director based on the number of days remaining in the quarter.

Deferred Share Unit Plan for Non-Employee Directors

The Board adopted the Deferred Share Unit Plan for Non-Employee Directors ("**DSU Plan**") on November 7, 2011, which was amended in December 8, 2015 and December 18, 2015. Pursuant to the DSU Plan, non-employee Directors may elect to receive all or a portion of their annual retainer 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 day that fees would otherwise be paid. The number of DSUs credited to a Director's account 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, divided by 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.

Restricted Share Unit Plan for the Non-Employee Directors

The Board adopted the Restricted Share Unit Plan for Non-Employee Directors ("**Director RSU Plan**") on March 20, 2014. The Director RSU Plan was amended on December 8, 2015. A maximum of 500,000 Common Shares are available for issuance under the plan. Pursuant to the Director RSU Plan, non-employee Directors are permitted to elect, once each calendar year, to receive all or a portion of their annual retainer in the form of Director RSUs instead of cash. A Director RSU is a right to acquire a fully-paid and non-assessable Common Share credited by means of a bookkeeping entry to an account in the name of the non-employee director. The Board, in its sole discretion, may award additional Director RSUs, subject to an annual aggregate value of CAD $150,000 per Director. The number of Director RSUs to be awarded to a Director is determined by dividing the amount of the applicable portion of the Director's annual retainer by the applicable fair market value of a Common Share on that date.

When dividends are paid on a Common Share, additional Director RSUs equivalent to the aggregate number of Director RSUs held by a Director on the dividend record date multiplied by the amount of dividend paid by NFI on each Share, and then divided by the fair market value of the Shares on the dividend payment date, will automatically be credited to the Director's account. Under the Director RSU Plan, Director RSUs vest immediately as at each applicable award date. A Director (other than a U.S. Director) is permitted to exercise the Director RSUs credited to his or her account at any time prior to December 15 of the year following the year in which the Director ceases to be a non-employee Director of NFI or one of its affiliates, at which time any remaining Director RSUs will be automatically redeemed. A U.S. Director will be required to specify the exercise date in an annual election form in accordance with Section 409A of the U.S. Internal Revenue Code.

See Schedule "C" for further details of the Director RSU Plan.

Common Share Ownership Guideline

In 2015, each Director was required to own a minimum number of Common Shares of NFI having a value equal to three (3) times the Director's annual base cash retainer (chair or extra meeting fees, if any, are excluded).

Effective January 1, 2016, in order to further align the interests of Directors and Shareholders, the Common Share ownership guideline was increased such that each Director must now own a minimum number of Common Shares of NFI having a value equal to five (5) times the Director's annual base cash retainer (chair or extra meeting fees, if any, are excluded). This ownership requirement must be met by a director by the later of: (i) five years of being appointed to the Board, and (ii) December 31, 2017. Any DSUs granted under the Company's DSU Plan and any Director RSUs granted under the Director RSU Plan that are held by a Director shall be included in determining that Director's share ownership level. For the current Common Share ownership of each Director, refer to the table of securities held under the biography of each Director nominee, starting on page 9 of this Information Circular.

As disclosed in Ownership or Control Over Common Shares column in the Director Nominees section of this Information Circular, all of the Directors (other than Mr. Nunes and Mses. Hoeg and Cochran) own at least the minimum number of Common Shares required.

Director Compensation Table

The following table sets forth the compensation earned by each Director for the year ended December 27, 2015.

Name	Fees earned ($)	Share-based awards [(1)] ($)	All other compensation ($)	Total ($)
Phyllis Cochran[(2)] *Deer Park, Illinois, USA*	0	90,769	0	90,769
Larry Edwards[(2)] *Tulsa, Oklahoma, USA*	75,000	50,000	0	125,000
Adam Gray[(2) (3)] *Greenwich, Connecticut, USA*	0	125,000	0	125,000
Krystyna Hoeg *Toronto, Ontario, Canada*	0	81,044	0	81,044
John Marinucci *Oakville, Ontario, Canada*	75,000	50,000	0	125,000
Paulo Nunes(2) Brazil	49,592	0	0	49,452
V. James Sardo *Mississauga, Ontario, Canada*	90,000	50,000	0	140,000
The Honourable Brian Tobin *Ottawa, Ontario, Canada*	120,000	95,000	0	215,000

(1) 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.

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

(3) Mr. Gray has assigned his compensation, including any future amounts to be paid upon the redemption of the DSUs and Director RSUs, to Coliseum Capital Partners, LP.

Outstanding Share-Based Awards

The following table sets forth information concerning all outstanding share-based awards granted by NFI to the Directors on or before December 27, 2015.

Name of Director	Share-based Awards		
	Number of shares or units that have not vested	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed [(1)] ($)
Phyllis Cochran *Deer Park, Illinois, USA*	0	0	120,718
Larry Edwards *Tulsa, Oklahoma, USA*	0	0	256,317
Adam Gray[(2)] *Greenwich, Connecticut, USA*	0	0	326,379
Krystyna Hoeg *Toronto, Ontario, Canada*	0	0	107,784
John Marinucci *Oakville, Ontario, Canada*	0	0	256,317
Paulo Nunes *Brazil*	0	0	0
V. James Sardo *Mississauga, Ontario, Canada*	0	0	256,317
The Honourable Brian Tobin *Ottawa, Ontario, Canada*	0	0	523,902

(1) Represents the aggregate value of the DSUs and Director RSUs, calculated based on the volume weighted average trading price of the Common Shares on the TSX for the five (5) trading days ending on December 24, 2015 of $26.98.

(2) Mr. Gray has assigned his compensation, including any future amounts to be paid upon the redemption of the DSUs and Director RSUs, 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 27, 2015.

Name of Director	Share-based awards - Value vested during the year [(1)] ($)
Phyllis Cochran *Deer Park, Illinois, USA*	90,769
Larry Edwards *Tulsa, Oklahoma, USA*	50,000
Adam Gray *Greenwich, Connecticut, USA*	125,000
Krystyna Hoeg *Toronto, Ontario, Canada*	81,044
John Marinucci *Oakville, Ontario, Canada*	50,000
Paulo Nunes *Brazil*	0
V. James Sardo *Mississauga, Ontario, Canada*	50,000
The Honourable Brian Tobin *Ottawa, Ontario, Canada*	95,000

(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 for DSUs and/or Director RSUs. Directors are immediately vested in their Director RSUs which are redeemable immediately upon vesting. Directors are also immediately vested in their DSUs, but do not receive payment in respect of their DSUs until they cease to be Directors.

(2) Mr. Gray has assigned his compensation, including any future amounts to be paid upon the redemption of the DSUs and Director RSUs, to Coliseum Capital Partners, LP.

2015 REPORT ON EXECUTIVE COMPENSATION

This section describes our compensation philosophy, policies and programs, and provides the details on the compensation of our Named Executive Officers ("**NEOs**"). The main items can be found in the following order:

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GOVERNANCE COMMITTEE LETTER TO SHAREHOLDERS

Dear fellow shareholders,

On behalf of the Human Resources, Compensation and Corporate Governance Committee ("**Governance Committee**") and the Board of Directors ("**Board**") of New Flyer Industries Inc. ("**NFI**"), we are pleased to share with you our approach to executive compensation, including a review of the performance of NFI, the framework and rationale we have used to make our 2015 compensation decisions, and changes made for 2016.

Our pay-for-performance approach to compensation for our executive team supports the execution of the business plan and our commitment to deliver strong returns for shareholders.

Our Approach to Executive Compensation

Your Board is committed to a pay-for-performance approach to compensation for our executive team. This compensation philosophy supports the execution of the business plan and our commitment to deliver strong returns for shareholders. NFI's executive compensation programs and policies are based upon the guiding principle that shareholder value can be increased by maintaining a proper balance between fixed and variable compensation, between short- and long-term incentives, and between risk and reward. Accordingly, our executive compensation program, which is benchmarked regularly to comparable corporations in Canada and the United States, is comprised of fixed pay, short-term incentive tied to the achievement of annual financial and operational goals (e.g. Annual Operating Plan and Management Objectives ("**MBOs**")) and long-term awards tied to both our long-range plan and share performance.

We recognize that our executive compensation programs must not encourage undue risk-taking by our executives. Our practices, such as share ownership requirements, the compensation clawback policy ("Clawback Policy") and trading restrictions, are designed to mitigate that risk.

2015 Performance — The Year in Review

Revenues grew by 6.1% in 2015 compared to 2014, accelerated by strong performance in both the Bus and Coach and the Aftermarket parts businesses which strengthened our position as leader in the heavy-duty transit bus business. Adjusted EBITDA (as defined on page 33 of this Information Circular) grew by 41%, related to strong Aftermarket performance, continued improvements in bus business operations as well as an increase in deliveries and reduction in work in process in our bus segment. Free Cash Flow (as defined on page 33 of this Information Circular) per share increased 65%. This year also included several other positives: the Book-to-Bill ratio (defined as new firm and option orders divided by deliveries) has been greater than 100% for 11 of the last 12 quarters, the value of the backlog remains strong at $4.9 billion (including MCI), the completed rationalization of the NABI Bus product lines to the Xcelsior® platform, and the acquisition of Motor Coach Industries in late December 2015.

Revenues grew by 6.1% in 2015, accelerated by strong performance in the Bus and Coach and the Aftermarket Parts Businesses, which strengthened our position as leader in the heavy-duty transit business.

Executive Compensation for 2015

The Board and the Governance Committee considered 2015 corporate and individual performance and current positioning against the market in making its compensation decisions.

In 2015, the Company exceeded the maximum short-term incentive plan ("**STIP**") targets for Adjusted EBITDA (144% of target) and Free Cash Flow (181% of target). Based on the performance against the above mentioned metrics as well as their achievement of MBOs, the NEOs were eligible to be considered for a payment ranging from 25% to 155% of target payment under the STIP in respect of 2015.

In 2015, long-term incentives were granted in accordance with the Company's established policy. The aggregate grant value awarded in 2015 was C$2,474,976 million to the five NEOs, an increase in grant date value of 4% compared to the previous year as further described in more detail in the section "Compensation Discussion and Analysis" of the 2015 Report on Executive Compensation.

Executive Compensation Changes in 2016

For 2016, the Board approved compensation changes for the CEO and other NEOs consistent with our Compensation Philosophy and Guiding Principles. The Board approved select base salary adjustments to ensure target compensation levels for NFI executives remain competitive with the market. As part of a continued focus on governance, the Board approved a Clawback Policy that will allow NFI to recover certain compensation in the event NFI is required to file a restatement of the annual audited financial statements. The Board and the Governance Committee remain committed to a pay-for-performance compensation philosophy, and will therefore continue to assess our executive compensation programs regularly to ensure continued alignment with NFI's short- and long-term business plan, strategies and shareholder value creation.

"The Honourable Brian Tobin"

The Honourable Brian Tobin
Chairperson of the Board of Directors

"V. James Sardo"

V. James Sardo
Chairperson of the Human Resources, Compensation and Corporate Governance Committee

COMPENSATION DISCUSSION AND ANALYSIS

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, Bus
Ian Smart	Executive Vice President, Aftermarket
Kevin Wood	Vice President, Manufacturing

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 improve performance of NFI.
- To attract, retain, and motivate talented executives by providing a total compensation program competitive with the marketplace. NFI's compensation philosophy is to pay executives within a competitive range of the median of comparable corporations for target performance.
- To reinforce NFI's values and strategic objectives, including emphasis on shareholder, employee, customer, supplier and community stakeholders.
- To pay for performance and reward the executive leadership team for achieving both short-term and long-term performance goals, with increased emphasis placed on longer-term value creation.
- To align the interests of executives with the interests of shareholders.

The Governance Committee determines the mix between the various elements of compensation based on a number of inputs:

- Results of the annual review of the executive compensation framework
- Results of regular benchmarking studies
- Review of the compensation trends and market practices of public companies for short-term incentive and long-term incentive design
- Review of 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. This includes 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 assess executive compensation practices and levels at similarly-situated companies. Regularly, with the help of its independent compensation consultant and input from management, the Governance Committee reviews the comparator group for continued applicability and to account for mergers and acquisitions. Criteria used to select and review the comparator group include:

- Same or similar industry to NFI
- Between one-third and three times NFI's revenue
- Headquartered in Canada or the United States

The comparator group used to benchmark compensation for 2015 is comprised of nine Canadian companies and nine American companies, with median revenue of approximately $1,912 million, at the time of the review.

2015 Compensation Comparator Group		
Accuride Corp.	Greenbrier Companies Inc.	Titan International Inc.
Alamo Group Inc.	Linamar Corp.	Toromont Industries Ltd.
Astec Industries Inc.	MFC Industrial Ltd.	TransForce Inc.
Briggs & Stratton	Martinrea International Inc.	Wabash National Corp.
CAE Inc.	Progressive Waste Solutions	WABCO Holdings Inc.
Commercial Vehicle Group Inc.	Russel Metals Inc.	Wajax Corp.

Transforce Inc. acquired Vitran Corp Inc. in 2015 and therefore replaced Vitran Corp. Inc. in the comparator group. Transforce Inc. meets the comparator group size and industry criteria.

Role of the Governance Committee, Management and Consultants

Role of the 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 compensation for the NEOs (including the CEO) and the Company's other executives
- Reviewing and making recommendations to the Board concerning the appointment and termination of officers of the Company (including the NEOs)
- Annually reviewing the CEO's goals and objectives for the upcoming year and each quarter providing the Board with an appraisal of the CEO's performance
- Making recommendations to the Board concerning the remuneration of the Directors
- Reviewing and assessing the CEO and executive talent and succession plan

Governance Committee member experience

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. Three of the four Governance Committee members currently serve and have previously served on the compensation committees of other publicly traded companies.

Collectively, the members' experiences provide the Governance Committee with the knowledge, skills and experience in executive compensation and human resources that enable the Governance Committee to make informed decisions on the suitability of the Company's policies and practices.

In 2015, the Governance Committee was comprised of four Directors:

- V. James Sardo (Chairperson)
- The Honourable Brian Tobin
- Krystyna Hoeg
- Paulo Nunes

All of the members of the Governance Committee are Directors who are independent within the meaning of National Instrument 52-110 Audit Committees ("NI 52-110"). None of the members of the Governance Committee is a current or former officer or employee of NFI or any of its affiliates.

Role of Management

The Governance Committee meets with the CEO and other members of management to discuss the performance of the organization and its strategic objectives. Based on the comparator group used to benchmark compensation, the CEO provides his recommendations regarding salary adjustments, STIP and long-term incentive plan ("**LTIP**") awards and discusses the individual performance of the executives with the Governance 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

The Governance Committee has retained Meridian Compensation Partners as its independent compensation consultant since 2012. In 2015, Meridian provided periodic advice to the Governance Committee with respect to Director and executive compensation matters and in response to other Governance Committee requests.

Management has retained Towers Watson to provide advice on human resource matters. Towers Watson has been management's compensation consultant since 2012.

Executive Compensation-Related Fees

Services Provided	**Meridian Compensation Partners**		**Towers Watson**	
	2015	**2014**	**2015**	**2014**
Compensation Consulting for the Governance Committee	$64,905	$5,261	$0	$8,430
Compensation Consulting for Management	$0	$0	$70,550	$53,085
Other Services	$0	$0	$0	$0
Total	$59,448	$5,261	$70,550	$61,515

Talent and Succession Planning and Role of Governance Committee

The Company uses a comprehensive framework and takes an integrated approach to talent management and succession planning. The Company focuses on identifying, assessing and developing high-potential talent to build leadership capability and strengthen overall succession. This process helps to create and maintain a pipeline of leaders to drive the Company's strategic plans and to improve performance.

The Company believes that its human resources processes help ensure the right people are placed in roles that optimize both individual development and business performance, with the intent of developing high-potential talent to prepare them for broader and more complex roles within the organization. This focus on developing internal capabilities helps to retain talent and provides more options for succession. The Company also supplements the practice of promoting from within by hiring externally to benefit from diverse experiences, fresh perspectives and to further promote diversity in the workplace. Through the New Flyer Institute, the name given to the Company's education and training function, the Company also provides formal leadership development and training.

The Governance Committee plays a key role in its oversight of talent management and succession planning. Twice a year, the Committee reviews with management the talent and succession planning activities for the leadership team, including the executive team, and discusses the processes and practices for leadership development, the depth and diversity of succession for leadership roles across the Company and the talent and succession activities and progress made over the prior period and the planning for the next six months.

In conjunction with the review of the Company's talent and succession planning activities, the Governance Committee and the Board also review and discuss the CEO and executive leadership team succession. This includes a discussion of contingency and long-term succession plans for the CEO and members of the executive team, in addition to addressing any specific gaps in the succession plan. The CEO discusses the strengths and areas for development of key succession candidates, progress of development over the period and future development plans. The Board also reviews and discusses potential succession scenarios and assesses the potential successors.

Risk Management

Compensation risk is one of several forms of risk addressed by NFI's risk management policy and overseen by the Board.

The Board has a conservative approach to compensation risk management and the executive compensation program is structured to encourage the right management behaviours consistent with the risk profile of the Company and does not create an incentive to take excessive or inappropriate risks.

Compensation risk is managed by:

- Considering risk when setting annual corporate and personal 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
- Maintaining share ownership guidelines

Each year, the Governance Committee considers the implications of the risks associated with NFI's compensation policies and practices. As part of its 2015 review, the Governance Committee concluded that such policies and practices encourage executive officers not to take inappropriate or excessive risks and that NFI's compensation philosophy, program design and policies are reasonable and appropriate for its needs.

The policies and practices include:

1. Deferred Compensation

As discussed in this Compensation Discussion and Analysis, a significant portion of variable compensation for executives is deferred through the LTIP, to maintain the focus of the executives on sustained long-term performance.

2. Trading Restrictions

Under NFI's securities trading policy, directors and employees, including NEOs, are prohibited from entering into short sales or buying or selling call or put options in respect of securities of NFI and restricted from trading while in possession of material undisclosed information.

3. Hedging Policy

Hedging activities in respect of executive and director equity awards and Common Shares are expressly prohibited.

4. Clawback Policy

The Board approved a Clawback Policy on January 25, 2016 that is applicable to all incentive compensation awards granted after that date. The Clawback Policy will assist NFI in maintaining a culture that emphasizes integrity and accountability and will reinforce NFI's pay-for-performance compensation philosophy. In the event NFI is required to file a restatement of its annual audited financial statements as a result of a correction of a material error, the Clawback Policy allows NFI to recover certain incentive compensation that was granted, vested or earned during the three most recently completed fiscal years prior to the restatement. Individuals covered by the Clawback Policy include current and former executives of NFI or its subsidiaries who were eligible or received incentive compensation from NFI that was granted, vested or earned based on the Company's achievement of any specified financial reporting measure or NFI's share price or total shareholder return ("**TSR**") under the Company's incentive compensation plans. No misconduct on the part of a covered individual is required for NFI to trigger a clawback. The amount that is recoverable is limited to the amount that is in excess of the incentive compensation which ought to have been granted, vested or earned in the three year look-back period based on the restatement. The Clawback Policy allows the Board to not pay or grant future compensation or equity awards, cause the forfeiture or cancellation of unpaid or unvested incentive compensation and offset against any amounts otherwise payable to covered individuals, to the extent permitted by law.

5. Common Share Ownership Guidelines

NFI implemented share ownership guidelines in 2012 and updated the guidelines in 2013, to further align executive and shareholder interests. 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.

Level	2015 Guideline
Chief Executive Officer (CEO)	3x base salary
CFO/EVP	2x base salary
VP	1x base salary

Based on the comparator group used to benchmark compensation and to further align executive and Shareholder interests, the CEO's share ownership guideline for 2016 will increase from 3x to 5x base salary.

Included in the determination of the executive's common share ownership requirement are any Common Shares held by the executive (directly or indirectly) and any restricted share units ("**RSUs**") granted and held by an executive officer under NFI's Amended Performance and Restricted Share Unit Plan ("**PRSU Plan**").

The table below sets out the value of the NEO's shareholdings as at December 27, 2015:

Name	Share Ownership Guideline	Number of Common Shares Owned	Number of RSUs Outstanding	Value of Shares and RSUs [(1)] CAD ($)	Met Guideline	Date to Meet
Paul Soubry *President and Chief Executive Officer*	3x base salary or CAD $2,175,000	289,565	58,008	$9,311,093	Yes	December 31, 2018
Glenn Asham *Chief Financial Officer and Treasurer*	2x base salary or CAD $700,000	233,400	17,709	$6,721,282	Yes	December 31, 2018
Wayne Joseph [(2)] *EVP, Bus*	2x base salary or USD $850,000 or CAD $1,176,825	17,463	21,738	$1,053,693	No (90%)	December 31, 2018
Ian Smart *EVP, Aftermarket*	2x base salary or CAD $640,000	1,460	15,598	$462,630	No (72%)	December 31, 2018
Kevin Wood [(2)] *VP, Manufacturing*	1x base salary or USD $305,000 or CAD $422,273	1,000	12,372	$360,579	No (85%)	December 31, 2018

(1) Based on the closing price of $26.75 for the Common Shares on the Toronto Stock Exchange on December 24, 2015 and RSU value of $26.98 based on weighted average closing price of NFI for the last five trading days of 2015. Mr. Joseph's and Mr. Wood's RSUs are granted and paid in US dollars based on a US-Canadian exchange rate of 1.00.

(2) Mr. Joseph and Mr. Wood are compensated in US dollars and their ownership guideline has been converted into Canadian dollars at an exchange rate of 1.3845.

Compensation Elements

The Company's 2015 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 • Performance measures, threshold, 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 – PSUs	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 • 50% of LTIP grant • 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 – RSUs	3 years – vesting varies by grant	• 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 vesting period • 25% of LTIP grant • 2015 grant vests 33 1/3% per year starting on the first anniversary of grant • The final payment is made in cash	• Pay for sustainable long-term performance • Attract and retain executives
Variable Pay – Share Options	8 year term – vesting over 4 years	• Options granted based on a target level of long-term incentive compensation • 25% of LTIP grant • Options vest 25% per year starting on the first anniversary of grant • 8 year term	• 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 page 45 of this Information Circular for more information	• Attract and retain executives

Target and Actual Pay Mix for NEOs

To align with NFI's pay for performance compensation philosophy and emphasis on the longer-term value creation of the organization, a significant portion of the executives' pay is variable. Short-term incentives are based on corporate and personal performance. Long-term incentives consist of RSUs and performance share units ("**PSUs**") granted under the PRSU Plan and share options ("**Options**") granted under the share option plan ("**Option Plan**"), with the final awards contingent on the longer-term success of the organization. In determining the pay mix, the Governance Committee considers market practice, level of pay, and line-of-sight to the overall Company performance. The table below shows the approximate target and actual earned compensation mix for the NEOs for 2015.

	Target Compensation *(% of Total Direct Compensation)*				**Actual Compensation** *(% of Total Direct Compensation)*			
Name	**Base Salary**	**STI**	**LTI**	**Total at Risk Pay**	**Base Salary**	**STI**	**LTI**	**Total at Risk Pay**
Paul Soubry *President and Chief Executive Officer*	27	30	43	73	15	18	67	85
Glenn Asham *Chief Financial Officer and Treasurer*	38	27	35	62	18	12	70	82
Wayne Joseph *EVP, Bus*	38	30	32	62	18	12	70	82
Ian Smart *EVP, Aftermarket*	38	30	32	62	22	15	63	78
Kevin Wood *VP, Manufacturing*	48	24	28	52	24	12	64	76

Salary

Base salaries are initially set in the executives' respective employment agreements and reviewed annually by the Governance Committee. In making adjustments, the Governance Committee considers positioning against the competitive market, the executive's level of responsibility, experience, individual performance, and internal equity.

The table below provides the 2014, 2015, and 2016 salary decisions and the percent increase over each year.

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 Canadian dollars, except where otherwise indicated. All compensation, with the exception of that of Wayne Joseph and Kevin Wood, was earned by and paid to NFI's NEOs in Canadian dollars. The Bank of Canada's closing exchange rate on December 24, 2015 was USD $1.00 = CAD $1.3845.

Name	**Currency** [1]	**2014 Salary ($)**	**2015 Salary ($)**	**% Change 2014- 2015**	**2016 Salary ($)**	**% Change 2015- 2016**
Paul Soubry *President and Chief Executive Officer*	CAD	695,000	725,000	4.3%	775,000	6.9%
Glenn Asham *Chief Financial Officer and Treasurer*	CAD	325,000	350,000	7.7%	350,000	-
Wayne Joseph *EVP, Bus*	USD	405,000	425,000	4.9%	425,000	-
Ian Smart *EVP, Aftermarket*	CAD	300,000	320,000	6.7%	340,000	6.3%
Kevin Wood *VP, Manufacturing*	USD	290,000	305,000	5.2%	305,000	-

[1] Disclosed in the currency in which the compensation was earned and paid.

Short-Term Incentive Plan (STIP)

The STIP is designed to reward executives for achieving key annual performance objectives by providing an annual cash award. The plan measures **corporate** and **individual** performance (referred to as, "**MBOs**") against set objectives.

Corporate Performance

No payments are expected to be made if the Company does not achieve the required threshold performance level. However, the Board has the discretion to make STIP awards if performance targets are not met due to extraordinary or unexpected events. In determining the 2015 STIP awards, the Board did not exercise its discretion.

For the 2015 STIP, corporate performance was measured by Adjusted EBITDA (75% weighting) and Free Cash Flow (25% weighting). Generally, as the Company generates higher levels of Adjusted EBITDA and Free Cash Flow, the aggregate STIP payment increases. The level of Adjusted EBITDA and Free Cash Flow achieved for purposes of the STIP was determined based on the Adjusted EBITDA and Free Cash Flow disclosed in management's discussion and analysis ("MD&A") issued in respect of NFI's financial statements for the fiscal year ended December 27, 2015, adjusted to exclude investment tax credits, the performance of MCI for the nine-day period at the end of 2015 in which it was owned by the Company and the provision taken for expected payments under the LTIP, subject to such further adjustments deemed appropriate by the Board.

Performance Measure	Threshold	Target	Maximum	2015 Actual Achieved
Adjusted EBITDA (millions)	$100.7	$114.4	$129.4	$164.5
Free Cash Flow (millions)	$46.2	$55.0	$64.8	$99.8

*All amounts in US dollars.

Financial Statement Definitions

EBITDA: *Earnings before interest, income taxes, depreciation and amortization; unrealized foreign exchange losses or gains on non-current monetary items.*

Adjusted EBITDA: *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:*

- *non-recurring transitional costs relating to business acquisitions*
- *impairment loss on equipment and intangible assets*
- *product rationalization costs*
- *past service costs*
- *realized investment tax credits*
- *Equity settled stock-based compensation*
- *Fair value adjustment to MCI's inventory*
- *Loss on derecognition of long-term debt*
- *costs associated with assessing strategic and corporate initiatives*

Free Cash Flow: *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, non-recurring transitional costs relating to business acquisitions, costs associated with assessing strategic and corporate initiatives, product rationalization costs, past service costs, fair value adjustment to MCI's inventory, defined benefit expense, cash capital expenditures, realized investment tax credits and principal payments on capital leases.*

Based on NFI's performance against the established criteria and CEO's recommendation, the Governance Committee determined to pay STIP based on corporate performance at the maximum level.

The following table shows the target, threshold and maximum STIP opportunities for the NEOs based on corporate performance, as well as the resulting 2015 STIP awards:

Name	**Corporate Performance STIP Opportunity *(as a % of base salary)***			**2015 Actual STIP Award based on Corporate Performance**		
	Threshold	**Target**	**Maximum**	**Currency** [1]	**Actual Award ($)**	**Actual Award as % of Salary**
Paul Soubry *President and Chief Executive Officer*	45%	100%	145%	CAD	$1,051,250	145%
Glenn Asham *Chief Financial Officer and Treasurer*	25%	60%	95%	CAD	$332,500	95%
Wayne Joseph *EVP, Bus*	30%	70%	110%	USD	$467,500	110%
Ian Smart *EVP, Aftermarket*	30%	70%	110%	CAD	$352,000	110%
Kevin Wood *VP, Manufacturing*	15%	40%	70%	USD	$213,500	70%

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

NFI Core Values

- ***Integrity***
  Adheres to NFI's values and consistently delivers on promises and commitments made
- ***Dependability***
  Consistent behaviour or performance that is deserving of trust
- ***Accountability***
  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 NFI's stakeholders
- ***Ethical***
  Adheres to applicable laws and acts in accordance with NFI's Code of Business Conduct and Ethics and in accordance with accepted social and professional standards
- ***Citizenship***
  Acts in a socially-conscious manner and is a willing participant in appropriate local, regional, and industry forums and initiatives

Individual Objectives (MBOs)

Individual objectives or MBOs are determined by the Governance Committee based on the recommendation of the CEO after a review with each executive. They are developed from the Company's annual operating plan and strategic objectives. The Governance Committee reviews and recommends to the Board for approval individual objectives for the CEO.

Executives may earn up to 10% of their base salary based on their individual performance against the pre-determined individual performance objectives. The Governance Committee measures individual performance separately from corporate performance to be able to acknowledge and recognize the executive's efforts to improve business performance and create shareholder value which may not be completely captured through the corporate performance measures.

The MBO portion of the STIP award is determined by the Governance Committee in respect of the CEO's MBOs, by the Governance Committee on the recommendation of the CEO in respect of the executives who report directly to the CEO and by the Executive Vice Presidents, Bus and Aftermarket Businesses, in respect of the executives who report directly to them. 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 his or her job description,
- the adherence of the individual to the Company's core values (see sidebar); and
- the accomplishment by the individual of his or her personal objectives (or MBOs) for the year.

Based on the Governance Committee's assessment of performance and considering the CEO's recommendations for the other NEOs, the 2015 MBO awards are outlined in the table below.

For 2015, the total actual STIP awards for the NEOs were as follows:

Name	Target STIP Opportunity (% of salary)	Currency	Corporate Performance Award ($)	MBO Award ($)	Total Actual STIP Award ($)	Actual STIP (% of salary)
Paul Soubry *President and Chief Executive Officer*	110%	CAD	$1,051,250	$72,500	$1,123,750	155%
Glenn Asham *Chief Financial Officer and Treasurer*	70%	CAD	$332,500	$33,250	$365,750	105%
Wayne Joseph *EVP, Bus*	80%	USD	$467,500	$42,500	$510,000	120%
Ian Smart *EVP, Aftermarket*	80%	CAD	$352,000	$31,200	$383,200	120%
Kevin Wood *VP, Manufacturing*	50%	USD	$213,500	$28,975	$242,475	80%

Long-term Incentives

The long-term incentives are designed to align executive and shareholder interests and to reward long-term sustainable performance. Long-term incentives at NFI include PSUs, RSUs, and Options. For 2015, executive long-term incentive awards were comprised of 50% PSUs, 25% RSUs, and 25% Options. Included in the determination of the executive's new long-term incentive grants are any RSUs and PSUs granted under the PRSU Plan that are held by an executive officer.

Name	LTI Target (% of base salary) [1]	Number of PSUs granted	Number of RSUs granted	Number of options granted
Paul Soubry *President and Chief Executive Officer*	155%	42,046	21,023	153,518
Glenn Asham *Chief Financial Officer and Treasurer*	90%	11,786	5,893	43,033
Wayne Joseph *EVP, Bus*	90%	14,311	7,156	52,254
Ian Smart *EVP, Aftermarket*	90%	10,776	5,388	39,344
Kevin Wood *VP, Manufacturing*	65%	7,418	3,709	27,083

(1) For 2015, LTI targets (as a % of base salary) and relative weighting remain unchanged.

Performance Share Units (PSUs)

PSUs are granted to align the interests of executives with the interests of shareholders by making a significant portion of executives' long-term incentive compensation dependent on the Company's long-term financial performance and on the fair market value of the Common Shares.

The 2015 grant under the PRSU Plan will vest at the end of 2017 based on the three-year average annual return on invested capital ("**ROIC**") of 2015 to 2017. The ROIC performance measure has established threshold, target and maximum levels of performance to determine the actual payout in 2018. At threshold performance, 50% of the grant will vest and at maximum performance, 200% of the grant will vest.

Why measure ROIC?

The Governance Committee believes this measure holds management accountable for both earnings and capital utilization, is aligned with shareholders and is a less volatile measure over the long term than a cumulative multi-year Adjusted EBITDA measure.

The PRSU Plan was introduced on a go-forward basis to consolidate the former New Performance Unit Plan and the restricted share unit plan ("**RSU Plan**") in one document commencing with the 2013 plan year. The PRSU Plan was amended effective December 16, 2013.

The number of PSUs granted to each of the NEOs for fiscal 2015 were determined based on the weighted average closing price of Common Shares for the last five trading days of 2014 and the desired target compensation value. When dividends are paid on a Common Share, additional units equivalent to the amount of the dividends multiplied by the number of PSUs held (and determined based on the then fair market value of the Common Shares) will be credited to the participant's account. The actual value of a PSU on the settlement date is contingent on the Common Share price and NFI's actual performance over a three-year period relative to the established objectives.

Restricted Share Units (RSUs)

On December 13, 2011, the Board approved the RSU Plan which provided for grants of RSUs to officers and senior managers of the Company, including the NEOs. The RSU Plan was adopted 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. RSUs were granted under the RSU Plan and are currently granted under the PRSU Plan.

An RSU is a 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 number of RSUs granted to each of the NEOs for fiscal 2015 were determined based on the closing weighted average trading price of the Common Shares for the last five trading days of 2014 and the desired compensation value. The actual value of an RSU on the settlement date is contingent on the Common Share price. The Governance Committee sets the vesting applicable to each grant. The 2015 grants will vest and settle one-third on each of the first, second and third anniversaries of the grant date.

Share Options

In 2013, the Board approved the Option Plan for NFI which provides for Option grants to officers and senior managers of the Company, including the NEOs. The Option Plan was adopted to support the achievement of NFI’s performance objectives, and to ensure that executives’ interests are aligned with the success of NFI.

On the date of grant, the value of each Option is based on the estimated future value of one Common Share. This value is used to determine the number of Options to be granted to deliver a desired compensation value. The actual value received from each Option depends on the Common Share price at the time of exercise.

Options for 2015 were granted on December 28, 2014, and 25% of the grant will vest on each of the first through fourth anniversaries of the date of grant. Options for 2016 were granted on December 28, 2015 and will also vest 25% per year starting on the first anniversary of the date of grant. Each Option has an eight year term.

See Schedule “B” for further details regarding the Option Plan.

In 2015, a total of 499,974 Options were granted to participants under the Option Plan, representing approximately 0.89% of the issued and outstanding Common Shares as at March 24, 2016.

Payment of the 2013 – 2015 PSU Award

In 2013, NFI granted PSUs under the PRSU Plan to executives that vested at the end of 2015. Vesting at the end of the period was based on NFI's performance against the established three-year cumulative EBITDA target and performance range. The table below provides the actual EBITDA adjusted to exclude investment tax credits, the performance of MCI for the nine-day period at the end of 2015 in which it was owned by the Company and LTIP provision target and performance range.

2013-2015 Performance Range (USD $ millions)			**Actual 2013-2015 Results (USD $ millions)**
Threshold	**Target**	**Maximum**	
$283.4	$310.3	$337.2	$355.1

As a result of the impact of actual performance on vesting, and incorporating the reinvestment of dividends and the ending Common Share price, the actual payout values of the 2013 grant for the NEOs are as follows:

Name	**PSUs Granted in 2013**		**Actual Compensation**			
	Number Granted	**Value ($)**	**Number of PSUs** *(including reinvested dividends)*	**Vesting %**	**Resulting Number of PSUs**	**Value ($)**
Paul Soubry *President and Chief Executive Officer*	49,031	CAD $503,750	56,390	145%	81.857	CAD $2,208,741
Glenn Asham *Chief Financial Officer and Treasurer*	13,578	CAD $139,500	15,616	255%	39,907	CAD $1,076,808
Wayne Joseph (1) *EVP, Bus*	16,644	USD $171,000	19,142	255%	48,918	USD $1,319,959
Ian Smart *EVP, Aftermarket*	9,174	CAD $94,250	10,550	223%	23,536	CAD $635,060
Kevin Wood (1) *VP, Manufacturing*	8,857	USD $91,000	10,187	208%	21,157	USD $570,875

(1) Mr. Joseph and Mr. Wood receive their compensation in US dollars. The grant value is determined based on the Canadian dollar RSU price at a US-Canadian exchange rate of 1.00.

Performance Graphs

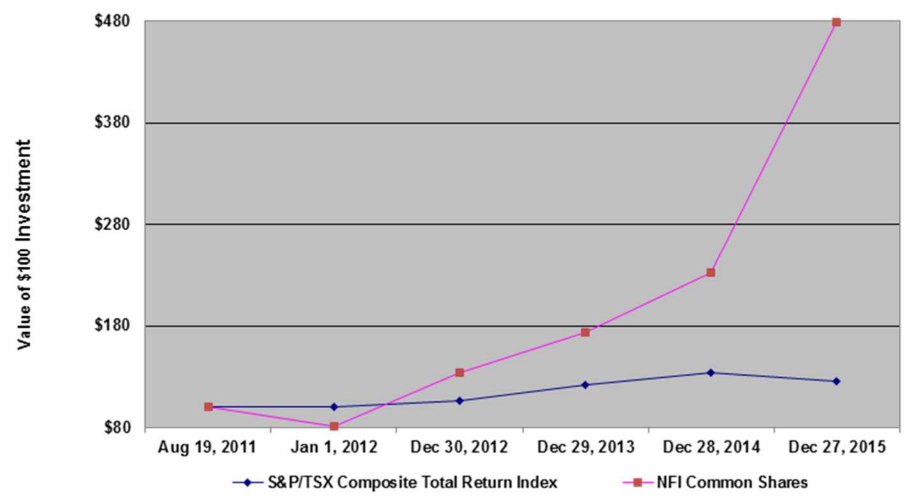
On August 20, 2011, NFI listed its Common Shares on the TSX and started the conversion of its structure from income deposit securities ("**IDSs**") to Common Shares, making it challenging to compare TSR to executive officer compensation for the same overall time period. In addition, there is not necessarily a direct correlation in the shorter term between the performance measures of Adjusted EBITDA and Free Cash Flow in the STIP and PSUs and between the grant date fair value of awards on the one hand and TSR and NFI Common Share price on the other hand.

Total compensation paid to NEOs has been 96% of target over the past five years, and has increased by 93% since 2011. Over the same five year period, Adjusted EBITDA has increased by 53%. See "CEO Performance Compensation During Tenure" on page 41 of this Information Circular for a further discussion of the pay and performance relationship.

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 20, 2011, when the Common Shares were posted for trading on the TSX, until December 27, 2015.

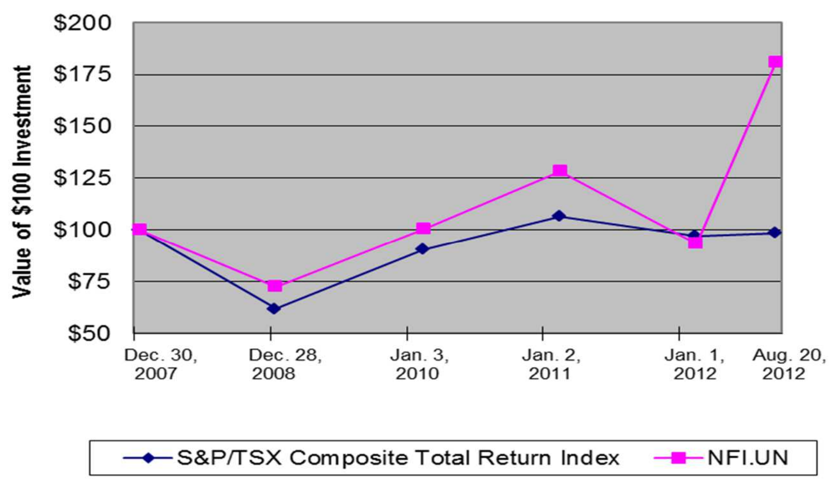
Performance Graph – Common Shares



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, 2011 (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 $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



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 realized or that is realizable from his compensation awards during his tenure. The compensation he has received includes salary, STIP, as well as the value of PSUs and RSUs and options that are outstanding (as at December 27, 2015).

Year	Total Direct Compensation Awarded (1)	Total Realized Direct Compensation Value as at December 27, 2015 (2)	Total Realizable Direct Compensation Value as at December 27, 2015 (2)	Value of $100 Mr. Soubry (3)		Value of $100		
				Realized	Realizable	Income (4) Deposit Securities Annual Return	Common (5) Shares Annual Return	Combined Cumulative Return during CEO Tenure
	($)	($)	($)	($)	($)	($)	($)	($)
2009	2,043,269	1,412,472	1,412,472	69	69	140		140
2010	2,425,000	1,162,948	1,162,948	48	48	125		176
2011	2,470,000	717,275	717,275	29	29	58		102
2012	2,470,000	2,868,746	2,868,746	116	116		166	170
2013	2,535,000	5,636,536	6,978,873	222	275		129	219
2014	2,536,750	2,650,093	6,662,718	104	263		134	293
2015	2,666,051	2,044,827	5,655,237	77	212		206	604
Total Direct Compensation	**17,146,070**	**16,492,897**	**25,458,269**	**-**	**-**	**-**	**-**	**-**
		Weighted Average		**96**	**148**	**108**	**159**	**604**

(1) Includes salary and incentive compensation (STIP, PSUs, RSUs (beginning in 2012) and options (beginning in 2013)) awarded at year-end in respect of performance during the year.

(2) PSU and RSU awards include targeted award plus dividend equivalents and have not been adjusted for performance relative to the plan targets, unless the award has vested. The realizable value of options is the value of unexercised in-the-money options.

(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.

During the tenure of the CEO, the percentage of total realizable direct compensation (salary plus all incentives) to total direct compensation awarded (based on the values disclosed in the Summary Compensation Table) was 148% compared to a TSR of 504% for a shareholder that converted IDSs to Common Shares pursuant to the Rights Offering. Of the total realizable compensation only 65% has been realized as at December 27, 2015 and realization of the balance depends on future performance relative to performance targets.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by and the share-based and Option-based awards granted to the NEOs for the year ended December 27, 2015. All values are reported in Canadian dollars.

Name and Title	Year	Salary (1) ($)	Share-based Awards (2) ($)	Option-based Awards (3) ($)	Non-Equity Incentive Plan Compensation Annual Incentive Plans (4) ($)	Pension Value (5) ($)	All Other Compensation ($)	Total Compensation ($)
Paul Soubry	2015	725,000	842,813	280,938	1,123,750	25,370	18,493 (6)	3,016,364
President and Chief Executive Officer	2014	695,000	807,938	269,313	863,538	24,930	18,493 (6)	2,679,212
	2013	650,000	755,625	251,875	694,097	24,270	16,009 (6)	2,391,876
Glenn Asham	2015	350,000	236,250	78,750	365,750	25,370	0	1,056,120
Chief Financial Officer and Treasurer	2014	325,000	219,375	73,125	321,750	24,930	0	964,180
	2013	310,000	209,250	69,750	222,603	24,270	0	835,873
Wayne Joseph	2015	588,413	397,178	95,625	706,095	35,125	0	1,822,436
Executive Vice President, Bus	2014	560,723	378,488	108,546	556,517	34,516	0	1,638,790
	2013	526,110	355,124	110,589	380,416	33,602	0	1,405,841
Ian Smart	2015	320,000	216,000	72,000	383,200	25,370	0	1,016,570
Executive Vice President, Aftermarket	2014	300,000	202,500	67,500	297,000	24,930	0	891,930
	2013	290,000	141,375	47,125	125,614	24,270	0	628,384
Kevin Wood	2015	422,273	205,859	49,563	335,707	35,125	0	1,048,527
Vice President, Manufacturing	2014	401,505	195,734	56,134	317,189	34,516	0	1,005,077
	2013	387,660	188,984	58,852	151,470	33,602	0	820,568

(1) With the exception of Mr. Joseph and Mr. Wood, executives are paid in Canadian dollars. Mr. Joseph's and Mr. Wood's compensation has been converted to Canadian dollars at the exchange rates of 1.3845.

(2) Represents the grant date fair value of awards granted under the RSU Plan and PRSU 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) The fair value of the options was determined using the Black-Scholes formula as at the effective date of grant of March 25, 2013, December 29, 2013, and December 28, 2014.

Key assumptions	Grant date:	December 28, 2014	December 29, 2013	March 25, 2013
	Compensation year:	2015	2014	2013
Share price		13.45	10.57	10.20
Exercise price		13.45	10.57	10.20
Dividend yield		4.35%	5.53%	5.74%
Expected volatility		25.11%	27.88%	31.62%
Risk-free interest rate		1.39%	1.81%	1.36%
Expected life		5.5 yrs	5.5 years	5.5 years
Value		1.83	1.44	1.55

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

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

(6) Represents the tax gross-up amount related to life insurance premiums forming part of Mr. Soubry's regular benefits.

Outstanding Option-Based and Share-Based Awards

The following table sets forth information concerning all outstanding option-based and share-based awards granted by the Company to the NEOs on or before December 27, 2015.

Name and Title	Option-based Awards				Share-based Awards (1)		
	Number of securities underlying unexercised options	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	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*	81,108 140,267 153,518	10.20 10.57 13.45	26-Mar-21 30-Dec-21 28-Dec-22	1,342,337 2,269,520 2,041,789	122,734	3,311,725	3,132,809
Glenn Asham *Chief Financial Officer and Treasurer*	22,522 50,781 43,033	10.20 10.57 13.45	26-Mar-21 30-Dec-21 28-Dec-22	372,739 821,637 572,339	33,836	912,993	1,377,096
Wayne Joseph *Executive Vice President, Bus*	55,065 63,281 52,254	10.20 10.57 13.45	26-Mar-21 30-Dec-21 28-Dec-22	911,326 1,023,887 694,978	41,646	1,555,787	2,338,138
Ian Smart *Executive Vice President, Aftermarket*	30,350 46,875 39,334	10.20 10.57 13.45	26-Mar-21 30-Dec-21 28-Dec-22	502,293 758,438 523,142	31,090	838,897	895,722
Kevin Wood *Vice President, Manufacturing*	29,304 32,726 27,083	10.20 10.57 13.45	26-Mar-21 30-Dec-21 28-Dec-22	484,981 529,507 360,204	21,560	805,423	1,096,433

(1) Awards under the RSU Plan and PRSU Plan are considered “share-based awards” for the purposes of this table under applicable Canadian securities laws.

(2) Represents the number of notional Common Shares underlying PSUs and RSUs granted under the RSU Plan and the PRSU Plan, which were unvested as at December 27, 2015.

(3) Represents the aggregate value of the Common Shares listed in the adjacent column of this Share-Based Awards Table, calculated based on the closing price of the Common Shares on the TSX on December 24, 2015 of $26.98. Mr. Joseph’s and Mr. Wood’s payouts are in US dollars based on a US-Canadian exchange rate of 1.00.

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 27, 2015, as well as the value of non-equity incentive plan compensation that the NEOs earned on or before December 27, 2015.

Name and Title	Option-based awards – Value vested during the year CAD ($) (1)	Share-based awards -Value vested during the year CAD ($) (2)	Non-equity incentive plan compensation - Value earned during the year CAD ($)
Paul Soubry *President and Chief Executive Officer*	308,836	3,132,809	1,123,750
Glenn Asham *Chief Financial Officer and Treasurer*	92,829	1,377,096	365,750
Wayne Joseph *Executive Vice President, Bus*	114,794	2,338,138	706,095
Ian Smart *Executive Vice President, Aftermarket*	74,903	895,722	383,200
Kevin Wood *Vice President, Manufacturing*	60,167	1,096,433	335,707

(1) Mr. Joseph and Mr. Wood receive their compensation in U.S. dollars. The dollar values in this chart are based on a U.S.-Canadian exchange rate of 1.3845.

(2) Represents the value of awards granted under the RSU Plan and the PRSU Plan, which are considered "share-based awards" for the purposes of this table under applicable Canadian securities laws, which vested during fiscal 2015.

The chart below summarizes the pay realized by NEO in 2015 with respect to Options, RSUs and PSUs.

Name	**Gain Realized on Options CAD ($)** (1) (2)	**Realized Value on RSUs CAD ($)** (3)	**Realized Value on PSUs CAD ($)** (4)	**Total Realized Value on Options and Share-Based Awards CAD ($)**
Paul Soubry *President and Chief Executive Officer*	$2,019,589	924,067	2,208,741	$5,152,398
Glenn Asham *Chief Financial Officer and Treasurer*	$348,768	300,288	1,076,808	$1,725,864
Wayne Joseph *Executive Vice President, Bus*	0	510,655	1,827,483	$2,338,138
Ian Smart *Executive Vice President, Aftermarket*	0	260,662	635,060	$895,722
Kevin Wood *Vice President, Manufacturing*	0	306,057	790,376	$1,096,433

(1) Mr. Joseph and Mr. Wood receive their compensation in U.S. dollars. The dollar values in this chart are based on a U.S.-Canadian exchange rate of 1.3845.

(2) Represents the gains realized by Messrs. Soubry and Asham on the exercise of Options in 2015. Messrs. Joseph, Smart and Wood did not exercise Options in 2015. Mr. Soubry exercised (i) 81,109 Options with an exercise price of $10.20 when the Common Share price was $26.13, resulting in a gain of $1,292,056 and (ii) 46,756 Options with an exercise price of $10.57 when the Common Share price was $26.13, resulting in a gain of $727,523. Mr. Asham exercised 22,400 Options with an exercise price of $10.20 when the Common Share price was $25.77, resulting in a gain of $348,768.

(3) Represents the value of RSUs that vested in 2015.

(4) Represents the value of PSUs that vested in 2015.

RETIREMENT PLAN BENEFITS

Executives based in the Canada

The registered retirement plan for the executives of the Company based in Canada is a non-contributory defined contribution plan. Messrs. Soubry, Asham and Smart are based in Canada. The Company contributes each year, on behalf of the NEOs, an amount equal to 18% of their 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.

Executives based in the United States

The retirement plan for the executives of the Company who are based in the United States (two of whom are NEOs, Messrs. Joseph and Wood) consists of a 401(k) plan and a supplemental executive retirement savings plan (the "**ERSP**"). The ERSP is a non-contributory plan. 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.

Investment and Withdrawal

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*	195,325	25,370	238,446
Glenn Asham *Chief Financial Officer and Treasurer*	400,880	25,370	451,790
Wayne Joseph (1) *Executive Vice President, Bus*	371,299	35,125	501,238
Ian Smart *Executive Vice President, Aftermarket*	84,238	25,370	114,515
Kevin Wood (2) *Vice President, Manufacturing*	270,791	35,125	394,731

(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. Mr. Joseph was employed in the United States in 2015. The opening balance has been converted from United States dollars to Canadian dollars at an exchange rate of 1.1623 and the compensatory and year-end values have been converted at an exchange rate of 1.3845.

(2) With respect to Mr. Wood, the opening balance has been converted from United States dollars to Canadian dollars at an exchange rate of 1.1623 and the compensatory and year-end values have been converted at an exchange rate of 1.3845.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Paul Soubry

New Flyer Industries Canada ULC ("**NFI ULC**"), a subsidiary of NFI, 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, a 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 his base salary and continuation of benefits for a period of 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 and 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 PRSU Plan and Option Plan set out termination and change of control consequences that are in addition to those described above. All PSUs and RSUs 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 PSUs and RSUs based on the number of days in the performance period that elapsed prior to the termination date, and these PSUs and RSUs will continue to vest as if Mr. Soubry had remained employed and, in the case of the PSUs, will be paid out based on actual performance over the whole performance period. In the case of death, a prorated number of PSUs and RSUs 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 PSUs and RSUs, 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, PSUs and RSUs 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. ("**NF Holdings**") or all or substantially all of the assets of NF Holdings. Additional PRSU Plan terms are described in the "Compensation Discussion and Analysis" section above. Option employment cessation terms are explained in Schedule "B" – Description of Share Option Plan.

Glenn Asham, Wayne Joseph, Ian Smart, and Kevin Wood

NFI ULC entered into indefinite term employment agreements with Messrs. Asham and Smart and New Flyer of America Inc. ("**NFA**"), a subsidiary of NFI, entered into indefinite term employment agreements with Messrs. Joseph and Wood. 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, Joseph, Smart, and Wood 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. If employment is terminated without Cause or they resign with Good Reason, the continuing payments and benefits provided will cease immediately if they breach these post-employment non-competition or non-solicitation obligations.

In addition to the benefits provided to these NEOs under their employment agreements, the PRSU Plan and Option Plan also set out 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 describes the incremental payments and benefits that would be payable to each NEO listed below under their respective employment agreements described above, assuming that such NEO's employment had been terminated on December 27, 2015. In certain of the scenarios below, the amount of the incremental payments payable to the NEO under the PRSU Plan depends on the achievement of performance targets and are not determinable until the end of the relevant performance period, being the end of fiscal 2015 in respect of the STIP and the end of the performance period that relates to each of the grants issued to the NEO under the PRSU Plan.

Termination Scenario	Base Salary	STIP	PRSU Plan	Share Options
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 2015.	Pro rata number of units based on number of days that elapsed in performance period prior to date of termination. Will continue to vest as if employment had continued.	Forfeit unvested Options, have 90 days to exercise vested Options.
Termination for Cause	Unpaid base salary to date of termination.	No entitlement to STIP for fiscal period in which employment terminated.	All units will be forfeited.	Forfeit unvested Options, have 30 days to exercise vested Options.
Resignation without Good Reason	Unpaid base salary to date of termination.	No entitlement to STIP for fiscal period in which employment terminated.	All units will be forfeited.	Forfeit unvested Options, have 30 days to exercise vested Options.
Death	Unpaid base salary to date of termination.	Pro rata entitlement to the STIP determined as at end of fiscal 2015.	Pro rata portion of units based on number of days that elapsed in performance period prior to date of termination vest immediately. Units are redeemed and paid within 60 days of death.	Forfeit unvested Options, have one year to exercise vested Options.
Retirement or 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. Unpaid base salary to date of retirement.	Pro rata entitlement to the STIP determined as at end of fiscal 2015.	Pro rata portion of units based on number of days that elapsed in performance period prior to date of termination. Will continue to vest as if employment had continued.	Options continue to vest as scheduled and will be exercisable until the earlier of 3 years after the termination date or the expiry date of the Option.
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 2015.	All units granted will vest and be redeemed and paid immediately upon date of change of control.	All Options vest immediately prior to termination date and will be exercisable for 90 days after the termination date.
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 2015.	All units granted will vest and be redeemed and paid immediately upon date of change of control.	Options that are not assumed or substituted will vest upon a change of control.

The table below shows the estimated incremental payments or benefits that would be made to the NEOs in the event of different termination events. Amounts have been calculated as if the termination had occurred on December 27, 2015 and assuming performance at target. All values are reported in Canadian dollars.

Name	Amount Due on Termination						
	Event	Contractual		Long-Term Incentive Plans			Total ($)
		Base Salary ($)	STIP ($)	PSUs ($)(2)	RSUs ($)	Share Options(3) ($)	
Paul Soubry	Termination Without Cause or Resignation for Good Reason	725,000	1,123,750	3,596,956	924,068	0	6,369,774
	Termination for Cause	0	0	0	0	0	0
	Resignation without Good Reason	0	0	0	0	0	0
	Death	0	1,123,750	3,596,956	924,068	0	5,644,774
	Retirement and Disability	0	1,123,750	3,596,956	924,068	0	5,644,774
	Termination Without Cause or Resignation for Good Reason and Change of Control	725,000	1,123,750	4,879,296	1,565,238	5,653,647	13,946,931
	Change of Control and no termination of employment	0	1,123,750	4,879,296	1,565,238	5,653,647	13,221,931
Glenn Asham	Termination Without Cause or Resignation for Good Reason	350,000	365,750	1,457,189	300,288	206,415	2,679,642
	Termination for Cause	0	0	0	0	206,415	206,415
	Resignation without good reason	0	0	0	0	206,415	206,415
	Death	0	365,750	1,457,189	300,288	206,415	2,329,642
	Retirement and Disability	0	365,750	1,457,189	300,288	206,415	2,329,642
	Termination Without Cause or Resignation for Good Reason and Change of Control	350,000	365,750	1,812,268	477,822	1,766,715	4,772,555
	Change of Control and no termination of employment	0	365,750	1,812,268	477,822	1,766,715	4,422,555
Wayne Joseph (1)	Termination Without Cause or Resignation for Good Reason	588,413	706,095	2,478,903	510,655	711,639	4,995,705
	Termination for Cause	0	0	0	0	711,639	711,639
	Resignation without Good Reason	0	0	0	0	711,639	711,639
	Death	0	706,095	2,478,903	510,655	711,639	4,407,292
	Retirement and Disability	0	706,095	2,478,903	510,655	711,639	4,407,292
	Termination Without Cause or Resignation for Good Reason and Change of Control	588,413	706,095	3,081,820	812,104	2,630,191	7,818,623
	Change of Control and no termination of employment	0	706,095	3,081,820	812,104	2,630,191	7,230,210

Name	Amount Due on Termination						
	Event	Contractual		Long-Term Incentive Plans			Total ($)
		Base Salary ($)	STIP ($)	PSUs ($)[(2)]	RSUs ($)	Share Options[(3)] ($)	
Ian Smart	Termination Without Cause or Resignation for Good Reason	320,000	383,200	985,214	260,662	440,760	2,389,836
	Termination for Cause	0	0	0	0	440,760	440,760
	Resignation without Good Reason	0	0	0	0	440,760	440,760
	Death	0	383,200	985,214	260,662	440,760	2,069,836
	Retirement and Disability	0	383,200	985,214	260,662	440,760	2,069,836
	Termination Without Cause or Resignation for Good Reason and Change of Control	320,000	383,200	1,311,046	423,573	1,783,872	4,221,691
	Change of Control and no termination of employment	0	383,200	1,311,046	423,573	1,783,872	3,906,691
Kevin Wood[(1)]	Termination Without Cause or Resignation for Good Reason	422,273	335,707	1,127,469	306,057	374,875	2,566,381
	Termination for Cause	0	0	0	0	374,875	374,875
	Resignation without Good Reason	0	0	0	0	374,875	374,875
	Death	0	335,707	1,127,469	306,057	374,875	2,144,108
	Retirement and Disability	0	335,707	1,127,469	306,057	374,875	2,144,108
	Termination Without Cause or Resignation for Good Reason and Change of Control	422,273	335,707	1,439,692	462,164	1,374,692	4,034,528
	Change of Control and no termination of employment	0	335,707	1,439,692	462,164	1,374,692	3,612,255

(1) With the exception of Mr. Joseph and Mr. Wood, all executives are paid in Canadian dollars. Mr. Joseph's and Mr. Wood's compensation has been converted to Canadian dollars at the exchange rate of 1.3845 for 2015.

(2) PSU amounts determined based on vesting percentage at target and the fair value, calculated based on the average trading price of the Common Shares on the TSX for the last five trading days of 2015. Actual vesting percentage is dependent on actual results over the future periods.

(3) Option amounts determined based on the difference between the closing price of a Common Share on the TSX on December 24, 2015 and the exercise price of the Option.

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 51 and 52 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, Larry Edwards, John Marinucci, Adam Gray, Krystyna Hoeg, Phyllis Cochran and Paulo Nunes.
- 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 Board Chair is The Honourable Brian Tobin, an independent Director. For the role and responsibilities of the Board Chair, please refer to the Appendix to the Mandate of the Board of Directors in Schedule "D".
- During fiscal 2015, there were 11 meetings of the Board (either in person or by teleconference). All directors attended such meetings, except Mr. Sardo, who was absent for one meeting.
- During fiscal 2015, there were five meetings of the Audit Committee (either in person or by teleconference). All members of the Audit Committee attended such meetings.
- During fiscal 2015, there were five meetings of the Governance Committee (either in person or by 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 2015, there were seven meetings of the Board, five meetings of the Audit Committee and four meetings of the Governance Committee where independent Directors held meetings without management present. To facilitate open and candid discussion among the Directors, the Board Chair, 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.

The following table displays the other public company directorships held by each of NFI's current directors:

Name	Other Public Company Directorships
Ms. Cochran	-
Mr. Edwards	-
Mr. Gray	Redflex Holdings Limited The Pas Group Limited Blue Bird Corporation
Ms. Hoeg	Imperial Oil Limited Sun Life Financial Inc.
Mr. Marinucci	Intelgenx Corporation
Mr. Nunes	Marcopolo S.A.
Mr. Sardo	Capstone Infrastructure Corporation Currency Exchange International, Corp.
Mr. Soubry	-
Mr. Tobin	Aecon Group Inc. Element Financial Corporation

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 below.

NEW FLYER INDUSTRIES INC.
Director Skills and Experience Summary - 2016

		The Honourable Brian Tobin	Jim Sardo	Larry Edwards	John Marinucci	Adam Gray	Phyllis Cochran	Krystyna Hoeg	Paulo Nunes	Paul Soubry
Gender	Male	X	X	X	X	X			X	X
	Female						X	X		
Independence		X	X	X	X	X	X	X	X	
Region	Ontario	X	X		X			X		
	Manitoba									X
	British Columbia									
	Quebec									
	U.S.A.		X	X		X	X			
	Other	X							X	
Profession	CA/CMA/CPA				X		X	X		
	Engineer			X						
	Lawyer									
	Director / Consultant	X	X	X	X	X	X	X	X	
	Private Equity	X			X	X				
	MBA		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	X
	Federal	X	X							X
Essential Business/Indust 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	X
	Financial Literacy	X	X	X	X	X	X	X	X	X
	Financial Expert				X	X	X	X	X	
	Manufacturing Experience		X	X	X		X	X	X	X
	Transit Industry				X					X
	Strategic Planning	X	X	X	X	X	X	X	X	X
	Government Policy Experience	X								
Beneficial Business/Indust Experience	Facility Operation Experience		X	X	X		X	X	X	X
	Risk Management Experience	X	X	X	X	X	X	X	X	X
	Marketing Experience	X	X	X		X		X	X	X
	IT Experience	X								
	Research / Technology	X	X							
	HR Experience	X	X	X	X	X	X	X	X	
	Financial Experience	X	X		X	X	X	X	X	
	Mergers and Acquisitions	X	X	X	X	X	X	X	X	X

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 19 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 attached as Schedule “E”.

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 Board Chair, 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. Director Term and Age Limits

The Board believes there should be a balance between having experienced Directors who have served on the Board for an appropriate length of time so as to understand the Company, its business environment and the issues facing the Company and renewing the Board to ensure new insights are considered to reflect and address changing business environments and strategies. In order to assist in achieving this balance, a Director may not be nominated for election or re-election at an annual meeting after the earlier of the following occurs: (i) the Director attains the age of 75, and (ii) the Director has served a 15-year term on the Board.

7. Position Descriptions

Position descriptions for the Board 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 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.

8. 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 Board 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 Board 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, except Mr. Nunes, have attended NFI's corporate headquarters in Winnipeg, Manitoba and all of the Directors (except Mses. Hoeg and Cochran and Mr. Nunes) have toured its production facilities in St. Cloud, Minnesota and service center in Ontario, California to obtain an understanding of the operations, maintenance and other factors that are key drivers to NFI's success. In 2015, all of the Directors (except Ms. Hoeg) visited NFI's production facility in Anniston, Alabama.

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. Directors are also encouraged to participate in education activities relating to ethical issues for directors generally as well as those ethical issues that may be specific to the transit industry. Five 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 from time to time to the Directors regarding various corporate governance issues and best practices.

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.

9. 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.

10. Diversity Policy

The Board recognizes the importance and benefit of having a board of directors and senior management of the Company comprised of highly talented and experienced individuals who have diverse backgrounds and who reflect the Company's stakeholders, including its customers and employees, and the changing demographics of the communities in which the Company operates. The Board further recognizes the importance of increasing the number of women serving on boards of directors and in senior management positions. The Board believes such diversity promotes better corporate governance and oversight of the Company's talent management processes.

NFI has adopted a written diversity policy relating to the identification and nomination of female Directors and appointment of female executive officers. The ultimate objective of the policy is to increase diversity, including by increasing the number of women on the Board and in senior management positions. The policy has been designed to be complementary to the existing measures the Company has in place to promote Board and management effectiveness, including regular evaluation processes, skills/needs assessments and, in the case of the Board, an evergreen list of candidates, term limits and mandatory retirement. These matters are discussed in more detail in the "Compensation Discussion and Analysis" and "Statement of Corporate Governance Practices" sections of this Information Circular.

The diversity policy (i) expresses the Company's commitment to gender diversity on the Board and in senior management, and (ii) requires the Governance Committee (and, in the case of executive officer positions, the CEO) to consider and make recommendations to the Board in respect of potential strategies for identifying and attracting female Board and executive officer candidates, such as methods for (a) leveraging industry contacts, and (b) encouraging referrals from internal and external sources. The above strategies will complement the Board's existing recruitment efforts which include maintaining an evergreen list of Board candidates, which includes several highly qualified women candidates.

The Governance Committee Charter, in respect of the recruitment of Directors, expresses the Governance Committee's commitment to adhere to the principles set out in the diversity policy. An annual evaluation of the diversity policy is conducted by the chairperson of the Governance Committee and the Board Chair (as described below). These measures are complementary to the Company's existing Board evaluation processes and skills assessments, as discussed in more detail on page 60 of this Information Circular. Annually, the Chairs of the Governance Committee and the Board evaluate the effectiveness of the diversity policy, report back to the Board and recommend any changes to the policy to improve its effectiveness. In 2015, the Board retained a consultant to assist in the search, interviewing and evaluation of potential director candidates to replace the retiring Directors. Both director nominees chosen to stand for election to the Board at the 2015 annual meeting are female.

The Board considers female representation through the activities of the Governance Committee and the Company in implementing the diversity policy as described above and, as required, by considering the advice of an external search firm, with the ultimate mandate to balance the following objectives: increasing diversity, maintaining flexibility to effectively address succession planning, and ensuring that the Company continues to attract and retain highly qualified individuals to serve on the Board and in senior management roles.

Two of the eight members of the Board (which excludes the non-independent CEO) (or 25%) are female. NFI has reached and maintains a target objective that the Board will be comprised of 25% female Directors (excluding non-independent employee Directors), reinforcing its commitment to gender diversity.

Two of the twelve members of the executive leadership team (or 17%) are female.

While the Company employs these above strategies to increase the representation of females in senior management, the Board has not yet adopted a target regarding women in executive officer positions and believes that any candidate for an executive officer position should not be chosen nor excluded solely or largely because of gender. The Board's primary selection of an executive officer candidate will be based on the candidate's skills, expertise and background that would complement the existing management team. The Board however continues to discuss whether to implement targets for executive officer positions in the future.

11. Succession 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. As part of its succession planning and review process, 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 will engage outside advisors to assist in identifying potential candidates, when appropriate. 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.

For more information on the process by which the Board and the Governance Committee determine compensation, see the "Compensation Discussion and Analysis" section above.

12. Other Board of Directors Committees

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

13. 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 Director's 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 Board 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 $185,000, 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 $85 million, with a CAD $1,000,000 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 NFI 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, nor any associates or affiliates of the foregoing, had any material interest in any transactions involving the Company since the commencement of the 2015 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 27, 2015, is provided in NFI's financial statements and the associated 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. Shareholders may also wish to provide comments to or ask questions of the Directors by sending inquiries via email to: Chairperson@newflyer.com.

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 24, 2016

Schedule "A"

ADVISORY RESOLUTION ON APPROACH TO EXECUTIVE COMPENSATION

BE IT RESOLVED THAT:

1. On an advisory basis and not to diminish the role and responsibilities of the board of directors of New Flyer Industries Inc. ("**NFI**"), the shareholders accept the approach to executive compensation disclosed in NFI's management information circular dated March 24, 2016.

Schedule “B”

DESCRIPTION OF SHARE OPTION PLAN

The Board adopted the Option Plan on March 21, 2013. The Option Plan was amended on December 8, 2015. Under the Option Plan, the Board may grant share options (“**Options**”) to purchase Common Shares to employees of NFI and certain affiliates (“**participants**”), including the NEOs.

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 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 Option Plan permits the grant of incentive share options under the U.S. Internal Revenue Code and non-qualified stock options. 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 (i) paying the exercise price in full to NFI; or (ii) without payment either (A) by receiving an amount in cash per Option equal to the cash proceeds realized upon the sale of the Common Shares by a securities dealer in the capital markets, less the applicable exercise price and any applicable withholding taxes, or (B) by receiving the net number of Common Shares remaining after the sale of such number of Common Shares by a securities dealer in the capital markets as required to realize cash proceeds equal to the applicable exercise price and any applicable withholding taxes, or (C) a combination of (A) and (B). 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 designed in the grant agreement or such earlier date as is provided for 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

On adoption of the Option Plan in 2013, the maximum number of Common Shares available for issuance was 3,600,000 Common Shares, representing approximately 6.44% of the issued and outstanding Common Shares as at March 24, 2016; 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. As at March 24, 2016, there were 1,997,620 Options available for issuance, representing approximately 3.58% of the issued and outstanding Common Shares.

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.

Schedule “C”

DESCRIPTION OF RESTRICTED SHARE UNIT PLAN FOR NON-EMPLOYEE DIRECTORS

The Board adopted the Director RSU Plan on March 20, 2014 and approved by shareholders on May 8, 2014. The Director RSU Plan was amended on December 8, 2015. Under the Director RSU Plan, only non-employee Directors of NFI and certain affiliates (“**Eligible Directors**”) may receive Director RSUS or dividend restricted share units (“**Dividend Director RSUs**”). Any current or former Eligible Director to whom a Director RSU or Dividend Director RSU was granted is a participant in the Director RSU Plan (“**Participant**” or “**U.S. Participant**” in the case of a United States citizen or resident alien). Unless otherwise noted below, the term “Participant” includes “U.S. Participant”.

Purpose

The purposes of the Director RSU Plan are to: (i) attract, retain and motivate highly qualified and experienced individuals to act as directors of NFI and certain of its affiliates; and (ii) promote a greater alignment of interests between the Participants and the shareholders of NFI.

Administration

Subject to the Governance Committee reporting to the Board on all matters relating to the Director RSU Plan and obtaining approval of the Board for those matters required by the Governance Committee’s mandate, the Director RSU Plan is administered by the Governance Committee, which will: (i) interpret and administer the Director RSU Plan; (ii) establish, amend and rescind any rules and regulations relating to the Director RSU Plan; and (iii) make any other determinations that the Governance Committee deems necessary or desirable for the administration of the Director RSU Plan.

Award of Director RSUs and Dividend Director RSUs

A Director RSU is a right to acquire a fully-paid and non-assessable Common Share. Eligible Directors have the right to elect once each calendar year to receive all or a portion of their annual retainer in the form of Director RSUs. Eligible Directors generally must make the election prior to the end of the calendar year preceding the year to which such election is to apply, or in the case of a new Eligible Director, as soon as possible after the Eligible Director’s appointment. Elections are irrevocable for the year in respect of which they are made. The Board, in its sole discretion, may award additional Director RSUs. The annual aggregate value of any discretionary Director RSUs granted to an Eligible Director cannot exceed the lesser of 1% of the issued and outstanding Common Shares and $150,000.

The number of Director RSUs to be awarded to an Eligible Director is equal to the value of the compensation the Eligible Director elects to receive in the form of Director RSUs, divided by the volume weighted average closing price of a Common Share on the TSX for the 5 trading days prior to the date of the award (the “**Fair Market Value**”), rounded down to the nearest whole Director RSU.

When dividends are made on Common Shares, further rights to acquire fully-paid and non-assessable Common Shares in the form of Dividend Director RSUs will be automatically awarded to each Participant who holds Director RSUs or Dividend Director RSUs on the record date for such dividends. The number of Dividend Director RSUs to be awarded to an Eligible Director is equal to the aggregate number of Director RSUs and Dividend Director RSUs held by the Participant on the dividend record date multiplied by the amount of dividend paid by NFI on each Common Share, and then divided by the Fair Market Value of the Common Shares on the dividend payment date (rounded down to the nearest whole Dividend Director RSU).

Exercise of Director RSUs and Dividend Director RSUs

A Participant (other than a U.S. Participant) may exercise Director RSUs and Dividend Director RSUs that are credited to his or her account at any time prior to December 15 of the year following the year in which the Participant ceases to be an Eligible Director ("**Exercise Deadline**"). If the Participant fails to provide a notice of exercise prior to the Exercise Deadline, the Participant will be deemed to have provided a notice of exercise specifying the Exercise Deadline as the exercise date. In the event a Participant (other than a U.S. Participant) dies, such Participant's Director RSUs and Dividend Director RSUs will automatically be exercised as of the date of death.

U.S. Participants must specify the exercise date for their Director RSUs and Dividend Director RSUs in their annual election form. Director RSUs and Dividend Director RSUs will be exercised on the fixed exercise date or, if earlier, the first to occur of the following events, each defined under Section 409(A) of the U.S. Internal Revenue Code of 1986: (i) separation from service; (ii) disability; (iii) death; or (iv) a change in control.

Vesting Provisions

Director RSUs and Dividend Director RSUs vest immediately as at each applicable award date.

Number of Common Shares Available for Issuance

On adoption of the Director RSU Plan in 2014, the maximum number of Common Shares available for issuance was 500,000 Common Shares, representing approximately 0.89% of the issued and outstanding Common Shares as at March 24, 2016. As at December 27, 2015 there were 481,860 Director RSUs available for issuance, representing approximately 0.86% of the issued and outstanding Common Shares as at March 24, 2016.

Insider Participation Limits on the Award of Director RSUs and Dividend Director RSUs

The Director RSU Plan provides that: (i) the number of Common Shares reserved for issuance pursuant to the Director RSU Plan and any other security-based compensation arrangement of NFI to any one person shall not exceed 5% of the issued and outstanding Common Shares; (ii) the number of Common Shares issued to any insider or that insider's associates under the Director RSU Plan and under any other security-based compensation arrangement of NFI shall not exceed 5% of the issued and outstanding Common Shares 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 Director RSU Plan and any other security-based compensation arrangement of NFI, shall not exceed 10% of the total number of issued and outstanding Common Shares at such time.

General Restrictions and Assignment

Except as otherwise permitted by the Board, the rights of a Participant under the Director RSU Plan are not capable of being assigned. The rights and obligations under the Director RSU Plan may be assigned by NFI to a successor in the business of NFI.

Amendment, Suspension or Termination of the Director RSU Plan

The Board may amend, suspend or terminate the Director RSU Plan, or any portion thereof, at any time, subject to any provisions of applicable law that require the approval of shareholders or any governmental or regulatory body. The Board may make amendments to the Director RSU Plan without shareholder approval including, for example, housekeeping amendments, amendments to comply with tax laws or amendments to reduce or restrict participation in the Director RSU Plan. Notwithstanding the foregoing, shareholder approval is required for:

1. any amendment to increase the number of Common Shares issuable under the Director RSU Plan or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
2. any amendment extending eligibility to participate in the Director RSU Plan to persons other than Eligible Directors;
3. any amendment extending the term of the Director RSUs and Dividend Director RSUs or any rights pursuant thereto held by an insider beyond the Exercise Deadline;
4. any amendment increasing the insider participation limits;
5. any amendment to increase the annual limit on discretionary Director RSUs;
6. amendments to the amendment provision of the Director RSU Plan; and
7. amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Notwithstanding the termination of the Director RSU Plan, the Board may make any amendments to the Director RSU Plan, or to the Director RSUs or Dividend Director RSUs, it would be entitled to make if the Director RSU Plan were still in effect.

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 National 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. TERM AND AGE LIMITS

The Board believes there should be a balance between having experienced directors who have served on the Board for an appropriate length of time so as to understand the Corporation, its business environment and the issues facing the Corporation and renewing the Board to ensure new insights are considered to reflect and address changing business environments and strategies. In order to assist in achieving this balance, a director may not be nominated for election or re-election at an annual meeting after the earlier of the following occurs: (i) the director attains the age of 75, and (ii) the director has served a 15-year term on the Board.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. ORIENTATION AND CONTINUATION EDUCATION OF DIRECTORS

The holders of the common shares of the Corporation 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.

Schedule “E”

NEW FLYER INDUSTRIES INC.

(the “Corporation”)

CHARTER OF EXPECTATIONS FOR DIRECTORS

The roles, responsibilities, qualifications and procedures of the board of directors of the Corporation (the “Board”) are set out in the Mandate of the Board of Directors of the Corporation (the “Mandate”). This Charter of Expectations for Directors supplements the Mandate by specifying the expectations the Corporation places on its non-management directors in terms of personal and professional criteria, share ownership, meeting attendance, identifying possible conflicts of interest, resignation events and election of directors.

1. Personal and professional criteria

The Corporation uses the following criteria for assisting in the evaluation incumbent directors and potential candidates for election to the Board:

(a) The director is an individual of the highest personal and business integrity,

(b) The director brings outstanding and relevant business or other valuable experience, such as:

- (i) holds or has recently held a position of high-level responsibility;
- (ii) has experience operating a major public company;
- (iii) preferably has experience in the transit industry or a related or similar industry;
- (iv) has a broad exposure to or understanding of the funding environment in which customers of the Corporation operate;
- (v) possesses a high level of expertise in areas that are important to the Corporation, or
- (vi) The director has experience serving on the board of directors of a public company,

(c) The director effectively contributes to the development of the Corporation’s strategic plan and businesses,

(d) The director effectively contributes to the functioning and decision-making of the Board and its committees,

(e) The director understands and effectively contributes to the broad range of issues that the Board and its committees must consider,

(f) The director does not have a conflict of interest relating to the business and affairs of the Corporation or its subsidiaries or affiliates and is free to act in the best interests of the Corporation and its stakeholders, and

(g) The director is able to devote the time necessary to prepare for and attend all meetings of the Board and its committees and to keep abreast of significant corporate developments.

2. Share ownership

The Corporation believes that directors can better represent investors if they are shareholders themselves. The Corporation expects that directors own a minimum number of common shares of the Corporation having a value equal to the product of five (5) times the director's annual base cash retainer (chair or extra meeting fees, if any, not to be included). This ownership requirement must be met by a director by the later of: (i) five years of being appointed to the Board, and (ii) December 31, 2017. Any deferred compensation granted under Corporation's deferred share unit plan for non-employee directors or under the Corporation's restricted share unit plan for non-employee directors that are held by a director shall be included in determining that director's share ownership level.

3. Meeting attendance

The Corporation expects that directors should make every possible effort to attend in person all regularly scheduled meetings of the Board and of the committees on which they serve. When meetings are scheduled in advance, directors should determine whether they have conflicts and bring these to the attention of the chairperson of the Board (the "Chair") or the chairperson of the particular committee and the Secretary of the Corporation. Directors are expected to use best efforts to attend all special meetings of the Board, which are usually called on shorter notice, in person or by telephone.

4. Conflicts of interest

Directors are expected to identify in advance any conflict of interest regarding a matter coming before the Board or its committees and to refrain from voting on such matters. If a director is uncertain of the nature or extent of a potential conflict, he or she should seek a ruling on the matter in advance with the Chair or, at the time of the meeting with the chairman of the meeting.

5. Change of circumstances

Directors are responsible for informing the Chair of any change in their personal or professional circumstances that may impact their continued ability to serve the Corporation effectively, or if they have been determined by the Board to be independent, that may impact their continued standing as independent directors. The Human Resources, Compensation and Corporate Governance Committee (the "Governance Committee") will review such changes and consider the appropriateness of a director's continued membership on the Board and its committees.

6. Term and age limits

The Board believes there should be a balance between having experienced directors who have served on the Board for an appropriate length of time so as to understand the Corporation, its business environment and the issues facing the Corporation and renewing the Board to ensure new insights are considered to reflect and address changing business environments and strategies. In order to assist in achieving this balance, a director may not be nominated for election or re-election at an annual meeting after the earlier of the following occurs: (i) the director attains the age of 75, and (ii) the director has served a 15-year term on the Board.

7. Resignation events

If any of the following events occur, a director agrees to submit his or her resignation from the Board to the Chair, to be effective when accepted by the Board:

(a) the director becomes unable to attend at least 75% of the regularly scheduled meetings of the Board,

(b) the director becomes involved in a legal dispute, regulatory or similar proceeding that could materially impact his or her ability to serve as a director and negatively impact the reputation of the Corporation,

(c) the director takes on new responsibilities in business, politics or the community which may conflict with the goals of the Corporation and materially reduce his or her ability to serve as a director,

(d) there is any other change in the director's personal or professional circumstances that impacts the Corporation or such director's ability to serve the Corporation, or

(e) in connection with the annual director assessment conducted by the Governance Committee, which includes a peer and self-evaluation and a one-on-one discussion between the Chair and each director, and after discussion between the chairperson of the Governance Committee and the Chair regarding the results of a director's assessment, the Chair requests the director to submit his or her resignation.

The Governance Committee will consider whether to accept the resignation and will make a recommendation to the Board regarding the resignation. If a resignation is accepted, the Board may appoint a new director to fill the vacancy.

8. Majority voting policy

The Board has adopted a policy (included in the Mandate of the Board of Directors) which provides, 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 Chair, 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.