

NEW FLYER INDUSTRIES INC.

AMENDED AND RESTATED SHARE OPTION PLAN

**Amended and effective March 21, 2013 and
amended and restated effective December 8, 2015.**

**NEW FLYER INDUSTRIES INC.
AMENDED AND RESTATED
SHARE OPTION PLAN**

Section 1. Interpretation and Administrative Provisions

1.1 Purpose

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

1.2 Definitions

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

"Applicable Withholding Taxes" means any and all taxes and other source deductions or other amounts which a Participating Company is required by law to withhold from any amounts to be paid or credited hereunder;

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

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

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

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

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

- (i) a Participant's willful failure or refusal to perform his or her duties under the employment agreement with the Participant's employer following a fifteen (15) day opportunity, after receipt of written notice from the Participant's employer, to remedy such failure or refusal;
- (ii) a material act of dishonesty or breach of trust in connection with the performance of the Participant's duties to the Participant's employer;

- (iii) a conviction of, or a plea of guilty or no contest to, any indictable offense or any summary conviction offense having as its predicate element fraud, dishonesty or misappropriation;
- (iv) the material breach by a Participant who has an employment agreement, of the Participant's employment agreement; or
- (v) any other conduct that would be determined by the courts of the jurisdiction in which the Participant is employed to constitute cause for termination of employment;

“Change of Control” means any of:

- (a) a reorganization, amalgamation, merger or a plan of arrangement, other than solely involving the Corporation and one or more of its Affiliates, with respect to which all or substantially all of the Persons who were the beneficial owners of the voting securities of the Corporation immediately prior to such reorganization, amalgamation, merger or plan of arrangement do not, following such reorganization, amalgamation, merger or plan of arrangement, beneficially own, directly or indirectly, more than 50 percent of the voting securities of the resulting entity on a fully-diluted basis;
- (b) a formal takeover bid or tender offer for the voting securities of the Corporation being completed (other than by the Corporation or one or more of its Affiliates) as a result of which the offeror and its Affiliates beneficially own, directly or indirectly, more than 50% of the voting securities of the Corporation then outstanding; or
- (c) the direct or indirect sale or other disposition (including through a reorganization, amalgamation, merger or plan of arrangement) to a Person other than an Affiliate of NFI of (x) more than 50% of the voting securities of New Flyer Holdings, Inc. or (y) all or substantially all of the consolidated assets of New Flyer Holdings, Inc.;

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

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

“Common Share” means a common share of the Corporation;

“Corporation” means New Flyer Industries Inc.;

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

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

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

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

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

“**Incentive Stock Option**” means an Option that is intended to qualify as an incentive stock option within the meaning of Section 422 of the Code or any successor provision;

“**Non-Qualified Stock Option**” means an Option that is not intended to be or does not qualify as an Incentive Stock Option;

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

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

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

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

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

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

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

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

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

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

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

1.3 Administration

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

Each Option is intended to be exempt from Code Section 409A. Notwithstanding the foregoing, to the extent that any Option granted to a U.S. Participant is determined to constitute “nonqualified deferred compensation” within the meaning of Code Section 409A, such Option will be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Code Section 409A. If any provision of the Plan contravenes Code Section 409A or could cause the U.S. Participant to incur any tax, interest or penalties under Code Section 409A, the Committee may, in its sole discretion and without the U.S. Participant’s consent, modify such provision to: (i) comply with, or avoid being subject to, Code Section 409A, or to avoid the incurrence of taxes, interest and penalties under Code Section 409A, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the U.S. Participant of the applicable provision without materially increasing the cost to the Corporation or contravening Code Section 409A. However, the Corporation will have no obligation to modify

the Plan or any Option and does not guarantee that Options will not be subject to taxes, interest and penalties under Code Section 409A.

1.4 Governing Law

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

1.5 Common Shares Reserved for Issuance

- (a) A maximum of 3,600,000 Common Shares are available for issuance under this Plan, provided that Common Shares reserved for issuance pursuant to Options which are cancelled or terminated without having been redeemed will again be available for issuance under this Plan. The maximum number of Common Shares that may be issued under this Plan pursuant to the exercise of Incentive Stock Options is 3,600,000.
- (b) Under no circumstances may the Plan, together with all of the Corporation's other previously established or proposed security-based compensation arrangements result, at any time, in the number of Common Shares reserved for issuance pursuant to Options and/or other units or stock options to any one person exceeding 5% of the total number of issued and outstanding Common Shares of the Corporation.
- (c) Any insider and that insider's associates may not, within a 12-month period, be issued a number of Common Shares under the Plan and/or under any other security-based compensation arrangement of the Corporation exceeding 5% of the total number of issued and outstanding Common Shares of the Corporation.
- (d) The aggregate number of Common Shares issued to insiders of the Corporation within any 12 month period, or issuable to insiders of the Corporation at any time, under the Plan and/or any other security-based compensation arrangement of the Corporation may not exceed 10% of the total number of issued and outstanding Common Shares of the Corporation.
- (e) The terms "security-based compensation arrangement", "insider" and "associate" have the meanings attributed thereto in the Toronto Stock Exchange Company Manual.

Section 2. Options

2.1 Grant of Options

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

- (b) The Committee may determine when any Option will become vested and may determine that the Option will become vested in installments. In the absence of any other determination (including, without limitation, in a Participant's employment agreement), Options will become vested as follows:
- (i) as to one-quarter on the first anniversary of the date of grant;
 - (ii) as to an additional one-quarter, on the second anniversary of the date of grant;
 - (iii) as to an additional one-quarter, on the third anniversary of the date of grant; and
 - (iv) as to the remaining one-quarter, on the fourth anniversary of the date of grant;

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

2.2 Incentive Stock Options

The following provisions will apply to Incentive Stock Options granted under the Plan:

- (a) No Incentive Stock Option may be granted to any Eligible Person who, at the time such Option is granted: (i) is not an employee of any Participating Company; or (ii) owns securities possessing more than 10% of the total combined voting power of all classes of securities of any Participating Company, except that with respect to provision (ii) hereof such an Option may be granted to an employee if, at the time the Option is granted, the Exercise Price is at least 110% of the Fair Market Value of the Common Shares subject to the Option, and the Option by its terms is not exercisable after the expiration of 5 years from the date of grant of the Option.
- (b) To the extent that the aggregate Fair Market Value of the Common Shares with respect to which Incentive Stock Options (without regard to this Section 2.2(b)) are exercisable for the first time by any individual during any calendar year (under all plans of any Participating Company) exceeds U.S. \$100,000 (such Fair Market Value to be determined as of the date of grant of the respective Incentive Stock Options), such Options will be treated as Non-Qualified Stock Options. This Section 2.2(b) will be applied by taking Options into account in the order in which they were granted. If some but not all Options granted on any one day are subject to this Section 2.2(b), then such Options will be apportioned between Incentive Stock Option and Non-Qualified Stock Option treatment in such manner as the Committee will determine.

2.3 Expiry of Options

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

2.4 Termination, Retirement, Death or Resignation

- (a) If a Participant ceases to be an Eligible Person by reason of death, all Options which have vested at the Participant's date of death will be exercisable by the Participant's legal representatives for one year from the Participant's date of death. All Options which are not vested as at the Participant's date of death or which are not exercised as set out in this section will expire.
- (b) If a Participant ceases to be an Eligible Person by reason of Retirement or Disability, all Options will continue to vest (and shall vest at the same time as if the Participant had remained employed for three years from the Termination Date) and all vested Options will be exercisable by the Participant for three years from the Participant's Termination Date due to Retirement or Disability and all Options which are not so exercised will expire.
- (c) If a Participant's employment ceases because of termination without Cause or resignation for Good Reason, all Options which have vested at the Participant's Termination Date will be exercisable by the Participant for 90 days from the Termination Date and all Options which are not vested at the Termination Date or which are not exercised within the 90 day period will expire.
- (d) If the Participant's employment ceases because of termination without Cause or resignation for Good Reason immediately prior to or within 24 months following a Change of Control, all Options, whether vested or unvested on the Participant's Termination Date, will be exercisable by the Participant for 90 days from the Participant's Termination Date and all Options which are not so exercised will expire.
- (e) If a Participant ceases to be an Eligible Person for any other reason, all Options which have vested at the Participant's Termination Date will be exercisable by the Participant for 30 days from the Termination Date and all Options which are not vested at the Termination Date or which are not exercised within the 30 day period will expire.
- (f) Notwithstanding the foregoing, except as otherwise provided in Section 2.2, no Option may be exercised after its stated expiration.
- (g) The Committee may, in its sole discretion, accelerate the vesting of any Option.

2.5 End of Participation

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

2.6 Assumption or Substitution

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

Notwithstanding any other provision of this Plan, on a potential Change of Control, the Committee may make such changes to the terms of the Options as it considers fair and appropriate in the circumstances, including but not limited to: (i) accelerating the date at which Options become exercisable and the date on which the Options expire; (ii) otherwise modifying the terms of the Options to assist the Participants to tender into a take-over bid or other arrangement leading to a Change of Control; and thereafter (iii) terminating, conditionally or otherwise, the Options not exercised following successful completion of the Change of Control. If the Change of Control referred to in this Section is not completed within the time specified therein (as it may be extended), the Options which vested pursuant to this Section 2.6 will be returned by the Participant to the Corporation and reinstated as unvested Options and the original terms applicable to such Options will be reinstated.

Notwithstanding anything in this Plan to the contrary, with respect to U.S. Participants, all assumptions, substitutions or adjustments made pursuant to this Section 2.6 will be made in compliance with Code Section 409A or Code Section 422 (for Incentive Stock Options).

2.7 Option Agreement

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

2.8 Exercise of Option

A Participant may only exercise Options which have vested. In order to exercise a vested Option, the Participant must file with the Secretary of the Corporation a completed Notice of

Exercise. The Exercise Price of each Common Share and any Applicable Withholding Taxes must be fully paid:

- (a) by certified cheque or bank draft payable to the Corporation; or
- (b) pursuant to a cashless exercise, whereby the Participant will elect on the Notice of Exercise to receive:
 - (i) an amount in cash equal to the cash proceeds realized upon the sale of the Common Shares underlying the Option by a securities dealer in the capital markets, less the applicable Exercise Price and any Applicable Withholding Taxes;
 - (ii) an aggregate number of Common Shares that is equal to the number of Common Shares underlying the Option minus the number of Common Shares sold 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
 - (iii) a combination of (i) and (ii).

The transfer cost charged by the securities dealer to sell the Common Shares shall be the responsibility of the Participant and accordingly, such amount shall be deducted by the securities dealer from the net proceeds payable to the Participant.

Upon receipt of payment in full and subject to the terms of this Plan, the number of Common Shares in respect of which the Option is exercised will be duly issued to the Participant as fully paid and non-assessable.

Section 3. General

3.1 Capital Adjustments

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

3.2 Non-Exclusivity

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

3.3 Unfunded Plan

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

3.4 Successors and Assigns

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

3.5 Transferability of Options

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

3.6 Amendment and Termination

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

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

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

- (a) amendments to increase the number of Common Shares issuable under the Plan or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
- (b) amendments to the Plan that increase the length of the period after a Blackout Period during which Options or any rights pursuant thereto may be exercised;

- (c) amendments which would reduce the Exercise Price of an Option, directly or by the cancelation and re-issuance of an Option or which would result in the Exercise Price for any Option granted under the Plan being lower than the Fair Market Value of the Common Shares at the time the Option is granted, except as provided in Section 3.1;
- (d) any amendment expanding the categories of Eligible Person which would have the potential of broadening or increasing insider participation or which would permit the participation of non-employee directors in the Plan;
- (e) any amendment extending the term of an Option or any rights pursuant thereto beyond its original expiry date except as provided in Section 2.2;
- (f) the addition of any other provision which results in Participants receiving Common Shares where the required cash consideration is not received by the Corporation;
- (g) an amendment to add a cashless exercise feature if there is no full deduction of the underlying Common Shares from the Plan reserve in Section 1.5(a);
- (h) an amendment which would allow the transfer or assignment of Options under the Plan, other than for normal estate settlement purposes;
- (i) amendments to this amendment provision; and
- (j) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange).

3.7 No Special Rights

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

3.8 Other Employee Benefits

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

insurance or salary continuation plan, except as otherwise specifically determined by the Committee.

3.9 Compliance with Legislation

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

3.10 Tax Consequences

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

A Participant shall be solely responsible for all Applicable Withholding Taxes resulting from his or her receipt of Common Shares or any amount paid hereunder. The Participant shall:

- (a) pay to the Participating Company sufficient cash as is reasonably determined by the Participating Company to be the amount necessary to satisfy the Applicable Withholding Taxes;
- (b) authorize the Participating Company on behalf of the Participant, to sell in the market on such terms, and at such time or times as the Participating Company determines, a portion of the Common Shares issued hereunder to realize cash proceeds to be used to satisfy the Applicable Withholding Taxes; or
- (c) make other arrangements acceptable to the Participating Company to fund the Applicable Withholding Taxes.

3.11 No Liability

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

3.12 Effective Date

The Plan was amended and effective March 21, 2013, and is amended and restated effective December 8, 2015. No Options may be granted under the Plan after March 21, 2023.

**NEW FLYER INDUSTRIES INC.
AMENDED AND RESTATED SHARE OPTION PLAN
SCHEDULE A**

OPTION AGREEMENT AND CONFIRMATION

[Name of Employee]

(the "Participant")

Pursuant to the New Flyer Industries Inc. Amended and Restated Share Option Plan, effective March 21, 2013, and amended and restated effective December 8, 2015 (the "Plan"), and in consideration of services provided to any Participating Company by the Participant, New Flyer Industries Inc. hereby grants to the Participant an Option to acquire _____ Common Shares of New Flyer Industries Inc. at an Exercise Price of \$_____ per Common Share.

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

[This Option shall be an Incentive Stock Option to the extent that the requirements of Section 422 of the United States Internal Revenue Code are met]. [NTD: Include if U.S. Participants, if applicable.]

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

- (i) as to one-quarter on the first anniversary of the date of grant;
- (ii) as to an additional one-quarter, on the second anniversary of the date of grant;
- (iii) as to an additional one-quarter, on the third anniversary of the date of grant;
and
- (iv) as to the remaining one-quarter, on the fourth anniversary of the date of grant;

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

DATED _____, _____.

NEW FLYER INDUSTRIES INC.

Per _____ c/s

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

Signature

Name (please print)

**NEW FLYER INDUSTRIES INC.
AMENDED AND RESTATED SHARE OPTION PLAN
SCHEDULE B**

NOTICE OF EXERCISE

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

In accordance with the New Flyer Industries Inc. Amended and Restated Share Option Plan, effective March 21, 2013, and amended and restated effective December 8, 2015 (the "Plan"), I, _____, hereby exercise the Option to purchase _____ Common Shares of the Corporation at an Exercise Price of \$_____ per Common Share. This Notice of Exercise is delivered in respect of the Option to purchase _____ Common Shares of the Corporation that was granted to me on _____ under the Plan. In connection with the foregoing:

(tick one)

- I enclose cash, a certified cheque or a bank draft payable to the Corporation in the amount of \$_____ plus the amount of \$_____ which reflects the amount the Corporation believes is necessary to remit as part of any Applicable Withholding Taxes, and the foregoing shall be the full payment for the Common Shares to be received upon exercise of the Option and I acknowledge that the Common Shares will be issued to me only upon satisfaction of the requirements of Section 2.8 of the Plan;
- I hereby elect to receive an amount in cash per Option (net of any Applicable Withholding Taxes and any transfer costs incurred to sell the Common Shares) equal to the difference between the price at which a securities dealer designated by the Corporation is able to sell the Common Shares underlying the Option in the capital markets, selected by such dealer in its discretion, on the date hereof and the Exercise Price of the Option; or
- I hereby elect to receive an aggregate number of Common Shares that is equal to the number of Common Shares underlying the Option being exercised minus the number of Common Shares sold in the capital markets by a securities dealer designated by the Corporation as required to realize cash proceeds equal to the Exercise Price and any Applicable Withholding Taxes (net of any transfer costs incurred to sell the Common Shares).

I hereby acknowledge and agree that I will be responsible for any transfer costs charged by a securities dealer to sell Common Shares pursuant to this Notice of Exercise and any such amount may be deducted by the securities dealer from the net proceeds payable to me.

Capitalized terms used but not otherwise defined in this Notice of Exercise shall have the meaning set out in the Plan.

Date

Participant's Signature