

FORM 51-102F3
Material Change Report

Item 1 Name and Address of Company

New Flyer Industries Inc.
711 Kernaghan Avenue
Winnipeg, Manitoba
R2C 3T4

Item 2 Date of Material Change

May 15, 2012

Item 3 News Release

A news release was issued through Marketwire on May 15, 2012 and is attached to this report.

Item 4 Summary of Material Change

On May 15, 2012, New Flyer Industries Inc. ("NFI") announced a public offering, on a "bought deal" basis, of US\$65 million principal amount of convertible unsecured subordinated debentures, at a price of US\$1000 per debenture, with an interest rate of 6.25% per annum, payable semi-annually on the last day of June and December commencing on December 31, 2012 (the "Debentures"). The Debentures will mature on June 30, 2017.

The offering is being made through a syndicate of underwriters led by BMO Capital Markets and CIBC World Markets Inc.

NFI has also granted the underwriters the option to purchase up to US\$9.75 million principal amount of additional Debentures at a price of US\$1,000 per Debenture to cover over-allotments, exercisable in whole or in part anytime up to 30 days following closing of the offering.

NFI intends to use the net proceeds of the offering to redeem all of the approximate C\$60 million aggregate principal amount of 14% subordinated notes of New Flyer Industries Canada ULC held by the public (including those held in the form of an income deposit security ("IDS") and those held separately) (collectively, the "Subordinated Notes"), and for general corporate purposes. Following the redemption of the Subordinated Notes in August 2012, the IDSs will be de-listed from the TSX and the common shares forming part of an IDS will commence trading separately and continue to be listed on the TSX. The offering is expected to close on or about June 5, 2012.

The Debentures will be convertible at the holder's option into common shares of NFI at a conversion price of US\$10.00 per common share. The debentures will not

be redeemable prior to June 30, 2015. On and after June 30, 2015 and prior to maturity, the Debentures may be redeemed in whole or in part from time to time at NFI's option, at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 125% of the conversion price.

Item 5 Full Description of Material Change

See the attached news release dated May 15, 2012 for a full description of the material change.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

No significant facts in this report remain confidential, and no information has been omitted from this report.

Item 8 Executive Officer

For further information please contact Glenn Asham, Chief Financial Officer, at (204) 224-1251.

Item 9 Date of Report

May 22, 2012

PRESS RELEASE

NEW FLYER ANNOUNCES US\$65 MILLION CONVERTIBLE DEBENTURE BOUGHT DEAL AND INTENTION TO REPURCHASE EXISTING 14% SUBORDINATED NOTES

Not for distribution to U.S. news wire services or dissemination in the United States.

Winnipeg, Manitoba - (May 15, 2012) — New Flyer Industries Inc. ("New Flyer" or the "Company") (TSX: NFI, TSX:NFI.UN) announced today a public offering, on a "bought deal" basis, of US\$65 million principal amount of convertible unsecured subordinated debentures, at a price of US\$1000 per debenture, with an interest rate of 6.25% per annum, payable semi-annually on the last day of June and December commencing on December 31, 2012 (the "Debentures"). The Debentures will mature on June 30, 2017.

The offering is being made through a syndicate of underwriters led by BMO Capital Markets and CIBC World Markets Inc.

The Company has also granted the underwriters the option to purchase up to US\$9.75 million principal amount of additional Debentures at a price of US\$1,000 per Debenture to cover over-allotments, exercisable in whole or in part anytime up to 30 days following closing of the offering.

The Company intends to use the net proceeds of the offering to redeem all of the approximate C\$60 million aggregate principal amount of 14% subordinated notes of New Flyer Industries Canada ULC held by the public (including those held in the form of an income deposit security ("IDS") and those held separately) (collectively, the "Subordinated Notes"), and for general corporate purposes. Following the redemption of the Subordinated Notes in August 2012, the IDSs will be de-listed from the TSX and the common shares forming part of an IDS will commence trading separately and continue to be listed on the TSX. The offering is expected to close on or about June 5, 2012.

The Debentures will be convertible at the holder's option into common shares of the Company at a conversion price of US\$10.00 per common share. The debentures will not be redeemable prior to June 30, 2015. On and after June 30, 2015 and prior to maturity, the Debentures may be redeemed in whole or in part from time to time at the Company's option, at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 125% of the conversion price.

The offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to

sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

About New Flyer

New Flyer is the leading manufacturer of heavy-duty transit buses in Canada and the United States. The Company's three manufacturing facilities – in Winnipeg, MB; St. Cloud, MN; and Crookston, MN – are all ISO 9001, ISO 14001 and OHSAS 18001 certified. The Company currently operates a parts fabrication facility in Elkhart, IN and four PDCs in Winnipeg, MB; Erlanger, KY; Fresno, CA and Brampton, ON.

With a skilled workforce of over 2,000 employees, New Flyer is a technology leader, offering the broadest product line in the industry, including drive systems powered by clean diesel, LNG, CNG and electric trolley as well as energy-efficient diesel-electric hybrid vehicles. All products are supported with an industry-leading, comprehensive parts and service network.

Further information is available on New Flyer's web site at www.newflyer.com. The common shares and income deposit securities of New Flyer are traded on the Toronto Stock Exchange under the symbols NFI and NFI.UN, respectively.

Forward-Looking Statements

This press release may contain forward-looking statements relating to expected future events and financial and operating results of New Flyer and New Flyer Industries Canada ULC ("NFI ULC") that involve risks and uncertainties. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including the ability to complete the offering and use the proceeds as described in this press release, market and general economic conditions and economic conditions of and funding availability for customers to purchase buses and to exercise options for buses and to purchase parts or services and the other risks and uncertainties discussed in the materials filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. Due to the potential impact of these factors, New Flyer and NFI ULC disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

For further information, please contact:

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