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NJ Transit advises MCI to suspend manufacturing of Commuter Coaches until transportation funding situation resolved

WINNIPEG, MANITOBA JULY 11, 2016: (TSX:NFI) (TSX:NFI.DB.U) Motor Coach Industries (“MCI”), a subsidiary of New Flyer Industries Inc. (the “Company”), the largest bus and motor coach manufacturer and parts distributor in North America, announced that MCI received notice from New Jersey Transit (NJT) that “requires an immediate and orderly shutdown of all ongoing work” under a contract to build commuter coaches.

MCI was awarded a contract by NJT in November 2015 with a firm order for three commuter coaches and options for an additional 1,219 over six years. After delivering three pilot coaches which successfully passed the in-service testing and evaluation phase, MCI received a Notice to Proceed in May 2016 for the first year’s production of 184 commuter coaches, of which 142 were to be delivered in calendar year 2016.

NJT advised MCI that the replenishment of the New Jersey Transportation Trust Fund Account (“TTFA”) has been delayed. Accordingly, Governor Chris Christie issued Executive Order No. 210 declaring a State of Emergency and directing the Commissioner of the Department of Transportation and the Executive Director of the NJT to plan an immediate and orderly shutdown of all ongoing work that is funded by the TTFA. In accordance with the Shutdown Order issued by Dennis J. Martin, Executive Director of the NJT, all contract work financed by TTFA funds must begin an orderly shutdown.

“As of today, MCI has delivered five coaches to NJT with an additional 76 currently in various stages production or completed and in transit” said Paul Soubry, President and CEO. “We value MCI’s long-term relationship with NJT and are working cooperatively and diligently to understand the impact of this funding disruption”. Soubry further explained “MCI will shortly commence its annual three week summer shutdown and we will synchronize an orderly shutdown of NJT production to coincide with it and we hope this will provide sufficient time for the funding situation to be resolved”.

The additional 61 commuter coaches to be delivered in 2016 that have not yet commenced production represent just under 2% of the total combined New Flyer and MCI annual bus manufacturing schedule for 2016. The company cannot predict at this time whether this issue will cause the Company to adjust its annual production guidance.

About the Company

The Company employs approximately 5,000 team members and is the largest transit bus and motor coach manufacturer and parts distributor in North America with fabrication, manufacturing, distribution and service centers in Canada and the United States.

Through its Canadian and U.S. subsidiaries, Motor Coach Industries Limited and Motor Coach Industries, Inc. (together, “Motor Coach Industries”), the Company is leader in motor coaches in Canada and the US, offering the MCI J4500, which is the industry’s best-selling intercity coach for 11 consecutive years, and the MCI D-Series, the industry’s best-selling coach line in North American motor coach history. MCI is also the exclusive distributor of Setra S417 and S407 in the United States



and Canada. MCI actively supports over 28,000 motor coaches currently in service and offers 24-hour roadside assistance 365 days a year.

Through its Canadian and U.S. subsidiaries, New Flyer Industries Canada ULC and New Flyer of America Inc. (together, "New Flyer"), the Company is North America's heavy-duty transit bus leader and offers the broadest transit bus product line (Xcelsior® and MiDi® models), incorporating the broadest range of drive systems available, including: clean diesel, natural gas, diesel-electric hybrid, electric-trolley and now battery-electric. New Flyer actively supports over 42,000 heavy-duty transit buses (New Flyer, NABI and Orion) currently in service.

The Company also operates North America's most comprehensive aftermarket parts organization providing support for all types of transit buses and motor coaches. All buses and coaches are supported by an industry-leading comprehensive warranty, service and support network.

Further information is available on the Company's websites at www.mcicoach.com and www.newflyer.com. The common shares and convertible unsecured subordinated debentures of the Company are traded on the Toronto Stock Exchange under the symbols NFI and NFI.DB.U, respectively.

Forward-Looking Statements

This press release may contain forward-looking statements relating to expected future events and financial and operating results of the Company 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 market and general economic conditions and economic conditions of and funding availability for customers to purchase buses and to purchase parts or services, customers may not exercise options to purchase additional buses, the ability of customers to terminate contracts for convenience 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, the Company disclaims 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.

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