



NEW FLYER

**NEW FLYER INDUSTRIES INC. and
NEW FLYER INDUSTRIES CANADA ULC**

WHISTLE BLOWER POLICY

Adopted by the Board of Directors on October 11, 2005.

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**NEW FLYER INDUSTRIES INC. and NEW FLYER
INDUSTRIES CANADA ULC
(together, the “Issuer”)**

To all directors, officers and employees of New Flyer Industries Inc., New Flyer Industries Canada ULC and their subsidiaries (collectively, the “Issuer”):

1. WHISTLEBLOWING

Every employee, director and officer of the Issuer has an ongoing responsibility to report any activity or suspected activity of which he or she may have knowledge, which might be prohibited by the Issuer’s Code of Business Conduct and Ethics (the “Code”), or which might otherwise be considered sensitive in preserving the reputation of the Issuer.

Although this policy requires the reporting of any unethical activity, the following items are included for further clarity:

- (a) Any concern that an employee, director or officer of the Issuer has committed an actual or apparent violation of the Code or Whistleblower Policy.
- (b) Any actual or apparent violation of the Issuer’s Disclosure and Insider Trading Policy.
- (c) Any complaint regarding accounting, internal controls, disclosure controls or auditing matters.
- (d) Any good faith concerns regarding questionable accounting or auditing matters.

It is the responsibility of each employee, director and officer to report such activities in accordance with this policy whenever he or she has reasonable and bona fide grounds to believe that such an incident has occurred, is occurring or is likely to occur.



2. REPORTING PROCEDURES

Concerns can be reported in the following manner:

- (a) Any employee, director or officer may submit, on a confidential, anonymous basis if the employee, director or officer so desires, any good faith concerns regarding any item within the scope of this policy.

- (b) All such concerns shall be set forth in writing and forwarded in a sealed envelope to Audit Committee Chairperson at the following address:

Audit Committee Chairperson
c/o New Flyer Industries Inc.
711 Kernaghan Avenue
Winnipeg, Manitoba R2C 3T4

- (c) The envelope should be clearly labeled:

To be opened by the Audit Committee Chairperson only. Submitted in accordance with the Issuer's Whistleblower Policy.

- (d) If the complainant would like to discuss any matter with the Audit Committee Chairperson, the complainant should indicate this in the submission and include a telephone number at which he or she may be contacted.

3. INVESTIGATION PROCEDURES

- (a) The Audit Committee Chairperson is responsible for investigating and resolving all complaints or concerns submitted under the Code and/or Whistleblower Policy. The Audit Committee Chairperson shall advise the Chief Executive Officer, the Chief Financial Officer and/or the Audit Committee of complaints or concerns received, prior to the date of his or her final report, unless the Audit Committee Chairperson determines that it would be inappropriate in the circumstances.

- (b) Following the receipt of any complaints or concerns submitted hereunder, the Audit Committee Chairperson will investigate each matter reported



and will recommend that the CEO take corrective and disciplinary action, if appropriate.

- (c) Corrective and disciplinary action may include a warning or letter or reprimand, demotion, loss of salary increase or bonus, suspension without pay, termination of employment and civil or criminal prosecution.
- (d) The Audit Committee Chairperson may enlist other employees, directors or officers of the Issuer, or retain, at the Issuer's expense, outside legal, accounting or other advisors to assist in conducting any investigation.
- (e) In conducting his or her investigation, the Audit Committee Chairperson shall use his or her reasonable best efforts to protect the confidentiality and anonymity of the complainant, subject to the Audit Committee Chairperson's need to conduct a thorough investigation. While the Audit Committee Chairperson must use his or her reasonable best efforts to maintain anonymity, it may be necessary to identify the complainant or it may be possible for third parties to deduce the complainant's identity. For these reasons, anonymity cannot be guaranteed.
- (f) Using his or her best judgment, the Audit Committee Chairperson shall advise any employee, director or officer that has been named in a complaint or concern at an appropriate time during the investigation. Unless the Audit Committee Chairperson determines that it would be inappropriate in the circumstances, the person named will have an opportunity to respond to the complaint or concern in writing, and that response will be included in the Audit Committee Chairperson's final report.
- (g) The Audit Committee Chairperson shall report any valid inquiries or complaints received, including the results of his or her investigation, to the full Audit Committee and the Board.
- (h) The Audit Committee Chairperson shall report at least annually to the Audit Committee on this policy and his or her activities under it and shall immediately report on any matters under this policy relating to the Issuer's internal controls and the integrity of its financial results.



- (i) The Audit Committee Chairperson shall retain records regarding complaints reported in a secure manner for a period of not less than five years.

4. NO RETALIATION

- (a) The Whistleblower Policy is intended to encourage and enable employees, directors and officers to raise serious concerns within the Issuer, rather than seeking resolution outside the Issuer. Accordingly, the Issuer does not permit retaliation or harassment of any kind against individuals for complaints submitted hereunder that are made in good faith. However, malicious complaints or complaints known to be false may result in disciplinary action being taken against the complainant.

5. AMENDMENTS

- (a) Revisions, amendments or alterations to this policy can only be implemented following consideration and approval by the Board.