

New Flyer Announces First Quarter Results

Highlights:

- *Significant increase in firm order activity*
- *Strong, stable order backlog*
- *Continued strong growth in Aftermarket Operations*
- *Bus Manufacturing revenues impacted by temporary delivery delays*

WINNIPEG, May 15 - New Flyer Industries Inc. (TSX:NFI.UN), the leading manufacturer of heavy-duty transit buses in Canada and the United States, today announced its results and those of its subsidiary, New Flyer Holdings, Inc. ("New Flyer" or the "Company") for the 13-week first quarter ended April 2, 2006. The full first quarter report and management discussion and analysis (the "MD&A") is available at the Company's web site at: www.newflyer.com.

New Flyer completed its initial public offering ("IPO") of income deposit securities and the associated acquisition of its operating business on August 19, 2005. In order to provide investors with a meaningful assessment of its recent performance, New Flyer also provided results for the comparable 13-week first quarter ended April 3, 2005 of the predecessor company, as described in the MD&A. Note that all figures are in United States dollars unless stated otherwise.

For the first quarter ended April 2, 2006, New Flyer generated revenue of \$135.8 million, compared with \$142.0 million in the corresponding period last year. Revenue from Bus Manufacturing Operations declined 8% from \$128.7 million to \$118.5 million, due to a reduction in unit deliveries. Bus deliveries in the most recent quarter totaled 319 equivalent units compared with 411 equivalent units in the year-earlier period. The volume reduction was partially offset by an increase in the average bus selling price due to a change in product sales mix.

However, at the end of the most recent quarter, the Company had completed 89 bus equivalent units (representing revenue of \$31.6 million) that were not delivered during the period. The revenue relating to these 89 bus equivalent units was not recognized during the period in accordance with the Company's revenue recognition policy under which revenue is not recognized until the applicable buses have been delivered. The delivery of these buses was delayed for various reasons as discussed in the MD&A. Management expects that these buses will be delivered and the related revenue will be recognized in the second quarter of 2006.

Revenue from Aftermarket Operations continued to be strong in the first quarter ended April 2, 2006, as revenue increased 30% from \$13.3 million in the corresponding period of last year to \$17.4 million. This growth is comparable to growth in prior years as New Flyer buses continue to represent a larger share of the active installed fleet in the combined United States and Canadian market. In addition, the reduction of new bus purchases experienced in the U.S. market in

2005 and to date in 2006 contributes to higher demand in the aftermarket business as customers maintain older fleets.

Adjusted EBITDA for the first quarter ended April 2, 2006 decreased 11% to \$15.2 million from Adjusted EBITDA of \$17.0 million for the corresponding period of last year, primarily the result of the delayed deliveries noted above. When these completed buses are delivered and the related revenue is recognized, management expects the Company to realize Adjusted EBITDA of \$3.6 million. If this additional Adjusted EBITDA had been included, Adjusted EBITDA for the first quarter ended April 2, 2006 would have increased by 10.6% over Adjusted EBITDA for the corresponding period last year.

Adjusted EBITDA from Bus Manufacturing Operations for the first quarter ended April 2, 2006 was \$11.4 million, a decrease of 18% from Adjusted EBITDA of \$13.9 million in the corresponding period of last year. This reduction is primarily attributable to reduced earnings resulting from the delay in bus deliveries. Adjusted EBITDA from Aftermarket Operations for the first quarter ended April 2, 2006 of \$3.6 million increased by 24% compared to Adjusted EBITDA of \$2.9 million for the corresponding period of last year resulting from higher sales from Aftermarket Operations. Unallocated Adjusted EBITDA for the first quarter of both 2006 and 2005 was \$0.2 million, which consisted primarily of realized foreign exchange gains.

Adjusted EBITDA margin for the first quarter of 2006 was 11.2% compared with 12.0% in the corresponding period of last year. Bus Manufacturing Operations Adjusted EBITDA margin of 9.6% decreased from 10.8% in the corresponding period of last year, due to change in sales mix and absorbing fixed costs over lower delivery volumes. However, on a per equivalent unit basis, Adjusted EBITDA from Bus Manufacturing Operations increased by 5% to approximately \$35,600 for the first quarter of 2006 compared to approximately \$33,800 per equivalent unit in the corresponding period of last year. This increase was achieved through input cost reductions. Aftermarket Operations Adjusted EBITDA margin in the first quarter of 2006 of 20.9% decreased from 22.0% in the corresponding period of last year as incremental sales were achieved at slightly lower margins.

The Company's order backlog of approximately \$2.0 billion (comprised of approximately \$0.7 billion of firm bus orders and \$1.3 billion of options for buses) has been maintained at stable levels relative to the \$2.0 billion backlog at the end of the last fiscal year on January 1, 2006 and \$2.0 billion at the time of the Company's IPO. The order backlog has seen an increase of approximately \$100 million in firm bus orders relative to firm bus orders as at January 1, 2006, which represents an increase of approximately 17%. The Company's backlog position, comprised 73.7% of U.S. orders and 26.3% of Canadian orders, continues to provide the order visibility to allow the Company to efficiently plan the production schedule, thereby minimizing expenses and working capital requirements.

During the first quarter ended April 2, 2006, the Company was awarded firm bus orders of \$228.9 million (622 equivalent units of production) compared to firm bus orders of \$158.5 million (453 equivalent units of production) awarded during the corresponding period last year, which represents an increase of 44.4%. Included in awarded firm bus orders are exercised options of \$164.1 million (representing 71.7% of the firm orders awarded) in the first quarter ended April 2, 2006 compared to exercised options of \$109.5 million (representing 69.1% of the firm bus orders awarded) for the corresponding period last year.

“We had an excellent quarter with strong growth in both the firm order position for buses and aftermarket revenue and earnings,” said John Marinucci, President and Chief Executive Officer of New Flyer. “The financial results would have been superior to the prior year period except for the impact that delayed deliveries had on reported results. Management expects that these buses will be delivered and the related revenue recognized during the second quarter of 2006. Looking further out, we have the leading North American market share, a broad product offering, a long-standing diversified customer base, a rapidly growing aftermarket service business and low cost producer status in a stable, replacement-driven industry. When U.S. bus sales demand normalizes to traditional replacement levels, we are well-positioned to benefit.”

Operating profit for the first quarter ended April 2, 2006 was \$9.3 million compared with \$13.0 million in the corresponding period of last year. The decline is primarily due to the reduction in earnings associated with the delayed bus deliveries and a \$1.8 million increase in amortization of plant and equipment and definite life intangible assets resulting from the fair value adjustment at the time of the IPO.

New Flyer generated Distributable Cash of \$8.4 million, or C\$9.9 million, in the first quarter ended April 2, 2006. Cash distributions totaled C\$12.5 million for the period, with the shortfall funded by cash balances. For the 32-weeks since the IPO, New Flyer has generated Distributable Cash of C\$30.9 million, while distributing a similar amount.

Management estimates that Distributable Cash for both the 13-week and 32-week periods ended April 2, 2006 has been negatively impacted by \$3.6 million due to the delayed bus deliveries as discussed above. Had the revenue related to the delayed deliveries been recognized in the first quarter ended April 2, 2006, Distributable Cash for the 13-week and the 32-week periods ended April 2, 2006 would have been C\$14.2 million and C\$35.1 million, respectively. Adjusted for the impact of the delayed deliveries, distributions would have been 88.0% of Distributable Cash for both the 13-week and the 32-week periods ended April 2, 2006.

New Flyer reported net earnings of \$10.9 million in the first quarter ended April 2, 2006 compared with \$5.9 million in the corresponding period of last year. The increase was primarily the result of a gain attributable to the fair value adjustment to other liabilities. This gain is a result of a reduction in the fair value of the Class

B shares and Class C shares of New Flyer Holdings, Inc. This gain was offset by higher interest costs resulting from the change in capital structure as a result of the IPO. These costs are higher due to the interest paid on the 14% subordinated notes issued as part of the income deposit securities in the IPO and the distributions paid on the Class B shares and Class C shares.

Conference Call

A conference call for analysts and interested listeners will be held today at 5:00 p.m. (ET). The call-in numbers for listeners are 416-644-3420 or 866-249-2165. A live audio feed of the call will also be available at:
<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1484340>

A replay of the call will be available from 7:00 p.m. (ET) today until 11:59 p.m. (ET) on May 22. To access the replay, call 416-640-1917 or 877-289-8525, enter pass code number 21188892, and then press the pound (#) sign. The replay will also be available on the Company's web site at www.newflyer.com.

Non-GAAP Measures

Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization and other non-cash charges adjusted for IPO related costs and certain other non-recurring charges as set out in the MD&A. There were no adjustments to EBITDA for the first quarter ended April 2, 2006. Management believes Adjusted EBITDA and Distributable Cash (as defined below) are useful measures in evaluating the performance of the Company. Specifically, management believes that Adjusted EBITDA is the appropriate measure from which to make adjustments to determine "Distributable Cash" (being Adjusted EBITDA decreased for maintenance capital expenditures, principal payments on capital leases, interest on the Company's credit facility and capital leases, interest on New Flyer Industries Canada ULC's subordinated notes (not forming part of IDSs) and cash taxes). Adjusted EBITDA and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings as prescribed by GAAP. Therefore, Adjusted EBITDA and Distributable Cash may not be comparable to similar measures presented by other entities. Investors are cautioned that Adjusted EBITDA and Distributable Cash should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of New Flyer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

About New Flyer

New Flyer is the leading manufacturer of heavy-duty transit buses in Canada and the United States. The Company's three facilities - in Winnipeg, MB, St. Cloud, MN and Crookston, MN - are all ISO 9001, ISO 14001 and OHSAS 18001 certified. With a skilled workforce of approximately 1,800 employees, New Flyer is a technology leader in the heavy-duty transit market, 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 gasoline-electric and diesel-electric hybrid vehicles. All of New Flyer's products are supported by an

industry-leading, comprehensive parts and service network. New Flyer's Income Deposit Securities are listed on the Toronto Stock Exchange under the symbol NFI.UN.

Forward-Looking Statements

Certain statements in this press release are “forward-looking statements”, which reflect the expectations of management regarding New Flyer Industries Inc.’s and the Company's future growth, results of operations, performance and business prospects and opportunities. The words “believes”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “estimates” and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this press release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risk factors discussed in the Company’s public filings available on SEDAR at www.sedar.com.

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. These forward-looking statements are made as of the date of this press release and neither New Flyer Industries Inc. nor the Company assumes any obligation to update or revise them to reflect new events or circumstances.

Excerpted information from Management Discussion and Analysis
(Full MD&A available on the Company's web site at www.newflyer.com)

SELECTED FINANCIAL AND OPERATING INFORMATION

The following selected consolidated financial and operating information of the Company has been derived from and should be read in conjunction with the historical financial statements of the Company.

QUARTERLY FINANCIAL INFORMATION

(unaudited, US dollars in thousands, except for deliveries in equivalent units and per share figures)

| Fiscal Period | Quarter | Deliveries (equivalent units) ⁽²⁾ | Revenue | Earnings (loss) from Operations | Net Earnings (loss) | EBITDA ⁽¹⁾ | Adjusted EBITDA ⁽¹⁾ | Earnings per share ⁽⁶⁾ |
|---------------|--------------|--|----------------|---------------------------------|---------------------|-----------------------|--------------------------------|-----------------------------------|
| 2006 | Q1 | 319 | 135,836 | 9,337 | 10,946 | 15,180 | 15,180 | 0.54 |
| 2005 | Q4 | 353 | 136,747 | 11,104 | 1,479 | 17,003 | 17,716 | 0.08 |
| | Q3 | 398 | 157,750 | (10,275) | (20,719) | 490 | 19,391 | — |
| | Q2 | 421 | 154,328 | 15,201 | (535) | 18,852 | 19,237 | — |
| | Q1 | 411 | 141,979 | 12,986 | 5,924 | 16,638 | 17,023 | — |
| | Total | 1,583 | 590,804 | 29,016 | (13,851) | 52,983 | 73,367 | — |
| 2004 | Q4 | 483 | 160,197 | 12,414 | 7,085 | 15,972 | 16,694 | — |
| | Q3 | 469 | 161,257 | 14,776 | 5,311 | 18,579 | 18,549 | — |
| | Q2 | 470 | 150,643 | 14,071 | 4,796 | 17,817 | 18,695 | — |
| | Q1 | 516 | 144,894 | 7,477 | (8,289) | (2,054) | 16,405 | — |
| | Total | 1,938 | 616,991 | 48,738 | 8,903 | 50,314 | 70,343 | — |

COMPARISON OF Q1 AND TRAILING TWELVE MONTHS RESULTS

| | 13-Weeks Ended April 2, 2006 | 13-Weeks Ended April 3, 2005 | 52-Weeks Ended April 2, 2006 ⁽⁴⁾ | 52-Weeks Ended April 3, 2005 ⁽⁵⁾ |
|---|------------------------------------|------------------------------------|---|---|
| (unaudited, US dollars in thousands, except for deliveries in equivalent units) | | | | |
| Statement of Earnings Data | | | | |
| Revenue | | | | |
| Bus manufacturing operations | \$ 118,452 | \$ 128,657 | \$ 527,204 | \$ 568,370 |
| Aftermarket operations | 17,384 | 13,322 | 57,457 | 45,706 |
| Total revenue | 135,836 | 141,979 | 584,661 | 614,076 |
| Earnings from operations | 9,337 | 12,986 | 25,367 | 54,247 |
| Net earnings (loss) | 10,946 | 5,924 | (8,829) | 23,116 |
| EBITDA ⁽¹⁾ | 15,180 | 16,638 | 51,525 | 69,006 |
| Adjusted EBITDA ⁽¹⁾ | | | | |
| Bus Manufacturing Operations | 11,370 | 13,911 | 59,681 | 64,333 |
| Aftermarket Operations | 3,636 | 2,933 | 11,022 | 9,171 |
| Unallocated | 174 | 179 | 821 | (2,543) |
| Total Adjusted EBITDA ⁽¹⁾ | 15,180 | 17,023 | 71,524 | 70,961 |
| Other Data (unaudited) | | | | |
| Deliveries (equivalent units) ⁽²⁾ | 319 | 411 | 1,491 | 1,833 |
| Total capital expenditures | \$ 1,033 | \$ 504 | \$ 5,526 | \$ 2,827 |

(US dollars in thousands)

Selected Balance Sheet Data

| | April 2, 2006 | January 1, 2006 |
|---------------------------------|------------------|--------------------|
| Total assets | \$ 816,776 | \$ 825,672 |
| Long-term financial liabilities | 606,480 | 622,503 |

Other Data (unaudited)

| | | |
|------------------------|-------------|-------------|
| Backlog ⁽³⁾ | \$1,951,195 | \$1,976,262 |
|------------------------|-------------|-------------|

Notes:

- (1) EBITDA and Adjusted EBITDA are not recognized earnings measures and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash". Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating performance of the Company and/or the Issuer.
- (2) One equivalent unit represents one 30-foot, 35-foot or 40-foot heavy-duty transit bus. One articulated bus represents two equivalent units.
- (3) Dollar value of the Company's backlog. Backlog is comprised of both firm orders and options.
- (4) Results for the 52-weeks ended April 2, 2006 consist of the combined results of the Company for the 32-weeks ended April 2, 2006 and THI's results for 20-weeks ended August 18, 2005. See "Unaudited Combined Financial Information for the 52-weeks ended April 2, 2006".
- (5) Results for the 52-weeks ended April 3, 2005 relate to THI's operations. See "Unaudited Combined Financial Information for the 52-weeks ended April 3, 2005".
- (6) Earnings per share are those of NFI.

RECONCILIATION OF NET EARNINGS TO EBITDA AND ADJUSTED EBITDA

Because the Issuer distributes substantially all of its cash on an ongoing basis, subject to certain restrictions, management believes that EBITDA and Adjusted EBITDA are important measures in evaluating the historical performance of the Company. However, EBITDA and Adjusted EBITDA are not recognized earnings measures under GAAP and do not have standardized meanings prescribed by GAAP. Accordingly, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that EBITDA and Adjusted EBITDA should not be construed as alternatives to net earnings or loss determined in accordance with GAAP as indicators of the Company's performance, or cash flows from operating activities as a measure of liquidity and cash flow. The Company defines and has computed EBITDA and Adjusted EBITDA as described under "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash". The following table reconciles net earnings or losses to EBITDA and Adjusted EBITDA based on the historical consolidated financial statements of the Company for the periods indicated.

| | 13-Weeks Ended April 2, 2006 | 13-Weeks Ended April 3, 2005⁽⁵⁾ | 32-Weeks Ended April 2, 2006⁽⁶⁾ |
|--|---|---|---|
| <i>(unaudited, US dollars in thousands)</i> | | | |
| Net Earnings | \$ 10,946 | \$ 5,924 | \$ 22,024 |
| Addback ⁽¹⁾ | | | |
| Income taxes (recovery) | (862) | 4,331 | (11,245) |
| Interest expense | 5,172 | 2,963 | 14,428 |
| Amortization | 5,843 | 3,259 | 14,473 |
| Loss on disposal of property, plant and equipment | — | — | 159 |
| Share-based compensation expense | — | 393 | — |
| Fair value adjustment to other liability— Class B and Class C Common Shares | (11,092) | — | (27,729) |
| Distributions on Class B and Class C Common Shares | 5,840 | — | 14,428 |
| Unrealized foreign exchange (gain) loss on non-current monetary items and forward foreign exchange contracts | (667) | (232) | 4,159 |
| EBITDA⁽²⁾ | 15,180 | 16,638 | 30,697 |
| Fair market value adjustment to inventory ⁽³⁾ | — | — | 9,311 |
| Management and transaction fees ⁽⁴⁾ | — | 385 | — |
| Adjusted EBITDA⁽²⁾ | \$ 15,180 | \$ 17,023 | \$ 40,008 |

RECONCILIATION OF CASH FLOW TO EBITDA AND ADJUSTED EBITDA

| | 13-Weeks Ended April 2, 2006 | 13-Weeks Ended April 3, 2005 ⁽⁵⁾ | 32-Weeks Ended April 2, 2006 ⁽⁶⁾ |
|--|------------------------------------|---|---|
| (unaudited, US dollars in thousands) | | | |
| Cash (used in) provided by operations | \$ (14,993) | \$ 9,846 | \$ (55,110) |
| Changes in non-cash working capital items | 14,430 | (901) | 39,825 |
| Withholding taxes | — | — | 9,111 |
| Defined benefit funding | 2,502 | 321 | 3,041 |
| Defined benefit expense | (201) | (209) | (518) |
| Interest expense | 6,004 | 2,904 | 14,922 |
| Distributions on Class B and Class C shares | 5,840 | — | 14,428 |
| Current income taxes | 1,598 | 4,677 | 4,998 |
| EBITDA ⁽²⁾ | 15,180 | 16,638 | 30,697 |
| Management and transaction fees ⁽⁴⁾ | — | 385 | — |
| Fair market value adjustment to inventory ⁽³⁾ | — | — | 9,311 |
| Adjusted EBITDA ⁽²⁾ | \$ 15,180 | \$ 17,023 | \$ 40,008 |

Notes:

- (1) Addbacks are derived from the historical financial statements of the Company.
- (2) EBITDA and Adjusted EBITDA are not recognized earnings measures and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash". Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating performance of the Company and/or the Issuer.
- (3) On the acquisition of the Company on August 19, 2005, \$9.3 million of the excess purchase price was allocated to inventory as a fair market value adjustment, resulting in a subsequent non-cash charge to operating costs and expenses upon the sale of the inventory.
- (4) Normalized to exclude management and transaction fees paid to related parties that were terminated after the 2005 Acquisition.
- (5) Results for the 13-weeks ended April 3, 2005 relate to THI's operations.
- (6) Results for the 32-weeks ended April 2, 2006 consist of the audited results of the Company for the 19-weeks ended January 1, 2006 combined with the unaudited results of the Company for the 13-weeks ended April 2, 2006.

SUMMARY OF DISTRIBUTABLE CASH

| | 13-Weeks Ended April 2, 2006 | 32-Weeks Ended April 2, 2006 ⁽⁵⁾ |
|--|---------------------------------|--|
| <i>(unaudited, US dollars in thousands, except per IDS and per share amounts and as indicated)</i> | | |
| Adjusted EBITDA ⁽¹⁾ | \$ 15,180 | \$ 40,008 |
| Maintenance capital expenditures | (332) | (527) |
| Principal portion of capital lease payments | (288) | (457) |
| Interest on credit facility and capital leases | (1,608) | (4,179) |
| Interest on Subordinated Notes not forming part of IDSs | (1,021) | (2,490) |
| Cash taxes ⁽²⁾ | (3,543) | (6,175) |
| Distributable Cash (US\$) ⁽¹⁾ | 8,388 | 26,180 |
| U.S. exchange rate ⁽³⁾ | 1.1772 | 1.1819 |
| Distributable Cash ⁽¹⁾ (C\$) | 9,874 | 30,940 |
| Summary of Cash Distributions: ⁽¹⁾ | | |
| Interest on Subordinated Notes forming part of IDSs (C\$) | 3,871 | 9,572 |
| Dividends on Common Shares forming part of IDSs (C\$) | 1,629 | 4,029 |
| Dividends on Class C Shares (C\$) | 6,455 | 15,964 |
| Dividends on Subordinated Class B Shares (C\$) | 523 | 1,295 |
| Total Cash Distributions (C\$) | 12,478 | 30,860 |
| (Shortfall) Excess of Distributable Cash (C\$) | \$ (2,604) | \$ 80 |
| Total Cash Distributions per IDS (C\$): | | |
| Interest on Subordinated Notes (C\$) | 0.1936 | 0.4788 |
| Dividend on Common Share (C\$) | 0.0814 | 0.2013 |
| Total Distribution per IDS (C\$) ⁽⁴⁾ | 0.2750 | 0.6801 |
| Issued and outstanding IDSs | 20,000,000 | 20,000,000 |
| Dividends per Class C Share (C\$): ⁽⁴⁾ | | |
| Preferential Dividend | 0.1229 | 0.3040 |
| Residual Dividend | 0.0814 | 0.2013 |
| Total Cash Dividend | 0.2043 | 0.5053 |
| Issued and Outstanding Class C Shares | 31,585,671 | 31,585,671 |
| Dividends per Class B Share (C\$): ⁽⁴⁾ | | |
| Preferential Dividend | 0.1229 | 0.3040 |
| Residual Dividend | 0.0814 | 0.2013 |
| Total Cash Dividend | 0.2043 | 0.5053 |
| Issued and Outstanding Class B Shares | 2,562,529 | 2,562,529 |

Notes:

- (1) Adjusted EBITDA and Distributable Cash are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, Adjusted EBITDA and Distributable Cash may not be comparable to similar measures presented by other issuers. See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of Net Earnings to EBITDA and Adjusted EBITDA". Management believes that Adjusted EBITDA is an important supplemental measure in evaluating the Company's and/or the Issuer's performance and is the appropriate measure from which to make adjustments to determine Distributable Cash.
- (2) Cash taxes are based on the total cash taxes paid in the period less taxes paid related to the period prior to the 2005 Acquisition.
- (3) U.S. exchange rate (US\$ per C\$) is the weighted average exchange rate applicable to the distributions for the period.

- (4) The Issuer has declared distributions of C\$0.6801 per IDS cumulatively since closing the initial public offering on August 19, 2005 (32-week period ended April 2, 2006). These distributions represent an effective annual rate of C\$1.10 per IDS. Distributions on IDSs are paid on a monthly basis to the securityholders of record on the last business day of the previous month.

NFL Holdings has three classes of issued and outstanding common shares. All of the Class A common shares of NFL Holdings (20,000,000 issued and outstanding) are held by NFI. Cumulatively, dividends of C\$0.2119 per Class A common share have been declared for the 32-week period ended April 2, 2006. These dividends are subject to withholding taxes of 5%, resulting in payment to NFI of C\$0.2013 per Class A common share for the 32-week period ended April 2, 2006. The net cash dividend received by NFI on the Class A common shares of NFL Holdings is utilized to fund the dividend on the common share component of the IDS distributions.

New Flyer Transit L.P. and management, through New Flyer LLC, (the "Existing Investors"), hold all of the issued and outstanding Class B and Class C common shares of NFL Holdings. Each Class B common share and Class C common share is entitled to a preferential dividend and residual dividend. The preferential dividend is equivalent to the interest on the subordinated debt component of the IDS distribution on a tax-adjusted basis. The residual dividend is equivalent to the dividend on the common share component of the IDS distribution. For the 32-week period ended April 2, 2006, the Company has declared preferential and residual dividends totaling C\$0.5053 per Class B and Class C common share. Dividends are declared on a quarterly basis for Class B common shares and on a monthly basis for the Class C common shares. Dividends on the Class B common shares and Class C common shares held by New Flyer Transit L.P. are calculated in Canadian dollars, but paid in U.S. dollars at a rate of 1.2038 C\$ per US\$.

- (5) Results for the 32-weeks ended April 2, 2006 consist of the audited results of the Company for the 19-weeks ended January 1, 2006 combined with the unaudited results of the Company for the 13-weeks ended April 2, 2006.

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