



NFI GROUP INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING
AND MANAGEMENT INFORMATION
CIRCULAR**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 4, 2023**

March 17, 2023

NFI GROUP INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS AND AVAILABILITY OF INVESTOR MATERIALS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of the shareholders of NFI Group Inc. (“**NFI**”) will be held at 100 King Street West, 24th Floor (Toronto, Ontario) on Thursday May 4, 2023 at 11:00 am (Toronto time) for the following purposes:

1. **TO RECEIVE** the consolidated financial statements of NFI for the fiscal year ended January 1, 2023, together with the report of the auditors thereon (see section Matters To Be Considered At The Meeting – Financial Statements in the Management Information Circular (the “**Information Circular**”));
2. **TO APPOINT** the auditors and authorize the board of directors of NFI to fix the remuneration of the auditors (see section Matters To Be Considered At The Meeting – Appointment of Auditors in the Information Circular);
3. **TO ELECT** ten members of the board of directors of NFI (see section Matters To Be Considered At The Meeting – Election of Directors in the Information Circular);
4. **TO CONSIDER** and, if deemed appropriate, **TO PASS**, with or without variation, an ordinary resolution in the form set out in Schedule “A” to the Information Circular to continue, amend and restate the Third Amended and Restated Shareholder Rights Plan Agreement dated May 7, 2020 between NFI and Computershare Investor Services Inc.;
5. **TO CONSIDER** and, if deemed appropriate, **TO PASS** an advisory resolution in the form set in Schedule “B” to the Information Circular on the approach to executive compensation (“**Say on Pay Resolution**”) (see section Matters To Be Considered At The Meeting – Advisory Resolution on Approach to Executive Compensation in the Information Circular); and
6. **TO TRANSACT** such other business as may properly come before the meeting or any adjournment thereof.

The Information Circular relating to the Meeting provides additional information relating to the matters to be dealt with at the Meeting as well as how to attend and vote at the Meeting.

You have the right to receive notice of, and to vote at, the annual and special meeting if you were a shareholder of NFI at 5:00 p.m. (Toronto time) on Monday, March 6, 2023.

Notice and Access

NFI is using the notice and access procedure (Notice and Access) adopted by the Canadian Securities Administrators for the delivery of the Information Circular, the consolidated financial statements of NFI for the fiscal year ended January 1, 2023 and related management’s discussion and analysis (collectively, the “**Meeting Materials**”). Under Notice and Access, you are still entitled to receive a form of proxy (or voting instruction form) enabling you to vote at the Meeting. However, instead of receiving paper copies of the Meeting Materials, shareholders receive this notice of meeting which contains information about how to access the Meeting Materials electronically. The principal benefit of Notice and Access is to reduce costs and the environmental impact of producing and distributing large quantities of paper documents. Shareholders who have consented to electronic delivery of materials may receive this notice of meeting in an electronic format.

The Information Circular and form of proxy (or voting instruction form) provide additional information concerning the matters to be dealt with at the meeting. **Shareholders are reminded to review all information contained in the Meeting Materials prior to voting.**

For more information about Notice and Access procedures, please call Broadridge Investor Communications Corporation (“**Broadridge**”) toll-free at 1-844-916-0609 (English) or 1-844-973-0593 (French).

Websites Where Meeting Materials Are Posted

The Meeting Materials are available on NFI’s website, www.nfigroup.com and under NFI’s profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

How to Obtain Paper Copies of Meeting Materials

All shareholders may request that paper copies of the Meeting Materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date that the Meeting Materials are posted on NFI’s website, and such requests may be made by calling Broadridge toll-free at 1-877-907-7643 or requesting materials online at www.proxyvote.com. You will need the 16-digit control number on the voting instruction form.

Requests must be received by 12:00 pm (Toronto time) on Thursday, April 20, 2023 if you would like to receive the Meeting Materials in advance of the voting deadline and date of the Meeting.

Voting

Shareholders who are beneficial owners of common shares of NFI (“**Beneficial Owners**”) will receive a voting instruction form with their Meeting Materials. The purpose of this form is to permit Beneficial Owners to direct the voting of the shares they own. As a Beneficial Owner, a shareholder should do the following:

If You Do Not Wish to Vote at the Meeting.

If, as a Beneficial Owner, you do not wish to attend and vote at the Meeting (or have another person attend and vote on your behalf), complete and sign the voting instruction form and return it in accordance with the instructions on the form. Voting instruction forms sent by Broadridge also permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvote.com.

If You Wish to Vote at the Meeting (or Have Someone You Choose Vote for You).

If, as a Beneficial Owner, you wish to attend and vote at the Meeting (or have another person, who need not be a shareholder, attend and vote on your behalf), you must follow the instructions on the voting instruction form that you receive or seek a form of proxy from your intermediary.

As a Beneficial Owner, you should follow the instructions on the voting instruction form you receive. If you are not sure what to do, you should immediately contact your intermediary in respect of your common shares.

DATED at Toronto, Ontario this 17th day of March, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

By: “The Honourable Brian Tobin”

The Honourable Brian Tobin
Chairperson of the Board of Directors

NFI GROUP INC.

INFORMATION CIRCULAR

This Information Circular is provided in connection with the solicitation of proxies by or on behalf of management of NFI Group Inc. (“NFI” and, together with its subsidiaries, the “Company”) for use at the annual and special meeting (the “Meeting”) of shareholders (the “Shareholders”) of NFI to be held on Thursday May 4, 2023 commencing at 11:00 am (Toronto time) at 100 King Street West, 24th Floor, Toronto, Ontario and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

All references to “**Common Shares**” in this Information Circular refer to common shares of NFI. If you hold Common Shares, you are a Beneficial Owner and are entitled to receive notice of, attend and vote at the Meeting as further described in this Information Circular.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$”, “C\$”, “CAD” and “dollars” are to the lawful currency of Canada. References to “US\$” and “USD” are to the lawful currency of the United States.

The information contained in this Information Circular is given as at March 17, 2023, except where otherwise noted.

INFORMATION FOR BENEFICIAL OWNERS OF COMMON SHARES

Overview of Book-Entry Only Registration of Common Shares

Common Shares are registered in a “book-entry only” system under which all the issued and outstanding Common Shares are evidenced by global certificates that are registered in the name of and held by CDS Clearing and Depository Services Inc. or its nominee (“**CDS**”). At the date of this Information Circular, CDS is the only registered holder of the Common Shares.

CDS and intermediaries (such as banks, trust companies, securities dealers and brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) with whom you deal in respect of your Common Shares maintain written records (book-entries) of who are the beneficial owners of Common Shares and how many Common Shares they beneficially own. In this Information Circular, references to “**Beneficial Owners**” means persons who are shown in the book-entry only system as beneficial owners of Common Shares.

Notice and Access

This Information Circular and associated materials for the meeting (collectively, the “**Meeting Materials**”) are being sent to Shareholders using Notice and Access, the delivery procedures that allow NFI to send Shareholders paper copies of a notice of meeting and form of proxy (or voting information form) while providing Shareholders access to electronic copies of the Meeting Materials over the Internet or to receive paper copies of the Meeting Materials if they so request within the prescribed time periods. The Meeting Materials are available on NFI’s website, www.nfigroup.com and under NFI’s profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. For more information, please refer to the notice of meeting delivered to you.

Request for Voting Instructions

Beneficial Owners will receive a voting instruction form with the Notice of the Meeting. The purpose of this form is to permit you as a Beneficial Owner to direct the voting of the Common Shares you own. As a Beneficial Owner, you should do the following:

If You Do Not Wish to Vote at the Meeting.

If, as a Beneficial Owner, you **do not** wish to attend and vote at the Meeting (or have another person attend and vote on your behalf), complete and sign the voting instruction form and return it in accordance with the instructions on the form. Voting instruction forms sent by Broadridge Financial Services, Inc. (“Broadridge”) (the service company used by intermediaries to forward materials to Beneficial Owners) also permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvote.com. As a Beneficial Owner, you may revoke a voting instruction form given to an intermediary at any time by written notice to the intermediary. However, an intermediary is not required to act on a revocation of a voting instruction form that is not received by the intermediary at least seven days prior to the Meeting.

If You Wish to Vote at the Meeting (or Have Someone You Choose Vote for You).

If, as a Beneficial Owner, you **wish to attend** and vote at the Meeting in person (or have another person, who need not be a Shareholder, attend and vote on your behalf), you must follow the instructions on the voting instruction form that you receive or seek a form of proxy from your intermediary.

As a Beneficial Owner, you should follow the instructions on the voting instruction form you receive. If you are not sure what to do, you should immediately contact your intermediary in respect of your Common Shares.

Solicitation of Proxies And Voting Instructions

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone by representatives of NFI, at nominal cost. NFI will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing (if any) and other costs associated with the preparation of this Information Circular.

Voting of Proxies

In certain cases, you will not receive a voting instruction form and will instead receive a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by you but which is otherwise uncompleted. As a Beneficial Owner and upon submission by you (or your designee) of identification satisfactory to your intermediary’s representative, you may also require the intermediary to sign and deliver to you (or your designee) a proxy to exercise personally your voting rights attaching to the Common Shares you own, if you either (i) have not previously given the intermediary voting instructions in respect of the Meeting or (ii) submit to such representative written revocation of any such previous instructions.

If a Beneficial Owner who receives a form of proxy does not wish to attend and vote at the Meeting (or have another person attend and vote on the Beneficial Owner’s behalf), the Beneficial Owner must complete the form of proxy and deposit it with Computershare, as described below in “Deposit of Proxies” or otherwise follow the instructions provided by the intermediary.

If a Beneficial Owner who receives a form of proxy wishes to attend and vote at the Meeting (or have another person attend and vote on the Beneficial Owner's behalf), the Beneficial Owner must strike out the names of the persons named in the proxy and insert the Beneficial Owner's (or such other person's) name in the blank space provided and deposit it with Computershare, as described below in "Deposit of Proxies" or otherwise follow the instructions provided by the intermediary.

A Beneficial Owner who has appointed themselves or a third-party proxyholder to represent them at the Meeting will appear on a list of Shareholders prepared by Computershare, the transfer agent and registrar for the Meeting.

Appointment of Proxies

The persons named in the form of proxy are representatives of NFI. **Shareholders have the right to appoint as proxyholder a person or company other than the NFI representatives named on the form of proxy.** Shareholders should write the name of the person or company they wish to appoint, who need not be a Shareholder, in the blank space provided on the form or proxy. If the Shareholder does not appoint another person or company as proxyholder, the NFI representatives designated in the form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

In the absence of any direction, your Common Shares will be voted:

- (a) **FOR** the appointment of Deloitte LLP as auditors of NFI and that the board of directors of NFI be authorized to fix the remuneration of the auditors;
- (b) **FOR** the election of each of the ten nominees to the board of directors listed under the heading "Matters to be Considered at the Meeting - Election of Directors";
- (c) **FOR** the passing of a resolution to continue, amend and restate the Third Amended and Restated Shareholder Rights Plan Agreement dated May 7, 2020 between NFI and Computershare Investor Services Inc.; and
- (d) **FOR** the Say on Pay Resolution.

The form of proxy confers discretionary authority upon the NFI representatives designated in the form of proxy with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, the directors of NFI (the "**Directors**") know of no such amendments, variations or other matters.

Deposit of Proxies

To be valid, proxies must be deposited with Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Fax: 1-866-249-7775 or 416-263-9524, Attention: Proxy Department, in accordance with the instructions therein, by no later than 11:00 am (Toronto time) on May 2, 2023 or if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed meeting. Failure to properly complete or deposit a proxy may result in its invalidation. The time limit for the deposit of proxies may be waived by NFI in its discretion without notice.

Revocation of Proxies

Proxies may be revoked by:

- (a) completing and signing a proxy bearing a later date and depositing it with Computershare, as described above; or

- (b) depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing: (i) at the registered office of NFI at any time up to and including the last business day preceding the date of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or (ii) with the chairperson of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment of the Meeting; or
- (c) in any other manner approved by law.

You should follow the instructions on the document that you have received and contact your intermediary promptly if you need assistance.

VOTING SECURITIES OF NFI AND PRINCIPAL HOLDERS THEREOF

NFI is authorized to issue an unlimited number of Common Shares. As of the date of this Information Circular, there were 77,161,656 Common Shares outstanding.

At the Meeting, each Shareholder of record at the close of business on March 6, 2023, the record date established for notice of the Meeting (the "**Record Date**"), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting.

To the knowledge of the Directors and officers of NFI, as of the date of this Information Circular, the following persons beneficially own or exercise control or direction over, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to the Common Shares:

Name	Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly⁽¹⁾	Approximate percentage of total Common Shares
Coliseum Capital Management, LLC	9,529,863	12.4%
Turtle Creek Asset Management Inc.	8,190,332	10.6%

(1) Based on publicly available filings.

Matters To Be Considered At The Meeting

1. Financial Statements

The consolidated financial statements of NFI for the fiscal year ended January 1, 2023, together with the report of the auditors thereon will be placed before the Shareholders at the Meeting for their consideration. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding the financial statements, the questions may be brought forward at the Meeting. These financial statements are also available on the internet under NFI's SEDAR profile at www.sedar.com.

2. Appointment of Auditors

The management representatives designated in the enclosed form of proxy (if not expressly directed to the contrary in such form) intend to vote **FOR** the reappointment of Deloitte LLP as auditor of NFI to hold office until the next annual meeting of Shareholders and that the Directors be authorized to fix the remuneration of the auditors. Deloitte LLP has served as auditor of NFI since NFI's inception.

At NFI's 2022 annual general meeting of shareholders held on May 5, 2022, Deloitte LLP received 98.92% of the votes in favour of their re-appointment.

Auditor Appointment Results: 2022 Annual General Meeting	
For:	39,367,575
Withheld:	431,174
Total:	39,798,749
% in favour:	98.92%

3. Election of Directors

The articles of NFI provide that NFI will have a minimum of three and a maximum of twenty directors. The board of directors of NFI (the “**Board**”) is currently comprised of ten Directors. All of the Directors are being nominated for re-election, except for Mr. Tobin who will be retiring from the Board at the Meeting. The Board and management of the Company wish to thank Mr. Tobin for his outstanding leadership and contribution to NFI after serving as Chairman of the Board for 17 years since NFI’s initial public offering in 2005.

In addition, Ms. Jannet Walker-Ford is being nominated to the Board for the first time.

The management representatives designated in the enclosed form of proxy (if not expressly directed to the contrary in such form) intend to vote **FOR** the election, as Directors, of the nominees whose names are set out below. All nominees, except for Ms. Walker-Ford, are currently Directors and have been Directors since the dates indicated in the section below. Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason before the Meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each Director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

At the 2022 annual meeting of shareholders held on May 5, 2022, the ten individuals who were nominated to be elected as Directors of NFI at the time received the following votes regarding their appointment from voting Shareholders.

Director Election Results: 2022 Annual Meeting					
Director:	Cochran	Edwards	Gray	Hoeg	Kei
For:	38,596,215	37,948,572	38,787,058	38,653,540	38,688,631
Withheld:	721,738	1,369,381	530,895	664,413	629,322
Total:	39,317,953	39,317,953	39,317,953	39,317,953	39,317,953
% in Favour:	98.16%	96.52%	98.65%	98.31%	98.40%

Director:	Da Silva Nunes	Robertson	Soubry	Tobin	Winter
For:	38,269,014	38,800,578	38,800,414	38,004,752	38,564,494
Withheld:	1,048,939	517,375	517,539	1,313,201	753,459
Total:	39,317,953	39,317,953	39,317,953	39,317,953	39,317,953
% in Favour:	97.33%	98.68%	98.68%	96.66%	98.08%

The Amended and Restated NFI’s By-Law No. 2 fixes a deadline by which Shareholders must submit a notice of director nominations to NFI prior to any meeting of Shareholders. In the case of an annual meeting, advance notice must be given to NFI not less than 30 days prior to the date of the meeting. The Amended and Restated By-Law No. 2 also requires any Shareholder making a director nomination to provide certain important information about its nominees with its advance notice. Only Shareholders who comply with the requirements of the Amended and Restated By-Law No. 2 will be permitted to nominate directors to the Board unless the “advance notice” requirements are waived by the Board in its sole discretion.

The Board has adopted a majority voting policy which provides that, if the total number of Common Shares voted in favor of the election of a Director nominee at the Meeting represents less than a majority of the total Common Shares voted for and withheld with respect to that Director, the Director must submit his or her resignation to the Board chair, to be effective when accepted by the Board. The NFI's Human Resources, Compensation and Corporate Governance Committee (the "**Governance Committee**") will consider and make a recommendation to the Board regarding the resignation, and the Board's decision to accept or reject the resignation will be disclosed to the public within 90 days of the Meeting.

4. Confirmation and Amendment and Restatement of Third Amended and Restated Shareholder Rights Plan

In 2020, the Board adopted the Third Amended and Restated Shareholder Rights Plan dated May 7, 2020 between NFI and Computershare Investor Services Inc. (the "**Rights Plan**"). At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass a resolution (the "**Rights Plan Resolution**"), the full text of which is attached as Schedule "A" to this Information Circular, with or without variation, to continue, amend and restate the Rights Plan. The proposed amendments to the Rights Plan will be made by way of an amended and restated rights plan (the "**Fourth Amended and Restated Rights Plan**"). The amendments to the Rights Plan and the Fourth Amended and Restated Rights Plan have been adopted by the Board; however, to be effective, they must be approved by a majority of the votes cast by Independent Shareholders (as defined in the Fourth Amended and Restated Rights Plan) at the Meeting. If the Rights Plan Resolution is not approved at the Meeting, the Rights Plan will terminate at the termination of the Meeting and the Fourth Amended and Restated Rights Plan will not come into force. To continue to have a shareholder rights plan for NFI beyond the termination of the Meeting, the Rights Plan Resolution must be approved at the Meeting.

Background

The Board believes that the Fourth Amended and Restated Rights Plan preserves the fair treatment of Shareholders, is consistent with current best Canadian corporate practices and addresses institutional investor guidelines. The Fourth Amended and Restated Rights Plan was not adopted in response to any specific proposal to acquire control of NFI, nor is the Board currently aware of any pending or threatened take-over bid for NFI. It is not intended to and will not prevent a take-over of NFI.

The Fourth Amended and Restated Rights Plan is designed to provide the Board additional time to assess an unsolicited take-over bid for NFI and, where appropriate, to give the Board additional time to pursue alternatives for maximizing shareholder value. The Fourth Amended and Restated Rights Plan also encourages fair treatment of all Shareholders by providing Shareholders with an equal opportunity to participate in a take-over bid. The Fourth Amended and Restated Rights Plan encourages a potential acquirer to proceed by way of a "Permitted Bid", which requires the take-over bid to satisfy specified minimum standards designed to promote fairness.

If the Rights Plan Resolution is approved at the Meeting, NFI and Computershare Investor Services Inc. (the "**Rights Agent**") will enter into the Fourth Amended and Restated Shareholder Rights Plan Agreement to take effect on the date of the Meeting. If the Rights Plan Resolution is not approved at the Meeting, the Rights (as defined below) and the Rights Plan will terminate, the Fourth Amended and Restated Rights Plan will never become effective and NFI will no longer have any form of shareholder rights plan.

Summary

This summary is qualified in its entirety by reference to the text of the Fourth Amended and Restated Rights Plan, the full text of which is attached as Exhibit "A" in the form of a blackline comparison of the Fourth Amended and Restated Rights Plan to the Rights Plan. Capitalized terms used in this summary and not otherwise defined shall have the meaning ascribed thereto in Schedule "A". Copies of the Rights Plan and the Fourth Amended and Restated Rights Plan can be obtained by contacting NFI. The Rights Plan can also be found at www.sedar.com.

General

Pursuant to the Rights Plan, one right (a “**Right**”) has been issued and is attached to each Common Share. The Fourth Amended and Restated Rights Plan confirms the issuance of those Rights.

The Rights will separate from the Common Shares and will be exercisable 10 business days after a person has acquired, or commences a take-over bid to acquire, 20% or more of the Common Shares, other than by an acquisition pursuant to a take-over bid permitted by the Fourth Amended and Restated Rights Plan (a “**Permitted Bid**”) and in certain other circumstances. The acquisition by any person (an “**Acquiring Person**”) of 20% or more of the Common Shares, other than by way of a Permitted Bid (or other exceptions

included in the Fourth Amended and Restated Rights Plan), is referred to as a “Flip-in Event”. Any Rights held by an Acquiring Person will become void on the occurrence of a Flip-in Event. Following a Flip-in Event, holders of Rights (other than an Acquiring Person) will be entitled to acquire Common Shares with a market value of eight times the exercise price (initially CAD\$200) for an amount equal to the exercise price, resulting in a significant dilution to the Acquiring Person.

Permitted Bid Requirements

If a take-over bid is structured as a Permitted Bid, a Flip-in Event will not occur and the Rights will not become exercisable. Permitted Bids must be made by means of a take-over bid circular and comply with the following:

- (a) the take-over bid must be made to all Shareholders at the time of the bid other than the bidder;
- (b) the take-over bid must not permit the bidder to pay for any Shares and/or Convertible Securities that have been tendered until 105 days after the take-over bid is made (or such shorter minimum period that a take-over bid must remain open for deposits of securities under National Instrument 62-104, in the applicable circumstances at such time, pursuant to National Instrument 62-104), and then only if at such time more than 50% of the Shares held by the Independent Shareholders have been tendered to the take-over bid and not withdrawn;
- (c) the take-over bid must contain an irrevocable and unqualified provision that, unless it is withdrawn, Shares and/or Convertible Securities may be tendered at any time prior to the first take-up and payment, and that any Shares and/or Convertible Securities deposited to the take-over bid may be withdrawn until they have been taken up and paid for; and
- (d) the take-over bid must contain an irrevocable and unqualified provision that, if more than 50% of the Shares held by Independent Shareholders are tendered to the take-over bid, the bidder must make a public announcement of that fact and the take-over bid must remain open for an additional 10 business days from the date of the public announcement.

The Fourth Amended and Restated Rights plan also allows a Competing Permitted Bid to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements for a Permitted Bid, except that Shares and/or Convertible Securities may not be paid for until the later of the last day on which the Take-over Bid must be open for acceptance after the date of that Take-over Bid under National Instrument 62-104 and the earliest date on which Shares and/or Convertible Securities may be taken up under the Permitted Bid.

Waiver and Redemption

The Board may waive the application of the Fourth Amended and Restated Rights Plan to a particular takeover bid or redeem the Rights at a price of CAD\$0.00001 per Right in the following circumstances:

- (a) the rights are deemed to be redeemed upon the successful completion of a Permitted Bid or a Competing Permitted Bid or a take-over bid by way of take-over bid circular for which the application of the rights plan has been waived;

(b) to a take-over bid made by way of a take-over bid circular provided that, where such a waiver is given, the Board will be deemed to have waived the application of the Fourth Amended and Restated Rights Plan to any other competing take-over bids by way of take-over bid circular;

(c) to a Flip-in Event occurring by reason otherwise than pursuant to a take-over bid made by way of a take-over bid circular, in which case the Board shall extend the Separation Time to a date that is no more than 10 business days following the meeting of Shareholders called to approve such waiver;

(d) a waiver may be given in circumstances where a person becomes an Acquiring Person through inadvertence, provided that such person has disposed of sufficient Common Shares so that it is no longer an Acquiring Person; and

(e) with prior approval of the Shareholders or of the holders of Rights.

Fiduciary Duty of Board

The Fourth Amended and Restated Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of NFI. The Board will continue to have the duty and power to take such actions and make such recommendations to the Shareholders as are considered appropriate.

Amendment to the Fourth Amended and Restated Rights Plan

NFI may not amend the Fourth Amended and Restated Rights Plan following the Meeting in any material respect without the prior approval of a majority vote of the votes cast by Independent Shareholders. NFI may amend or make such changes as are required to maintain the validity and effectiveness of the Fourth Amended and Restated Rights Plan as a result of changes in applicable laws, rules or regulatory requirements, to correct any clerical or typographical error, or to make other changes that do not adversely affect the interests of Shareholders or holders of Rights, but any such changes must be subsequently ratified.

Term

If the Fourth Amended and Restated Rights Plan is not approved at the Meeting or, if approved, is not reconfirmed by ordinary resolution of the Independent Shareholders at each third annual meeting of Shareholders thereafter, the Fourth Amended and Restated Rights Plan (or the Rights Plan in the case of the Meeting) and all outstanding Rights will terminate on the applicable meeting date.

In the absence of contrary instruction, the persons designated by management of NFI in the enclosed form of proxy intend to vote FOR approval of the Fourth Amended and Restated Rights Plan.

The Board reserves the right to alter any terms of, or not proceed with, the Fourth Amended and Restated Rights Plan at any time prior to the Meeting if the Board determines that it would be in the best interest of NFI and its shareholders to do so, in light of subsequent developments.

5. Advisory Resolution on Approach to Executive Compensation

The Board has adopted a policy of giving Shareholders the opportunity to cast an advisory vote on NFI's approach to executive compensation. NFI believes it is important for Shareholders to understand what it pays its named executive officers ("**NEOs**") and the rationale for these decisions. The 2022 Report on Executive Compensation in this Information Circular has been developed to help Shareholders understand NFI's compensation philosophy and practices, the objectives of its executive compensation program, and the principles and process used by the Governance Committee in making its compensation recommendations and the decisions ultimately made by the Board.

Please read the 2022 Report on Executive Compensation beginning on page 25 of this Information Circular, including the discussion about compensation governance for details about executive compensation at NFI.

As a Shareholder you have the opportunity to vote **FOR** or **AGAINST** NFI's approach to executive compensation through the resolution in the form set in Schedule "B".

This is an advisory vote and your vote is non-binding on the Board. However, the Board and the Governance Committee will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and the level of Shareholder engagement on compensation and related matters. The results of the vote will be disclosed in NFI's 2022 report on voting results, which will be available on SEDAR at www.sedar.com.

Approach to Executive Compensation Results: 2022 Annual General Meeting	
For:	33,806,816
Against:	5,511,137
Total:	39,317,953
% in favour:	85.98%

Director Nominees

The following pages set out detailed information on Director nominees, including:

- place of residence;
- year first elected or appointed as a Director, as applicable;
- age and principal occupation, education and experience;
- other principal directorship; and
- committee memberships and meeting attendance.

This information also includes the Director's equity ownership in NFI at the end of the last two fiscal years, consisting of Common Shares, DSUs and Director RSUs (which is described under "Director Compensation" in this Information Circular). The value of the Common Shares was calculated using the closing price of Common Shares on the Toronto Stock Exchange ("TSX") on December 31, 2021, which was \$20.26 per Common Share and on December 30, 2022, which was \$9.52 per Common Share. The value of the DSUs and Director RSUs was calculated using the volume weighted average trading price per Common Share for the five (5) trading days ending on December 31, 2021, which was \$20.07 per Common Share and for the five (5) trading days ending on December 30, 2022, which was \$9.17 per Common Share.



Phyllis Cochran

*71
Corporate Director
Bluffton, South Carolina
Director since May 2015
Independent*

2022 Board/Committee Membership ¹	Meeting Attendance	
Board of Directors	13 of 13	100%
Audit Committee (Chair)	4 of 4	100%

Phyllis Cochran, CPA, is a corporate director and has served on the board of Spartan Light Metal Products, which is a private company, since 2014. Ms. Cochran also served on the board of The Mosaic Company from 2006 to 2013. She retired in 2012 after 33 years with Navistar International Corporation, a global manufacturer of commercial trucks and engines, where she served as President, Parts Group and President and Chief Executive Officer of Navistar Financial Corporation, among other leadership roles. She has strong strategic, operational and financial experience. Ms. Cochran also served on several not-for-profit and charitable boards and is a member of the Institute of Corporate Directors, National Association of Corporate Directors and the American Institute of Certified Public Accountants. Ms. Cochran holds a Bachelors of Science degree from Iowa State University.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ² Ownership Requirement 2022: \$541,520 2021: \$505,360
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	29,845	-	29,845	284,124	10,627	97,450	-	-	381,574	70%
2021	21,244	-	21,244	430,403	10,470	210,113	-	-	640,536	Exceeds

⁽¹⁾ Ms. Cochran also attended all five meetings of the Human Resources, Compensation and Corporate Governance Committee as a guest.

⁽²⁾ Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.



Larry Edwards¹

73
*Corporate Director
 Tulsa, Oklahoma
 Director since Sept. 2008
 Independent*

2022 Board/Committee Membership	Meeting Attendance	
Board of Directors	13 of 13	100%
Human Resources, Compensation and Corporate Governance Committee (Chair)	5 of 5	100%
Audit Committee	4 of 4	100%

Larry Edwards, ICD.D, is a corporate director and also serves as a director and Chairman of the board of Victory Energy Organization, LLC, an Oklahoma (USA) based designer and manufacturer of fired packaged boilers, waste heat boilers and heat recovery steam generators and related equipment. Mr. Edwards served on the board of directors of Black Mesa Energy, LLC from 2015 to 2020, Patriot Bank from 2013 to 2017, Red Fork Energy Limited (a company that was listed on the Australian Securities Exchange) from 2013 to 2015, NCI Building Systems, Inc. from 2007 to 2009 and Global Power Equipment Group Inc. (“GPEG”) and its predecessor Global Energy Equipment Group, Inc. from 1998 until January 2008. Mr. Edwards served as the President and Chief Executive Officer of GPEG from May 2001 until his retirement in December 2006. Mr. Edwards also served as the CEO of GPEG’s predecessor company from June 1998 until GPEG’s initial public offering in May 2001. From February 1994 until June 1998, Mr. Edwards served as the President of Jason Incorporated’s power generation division. From 1976 until 1994, Mr. Edwards held various positions with Braden Manufacturing, including Vice President of Operations, General Manager and President. Prior to the IPO, Mr. Edwards served on the board of Transit Holdings, Inc. since August 2004. Mr. Edwards earned a B.S. in Industrial Engineering and Management from Oklahoma State University and an M.B.A. with honors from Oklahoma City University. Mr. Edwards is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share 2 Ownership Requirement 2022: \$541,520 2021: \$505,360
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	35,156	42,500	77,656	739,285	45,597	418,124	-	-	1,157,409	Exceeds
2021	35,156	37,320	72,476	1,468,364	36,268	727,899	-	-	2,196,263	Exceeds

⁽¹⁾ Mr. Edwards was a director of Red Fork Energy Limited (“RFE”) from May 2013 to April 2015. In December 2014, KordaMentha Pty Ltd. was appointed as receivers and managers over the assets of RFE under the terms of the security provided to Guggenheim Corporate Funding LLC. As a consequence of this appointment, the directors of RFE appointed Ferrier Hodgson as joint and several voluntary administrators and the powers of RFE’s directors were suspended. In March 2015, Ferrier Hodgson concluded that RFE was not insolvent for a material time leading to their appointment and that the directors had a reasonable expectation they would be able to refinance the Guggenheim facility. In April 2015, the creditors of RFE resolved that the company execute a deed of company arrangement for purposes of reconstruction and recapitalisation of RFE (to be renamed Brookside Energy Limited). In July 2015, the deed was effectuated and control of Brookside Energy Limited reverted to a new board of directors. See “Directors, Officers and Management - Cease Trade Orders, Bankruptcies, Penalties and Sanctions” on page 50 of NFI’s Annual Information Form dated March 16, 2023 (“AIF”).

⁽²⁾ Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.



Adam Gray ^{1, 2}

⁵⁷
*Managing Partner,
 Coliseum Capital
 Management, LLC
 Greenwich, Connecticut
 Director since May 2012
 Independent*

2022 Board/Committee Membership ³	Meeting Attendance	
Board of Directors	11 of 13	85%
Audit Committee	2 of 4	50%

Adam Gray serves as managing partner and co-founder of Coliseum Capital Management, LLC, a private firm that makes long-term investments in both public and private companies. Mr. Gray has served on the Board since March 2012, the board of directors of Purple Innovation, Inc. since February 2018 and the board of directors of Blue Bird Corporation since December 2021. Mr. Gray served on the board of directors of the Pas Group Limited from February 2016 until January 2020 (including as its non-executive Chairman since August 2017), Redflex Holdings Limited from December 2013 until June 2021 (including as its non-executive Chairman since February 2014), Blue Bird Corporation from February 2015 until September 2017, DEI Holdings, Inc. from February 2009 until June 2011, and Benihana Inc. from September 2010 until August 2012. Prior to founding Coliseum, Mr. Gray served as Executive Vice President, Strategic Projects, and Capital Management at Burger King Corp, held several executive positions with the Metromedia Restaurant Group, and worked at Kluge & Co. and Morgan Stanley. Mr. Gray holds both a BSE in Finance from the Wharton School of Business and a BS in Mechanical Engineering from the School of Engineering & Applied Science at the University of Pennsylvania.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ⁴ Ownership Requirement 2022: \$541,520 2021: \$505,360
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	0	9,523,223	9,523,223	90,661,083	15,051	138,018	-	-	90,799,101	Exceeds
2021	0	6,586,754	6,586,754	133,447,636	14,828	297,598	-	-	133,745,234	Exceeds

- (1) As at March 17, 2023, Coliseum or its affiliates beneficially own or control, directly or indirectly 9,529,863 Common Shares, representing approximately 12.4% of the issued and outstanding Common Shares as at the date of this Information Circular. Mr. Gray is a Managing Partner of Coliseum and thus can exert shared control or direction over these Common Shares.
- (2) Mr. Gray was a director of APP Winddown, LLC (formerly known as American Apparel, LLC) ("**AA**") from February 1, 2016, when AA exited bankruptcy through a plan of conversion with its former creditors, until his resignation from the board on March 31, 2017. AA was an apparel manufacturer and retailer. On November 14, 2016, AA (along with certain related entities) filed a second voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court in Wilmington, Delaware and subsequently agreed to sell its intellectual property and other assets to Gildan Activewear. Since then, AA has been in wind down and the majority of its estate has been distributed to creditors. See "Directors, Officers and Management - Cease Trade Orders, Bankruptcies, Penalties and Sanctions" on page 50 of the AIF.
- (3) Mr. Gray also attended all five meetings of the Human Resources, Compensation and Corporate Governance Committee as a guest.
- (4) Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.



Krystyna Hoeg

73
*Corporate Director
 Toronto, Ontario
 Director since May
 2015 Independent*

2022 Board/Committee Membership

Meeting Attendance

Board of Directors	13 of 13	100%
Audit Committee	4 of 4	100%

Krystyna Hoeg, CPA, is a corporate director and was the former President and Chief Executive Officer of Corby Distilleries Limited, a marketer and seller of spirits and wine. She occupied this position from October 1996 to February 2007. Ms. Hoeg joined the Allied Domecq group of companies in 1985 and held a number of senior financial positions with Hiram Walker & Sons Ltd., Hiram Walker – G&W Ltd., Allied Domecq Spirits and Wine and Hiram Walker and Sons Limited, lastly as Senior Vice-President of Finance – the Americas. Ms. Hoeg is currently a director of Imperial Oil Limited. Ms. Hoeg also serves on the boards of the following private companies: Revera Inc., Arterra Wines Canada, Fairstone Bank of Canada and Duo Financial Corporation. She is a past director of Sun Life Financial Inc., Canadian Pacific Railway Limited, Shoppers Drug Mart Corporation and Cineplex Galaxy Income Fund and was a director of Ganong Bros. Limited and Samuel, Son & Co. Limited, both of which are private companies. Ms. Hoeg is a past chairperson of the board of directors of Michael Garron Hospital. She was a director of the Woodrow Wilson Center, Canadian Institute (Advisory Council), Green Shield Canada and St. Michael's Hospital Foundation, as well as the Business Advisory Council of United Nations Office for Project Services. Ms. Hoeg is a Chartered Professional Accountant (1982) and holds a Bachelor of Science from McMaster University, and a Bachelor of Commerce and a Master of Science from the University of Windsor.

Securities held as at fiscal year end

Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ² Ownership Requirement 2022: \$541,520 2021: \$505,360
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	2,000	-	2,000	19,040	51,689	473,988	15,090	138,375	631,403	Exceeds
2021	2,000	-	2,000	40,520	35,347	709,414	14,868	298,401	1,048,335	Exceeds

(1) Ms. Hoeg also attended all five meetings of the Human Resources, Compensation and Corporate Governance Committee as a guest.

(2) Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.



Wendy Kei

55
 Corporate Director
 Toronto, Ontario
 Director since May 2022
 Independent

2022 Board/Committee Membership ¹	Meeting Attendance	
Board of Directors	13 of 13	100%
Audit Committee	5 of 5	100%
Human Resources, Compensation and Corporate Governance Committee	4 of 4	100%

Wendy Kei, FCPA, FCA, F.ICD is a corporate director and currently serves as Board Chair for Ontario Power Generation Inc. Ms. Kei also serves on the board of Centerra Gold Inc. Ms. Kei previously served as Chief Financial Officer of Dominion Diamond Corporation (formerly Harry Winston Diamond Corporation and Aber Diamond Corporation). In 2022, Ms. Kei was honoured as a Fellow from the Institute of Corporate Directors (F.ICD), named BMO Celebrate Women on Boards 2022 Honouree and in 2020, she was selected one of Canada's Top 100 Most Powerful Women and was honoured as a Fellow Chartered Professional Accountant (FCPA-FCA) designation. In 2016, she was selected as a Diversity 50 Candidate by the Canadian Board Diversity Council. Ms. Kei is a Fellow of the Chartered Professional Accountants of Ontario, holds a Fellow designation from the Institute of Corporate Directors and holds a Bachelor of Mathematics from the University of Waterloo.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ^{1, 2} Ownership Requirement 2022: \$541,520 2021: \$505,360
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	-	-	-	-	6,989	64,089	-	-	64,089	12%
2021	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.

⁽²⁾ Ms. Kei has until 2027 to fulfill the directors' amended share ownership guideline.



Paulo Cezar da Silva Nunes

70
*Corporate Director
 Porto Alegre, Rio
 Grande do Sul, Brazil
 Director since Aug.
 2015
 Independent*

2022 Board/Committee Membership ¹	Meeting Attendance	
Board of Directors	13 of 13	100%
Human Resources, Compensation and Corporate Governance Committee	5 of 5	100%

Paulo Cezar Da Silva Nunes is a corporate director and an independent automotive business consultant, providing services focused on strategy and governance in the automotive industry. Mr. Da Silva Nunes is also the Vice-Chairperson of the board of directors of Marcopolo S.A., one of the world's largest bus manufactures. He served on the board of Cesbe S.A. Engenharia Empreendimentos, a Brazilian construction company, from 2012 to 2019 and on the board of Sindipeças, the Brazilian association of auto parts manufacturers, from 2002 to 2013. Mr. Da Silva Nunes held various senior positions with Dana Holding Corporation from 1994 to 2012, including as Vice-President, Business Development, as well as various positions with Racine Hidraulica S.A. from 1974 to 1993 and Massey Ferguson S.A. from 1971 to 1974. Mr. Da Silva Nunes holds degrees in business administration and general accounting.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ² Ownership Requirement 2022: \$541,520 2021: \$505,360
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	10,200	-	10,200	97,104	-	-	25,018	229,415	326,519	60%
2021	9,125	-	9,125	184,873	-	-	9,070	182,035	366,907	73%

⁽¹⁾ Mr. Nunes also attended all four meetings of the Audit Committee as a guest.

⁽²⁾ Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.



Colin Robertson, CBE ¹

58
Corporate Director
Edinburgh, Scotland
Director since October
2020
Non-independent

2022 Board/Committee Membership ²	Meeting Attendance	
Board of Directors	13 of 13	100%

Colin Robertson was appointed to the NFI board on October 1, 2020, after 30 years of operational and senior leadership experience in global manufacturing, including 13 years as the chief executive officer of Alexander Dennis Limited (“ADL”), which was purchased by NFI in May 2019. During his tenure, Mr. Robertson transformed ADL into a UK market leader as well as the global leader for double deck buses, through a relentless focus on customer experience and combining operational excellence, innovative products and best-in-class aftermarket support. Mr. Robertson also led ADL’s entry to zero-emission transportation and evolution to becoming a technology leader, driven by a focus on improving air quality around the globe. Mr. Robertson was awarded the Commander of the Most Excellent Order of the British Empire (CBE) in 2019 for his services to exports and to the bus and coach manufacturing sector. Also in recognition of his achievements, Mr. Robertson received Director of the Year from the UK-based Institute of Directors, as well as the EY award for Entrepreneurship and Outstanding Achievement. He was appointed Chair of Entrepreneurial Scotland in summer 2018. Mr. Robertson previously held executive leadership roles with Cummins, Case, and Terex Corporation. He has qualifications in Mechanical and Production Engineering, and studied at Kellogg School of Management, Northwestern University, Illinois.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ² Ownership Requirement 2022: \$541,520 2021: \$505,360
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	253,783	-	253,783	2,416,014	-	-	17,365	159,237	2,575,251	Exceeds
2021	253,783	-	253,783	5,141,644	-	-	7,588	152,291	5,293,935	Exceeds

⁽¹⁾ Mr. Robertson was a director of Custom Coaches Pty Ltd. and Custom Coaches (Sales) Pty Ltd., two Australian corporations that were purchased by Alexander Dennis Limited in 2012. The businesses were placed into voluntary administration in May 2014 and Deloitte Restructuring Services was appointed administrator. The entities were sold by the administrator to a third party in August 2014. See “Directors, Officers and Management – Cease Trade Orders, Bankruptcies, Penalties and Sanctions” on page 50 of the AIF.

⁽²⁾ Mr. Robertson also attended all four meetings of the Audit Committee and all five meetings of the Human Resources, Compensation and Corporate Governance Committee as a guest.

⁽³⁾ Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.



Paul Soubry¹

*60
President & CEO, NFI
Winnipeg, Manitoba
Director since May
2009
Non-independent*

2022 Board/Committee Membership	Meeting Attendance	
Board of Directors	13 of 13	100%

Paul Soubry, ICD.D, joined NFI as President and Chief Executive Officer in January 2009. Mr. Soubry holds a Bachelor of Commerce (Honours) degree from the University of Manitoba and completed the executive development program at Harvard Business School. Mr. Soubry has a sales, marketing, business development and operations background in businesses held by both trade and private equity owners, with substantial experience in business transformations and LEAN operational practices. Prior to joining NFI, Mr. Soubry worked for StandardAero for 24 years where he held a variety of increasingly senior positions including being named President in 2001, Chief Operating Officer in 2006, and Chief Executive Officer in 2007. Mr. Soubry currently serves on the board of True North Sports and Entertainment Limited/Winnipeg Jets Hockey Club and The Wawanesa Mutual Insurance Company. In 2003, Mr. Soubry was named one of the recipients of “Canada’s Top 40 under 40” award, was inducted in the Canadian Manufacturers and Exporters Hall of Fame in 2014, and was recognized as Canada’s 2016 CEO of the Year by the Financial Post and awarded an Honorary Doctorate of Laws from the University of Manitoba in 2022. Mr. Soubry is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs ¹		Director RSUs ¹		Total Value (\$)	% of Share ² Ownership Requirement 2022: \$4,375,000 2021: \$4,375,000
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	356,440	-	356,440	3,393,309	N/A	N/A	N/A	N/A	3,393,309	See page 36
2021	356,440	-	356,440	7,221,474	N/A	N/A	N/A	N/A	7,221,474	See page 36

⁽¹⁾ As a member of management, Mr. Soubry is not permitted to be a participant in the DSU Plan or the Director RSU Plan and therefore no DSUs or Director RSUs have been awarded to him. For the determination of the value of the share-based awards and option-based awards granted to Mr. Soubry, refer to the Summary Compensation Table on page 48 of this Information Circular.

⁽²⁾ Mr. Soubry’s share ownership requirement in 2021 and 2022 was set at five times his base salary. For the determination of the value of Mr. Soubry’s share ownership requirement, see page 36 of this Information Circular.



Jannet Walker-Ford

57
 Corporate Director
 Jacksonville, FL
 New Nominee
 Independent

2022 Board/Committee Membership ¹	Meeting Attendance	
Board of Directors	N/A	N/A
Audit Committee	N/A	N/A
Human Resources, Compensation and Corporate Governance Committee	N/A	N/A

Jannet Walker-Ford has more than two decades of diverse public and private sector experience in management consulting, technology, telecommunications, healthcare, mobility and transportation, and is a tireless advocate for equity in transportation and the power of public transit to transform communities. Since February 2021, Ms. Walker-Ford has been the Senior Vice President and National Transit and Rail Market Lead with WSP USA, a leading engineering and professional services consultancy and leads the growth strategy and technical delivery of rail, bus, inter-city rail, systems and project management practices as well innovative approaches for the delivery of zero emissions, automation and bus rapid transit technologies. Prior to WSP USA, Ms. Walker-Ford held executive and senior leadership roles at international engineering, telecommunications, technology and transportation firms from 2009 to 2021. She held the role of Principal at Booz Allen Hamilton, a leading provider of management and consulting services in defense, intelligence and the civil-transportation markets from 2007 to 2009. Ms. Walker-Ford also served as the Deputy General Manager/Deputy CEO, as well as the Assistant General Manager and CIO, at the Metropolitan Atlanta Rapid Transit Authority from August 2002 to July 2007. Ms. Walker-Ford serves on multiple international and national boards and organizations including as the current Chair of WTS International, the American Public Transportation Association Executive Committee, the ENO Center for Transportation and the Jacksonville University Board of Trustees. She has received numerous awards recognizing her success including the 2022 American Public Transportation Association’s Business Member of the Year; 2019 Women of Color STEM Technology Award; 2019 Transportation Diversity Council/Massachusetts Institute of Technology honoree for Services to the Transportation Industry; and a 2019 Conference of Minority Transportation Officials’ Women Who Move the Nation honoree. Ms. Walker-Ford holds a Bachelor of Arts Degree in Management Information Systems from the University of Memphis, a Master of Science Degree in Business from the University of Central Michigan and has completed significant coursework towards a PhD in Information Systems from Nova Southeastern University.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ¹ Ownership Requirement 2022: Not Applicable
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	0	0	0	0	N/A	N/A	N/A	N/A	0	Not Applicable

⁽¹⁾ Ms. Walker-Ford was not a member of the Board in 2022.



Katherine S. Winter

60
 Corporate Director
 Palatine, Illinois
 Director since May 2019
 Independent

2021 Board/Committee Membership ¹	Meeting Attendance	
Board of Directors	13 of 13	100%
Human Resources, Compensation and Corporate Governance Committee	5 of 5	100%

Katherine S. Winter joined Ann Arbor Michigan-based May Mobility in November 2022 as Chief Operating Officer. May Mobility is a leader in the development and deployment of autonomous vehicle technology. Prior to May Mobility, Ms. Winter served as Vice President and General Manager, Autonomous Transportation & Infrastructure Division at Intel Corporation where she was responsible for global product strategy, P&L and R&D for Intel’s Advanced Driver Assist Systems (ADAS), Infotainment and Automated Driving businesses. Prior to Intel, Ms. Winter served as vice president at Delphi Electronics & Safety, where she led automated driving efforts, global new-growth strategies for embedded and aftermarket software products, and cloud-based automotive and consumer services. She also held a number of senior R&D and business positions at Motorola in automotive telematics, cellular infrastructure and the mobile phones divisions. Ms. Winter was recognized by Business Insider in June 2018 on their list of “The 39 Most Powerful Female Engineers”, EE Times recognized her in their November 2017 “Women in Tech: 25 Profiles in Persistence,” and she was named as Automotive News’ “Top 100 Impactful Women” in the automotive industry. She earned a Masters of Business Administration specializing in marketing and finance from the University of Chicago and a Bachelor of Science in Industrial Engineering from the University of Illinois.

Securities held as at fiscal year end										
Fiscal Year	Common Shares				DSUs		Director RSUs		Total Value (\$)	% of Share ^{2,3} Ownership Requirement
	Ownership (#)	Control (#)	Total (#)	Value (\$)	Number	Value (\$)	Number	Value (\$)		
2022	6,000	-	6,000	57,120	24,007	220,144	-	-	277,264	51%
2021	4,000	-	4,000	81,040	14,998	301,010	-	-	382,050	76%

(1) Ms. Winter also attended all four meetings of the Audit Committee as a guest.

(2) Converted into Canadian dollars at a U.S. – Canadian exchange rate of 1.3538 in 2022 and 1.2634 in 2021.

(3) Ms. Winter has until 2026 to fulfill the directors’ amended share ownership guideline.

Director Compensation

Compensation is paid to Directors in a combination of cash, deferred share units (“DSUs”), and/or restricted share units (“**Director RSUs**”). A Director must generally make the election to receive DSUs or Director RSUs before the start of the calendar year in which such election is to apply. Non-management directors’ compensation is paid in U.S. dollars, in quarterly payments, in advance.

	2022 and 2023 Structure (USD)
Total annual retainer for Board membership	\$180,000
• Maximum amount paid in cash	\$80,000
• Minimum amount paid in DSUs / Director RSUs	\$100,000
Additional retainers:	
Board Chair	\$120,000
o Maximum amount paid in cash	\$60,000
o Minimum paid in DSUs / Director RSUs	\$60,000
Vice Chair	\$15,000
Audit Committee Chair	\$15,000
Governance Committee Chair	\$15,000

Directors may also receive a per diem of USD\$2,000 in the event that they perform additional work authorized by the Board where the additional work occupies a majority of the Director’s day. Directors are also reimbursed for out-of-pocket expenses for attending Board and committee meetings. The Directors who serve on the board of directors of NFI’s subsidiaries do not receive any additional compensation for such services. Directors also participate in the insurance and indemnification arrangements described below under “Directors’ and Officers’ Liability Insurance”.

Director compensation is reviewed for market competitiveness on a regular basis and was last reviewed in 2022. The comparator group used was the same comparator group used for executive compensation benchmarking. No changes to director compensation have been made since 2018.

Directors are not paid meeting attendance fees, as the Board believes a flat-fee base retainer is more aligned with a Director’s duties and responsibilities and time commitment to the Company, which should be a year-round commitment.

DSU Plan and Director RSU Plan

The DSU Plan and Director RSU Plan help NFI attract, retain and motivate highly qualified and experienced individuals to serve as Directors of NFI and promote alignment of interests between the non-employee members of the Board and the stakeholders of NFI.

Director Fee Repayment Policy

The Board adopted a Director Fee Repayment Policy in early 2016 which provides that if a Director ceases to be a Director of the Company prior to the end of the quarter in respect of which the retainer was paid, the Director shall repay to the Company a pro rata portion of the cash retainer paid and forfeit a portion of DSUs and Director RSUs allocated to the Director based on the number of days remaining in the quarter.

Deferred Share Unit Plan for Non-Employee Directors

The Board adopted the Deferred Share Unit Plan for Non-Employee Directors (“**DSU Plan**”) on November 7, 2011, which was amended and restated effective June 30, 2014, December 8, 2015, December 18, 2015, March 14, 2019 and September 14, 2020. The DSU Plan was most recently amended and restated to accommodate grants of DSUs to non-employee Directors in the United Kingdom. Pursuant to the DSU Plan, non-employee Directors may elect to receive all or a portion of their annual retainer in the form of DSUs instead of cash. A DSU is the right to receive a cash payment based on the value of a Common Share credited by means of a bookkeeping entry to an account in the name of the non-employee director.

DSUs are credited to the Director’s account on the day that fees would otherwise be paid. The number of DSUs credited to a Director’s account is determined by dividing the amount of the applicable portion of the Director’s annual retainer by the fair market value of a Common Share on that date.

When dividends are paid on a Common Share, additional DSUs equivalent to the amount of the dividend multiplied by the number of DSUs held, divided by the then fair market value of the Common Shares, will be credited to the Director’s account. At the end of the Director’s tenure as a member of the Board, he or she will be entitled to receive a cash redemption payment equal to the fair market value of a Common Share multiplied by the number of DSUs held.

Restricted Share Unit Plan for the Non-Employee Directors

The Board adopted the Restricted Share Unit Plan for Non-Employee Directors (“**Director RSU Plan**”) on March 20, 2014. The Director RSU Plan was amended and restated effective December 8, 2015, December 18, 2017, March 14, 2019 and September 14, 2020. The Director RSU Plan was most recently amended and restated to accommodate grants of Director RSUs to participants in the United Kingdom. These amendments did not require shareholder approval in accordance with the amendment provisions of the Director RSU Plan. A maximum of 500,000 Common Shares are available for issuance under the plan. Pursuant to the Director RSU Plan, non-employee Directors are permitted to elect, once each calendar year, to receive all or a portion of their annual retainer in the form of Director RSUs instead of cash. A Director RSU is a right to acquire a fully-paid and non-assessable Common Share credited by means of a bookkeeping entry to an account in the name of the non-employee director. The number of Director RSUs to be awarded to a Director is determined by dividing the amount of the applicable portion of the Director’s annual retainer by the applicable fair market value of a Common Share on that date. The Board, in its sole discretion, may award additional Director RSUs, subject to an annual aggregate value of \$150,000 per Director.

When dividends are paid on a Common Share, additional Director RSUs equivalent to the aggregate number of Director RSUs held by a Director on the dividend record date multiplied by the amount of dividend paid by NFI on each Common Share, and then divided by the fair market value of the Common Shares on the dividend payment date, will automatically be credited to the Director’s account. Under the Director RSU Plan, Director RSUs vest immediately as at each applicable award date. A Director (other than a U.S. Director) is permitted to exercise the Director RSUs credited to his or her account at any time prior to December 15 of the year following the year in which the Director ceases to be a non-employee Director of NFI or one of its affiliates, at which time any remaining Director RSUs will be automatically redeemed. A U.S. Director will be required to specify the exercise date in an annual election form in accordance with Section 409A of the U.S. Internal Revenue Code.

See Schedule “D” for further details of the Director RSU Plan.

Director Compensation Table

The following table sets forth the compensation earned by each Director for the year ended January 1, 2023. All values are reported in Canadian dollars.

Name	Fees earned ⁽¹⁾	Share-based awards ⁽²⁾	All other compensation	Total
Phyllis Cochran <i>Bluffton, South Carolina, USA</i>	128,611	135,380	-	263,991
Larry Edwards <i>Tulsa, Oklahoma, USA</i>	128,611	135,380	-	263,991
Adam Gray ⁽³⁾ <i>Greenwich, Connecticut, USA</i>	-	243,684	-	243,684
Krystyna Hoeg <i>Toronto, Ontario, Canada</i>	-	243,684	-	243,684
John Marinucci ⁽⁴⁾ <i>Innisfil, Ontario, Canada</i>	54,152	67,690	-	121,842
Wendy Kei ⁽⁵⁾ <i>Toronto, Ontario, Canada</i>	71,112	88,890	-	160,002
Paulo Nunes <i>Porto Alegre, Rio Grande do Sul, Brazil</i>	-	243,684	-	243,684
Colin Robertson, CBE <i>Edinburgh, Scotland</i>	115,073	148,918	-	263,991
The Honourable Brian Tobin <i>Ottawa, Ontario, Canada</i>	189,532	216,608	-	406,140
Katherine S. Winter <i>Palatine, Illinois, USA</i>	108,304	135,380	-	243,684

⁽¹⁾ Compensation was earned in United States dollars, but the amounts reflected in this table have been converted to Canadian dollars at the exchange rate of 1.3538.

⁽²⁾ Amounts reflect the grant date fair value of DSUs/Director RSUs based on the volume weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of the award, in accordance with the DSU and Director RSU Plans.

⁽³⁾ Mr. Gray has assigned his compensation, including any future amounts to be paid upon the redemption of the DSUs and Director RSUs, to Coliseum Capital Partners, LP.

⁽⁴⁾ Mr. Marinucci retired from the Board on May 5, 2022.

⁽⁵⁾ Ms. Kei joined the Board on May 5, 2022.

Common Share Ownership Guideline

Effective January 1, 2016, in order to further align the interests of Directors and Shareholders, the Common Share ownership guideline was increased such that each Director must now own a minimum number of Common Shares of NFI having a value equal to five (5) times the Director's annual base cash retainer (chair or extra meeting fees, if any, are excluded). This ownership requirement must be met by a director within five years of being appointed to the Board.

In 2020, as a result of the impact of the COVID-19 pandemic on the world economies, the Company, its markets and business, the Board determined it was appropriate and exercised its discretion to extend the period in which to own shares by two years for existing Directors. Any DSUs granted under the Company's DSU Plan and any Director RSUs granted under the Director RSU Plan that are held by a Director shall be included in determining that Director's share ownership level. For the current Common Share ownership of each Director, refer to the table of securities held under the biography of each Director nominee, starting on page 10 of this Information Circular.

Outstanding Share-Based Awards

The following table sets forth information concerning all outstanding share-based awards granted by NFI to the Directors on or before January 1, 2023. All values are reported in Canadian dollars.

Name of Director	Share-based Awards		
	Number of shares or units that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed ^{(1) (2)}
Phyllis Cochran <i>Bluffton, South Carolina, USA</i>	-	-	97,450
Larry Edwards <i>Tulsa, Oklahoma, USA</i>	-	-	418,124
Adam Gray ⁽³⁾ <i>Greenwich, Connecticut, USA</i>	-	-	138,018
Krystyna Hoeg <i>Toronto, Ontario, Canada</i>	-	-	612,363
John Marinucci ⁽⁴⁾ <i>Innisfil, Ontario, Canada</i>	-	-	370,024
Wendy Kei ⁽⁵⁾ <i>Toronto, Ontario, Canada</i>	-	-	64,089
Paulo Nunes <i>Porto Alegre, Rio Grande do Sul, Brazil</i>	-	-	229,415
Colin Robertson, CBE <i>Edinburgh, Scotland</i>	-	-	159,237
The Honourable Brian Tobin <i>Ottawa, Ontario, Canada</i>	-	-	726,402
Katherine S. Winter <i>Palatine, Illinois, USA</i>	-	-	220,144

⁽¹⁾ Compensation was earned in United States dollars, but the amounts reflected in this table have been converted to Canadian dollars at the exchange rate of 1.3538.

⁽²⁾ Represents the aggregate value of the DSUs and Director RSUs, calculated based on the volume weighted average trading price of the Common Shares on the TSX for the five (5) trading days ending on December 30, 2022 of \$9.17.

⁽³⁾ Mr. Gray has assigned his compensation, including any future amounts to be paid upon the redemption of the DSUs and Director RSUs, to Coliseum Capital Partners, LP.

⁽⁴⁾ Mr. Marinucci retired from the Board on May 5, 2022.

⁽⁵⁾ Ms. Kei joined the Board on May 5, 2022.

Value Vested or Earned During the Year

The following table sets forth the value of share-based awards of the Directors that vested on or before January 1, 2023. All values are reported in Canadian dollars.

Name of Director	Share-based awards - Value vested during the year ⁽¹⁾⁽²⁾
Phyllis Cochran <i>Bluffton, South Carolina, USA</i>	135,380
Larry Edwards <i>Tulsa, Oklahoma, USA</i>	135,380
Adam Gray ⁽³⁾ <i>Greenwich, Connecticut, USA</i>	243,684
Krystyna Hoeg <i>Toronto, Ontario, Canada</i>	243,684
John Marinucci ⁽⁴⁾ <i>Innisfil, Ontario, Canada</i>	67,690
Wendy Kei ⁽⁵⁾ <i>Toronto, Ontario, Canada</i>	88,890
Paulo Nunes <i>Porto Alegre, Rio Grande do Sul, Brazil</i>	243,684
Colin Robertson, CBE <i>Edinburgh, Scotland</i>	148,918
The Honourable Brian Tobin <i>Ottawa, Ontario, Canada</i>	216,608
Katherine S. Winter <i>Palatine, Illinois, USA</i>	135,380

⁽¹⁾ Compensation was earned in United States dollars, but the amounts reflected in this table have been converted to Canadian dollars at the exchange rate of 1.3538.

⁽²⁾ Based on the volume weighted average trading price of the Common Shares on the TSX for the five trading days prior to the applicable grant dates for DSUs and/or Director RSUs. Directors are immediately vested in their Director RSUs which are redeemable immediately upon vesting. Directors are also immediately vested in their DSUs, but do not receive payment in respect of their DSUs until they cease to be Directors.

⁽³⁾ Mr. Gray has assigned his compensation, including any future amounts to be paid upon the redemption of the DSUs and Director RSUs, to Coliseum Capital Partners, LP.

⁽⁴⁾ Mr. Marinucci retired from the Board on May 5, 2022.

⁽⁵⁾ Ms. Kei joined the Board on May 5, 2022.

2022 REPORT ON EXECUTIVE COMPENSATION

This section describes our compensation philosophy, policies and programs, and provides the details on the compensation of our Named Executive Officers (“NEOs”). The main items can be found in the following order:

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Key Things to Know about 2022

Market Recovery & Remaining Challenges

- Fiscal 2022 results were negatively impacted by global supply chain challenges and inefficiencies stemming from the COVID-19 pandemic combined with heightened inflation and surcharges on legacy contracts; revenue of \$2.1 billion and Adjusted EBITDA of (\$59.1) million.
- In response to these challenges, NF operated at reduced new vehicle input rates during the year, with expectations that production rates will improve in the second half of 2023 as supply health improves.
- Despite these broader market challenges, NFI's business outlook remains strong based on its record backlog, growing demand for its products and government funding reaching historically high levels in its core markets. This drives NFI's expectations for significant financial performance improvement in 2024 and 2025.
- NFI continued to focus on public sector vehicle manufacturing and parts supply, while private markets begin to recover.
- Achieved NFI Forward savings a year ahead of schedule, lowering our fixed cost base and improving operational efficiency.
- Stage is set for recovery in 2023 and working towards 2025 targets.

Executive Compensation

- Moderate salary increases for certain NEOs in 2022 to address market competitiveness, scope changes, and retention risk.
- 2022 STIP award based on formulaic outcome – discretion has not been applied.
- No action to adjust STIP and LTIP targets due to COVID impact.
- Adjustments to STIP and LTIP eligibility levels for Mr. Davies to align with rest of NEOs.
- Maintain STIP weightings and MBO performance calculation in 2022.
- Maintained LTIP weightings and ROIC metric for PSUs in 2022. However, a more diversified approach to PSU metrics is planned in 2023, including the introduction of an ESG measure.

GOVERNANCE COMMITTEE LETTER TO SHAREHOLDERS

Dear fellow shareholders,

Fiscal 2022 was a period of dramatic contrast. We saw record demand for our products and services countered by continued supply chain disruption, associated production inefficiencies, and the impacts of significant inflation and rapid foreign exchange movements. Our financial results reflect those realities, with declines in certain performance metrics paired with significant growth in backlog and pricing, providing us with added confidence and excitement about our future.

We were not alone in responding to the macro challenges stemming from the global pandemic that impacted the global economy. Our industry was hit especially hard as we design and manufacture highly customized vehicles, often on multi-year contracts. We took numerous actions to combat the adverse impacts, including seeking price adjustments wherever possible, lowering new vehicle production rates, bringing on alternative sources of supply, increasing inventory levels of components on hand, providing longer lead times to suppliers, and reducing overhead and administrative costs.

In 2022, we achieved our NFI Forward targets to deliver \$67 million of Adjusted EBITDA savings, one year earlier than planned. On the demand front, we saw the benefits of record investments in public transportation driving record bid activity, and our highest new order performance since 2017 (a 23% increase year-over-year). We secured new orders from customers in Mississauga, Toronto, Las Vegas, New Jersey, New York, Philadelphia, San Diego, Washington, Manchester, London (UK), Hong Kong, and others, many for zero-emission buses (“ZEBs”). In 2022, zero-emission electric vehicles represented 23% of our total deliveries (up from 17% in 2021) and were a record 29% of our backlog. We also achieved a multi-year milestone with over 100 million zero-emission miles driven by NFI vehicles and the installation of more than 340 EV chargers.

We continue to be a leader in the evolution of zero-emission transportation and are providing our zero-emission buses globally, with vehicles in service or on order in over 120 cities across six countries.”

As a Governance Committee and a Board, we recognize that 2022 continued to be challenging. The management team pivoted to respond to both labour and supply chain challenges, which continued to put pressure on our manufacturing operations and financial performance.

Shareholder input continues to be a key aspect of our engagement process and something we take very seriously. In 2022, 85% of shareholders voted in favour of our approach to compensation, which we acknowledge is lower than in previous years. We have reached out to our key shareholders to discuss our compensation approach and hear their concerns regarding the actions we took in 2022. While the “Say on Pay” vote is advisory and non-binding, we will continue to have open dialogue with our shareholders regarding our policies and practices. We want to make it clear that we strive to have an open two-way dialogue with our shareholders and all governance-related matters and encourage shareholders to contact management and the Board with any questions or comments they may have.

Environmental, social and governance (ESG) continues to be a priority for NFI and for the Governance Committee which oversees ESG related initiatives and for which the Board has ultimate responsibility. In 2021, NFI became a CDP climate change survey participant and we submitted our second CDP climate change survey in 2022. We also advanced numerous other initiatives on our ESG journey including the initiation of a sustainability roadmap to action the results of our materiality assessment and overall sustainability strategy, our first annual disclosure to the S&P Global Corporate Sustainability Assessment and updated our Code of Business Conduct and Ethics affirming the Company’s prohibition against child labour (defined as anyone under the age of 16).

ESG is an important aspect of our business and not just through our innovative products. Throughout the pandemic, our focus remains on the health, safety, and well-being of our team members. We also believe that a diverse workforce with a culture of belonging will fuel our financial success. See our ESG Report for 2022 for more information.

As a result of our organization-wide diversity, equity and inclusion (“DEI”) survey completed in 2021, we implemented an action plan to address key issues that were identified and implemented our DEI Strategic Framework to guide NFI’s work towards equity and inclusion across the organization. We believe ESG-related corporate and individual objectives are critical to our success and in 2022 we changed the performance share unit (“PSU”) performance metric for the long-term incentive plan in the Executive Compensation Program from being based solely on a return on invested capital (“ROIC”) target to a combination of ROIC, ESG targets, and a Strategic target (focused on zero-emission bus deliveries). This new ESG target will be included within the 2023 Executive Compensation Program. Individual objectives, or MBOs, comprise 25% of annual incentive eligibility. These objectives are developed from the Company’s annual operating plan and long-range strategic objectives with an expanding focus on social and sustainability objectives.

As we look to 2023, we know there will be some continued challenges, with supply chains expected to improve but not yet back to full health, and our operations running at lower production rates in the first half of the year. We do project significant improvement, with a planned ramp-up of production levels later in 2023 and financial recovery throughout the year, and a major step increase in 2024. We acknowledge that significant uncertainty continues as a result of the pandemic. However, we remain rooted in our commitment to balance the needs of our primary stakeholders of employees, customers and shareholders, with a strong focus on the environment. We are guided to long-term success through our strategy of producing industry leading transportation solutions and our commitment to continuous investment in our people and processes in order to optimize, diversify and grow our business.

We remain confident that our executive compensation programs continue to align with these values and support the Company’s long-term performance. If you have any questions or comments about our approach to executive compensation, please refer to the contact information at the back of this circular to contact us.

“The Honourable Brian Tobin”

The Honourable Brian Tobin
Chairperson of the Board of Directors

“Larry Edwards”

Larry Edwards
Chairperson of the Human Resources,
Compensation and Corporate
Governance Committee

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section of the Information Circular explains how NFI's compensation program is designed and operated with respect to our executives, specifically the following NEOs:

Name	Title
Paul Soubry	President and Chief Executive Officer, NFI
Pipasu Soni	Executive Vice President and Chief Financial Officer, NFI
Chris Stoddart	President, North American Bus and Coach, New Flyer
Brian Dewsnup ⁽¹⁾	President, NFI Parts and ARBOC
Paul Davies	President and Managing Director, ADL
Margaret Lewis	Senior Vice President, Manufacturing & Facilities, New Flyer

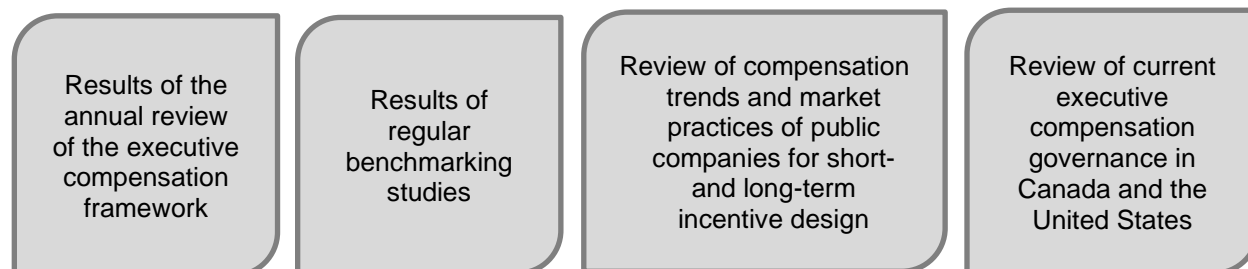
⁽¹⁾ Mr. Dewsnup served as Acting President and CEO during Mr. Soubry's three-month medical leave in 2022. As required pursuant to the disclosure rules set out in NI51-102F6 – *Statement of Executive Compensation*, the NEOs for 2022 include Mr. Soubry, Mr. Dewsnup, Mr. Soni and NFI's next three most highly compensated executive officers.

Compensation Philosophy and Guiding Principles

In making compensation decisions, the Governance Committee is guided by the following compensation objectives:

- To promote the long-term success and to continually improve the performance of NFI.
- To attract, retain, and motivate talented executives by providing a total compensation program competitive with the marketplace. NFI's compensation philosophy is to pay executives within a competitive range of the median of comparable corporations for target performance.
- To reinforce NFI's values and strategic objectives, including emphasis on shareholder, employee, customer, supplier and community stakeholders.
- To pay for performance and reward the executive leadership team for achieving both short-term and long-term performance goals, with increased emphasis placed on longer-term value creation.
- To align the interests of executives with the interests of shareholders.

The Governance Committee determines the mix between the various elements of compensation based on a number of inputs:



Compensation Process and Benchmarking

The Governance Committee considers a number of additional factors when determining the total potential amount of compensation to be awarded to an executive for a particular year. This includes the scope of responsibility of the role, corporate and individual performance, the executive's skills and experience, and compensation levels at similarly-situated companies.

To understand competitive levels of compensation for a company of NFI's size and complexity, the Governance Committee may assess executive compensation practices and levels at similarly situated companies. Regularly, with the help of its independent compensation consultant and input from management, the Governance Committee reviews the comparator group for continued applicability and to account for mergers and acquisitions. Criteria used to select and review the comparator group include:

- Same or similar industry to NFI
- Between one-third and three times NFI's revenue
- Headquartered in Canada or the United States

The comparator group criteria and comparators were reviewed in 2021 and the Governance Committee determined that the majority of comparators continued to be appropriate to assess the competitiveness of executive pay in 2022 and recommended replacement of two peers that are no longer publicly-traded (Briggs & Stratton and Wabco Holdings) and five new additions (Federal Signal, The Manitowoc Company, Modine Manufacturing, Terex Corp. and Winnebago Industries) to replace the peers being removed and to enhance the comparator group.

The 2022 comparator group includes 24 companies – (17 U.S. companies and 7 Canadian companies) - with median revenue of \$3.6 billion.

2022 Compensation Comparator Group		
Alamo Group Inc.	LCI Industries	Rush Enterprises Inc.
Astec Industries Inc.	Linamar Corp.	Russel Metals Inc.
Blue Bird Corporation	The Manitowoc Company, Inc.	Terex Corporation
CAE Inc.	Martinrea International Inc.	Titan International Inc.
Federal Signal Corporation	Meritor Inc.	Toromont Industries Ltd.
Finning International Inc.	Modine Manufacturing Company	Wabash National Corp.
The Greenbrier Companies Inc.	Oshkosh Corp.	Wajax Corp.
ITT Inc.	REV Group Inc.	Winnebago Industries, Inc.

Compensation Governance

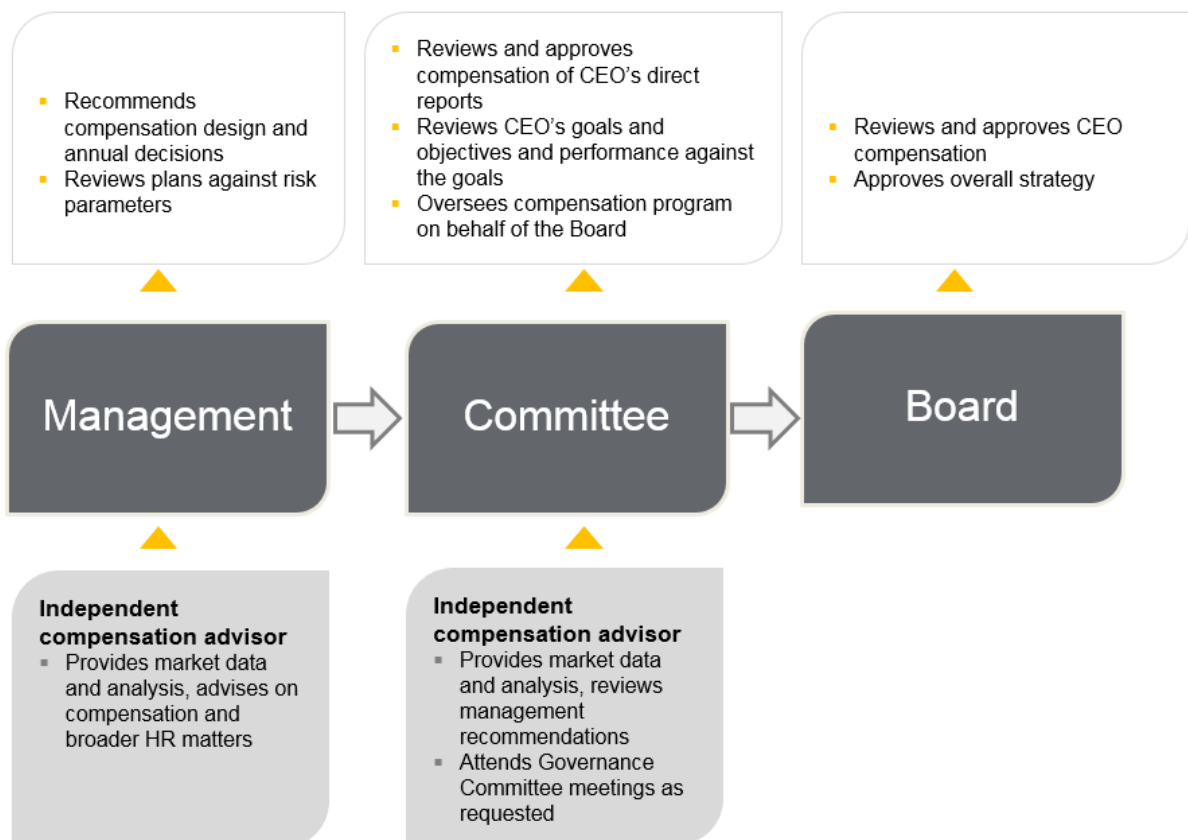
Compensation Oversight

In 2022, the Governance Committee was comprised of five Directors:

- Larry Edwards (Chairperson)
- The Honourable Brian Tobin
- Paulo Nunes
- Katherine Winter
- Wendy Kei

All of the members of the Governance Committee are independent Directors within the meaning of National Instrument 52-110 Audit Committees (“**NI 52-110**”). None of the members of the Governance Committee is a current or former officer or employee of NFI or any of its affiliates.

NFI follows the following process each year:



Role of Compensation Consultant

The Governance Committee has retained Meridian Compensation Partners as its independent compensation consultant since 2012. In 2022, Meridian provided periodic advice to the Governance Committee with respect to Director and executive compensation matters in response to other Governance Committee requests and assisted with a review of director and executive compensation. As a result of this review, recommendations to increase base salaries and Mr. Davies's STIP and LTIP eligibility levels were implemented.

Management has previously retained WTW (formerly Willis Towers Watson) to provide advice on human resource matters. WTW has been management's compensation consultant since 2012.

Executive Compensation-Related Fees

Services Provided	Meridian Compensation Partners		WTW	
	2022	2021	2022	2021
Compensation Consulting for the Governance Committee	\$78,551	\$145,396	\$0	\$0
Compensation Consulting for Management	\$0	\$0	\$21,916	\$21,678
Other Services	\$0	\$0	\$0	\$0
Total	\$78,551	\$145,396	\$21,916	\$21,678

Talent and Succession Planning and Governance Committee

The Company uses a comprehensive framework and takes an integrated approach to talent management and succession planning. The Company focuses on identifying, assessing and developing high-potential talent to build leadership capability and strengthen overall succession. This process helps to create and maintain a pipeline of leaders to drive the Company's strategic plans and to improve performance.

The Company believes that its human resources processes help ensure the right people are placed in roles that optimize both individual development and business performance, with the intent of developing high-potential talent to prepare them for broader and more complex roles within the organization. This focus on developing internal capabilities helps to retain talent and provides more options for succession. The Company also supplements the practice of promoting from within by hiring externally to benefit from diverse experiences, fresh perspectives and to further promote diversity in the workplace. Through the NFI Learning Institute, the name given to the Company's education and training function, the Company provides formal leadership development and training.

The Governance Committee plays a key role in its oversight of talent management and succession planning. Twice a year, the Governance Committee reviews with management the talent and succession planning activities for the leadership team, including the executive team, and discusses the processes and practices for leadership development, the depth and diversity of succession for leadership roles across the Company and the talent and succession activities and progress made over the prior period and the planning for the next six months.

In conjunction with the review of the Company's talent and succession planning activities, the Governance Committee and the Board also reviews and discusses the CEO and executive leadership team succession. This includes a discussion of contingency and long-term succession plans for the CEO and members of the executive team, in addition to addressing any specific gaps in the succession plan. The CEO discusses the strengths and areas for development of key succession candidates, progress of development over the period and future development plans. The Board also reviews and discusses potential succession scenarios and assesses the potential successors. Mr. Dewsnap's interim appointment as Acting President and CEO during Mr. Soubry's three-month medical leave in 2022 exemplifies these activities. Mr. Dewsnap served as Acting President and CEO from May 6, 2022 to August 8, 2022, at which time Mr. Soubry returned from medical leave and resumed his duties as President and CEO. Effective November 17, 2022, Mr. Dewsnap assumed additional responsibility for ARBOC as President, NFI Parts and ARBOC.

Risk Management

Compensation risk is one of several forms of risk addressed by NFI's risk management policy and overseen by the Board.

The Board has a conservative approach to compensation risk management and the executive compensation program is structured to encourage the right management behaviours consistent with the risk profile of the Company and does not create an incentive to take excessive or inappropriate risks.

What We Do

- ✓ Executive and Director Share Ownership Guidelines
- ✓ Hedging Policy
- ✓ Clawback Policy
- ✓ Trading restrictions
- ✓ Significant percentage of at-risk compensation
- ✓ Capped incentive opportunities
- ✓ Double trigger change in control termination provisions

What We Don't Do

- ✗ Single performance measure plans
- ✗ Provide guaranteed bonus
- ✗ Reprice or replace underwater options
- ✗ Grant, renew or extend loans to employees
- ✗ Pay out incentives if unwarranted by performance
- ✗ Include the value of unexercised options when determining ownership compliance

The policies and practices used to manage compensation risk have been developed under a formal enterprise risk management framework in order to ensure the current compensation structure does not create an incentive to take excessive or inappropriate risks.

Trading Restrictions

Under NFI's securities trading policy, directors and employees, including NEOs, are prohibited from entering into short sales or buying or selling call or put options in respect of securities of NFI and restricted from trading while in possession of material undisclosed information.

Hedging Policy

Directors and employees, which includes NEOs, are prohibited from engaging in any hedging activity (including prepaid variable forward contracts, equity swaps, and collars on units of exchange funds) in respect of executive and director equity awards and Common Shares.

Clawback Policy

The Board approved a Clawback Policy on January 25, 2016 that is applicable to all incentive compensation awards granted after that date. The Clawback Policy assists NFI in maintaining a culture that emphasizes integrity and accountability and reinforces NFI's pay-for-performance compensation philosophy. In the event NFI is required to file a restatement of its annual audited financial statements as a result of a correction of a material error, the Clawback Policy allows NFI to recover certain incentive compensation that was granted, vested or earned during the three most recently completed fiscal years prior to the restatement. Individuals covered by the Clawback Policy include current and former executives of NFI or its subsidiaries who were eligible or received incentive compensation from NFI that was granted, vested or earned based on the Company's achievement of any specified financial reporting measure or NFI's share price or total shareholder return ("TSR") under the Company's incentive compensation plans. No misconduct on the part of a covered individual is required for NFI to trigger a clawback. The amount that is

recoverable is limited to the amount that is in excess of the incentive compensation which ought to have been granted, vested or earned in the three-year look-back period based on the restatement. The Clawback Policy allows the Board to not pay or grant future compensation or equity awards, cause the forfeiture or cancellation of unpaid or unvested incentive compensation and offset against any amounts otherwise payable to covered individuals, to the extent permitted by law.

Common Share Ownership Guidelines

NFI requires executives to maintain a minimum level of share ownership to align executive and shareholder interests. Executives are expected to meet their ownership guidelines within five years of the date on which they joined the Company or were promoted to an executive role, whichever is later. In 2020, as a result of the impact of the COVID-19 pandemic on the world economies, the Company, its markets and business, the Board determined it was appropriate and exercised its discretion to extend the period in which to own shares by two years for existing executives.

Level	2022 Guideline
Chief Executive Officer (CEO)	5x base salary
CFO/Business Unit Presidents	2x base salary
Vice Presidents	1x base salary

Included in the determination of the executive's common share ownership requirement are any Common Shares held by the executive (directly or indirectly) and any restricted share units ("**RSUs**") granted and held by an executive officer under NFI's Amended Performance and Restricted Share Unit Plan ("**PRSU Plan**"). The value of the executive's share ownership is determined as the sum of (1) the value of the Common Shares held, being the greater of (x) the closing price of the Common Shares as at the last trading day of the period being measured, and (y) the executive's investment cost (or adjusted cost base) of the Common Shares, and, (2) the value of the RSUs held, being the weighted average closing of the Common Shares for the last five trading days of the period being measured.

The table below sets out the value of the current NEOs shareholdings as of January 1, 2023:

Name	Share Ownership Guideline	Number of Common Shares Owned	Number of RSUs Outstanding	Value of Common Shares ⁽¹⁾ CAD (\$)	Value of RSUs ⁽²⁾ CAD (\$)	Total Value of Common Shares and RSUs CAD (\$)	Met Guideline
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	5x base salary \$4,375,000	356,440	46,689	11,751,827	428,323	12,180,150	Exceeds
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	2x base salary \$1,100,000	18,700	14,348	278,464	131,624	410,088	Has until end of 2026 to meet
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	2x base salary \$860,000	97,505	10,852	1,715,709	99,555	1,815,264	Exceeds
Brian Dewsnap ⁽³⁾ <i>President, NFI Parts and ARBOC</i>	2x base salary USD \$720,000 or \$974,736	36,210	9,087	1,614,242	112,854	1,727,096	Exceeds
Paul Davies ⁽⁴⁾ <i>President and Managing Director, ADL</i>	2x base salary GBP £572,000 or \$935,964	-	5,564	-	79,416	79,416	Has until end of 2028 to meet
Margaret Lewis ⁽³⁾ <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	2x base salary USD \$620,000 or \$839,356	50,500	4,671	2,235,635	58,008	2,293,643	Exceeds

⁽¹⁾ Based on the greater of closing price of \$9.52 for the Common Shares on the Toronto Stock Exchange on January 1, 2023, and NEO's investment cost (or adjusted cost base).

⁽²⁾ The value of the RSU was \$9.17, based on the weighted average closing price of the Common Shares for the last five trading days of 2022.

⁽³⁾ Mr. Dewsnap and Ms. Lewis are compensated in U.S. dollars and their ownership guideline has been converted into Canadian dollars at an exchange rate of 1.3538.

⁽⁴⁾ Mr. Davies is compensated in GBP (British pound sterling) and his ownership guideline has been converted into Canadian dollars at an exchange rate of 1.6363.

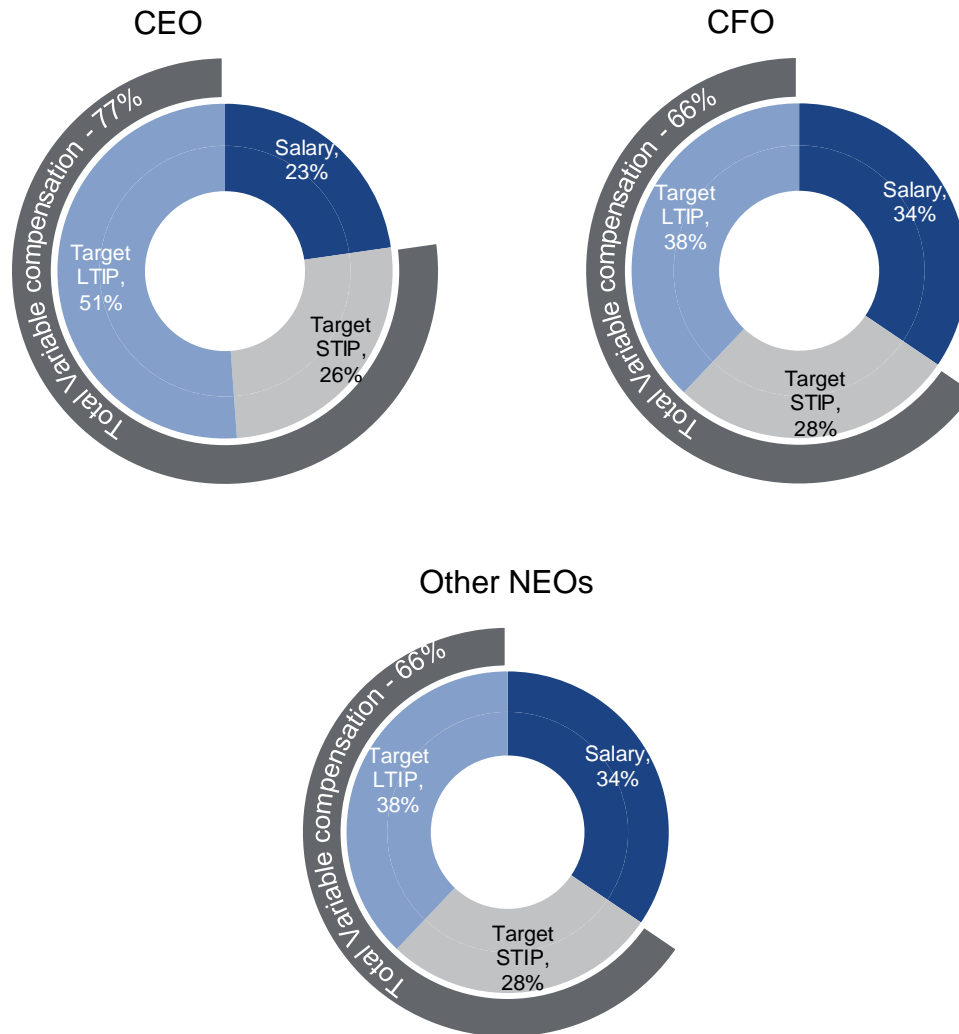
COMPENSATION ELEMENTS

The Company's 2022 executive compensation program was comprised of the following elements:

Component	Performance Period	Key Features	Purpose
Fixed Pay - Salary	1 year	<ul style="list-style-type: none"> • Set in employment contracts with executives • Assessed annually, considering scope and responsibilities of the role and the competitive market • Changes, if any, typically made effective January 1st 	<ul style="list-style-type: none"> • Attract and retain executives • Compensate for meeting the responsibilities of the role
Variable Pay – STIP	1 year	<ul style="list-style-type: none"> • Paid annually in cash • Awards are based on Governance Committee and Board's assessment of performance against pre-determined financial, operating and individual performance targets • Performance measures, threshold, target and maximum performance and award levels are established by the Governance Committee, considering management's performance projections for the year 	<ul style="list-style-type: none"> • Reward for achieving key annual performance objectives • Attract, motivate, and retain executives
Variable Pay – PSUs	3 years – vesting at the end of the term	<ul style="list-style-type: none"> • Notional units are granted based on a target level of long-term incentive compensation and track the Common Share price • Value of dividends on Common Shares are accrued over the 3-year performance period • 50% of LTIP grant • Number of units that vest is subject to the level of performance achieved against predetermined threshold, target and maximum levels, as determined by the Governance Committee • The final payment is made in cash 	<ul style="list-style-type: none"> • Pay for sustainable long-term performance • Align the interests of executives and shareholders • Focus executives on key performance objectives of NFI
Variable Pay – RSUs	3 years – vesting over 3 years	<ul style="list-style-type: none"> • Notional units are granted based on a target level of long-term incentive compensation and track the Common Share price • Value of dividends on Common Shares are accrued over the vesting period • 25% of LTIP grant • 2022 grant vests 33 1/3% per year starting on or about the first anniversary of grant • The final payment is made in cash 	<ul style="list-style-type: none"> • Pay for sustainable long-term performance • Attract and retain executives • Align the interests of executives and shareholders
Variable Pay – Share Options	8-year term – vesting over 4 years	<ul style="list-style-type: none"> • Share Options (“Options”) granted based on a target level of long-term incentive compensation • 25% of LTIP grant • Options vest 25% per year starting on or about the first anniversary of grant • 8-year term 	<ul style="list-style-type: none"> • Pay for sustainable long-term performance • Attract, motivate, and retain executives • Align the interests of executives and shareholders
Benefits, Pension and Perquisites		<ul style="list-style-type: none"> • Limited number of benefits, pension and perquisites, including executive health benefits and defined contribution pension arrangements 	<ul style="list-style-type: none"> • Attract and retain executives

Target Pay Mix for NEOs

To align with NFI's pay for performance compensation philosophy and emphasis on the longer-term value creation of the organization, a significant portion of the executives' pay is variable. In determining the pay mix, the Governance Committee considers market practice, level of pay, and line-of-sight to the overall Company performance. The graphs below show the approximate target compensation mix for the NEOs for 2022.



Base Salary

Base salaries are initially set in the executives' respective employment agreements and reviewed annually by the Governance Committee. In making adjustments, the Governance Committee considers positioning against the competitive market, the executive's level of responsibility, experience, individual performance, and internal equity.

Currency

For reporting purposes, NFI prepares its financial statements in United States dollars and in conformity with International Financial Reporting Standards, or IFRS. All amounts in this Compensation Discussion and Analysis are expressed in Canadian dollars, except where otherwise indicated. Compensation provided to Paul Soubry, Pipasu Soni, and Chris Stoddart was earned and paid in Canadian dollars. Compensation paid to Brian Dewsnap and Margaret Lewis was earned and paid in U.S. dollars and compensation to Paul Davies was earned and paid in British pounds sterling. The exchange rates on December 30, 2022 used were USD \$1.00 = \$1.3538 and GBP £1.00 = \$1.6363.

Name	Currency ⁽¹⁾	2021 Salary (\$,£)	2022 Salary (\$,£)	% Change 2021- 2022	2023 Salary (\$,£)	% Change 2022- 2023
Paul Soubry President and Chief Executive Officer, NFI	CAD	875,000	875,000	0.0%	875,000	0%
Pipasu Soni Executive Vice President and Chief Financial Officer, NFI	CAD	550,000	550,000	0.0%	550,000	0%
Chris Stoddart ⁽²⁾ President, North American Bus and Coach, New Flyer	CAD	400,000	430,000	7.5%	430,000	0%
Brian Dewsnap ⁽²⁾ President, NFI Parts and ARBOC	USD	335,000	360,000	7.5%	360,000	0%
Paul Davies ⁽²⁾ President and Managing Director, ADL	GBP	270,000	286,000	5.9%	286,000	0%
Margaret Lewis ⁽²⁾ Senior Vice President, Manufacturing & Facilities, New Flyer	USD	295,000	310,000	5.1%	325,000	4.8%

⁽¹⁾ Disclosed in the currency in which the compensation was earned and paid.

⁽²⁾ The 2022 increases in the salaries of Chris Stoddart, Brian Dewsnap, Paul Davies, and Margaret Lewis reflect an alignment to market.

Financial Statement Definitions

“Adjusted EBITDA” are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items that do not reflect the current ongoing cash operations of the Company. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs or recovery, non-recurring costs or recoveries related to business acquisition, fair value adjustment to acquired subsidiary company’s inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, recovery of currency transactions, prior year sales tax provision, COVID-19 costs, out of period costs and impairment loss on goodwill and non-recurring restructuring costs.

“Working Capital Days” is defined as the calculated number of days to convert working capital to cash. It is calculated by the number of days in a year divided by the working capital turnover ratio (total sales for the last twelve months divided by the average working capital for the last thirteen months).

Adjusted EBITDA and Working Capital Days are non-IFRS measures. For a reconciliation of those measures to the corresponding IFRS measures, see NFI’s management’s discussion and analysis of financial condition and results of operations for the 13-weeks and 52-weeks ended January 1, 2023.

Short-Term Incentive Plan (STIP)

The STIP is designed to reward executives for achieving key annual performance objectives by providing an annual cash award. The plan measures **corporate** performance and **individual** performance (referred to as, “MBOs”) against set objectives.

In 2021, NFI modified the STIP to emphasize strategic priorities and major business objectives required for the business to manage through the pandemic by adjusting the relative weightings of the performance measures versus previous years. Corporate performance represents 75% and MBOs represent 25% of the target award. In addition, the payout maximum was increased from 150% of target to 200% of target to allow the organization to reward performance significantly above target. No changes have been made to the STIP structure for 2022.

Corporate Performance

Corporate performance is measured by Adjusted EBITDA (50% weighting) on a business and consolidated basis and Working Capital Days (25% weighting) on a business and consolidated basis. For Business Unit executives, half of Adjusted EBITDA and Working Capital Days is measured at the Company level and half is measured at the Business Unit level.

No payments are expected to be made if the Company does not achieve the required threshold performance level. However, the Board has the discretion to make STIP awards if performance targets are not met due to extraordinary or unexpected events.

Performance Measure	Threshold (USD)	Target (USD)	Maximum (USD)	2022 Actual Achieved (USD)
Adjusted EBITDA ⁽¹⁾ (millions)	162.5	180.6	207.7	(\$59.1)
Working Capital Days ⁽²⁾	57	52	45	68

⁽¹⁾ Adjusted EBITDA in this table is defined in the side bar of this page and excludes the provision for the LTIP.

⁽²⁾ Working Capital Days in this table is defined in the side bar of this page and excludes the provision for the LTIP.

Due to ongoing challenges from impacts of the COVID-19 pandemic, including, global supply chain disruptions, and significant inflationary wage pressures impacting all of the Company’s operations, NFI did not achieve the threshold target performance for Fiscal 2022. NFI continues to focus on technology and innovation and maintaining a strong order pipeline as the organization heads into 2023. The Committee did not exercise its discretion in determining 2022 STIP awards.

OUR PRINCIPLES

1. WE PLEDGE TO BE CUSTOMER FOCUSED

in providing safe, accessible, reliable, and technologically advanced transportation solutions with the lowest total cost of ownership to keep people and communities moving.

2. WE MUST EARN THE TRUST OF THOSE WE SERVE AND THOSE THEY SERVE

through a steadfast commitment to safety and quality delivered as promised.

3. WE FOSTER SMART LEADERSHIP

at every level to continuously raise standards and advance technological innovation and service performance. We're passionate about a never-ending pursuit of operational excellence.

4. WE BELIEVE IN SUSTAINABILITY

and the positive social, economic, and environmental impact of the work we do every day.

5. WE VALUE HONESTY, HARD WORK AND TEAMWORK

and those who do that work with pride and integrity. We strive to be a great place to build careers.

Individual Objectives (MBOs)

Individual objectives or MBOs are determined prior to the start of each year by the Governance Committee based on the recommendation of the CEO after a review with each executive. They are developed from the Company's annual operating plan and strategic objectives. The Governance Committee reviews and recommends to the Board for approval individual objectives for the CEO.

MBOs are determined on a rating scale of 1 to 5, depending on the percentage of goals attained by the executive, with a payout range from 0% to 100% of the target award. If rated a 5, the executive may receive a payout above target.

The Governance Committee measures individual performance separately from corporate performance to be able to acknowledge and recognize the executive's efforts to improve business performance and create shareholder value which may not be completely captured through the corporate performance measures.

The MBO portion of the STIP award is determined by the Governance Committee in respect of the CEO's MBOs, by the Governance Committee on the recommendation of the CEO in respect of the executives who report directly to the CEO and by each of the Business Presidents in respect of the executives who report directly to them. In assessing each executive's performance against the executive's individual MBOs for the year, the following factors are evaluated:

- the accomplishment by the individual of his or her personal objectives (or MBOs) for the year, including key ESG objectives; and
- the adherence of the individual to the Company's principles (see sidebar).

Based on the Governance Committee's assessment of economic and financial performance and considering the CEO's recommendations for the other NEOs, there were no recommended STIP payouts for 2022.

For 2022, the total (combined corporate and individual) actual STIP awards for the NEOs were as follows:

Name	Target STIP Opportunity (% of salary)	Currency ⁽¹⁾	Corporate Performance Award (\$,£)	MBO Award (\$,£)	Total Actual STIP Award (\$,£)	Actual STIP (% of salary)
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	115%	CAD	0	0	0	0%
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	80%	CAD	0	0	0	0%
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	80%	CAD	0	0	0	0%
Brian Dewsnup <i>President, NFI Parts and ARBOC</i>	80%	USD	0	0	0	0%
Paul Davies ⁽²⁾ <i>President and Managing Director, ADL</i>	80%	GBP	0	0	0	0%
Margaret Lewis <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	50%	USD	0	0	0	0%

⁽¹⁾ Disclosed in the currency in which the compensation was earned.

⁽²⁾ Mr. Davies' STIP target increased from 65% to 80% of salary for 2022 to align with the other NEOs as well executives of our peers at similar levels. All other STIP targets remained the same.

Changes to 2023 STIP

For 2023, NFI is maintaining the same relative weighting between Corporate metrics and the MBOs (75% and 25% respectively) as the organization continues to focus on emerging from the pandemic with strong performance and momentum. Corporate metrics will continue to be Adjusted EBITDA (50% weight) and Working Capital Days (25% weight).

Long-Term Incentives

The long-term incentives are designed to align executive and shareholder interests and to reward long-term sustainable performance. Long-term incentives at NFI include PSUs, RSUs, and Options. For 2022, executive long-term incentive awards were comprised of 50% PSUs, 25% RSUs, and 25% Options. Included in the determination of the executive's new long-term incentive grants are any RSUs and PSUs granted under the PRSU Plan that are held by an executive. In respect of 2022, the NEOs long-term incentive targets and number of awards granted were as follows:

Name	LTI Target (% of base salary)	Number of PSUs granted	Number of RSUs granted	Number of options granted
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	225%	49,053	24,526	80,686
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	110%	15,074	7,537	24,795
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	110%	11,785	5,893	19,385
Brian Dewsnap <i>President, NFI Parts and ARBOC</i>	110%	9,867	4,933	16,230
Paul Davies ⁽¹⁾ <i>President and Managing Director, ADL</i>	80%	7,838	3,919	12,893
Margaret Lewis <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	65%	5,020	2,510	8,258

⁽¹⁾ Mr. Davies' LTIP target percentage increased from 80% to 110% in 2022 to align with the other NEOs (other than Mr. Soubry) as well as executives of our peers at similar levels.

Performance Share Units (PSUs)

PSUs are granted to align the interests of executives with the interests of shareholders by making a significant portion of executives' long-term incentive compensation dependent on the Company's long-term financial performance and on the fair market value of the Common Shares.

The 2022 grant under the PRSU Plan will vest at the end of 2024 based on the return on invested capital ("ROIC") of 2022 to 2024. The ROIC performance measure has established threshold, target and maximum levels of performance to determine the actual payout in 2025. At threshold performance, 50% of the grant will vest and at maximum performance, 200% of the grant will vest. No PSUs will vest if the threshold ROIC performance measure is not met.

The number of PSUs granted to each of the NEOs for fiscal 2022 were determined based on the weighted average closing price of Common Shares for the last five trading days of 2021 and the desired target compensation value. When dividends are paid on a Common Share, additional units equivalent to the amount of the dividends multiplied by the number of PSUs held (and determined based on

Why measure ROIC?

The Governance Committee believes this measure holds management accountable for both earnings and capital utilization, is aligned with shareholders and is a less volatile measure over the long term than a cumulative multi-year Adjusted EBITDA measure.

References to "ROIC" are to net operating profit after taxes (calculated as Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%) divided by average invested capital for the last 12-month period (calculated as to shareholders' equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

the then fair market value of the Common Shares) will be credited to the participant's account. The actual value of a PSU on the settlement date is contingent on the Common Share price and NFI's actual performance over a three-year period relative to the established objectives.

In 2023, the Company adopted a diversified measure approach for PSU vestings. In addition to the ROIC performance measure, the Company has introduced an ESG measure and a Strategic measure. As noted above, the ROIC performance measure has established threshold, target, and maximum levels of performance to determine the actual payout in 2025. The ESG measure is assessed based upon completion of an annual sustainability workplan with performance leverage recommended by the CEO and assessed by the Board in accordance with workplan achievement over the 2023-2025 performance period. The Strategic measure is assessed based upon achievement of a Zero Emission Bus ("ZEB") deliveries target and has established threshold, target, and maximum levels of performance to determine that actual payout in 2025. For the 2023 PSU grant, the PSU measures are weighted on a 1/3 ROIC performance measure, 1/3 ESG measure, and 1/3 Strategic measure format.

Restricted Share Units (RSUs)

The PRSU Plan provides for grants of RSUs to officers and senior managers of the Company, including the NEOs. RSUs were adopted to supplement the long-term incentive compensation framework for the executives to promote their continued efforts in growing NFI, as well as to assist in attracting and retaining senior management personnel.

An RSU is a right to receive a cash payment based on the fair market value of a Common Share, subject to a vesting period of three years. The number of RSUs granted to each of the NEOs for fiscal 2022 were determined based on the closing weighted average trading price of the Common Shares for the last five trading days of 2021 and the desired compensation value. The actual value of an RSU on the settlement date is contingent on the Common Share price. The Governance Committee sets the vesting applicable to each grant. The 2022 grants will vest and settle one-third on or about each of the first, second and third anniversaries of the grant date.

See page 54 under "Termination and Change of Control Benefits-Paul Soubry", for further details regarding the PRSU Plan.

The PRSU Plan was most recently amended and restated to accommodate grants of awards to participants in the United Kingdom.

Share Options

NFI's use of Options to acquire Common Shares is an important component of its long-term incentive compensation arrangements for its employees. This (i) supports the achievement of NFI's performance objectives; (ii) ensures that interests of key persons are aligned with the success of NFI; and (iii) provides compensation opportunities to attract, retain, and motivate senior management critical to the long-term success of NFI and its affiliates.

NFI maintains an Amended and Restated Share Option Plan (the "**2013 Option Plan**"), which provides for Option grants to officers and senior managers of the Company, including the NEOs. Options for 2022 will vest 25% per year starting on or about the first anniversary of the date of grant. Each such Option has an eight-year term.

On March 12, 2020, the Board approved a new share option plan, which was subsequently amended and restated on August 5, 2020 to accommodate grants to participants in the United Kingdom (the "**2020 Option Plan**" and collectively with the 2013 Option Plan, the "**Option Plans**"). The purpose of establishing the 2020 Option Plan was to ensure that there remained a sufficient number of Options to acquire Common Shares available for future grants in order to support the achievement of NFI's performance objectives and to ensure that executives' interests are aligned with the success of NFI and its shareholders. The 2020 Option Plan has substantially the same material terms as the 2013 Option Plan.

See Schedule "B" for a summary of the terms of the Option Plans.

In 2022, a total of 313,620 options were granted to participants under the 2013 Option Plan, representing approximately 0.4% of the weighted average issued and outstanding Common Shares for the 2022 fiscal year. No options have been granted under the 2020 Option Plan.

Payment of the 2020 – 2022 PSU Award

In 2020, NFI granted PSUs under the PRSU Plan to executives that vested at the end of 2022. Vesting at the end of the period was based on NFI's performance against the established three-year average annual ROIC target and performance range. The table below provides the actual ROIC and target and performance range.

2020-2022 Performance Range Three-Year Average Annual ROIC ⁽¹⁾			Actual 2020-2022 Results Three-Year Average Annual ROIC
Threshold	Target	Maximum	
10.0%	11.5%	12.8%	0.8%

⁽¹⁾ ROIC is defined as disclosed in the side bar on page 43 of this Information Circular.

As a result of the impact of actual performance on vesting, and incorporating the reinvestment of dividends and the ending Common Share price, the actual payout values of the 2020 grant for the NEOs are as follows:

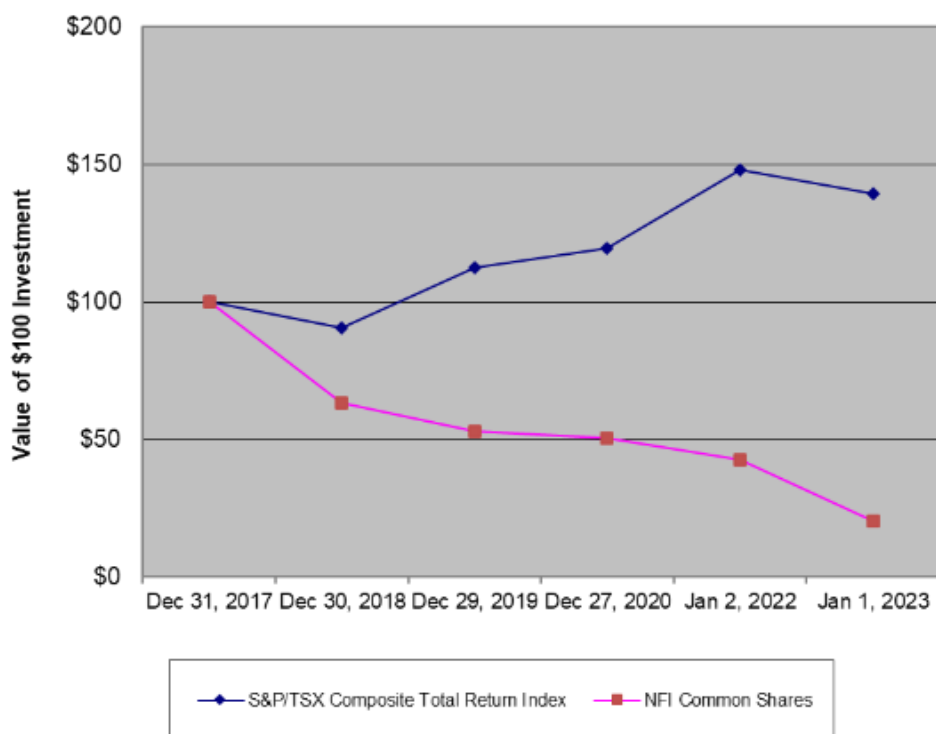
Name	PSUs Granted in 2020		Actual Compensation			
	Number Granted	Value (\$)	Number of PSUs (including reinvested dividends)	Vesting %	Resulting Number of PSUs	Value (\$)
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	36,597	984,375	39,860	0	0	0
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	11,246	302,500	12,249	0	0	0
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	8,179	220,000	8,908	0	0	0
Brian Dewsnup ⁽¹⁾ <i>President, NFI Parts and ARBOC</i>	6,850	184,250	7,461	0	0	0
Paul Davies ⁽²⁾ <i>President and Managing Director, ADL</i>	0	0	0	0	0	0
Margaret Lewis ⁽¹⁾ <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	5,020	100,750	3,882	0	0	0

⁽¹⁾ Mr. Dewsnup and Ms. Lewis receive their compensation in US dollars. The grant value and actual compensation value is determined based on the Canadian dollar RSU price at a U.S.-Canadian exchange rate of 1.3538.

⁽²⁾ Mr. Davies receives his compensation in GBP. The grant value and actual compensation value is determined based on the Canadian dollar RSU price at a U.S.-Canadian exchange rate of 1.6363.

PERFORMANCE GRAPH

The following graph compares the total cumulative return on funds invested in Common Shares (assuming reinvestment of dividends) with the total cumulative return of the Standard and Poor's TSX Composite Total Return Index (the "TSX Total Return Index") for the past five fiscal years of NFI.



Total compensation paid to NEOs has been 80% of target over the past five years and has decreased by 2% since 2017. Over the same five-year period, Adjusted EBITDA has decreased by 119%. See "CEO Performance Compensation During Tenure" on page 47 of this Information Circular for a further discussion of the pay and performance relationship.

There is not necessarily a direct correlation in the shorter term between the performance measures of Adjusted EBITDA, Working Capital Days and ROIC in the STIP and PSUs and between the grant date fair value of awards on the one hand and TSR and NFI Common Share price on the other hand. That being said, NEO actual short-term compensation is tied to operational measures and increases and decreases with actual performance.

Year	2020	2021	2022
Total NEO Compensation (millions)	7.9	7.0	7.5
Adjusted EBITDA (millions) ⁽¹⁾	157.7	164.2	-59.1
Working Capital Days ⁽¹⁾	63	69	68
Return on Invested Capital	3.1%	3.6%	-4.4%
Shareholder Return (annual)	13%	-14%	-43%

⁽¹⁾ Adjusted EBITDA and Working Capital Days are defined as disclosed in the side bar on page 40 of this Information Circular.

The total cost of compensation of the NEOs in 2022 as a percentage of Adjusted EBITDA was -12.7%.

CEO PERFORMANCE COMPENSATION DURING TENURE

The following table compares the grant date value of compensation awarded to Mr. Soubry in respect of his performance as CEO with the value that he has realized or that is realizable from his compensation awards during his tenure. The compensation he has received includes salary and STIP, as well as the value of PSUs and RSUs and Options that are outstanding (as at January 1, 2023).

Year	Total Direct Compensation Awarded ⁽¹⁾	Total Realized and Realizable Compensation Value as at January 1, 2023 ⁽²⁾	Value of \$100 Mr. Soubry ⁽³⁾		Value of \$100		
			Realized	Realizable	Income ⁽⁴⁾ Deposit Securities ("IDS") Annual Return	Common Shares ⁽⁵⁾ Annual Return	Combined Cumulative Return during CEO Tenure
			(\$)	(\$)	(\$)	(\$)	(\$)
2010	2,425,000	1,162,948	48	48	125		176
2011	2,470,000	717,275	29	29	58		102
2012	2,470,000	2,868,746	116	116		166	170
2013	2,535,000	9,189,066	362	362		129	219
2014	2,536,750	12,146,552	479	479		134	293
2015	2,666,051	9,721,299	288	180		206	604
2016	2,828,551	3,817,026	135	79		156	939
2017	2,828,751	2,704,092	96	77		135	1,271
2018	3,320,000	2,060,457	47	75		64	808
2019	3,320,000	1,910,885	30	78		84	677
2020	3,850,000	2,661,099	36	94		98	663
2021	3,346,875	1,469,037	36	44		85	561
2022	3,850,000	1,103,310	25	29		48	270
Total Direct Compensation	38,446,978	50,521,969					
		Weighted Average	121	131	92	119	270

⁽¹⁾ Includes salary and incentive compensation (STIP, PSUs, RSUs (beginning in 2012) and options (beginning in 2013)) awarded in respect of performance during the year.

⁽²⁾ PSU and RSU awards include targeted award plus dividend equivalents and have not been adjusted for performance relative to the plan targets, unless the award has vested. The realizable value of options is the value of unexercised in-the-money options.

⁽³⁾ Represents the accrued value to Mr. Soubry for each \$100 awarded in total direct compensation during the fiscal year indicated.

⁽⁴⁾ Represents the cumulative value of a \$100 investment in IDSs for the fiscal year indicated if the investment was made on the first day of such period, assuming reinvestment of dividends, and for the 2011 fiscal year, assuming the holder of such IDSs exercised all of their Rights pursuant to the Rights Offering.

⁽⁵⁾ Represents the cumulative value of a \$100 investment in Common Shares for the fiscal year indicated if the investment was made on the first day of such period, assuming reinvestment of dividends.

During the tenure of the CEO, the percentage of total realizable direct compensation (salary plus all incentives) to total direct compensation awarded (based on the values disclosed in the Summary Compensation Table) was 121% compared to a TSR of 170% for a shareholder that converted IDSs to Common Shares pursuant to a rights offering in 2011. Of the total realizable compensation, only 90% has been realized as at January 1, 2023, and realization of the balance depends on future performance relative to performance targets and NFI future share price.

Pay and Performance Alignment

NFI is committed to a pay-for-performance approach to compensation. The Governance Committee periodically reviews the alignment of the CEO's realizable pay with NFI's performance based on a series of financial measures, relative to the compensation benchmarking comparator group. Pay and performance alignment was last reviewed in 2016, showing a strong link between the CEO's realizable direct compensation and Company performance, and the Governance Committee concluded that realizable CEO pay is aligned with performance.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by and the share-based and Option-based awards granted to the NEOs for the fiscal year ended January 1, 2023. All values are reported in Canadian dollars.

Name and Title	Year	Salary ⁽¹⁾	Share-based Awards ⁽²⁾	Option-based Awards ⁽³⁾	Non-Equity Incentive Plan Compensation	Pension Value ⁽⁵⁾	All Other Compensation	Total Compensation
					Annual Incentive Plans ⁽⁴⁾			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	2022	875,000	1,476,563	492,188	0	30,780	20,342 ⁽⁶⁾	2,894,872 ⁽⁶⁾
	2021	875,000	1,476,563	492,188	176,524	29,210	18,436 ⁽⁶⁾	3,067,920 ⁽⁶⁾
	2020 ⁽⁷⁾	875,000	1,476,563	492,188	347,157	27,230	20,342 ⁽⁶⁾	3,239,079 ⁽⁶⁾
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	2022	550,000	453,750	151,250	0	30,780	0	1,185,780
	2021	550,000	453,750	151,250	77,180	29,210	0	1,261,398
	2020 ⁽⁷⁾	550,000	453,750	151,250	151,800	27,830	0	1,334,630
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	2022	430,000	354,750	118,250	0	30,780	0	933,780
	2021	400,000	330,000	110,000	60,347	29,210	0	929,557
	2020 ⁽⁷⁾	400,000	330,000	110,000	110,400	27,830	0	978,230
Brian Dewsnp <i>President, NFI Parts and ARBOC</i>	2022 ⁽⁸⁾	543,151 ⁽⁸⁾	402,079	134,026	0	41,670	2,376 ⁽⁹⁾	1,123,302
	2021	423,239	349,172	116,391	87,163	36,904	0	1,012,869
	2020 ⁽⁷⁾	431,112	355,667	118,556	117,262	35,814	0	1,058,411
Paul Davies <i>President and Managing Director, ADL</i>	2022	467,982	386,085	128,695	0	0	0	982,762
	2021	461,511	276,907	92,302	55,744	0	0	886,463
	2020 ⁽⁷⁾	339,857	0	0	0	0	0	339,857
Margaret Lewis <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	2022	419,678	204,593	68,198	0	41,670	0	733,529
	2021	372,703	181,693	60,565	34,353	36,904	0	686,219
	2020 ⁽⁷⁾	379,639	185,073	61,691	18,982	35,814	0	681,196

⁽¹⁾ With the exception of Mr. Dewsnp, Ms. Lewis and Mr. Davies, executives are paid in Canadian dollars. Mr. Dewsnp's and Ms. Lewis' compensation has been converted to Canadian dollars at the exchange rates of 1.3538 for 2022, 1.2634 for 2021, and 1.2869 for 2020. Mr. Davies' compensation has been converted from GBP to Canadian dollars at the exchange rate of 1.6363 for 2022 and 1.7093 for 2021.

⁽²⁾ Represents the grant date fair value of awards granted under the PRSU Plan for compensation and accounting purposes, calculated based on the average trading price of the Common Shares on the TSX for the five trading days prior to the date of the grant. PSUs are valued assuming target performance.

⁽³⁾ The fair value of the options was determined using the Black-Scholes formula as at the effective date of grant of December 31, 2019, December 28, 2020 and January 2, 2022. (see table below for assumptions).

⁽⁴⁾ Represents payments earned under the STIP.

⁽⁵⁾ Represents contributions made by the Company to the executive's registered retirement plan.

⁽⁶⁾ Represents the after-tax amount related to life insurance premiums forming part of Mr. Soubry's regular benefits.

⁽⁷⁾ In response to the COVID-19 pandemic, the NEOs agreed to take a temporary pay reduction in 2020. The pay reduction for each NEO was:

Paul Soubry	\$36,458
Pipasu Soni	\$16,042
Chris Stoddart	\$11,667
Brian Dewsnp	\$14,263
Paul Davies	\$26,724
Margaret Lewis	\$4,380

⁽⁸⁾ Mr. Dewsnp served as Acting President and CEO for the period May 6, 2022 to August 8, 2022. Mr. Dewsnp's base salary was increased from \$360,000 USD to \$520,000 USD during this period.

⁽⁹⁾ Represents payments in lieu of issuance of PRSU as a result of Mr. Dewsnp's base salary increase during his tenure as Acting President and CEO.

Key assumptions	Grant date:	January 2, 2022	December 28, 2020	December 31, 2019
	Compensation year:	2022	2021	2020
Share price		20.26	24.70	26.81
Exercise price		20.26	24.70	26.81
Dividend yield		3.77%	4.57%	6.16%
Expected volatility		46.01%	44.02%	28.40%
Risk-free interest rate		1.29%	0.45%	1.64%
Expected life		5.5 years	5.5 years	5.5 years
Value		\$6.10	\$6.28	\$3.36

INCENTIVE PLAN AWARDS

Outstanding Option-Based and Share-Based Awards

The following table sets forth information concerning all outstanding option-based and share-based awards granted by the Company to the NEOs on or before January 1, 2023.

Name and Title	Option-based Awards				Share-based Awards ⁽¹⁾		
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units that have not vested ⁽²⁾	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	71,333	26.75	28-Dec-23	0	23,634	216,728	202,467
	38,800	40.84	3-Jan-25	0			
	41,973	54.00	2-Jan-26	0			
	78,431	33.43	2-Jan-27	0			
	146,484	26.81	31-Dec-27	0			
	78,374	24.70	28-Dec-28	0			
	80,686	20.26	3-Jan-30	0			
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	45,015	26.81	31-Dec-27	0	7,263	66,601	62,219
	24,084	24.70	28-Dec-28	0			
	24,795	20.26	3-Jan-30	0			
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	11,387	26.75	28-Dec-23	0	5,560	50,988	46,525
	6,193	40.84	3-Jan-25	0			
	5,030	54.00	2-Jan-26	0			
	21,569	33.43	2-Jan-27	0			
	32,738	26.81	31-Dec-27	0			
	17,516	24.70	28-Dec-28	0			
	19,385	20.26	3-Jan-30	0			
Brian Dewsnp <i>President, NFI Parts and ARBOC</i>	10,690	26.75	28-Dec-23	0	4,859	60,325	52,743
	9,292	40.84	3-Jan-25	0			
	9,667	54.00	2-Jan-26	0			
	18,064	33.43	2-Jan-27	0			
	27,418	26.81	31-Dec-27	0			
	14,670	24.70	28-Dec-28	0			
	16,230	20.26	3-Jan-30	0			
Paul Davies <i>President and Managing Director, ADL</i>	8,599	24.70	28-Dec-28	0	3,424	51,380	31,483
	12,893	20.26	3-Jan-30	0			
Margaret Lewis <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	7,383	26.75	28-Dec-23	0	2,384	29,610	27,218
	5,354	40.84	3-Jan-25	0			
	4,348	54.00	2-Jan-26	0			
	9,400	33.43	2-Jan-27	0			
	14,267	26.81	31-Dec-27	0			
	7,633	24.70	28-Dec-28	0			
	8,258	20.26	3-Jan-30	0			

⁽¹⁾ Awards under the PRSU Plan are considered "share-based awards" for the purposes of this table under applicable Canadian securities laws.

⁽²⁾ Represents the number of notional Common Shares underlying PSUs and RSUs granted under the PRSU Plan, which were unvested as at January 1, 2023.

⁽³⁾ Represents the aggregate value of the Common Shares listed in the adjacent column of this Share-Based Awards Table, calculated based on the closing price of the Common Shares on the TSX on December 30, 2022 of \$9.52. Mr. Dewsnp's and Ms. Lewis' payout is in U.S. dollars based on a US-Canadian exchange rate of 1.3538, and Mr. Davies' payout is in GBP based on a GBP-CAD exchange rate of 1.6363.

Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards of the NEOs that vested during the 2022 fiscal year, as well as the value of non-equity incentive plan compensation that the NEOs earned in respect of the 2022 fiscal year.

Name and Title	Option-based awards – Value vested during the year (\$)	Share-based awards -Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation - Value earned during the year (\$)
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	0	202,554	0
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	0	62,245	0
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	0	46,545	0
Brian Dewsnup ⁽²⁾ <i>President, NFI Parts and ARBOC</i>	0	52,743	0
Paul Davies ⁽³⁾ <i>President and Managing Director, ADL</i>	0	31,497	0
Margaret Lewis ⁽²⁾ <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	0	27,218	0

⁽¹⁾ Represents the value of awards granted under the PRSU Plan, which are considered "share-based awards" for the purposes of this table under applicable Canadian securities laws, which vested during fiscal 2022. Only RSUs vested during 2022. RSU valuation is based on the 5-day weighted average closing price for the last five trading days in fiscal year.

⁽²⁾ Mr. Dewsnup and Ms. Lewis receive their compensation in U.S. dollars. The dollar values in this chart are based on a USD - CAD exchange rate of 1.3538.

⁽³⁾ Mr. Davies receives his compensation in GBP. The dollar values in this chart are based on a GBP - CAD exchange rate of 1.6363.

The chart below summarizes the pay realized by NEOs in 2022 with respect to the exercise of Options and the settlement of RSUs and PSUs.

Name	Gain Realized on Options (\$) ⁽¹⁾	Realized Value on RSUs (\$) ⁽²⁾	Realized Value on PSUs (\$) ⁽³⁾	Total Realized Value on Options and Share-Based Awards (\$)
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	-	202,554	-	202,554
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	-	62,245	-	62,245
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	-	46,545	-	46,545
Brian Dewsnap ⁽⁴⁾ <i>President, Parts Business and ARBOC</i>	-	52,765	-	52,765
Paul Davies ⁽⁵⁾ <i>President and Managing Director, ADL</i>	-	31,497	-	31,497
Margaret Lewis ⁽⁴⁾ <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	-	27,218	-	27,218

⁽¹⁾ None of the NEOs exercised Options in 2022.

⁽²⁾ Represents the value of RSUs that vested in 2022. In accordance with the terms of the loan agreement dated January 20, 2023 between the Company and Manitoba Development Corporation, the payment of the amounts earned in respect of the RSUs will not be paid to the NEOs until after June 20, 2023.

⁽³⁾ Represents the value of PSUs that vested in 2022.

⁽⁴⁾ Mr. Dewsnap and Ms. Lewis receive their compensation in U.S. dollars. The dollar values in this chart are based on a U.S.-Canadian exchange rate of 1.3538 in 2022.

⁽⁵⁾ Mr. Davies receives his compensation in GBP. The dollar values in this chart are based on a GBP - CAD exchange rate of 1.6363 in 2022.

Equity Compensation Plan Information

The Governance Committee approves Options, which may be granted to employees in Canada, the U.S. and the United Kingdom, and are priced according to the provisions of the plan in the currency where the employee resides. For more information on the Option Plans, see Schedule "B" – Description of Options Plans.

At January 1, 2023, there were 3,512,964 Options outstanding under the 2013 Option Plan. 1,910,057 of them were exercisable and 236,757 of them expired. At January 1, 2023, no Options have been granted under the 2020 Option Plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights ⁽²⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities included in first column)
Equity compensation plans approved by security holders			
<i>2013 Option Plan</i>	1,910,057	27.41	323,793
<i>2020 Option Plan</i>	-	27.41	3,200,000
<i>Director RSU plan</i>	110,142	9.17	275,402
Total	2,020,199	26.42	3,799,195

⁽¹⁾ Outstanding under the 2013 and 2020 Option Plans and Director RSU Plan for all participants.

⁽²⁾ Weighted-average exercise price of Common Shares outstanding under the 2013 and 2020 Option Plans.

RETIREMENT PLAN BENEFITS

Executives based in Canada

The registered retirement plan for the executives of the Company based in Canada is a non-contributory defined contribution plan. Messrs. Soubry, Soni, and Stoddart are based in Canada. The Company contributes each year, on behalf of the NEOs, an amount equal to 18% of their base salary, subject to the maximum level of contributions set out in the *Income Tax Act* (Canada). The contributions made to the plan by the Company vest immediately.

Executives based in the United States

The retirement plan for the executives of the Company who are based in the United States (two of whom are NEOs, being Mr. Dewsnup and Ms. Lewis) consists of a 401(k) plan and a supplemental executive retirement savings plan (the “**ERSP**”). The ERSP is a non-contributory plan. The Company contributes each year, on behalf of the U.S.-based executives, to the 401(k) plan an amount equal to the limit set out under the United States Internal Revenue Code and an amount to the ERSP, such that the aggregate of the amounts contributed to the two plans equal 18% of base salary, similar to the registered retirement plan provided to the executives of the Company based in Canada. The contributions made to the plan by the Company vest immediately.

Executives based in UK

The retirement plan for the executives of the Company based in the UK (one of whom is a NEO, Mr. Davies), is a defined contribution plan. The Company contributes each year, on behalf of the NEO, an amount equal to 16% of their base salary, subject to the maximum level of contributions set out by UK Pension Accrual limits.

Investment and Withdrawal

The Canadian and U.S.-based executives (including the NEOs) are entitled to invest the funds in any investment vehicle (e.g., guaranteed investment certificates and mutual funds) permitted by the providers of the plans. Upon retirement, the value of the accumulated contributions, together with any interest earned and capital appreciation on the funds invested, less any capital losses, can be withdrawn by the executives to provide retirement benefits. The amount of retirement income provided to each of the executives under the plans will depend upon the amount contributions made by the Company, the length of time the funds are in the plans and the rates of return earned on the funds until the executive's retirement.

Defined Contribution Plan Table

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year-end (\$)
Paul Soubry <i>President and Chief Executive Officer, NFI</i>	664,761	30,780	644,402
Pipasu Soni <i>Executive Vice President and Chief Financial Officer, NFI</i>	74,620	30,780	96,367
Chris Stoddart <i>President, North American Bus and Coach, New Flyer</i>	662,878	30,780	623,969
Brian Dewsnap ⁽¹⁾ <i>President, NFI Parts and ARBOC</i>	1,080,032	41,670	943,455
Paul Davies ⁽²⁾ <i>President and Managing Director, ADL</i>	0	0	0
Margaret Lewis <i>Senior Vice President, Manufacturing & Facilities, New Flyer</i>	2,126,542	41,061	1,913,884

⁽¹⁾ The opening balance has been converted from United States dollars to Canadian dollars at an exchange rate of 1.2634 and the compensatory and year-end values have been converted at an exchange rate of 1.3538.

⁽²⁾ Mr. Davies compensatory and year-end values have been converted from GBP at an exchange rate of 1.6363.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Paul Soubry

A subsidiary of NFI entered into an indefinite term employment agreement with Paul Soubry commencing January 1, 2011. Mr. Soubry's agreement provides that his employment may be terminated for "Cause" without advance notice, and that he may resign without "Good Reason" on 60 days' prior written notice. In these circumstances, Mr. Soubry will be entitled to any amounts earned to the termination date. "Cause" is defined as a willful failure or refusal to perform duties following a 15-day opportunity to correct the failure, a material act of dishonesty or breach of trust in performing his duties, a conviction of or pleading guilty to an offence involving fraud, dishonesty or misappropriation, a breach of Mr. Soubry's non-competition, confidentiality and intellectual property obligations or any other conduct which would be treated as cause under Manitoba law. "Good Reason" is defined as assignment without consent of Mr. Soubry's duties causing a substantial reduction in authority or responsibilities, failure of any successor of NFI to assume the obligations under the employment agreement, or a material violation by NFI of the terms of the employment agreement that NFI fails to correct within 15 days of being notified of the violation. On termination of Mr. Soubry's employment without Cause or resignation by Mr. Soubry with Good Reason, Mr. Soubry is entitled to payment of his base salary and continuation of benefits for a period of 12 months and payment of a prorated bonus for the year in which the termination occurs. If Mr. Soubry's employment ends as a result of death, then Mr. Soubry's estate will be entitled to amounts earned to the termination date and payment of a prorated bonus.

Mr. Soubry is bound by non-competition and non-solicitation covenants during the term of employment and for a period of 12 months in the case of the non-competition covenant, and 24 months, in the case of non-solicitation covenant, following cessation of employment. If Mr. Soubry's employment is terminated without Cause or he resigns with Good Reason, the continuing payments and benefits provided to him will cease immediately if he breaches his post-employment non-competition or non-solicitation obligations.

The PRSU Plan and the Option Plans set out termination and change of control consequences that are in addition to those described above. "The PRSU Plan was amended and adopted by the board on December 18, 2018 to remove the single trigger accelerated vesting of awards in connection with a Change of control and to make other housekeeping changes. In respect of awards granted on or following December 18, 2018, the PRSU Plan now provides that if a participant's employment ceases because of a termination

without cause or a resignation for good reason (which is materially similar to “Good Reason” as defined above, but also includes a material reduction in the participant’s compensation (other than as a result of not achieving applicable performance targets) and a fifteen day cure period, in each case within a specified time period following a Change of control (between 12 and 24 months depending on the participant’s seniority), then all of the participant’s unvested RSUs will accelerate and vest on the participant’s termination date and a pro-rata portion of the participant’s unvested PSUs will accelerate and vest on the participant’s termination date (assuming target performance). The PRSU Plan also now provides that in the event of a Change of control whereby the surviving or successor entity does not assume the outstanding awards under the plan or substitute the outstanding awards for similar awards, NFI will give written notice to all participants advising them that the PRSU Plan will be terminated immediately prior to the Change of control and all unvested RSUs and a pro-rata portion of the unvested PSUs (assuming target performance) will accelerate and vest immediately prior to the termination of the plan and will generally be redeemed at or around such time. If the Change of control is not consummated, the awards which vested will be returned to the participants and reinstated as unvested awards and the original terms applicable to such awards will be reinstated. Additional PRSU Plan terms are described in the “Compensation Discussion and Analysis” section above.

All PSUs and RSUs of Mr. Soubry’s are forfeited on termination of employment for Cause or on resignation without Good Reason. If Mr. Soubry’s employment is terminated without Cause or he resigns with Good Reason, he is entitled to a prorated portion of PSUs and RSUs based on the number of days in the performance period that elapsed prior to the termination date, and these PSUs and RSUs will continue to vest as if Mr. Soubry had remained employed and, in the case of the PSUs, will be paid out based on actual performance over the whole performance period. In the case of death, a prorated number of PSUs and RSUs vest and are redeemed within 60 days of the date of death. In the case of disability, Mr. Soubry is entitled to a prorated number of PSUs and RSUs, which will continue to vest as if Mr. Soubry had remained employed. In the case of retirement, Mr. Soubry’s PSUs and RSUs will continue to vest as if Mr. Soubry had remained employed and, in the case of the PSUs, will be paid out based on actual performance over the whole performance period. The Board has sole discretion to approve whether a resignation shall be treated as retirement. If Mr. Soubry’s employment is terminated without cause or he resigns with Good Reason within 24 months of a change in control, he is entitled to redemption of all of his RSUs and a prorated portion of PSUs based on the number of days in the performance period that elapsed prior to the termination date, vesting at target. “Change of control” is defined to include (i) a reorganization, amalgamation, merger or plan of arrangement, other than solely involving NFI 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 NFI 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% of the voting securities of the resulting entity on a fully-diluted basis; (ii) a formal takeover bid or tender offer for the voting securities of NFI being completed (other than NFI or one or more of its affiliates) resulting in a change in ownership of more than 50% of the voting securities of NFI; or (iii) the direct or indirect sale or other disposition other than to an affiliate of NFI of either more than 50% of the voting securities of New Flyer Holdings, Inc. (“**NF Holdings**”) or all or substantially all of the consolidated assets of NF Holdings. Additional PRSU Plan terms are described in the “Compensation Discussion and Analysis” section above. Option employment cessation terms are explained in Schedule “B” – Description of The Option Plans.

Pipasu Soni, Chris Stoddart, Brian Dewsnap, Paul Davies and Margaret Lewis

A subsidiary of NFI entered into indefinite term employment agreements with Messrs. Soni, Stoddart, Dewsnap, Davies and Ms. Lewis. These employment agreements provide that upon termination of employment without “Cause” or resignation for “Good Reason”, the executive officer is entitled to payment of base salary and continuation of benefits for 12 months and payment of accrued and prorated bonuses. “Cause” and “Good Reason” under each of these employment agreements have the same definitions as described above under the summary of Mr. Soubry’s employment terms. Under their respective employment agreements, each of Messrs. Soni, Stoddart, Dewsnap, Davies and Ms. Lewis are bound by non-competition and non-solicitation covenants during the term of employment and for a period of 12 months, in the case of the non-competition covenant, and 12 to 24 months, in the case of the non-solicitation covenant, following cessation of employment. If employment is terminated without Cause or they resign with Good Reason, the continuing payments and benefits provided will cease immediately if they breach these post-employment non-competition or non-solicitation obligations.

Summary of Termination Payments

The following table describes the incremental payments and benefits that would be payable to each NEO listed below under their respective employment agreements described above, assuming that such NEO’s employment had been terminated on January 1, 2023. In certain of the scenarios below, the amount of the incremental payments payable to the NEO under the STIP and PRSU Plan depends on the achievement of performance targets and are not determinable until the end of the relevant performance period, being the end of fiscal 2022 in respect of the STIP and the end of the performance period that relates to each of the grants issued to the NEO under the PRSU Plan.

Termination Scenario	Base Salary	STIP	PRSU Plan	Share Options
Termination Without Cause or Resignation for Good Reason	100% of base salary for 12 months.	Pro rata entitlement to the STIP determined as at end of fiscal 2022.	Pro rata number of units based on number of days that elapsed in performance period prior to date of termination. Will continue to vest as if employment had continued.	Forfeit unvested Options, have 90 days to exercise vested Options.
Termination for Cause	Unpaid base salary to date of termination.	No entitlement to STIP for fiscal period in which employment terminated.	All units will be forfeited.	Forfeit unvested Options, have 30 days to exercise vested Options.
Resignation without Good Reason	Unpaid base salary to date of termination.	No entitlement to STIP for fiscal period in which employment terminated.	All units will be forfeited.	Forfeit unvested Options, have 30 days to exercise vested Options.
Death	Unpaid base salary to date of death.	Pro rata entitlement to the STIP determined as at end of fiscal 2022.	Pro rata portion of units based on number of days that elapsed in performance period prior to date of death vest immediately. Units are redeemed and paid within 60 days of death.	Forfeit unvested Options, have one year to exercise vested Options.
Disability	Long-term disability = 70% of base salary for a maximum of \$18,000 per month (for Canadian executives) and USD \$16,000 per month (for USD executives). Supplemental individual policy for CEO of \$17,000 per month.	Pro rata entitlement to the STIP determined as at end of fiscal 2022.	Pro rata portion of units based on number of days that elapsed in performance period prior to date of termination. Will continue to vest as if employment had continued.	Options continue to vest as scheduled and will be exercisable until the earlier of 3 years after the termination date or the expiry date of the Option.
Retirement	Unpaid base salary to date of retirement.	Pro rata entitlement to the STIP determined as at end of fiscal year 2022.	Continue to vest as scheduled. Board has sole discretion to approve whether a resignation shall be treated as retirement.	All Options continue to vest as scheduled and will be exercisable until the earlier of 3 years after the termination date or the expiry date of the Option. Board has sole discretion to approve whether a resignation shall be treated as retirement.
Termination Without Cause or Resignation for Good Reason and Change of Control	100% of base salary for 12 months.	Pro rata entitlement to the STIP determined as at end of fiscal 2022.	All RSUs will vest and be redeemed and paid within 30 days of termination and a pro-rata portion of the PSUs granted will vest at target and be redeemed within 30 days of termination.	All Options vest immediately prior to termination date and will be exercisable for 90 days after the termination date.
Change of Control and no termination of employment	Base salary paid in accordance with terms set out in employment agreement.	STIP paid in accordance with terms set out in employment agreement and determined as at end of fiscal 2022.	All units granted that are not assumed or substituted will vest upon a change in control.	Options that are not assumed or substituted will vest upon a change of control.

The table below shows the estimated incremental payments or benefits that would be made to the NEOs in the event of different termination events. Amounts have been calculated as if the termination events had occurred on January 1, 2023 and assuming performance at target for the PSUs. All values are reported in Canadian dollars.

Name	Amount Due on Termination						
	Event	Contractual		Long-Term Incentive Plans			Total (\$)
		Base Salary (\$)	STIP (\$)	PSUs (\$) ⁽¹⁾	RSUs (\$)	Option Plans ^{(2) (3)} (\$)	
Paul Soubry	Termination Without Cause or Resignation for Good Reason	875,000	-	-	202,554	-	1,077,554
	Termination for Cause	-	-	-	-	-	-
	Resignation without Good Reason	-	-	-	-	-	-
	Death	-	-	-	202,554	-	202,554
	Disability	-	-	-	202,554	-	202,554
	Retirement	-	-	-	419,282	-	419,282
	Termination Without Cause or Resignation for Good Reason and Change of Control	875,000	-	-	419,282	-	419,282
	Change of Control and no termination of employment	-	-	-	419,282	-	419,282
Pipasu Soni	Termination Without Cause or Resignation for Good Reason	550,000	-	-	62,245	-	612,245
	Termination for Cause	-	-	-	-	-	-
	Resignation without Good Reason	-	-	-	-	-	-
	Death	-	-	-	62,245	-	62,245
	Disability	-	-	-	62,245	-	62,245
	Retirement	-	-	-	128,846	-	128,846
	Termination Without Cause or Resignation for Good Reason and Change of Control	550,000	-	-	128,846	-	678,846
	Change of Control and no termination of employment	-	-	-	128,846	-	128,846
Chris Stoddart	Termination Without Cause or Resignation for Good Reason	430,000	-	-	46,545	-	476,545
	Termination for Cause	-	-	-	-	-	-
	Resignation without Good Reason	-	-	-	-	-	-
	Death	-	-	-	46,545	-	46,545
	Disability	-	-	-	46,545	-	46,545
	Retirement	-	-	-	97,533	-	97,533
	Termination Without Cause or Resignation for Good Reason and Change of Control	430,000	-	-	97,533	-	527,533
	Change of Control and no termination of employment	-	-	-	97,533	-	97,533

Name	Amount Due on Termination						
	Event	Contractual		Long-Term Incentive Plans			Total (\$)
		Base Salary (\$)	STIP (\$)	PSUs ⁽¹⁾ (\$)	RSUs (\$)	Option Plans ^{(2) (3)} (\$)	
Brian Dewsnup ⁽⁴⁾	Termination Without Cause or Resignation for Good Reason	543,151	-	-	52,765	-	595,916
	Termination for Cause	-	-	-	-	-	-
	Resignation without Good Reason	-	-	-	-	-	-
	Death	-	-	-	52,765	-	52,765
	Disability	-	-	-	52,765	-	52,765
	Retirement	-	-	-	113,090	-	113,090
	Termination Without Cause or Resignation for Good Reason and Change of Control	543,151	-	-	113,090	-	656,242
	Change of Control and no termination of employment	-	-	-	113,090	-	656,242
Paul Davies ⁽⁴⁾	Termination Without Cause or Resignation for Good Reason	467,982	-	-	31,497	-	499,479
	Termination for Cause	-	-	-	-	-	-
	Resignation without Good Reason	-	-	-	-	-	-
	Death	-	-	-	31,497	-	31,497
	Disability	-	-	-	31,497	-	31,497
	Retirement	-	-	-	82,877	-	82,877
	Termination Without Cause or Resignation for Good Reason and Change of Control	467,982	-	-	82,877	-	550,858
	Change of Control and no termination of employment	-	-	-	82,877	-	82,877
Margaret Lewis ⁽⁴⁾	Termination Without Cause or Resignation for Good Reason	419,678	-	48,195	27,218	-	495,091
	Termination for Cause	-	-	-	-	-	-
	Resignation without Good Reason	-	-	-	-	-	-
	Death	-	-	48,195	27,218	-	75,413
	Disability	-	-	48,195	27,218	-	75,413
	Retirement	-	-	48,195	56,815	-	105,010
	Termination Without Cause or Resignation for Good Reason and Change of Control	419,678	-	48,195	56,815	-	524,688
	Change of Control and no termination of employment	-	-	48,195	56,815	-	105,010

⁽¹⁾ PSU amounts determined based on vesting percentage at target and the fair value, calculated based on the average trading price of the Common Shares on the TSX for the last five trading days of 2022. Actual vesting percentage is dependent on actual results over the future periods, except in the case of death where the target number of units vest (pro-rated for the period).

⁽²⁾ Option amounts determined based on the difference between the closing price of a Common Share on the TSX on January 6, 2023 and the exercise price of the Option.

⁽³⁾ Option amounts determined represent the value of vested option value at time of termination event.

⁽⁴⁾ With the exception of Mr. Dewsnup, Ms. Lewis and Mr. Davies, all executives are paid in Canadian dollars. Mr. Dewsnup's and Ms. Lewis' compensation has been converted from U.S. dollars to Canadian dollars at the exchange rate of 1.3538 for 2022. Mr. Davies' compensation has been converted from GBP to Canadian dollars at the exchange rate of 1.6363 for 2022.

CORPORATE GOVERNANCE

INDEBTEDNESS OF DIRECTORS AND OFFICERS OF THE COMPANY

No amounts are owed to NFI or any of its subsidiaries or to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by NFI or any of its subsidiaries, by any Director (including Ms. Walker-Ford) or officer of NFI, former Directors or officers of NFI or any associates or affiliates of the foregoing.

AUDIT COMMITTEE

Information regarding NFI's Audit Committee can be found on pages 51 and 52 of the AIF. A copy of the AIF can be obtained by contacting NFI or can be found at www.sedar.com.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance practices are an important factor in the overall success of the Company. To that end, the Board strives to uphold high standards of corporate governance that reflect applicable legal and regulatory requirements as well as evolving best practices. The Governance Committee regularly assesses NFI's approach to corporate governance and makes recommendations to the Board on emerging best practices and other policy improvements.

1. Board of Directors

- The independent members of the Board, within the meaning of NI 52-110, are The Honourable Brian Tobin (who is not being nominated for re-election at the Meeting), Larry Edwards, Wendy Kei, Adam Gray, Krystyna Hoeg, Phyllis Cochran, Paulo Nunes and Katherine Winter.
- The non-independent Directors of NFI are (i) Colin Robertson, who is considered to be non-independent by virtue of his previous position as the CEO of Alexander Dennis Limited ("ADL") from May 28, 2019 (the date ADL was purchased by NFI) to September 30, 2020 when he transitioned as Vice Chair of NFI, and (ii) Paul Soubry, who is considered to be non-independent by virtue of his position as the President and Chief Executive Officer of NFI since January 19, 2009.
- If Ms. Walker-Ford is elected to the Board, she will be considered an independent member of the Board within the meaning of NI 52-110. If Ms. Walker-Ford is elected to the Board, eight of the ten members of the Board will be independent of management.
- The Board Chair is The Honourable Brian Tobin, an independent Director. Mr. Tobin is not being nominated for re-election at the Meeting. For the role and responsibilities of the Board Chair, please refer to the Appendix to the Mandate of the Board of Directors in Schedule "E".
- During fiscal 2022, there were 13 meetings of the Board (either in person or by teleconference). All directors attended such meetings, except for Mr. Gray who was absent for two meetings.
- During fiscal 2022, there were four meetings of the Audit Committee (either in person or by teleconference). All members of the Audit Committee attended such meetings, except for Mr. Gray who was absent for two meetings.

- During fiscal 2022, there were five meetings of the Governance Committee (either in person or by teleconference). All members of the Governance Committee attended such meetings.
- It is the practice of the Board to hold in-camera sessions without members of management in attendance at each Board and committee meeting. During fiscal 2022, there were eight meetings of the Board, four meetings of the Audit Committee and five meetings of the Governance Committee where independent Directors held meetings without management present. To facilitate open and candid discussion among the Directors, the Board Chair, an independent Director, regularly calls and leads meetings of the Board. In addition, the independent Directors have unfettered access to information regarding NFI's activities and have the ability to engage outside advisors as deemed necessary.

The following table displays the other public company directorships held by each of the Director nominees:

Name	Other Public Company Directorships
Ms. Cochran	-
Mr. Edwards	-
Mr. Gray	Blue Bird Corporation (U.S.) Purple Innovation, Inc. (U.S.)
Ms. Hoeg	Imperial Oil Limited
Ms. Kei	Ontario Power Generation Inc. Centerra Gold Inc.
Mr. Nunes	Marcopolo S.A. (Brazil)
Mr. Robertson	-
Mr. Soubry	-
Ms. Walker-Ford	-
Ms. Winter	-

2. Board Composition

The Governance Committee maintains a matrix that sets out the background, skills and experience of each of the Directors (including Ms. Walker-Ford). This information is used to assess the overall strength and diversity of the Board and is presented below.

NFI GROUP INC. Director Skills and Experience Summary – 2023

		Phyllis Cochran	Larry Edwards	Adam Gray	Krystyna Hoeg	Wendy Kei	Paulo Nunes	Colin Robertson	Paul Soubry	Jannet Walker-Ford	Katherine Winter
Independence	Yes	X	X	X	X	X	X			X	X
	No							X	X		
Personal Diversity	Male		X	X			X	X	X		
	Female	X			X	X				X	X
	Non-binary / Other										
	Asian					X					
	Black / African-American									X	
	Caucasian	X	X	X	X		X	X	X		X
	Hispanic / Latino										
	Indigenous										
	Hawaiian / Pacific Islander										
Region of Experience	Disability										
	Canada			X	X	X			X	X	
	U.S.A.	X	X	X	X	X		X	X	X	X
	UK							X		X	
	Other			X	X	X	X	X	X	X	X
Education	Bachelor	X	X	X	X	X		X	X	X	X
	Masters				X					X	
	PhD										
	MBA		X								X
	ICD or Directors Cert.		X			X			X		
Profession	Other				X		X	X	X		
	CPA	X			X	X					
	Engineer		X					X			X
	Lawyer										
	Director / Consultant	X	X	X	X	X	X			X	
	Private Equity			X							
	Investor / Investment Manager			X							
Other			X							X	
Government Relations/Influence	Canadian federal								X		
	U.S. federal										
	Canadian provincial					X			X		
	U.S. state						X			X	
	Other										
Essential Business/Industry Experience	CEO / Senior Executive	X	X	X	X	X	X	X	X	X	X
	Board Experience	X	X	X	X	X	X	X	X	X	X
	Public Company Experience	X	X	X	X	X	X	X	X	X	X
	Financial Expert	X		X	X	X					
	Manufacturing Experience	X	X		X		X	X	X		X
	Transit or Coach Industry						X	X	X	X	
	Strategic Planning	X	X	X	X	X	X	X	X	X	X
	ESG-related Experience					X				X	
	Government Policy Experience									X	
	Facility Operation Experience	X	X		X		X	X	X		X
Beneficial Business/Industry Experience	LEAN / Business Transformation	X			X			X	X	X	X
	Other Vehicle Industry	X		X	X		X	X			X
	Public-Private Partnerships			X	X	X				X	
	Risk Management Experience	X	X	X	X	X	X	X	X		X
	Marketing Experience		X	X	X		X	X	X	X	X
	IT Experience					X				X	X
	Research / Technology				X					X	X
	HR Experience	X	X	X	X	X	X				X
	Financial Experience	X		X	X	X	X				
	Mergers and Acquisitions	X	X	X	X	X	X	X	X		X

3. Board of Directors Mandate

The Board mandate is included as Schedule “E” to this Information Circular.

4. Charter of Expectations for Directors

The Board has adopted a Charter of Expectations for Directors which sets out the Company’s expectations regarding personal and professional competencies and criteria for Directors, share ownership requirements (described on page 22 of this Information Circular), meeting attendance, conflict of interest guidelines, changes of circumstance, resignation events and majority voting policy (described below). The Charter is reviewed annually by the Board and a copy is attached as Schedule “F”.

5. Majority Voting Policy

The Board has adopted a policy which provides that, if the total number of shares voted in favor of the election of a Director nominee at a shareholders’ meeting represents less than a majority of the total shares voted for and withheld with respect to that Director, the Director must submit his or her resignation to the Board Chair, to be effective when accepted by the Board. The Governance Committee will consider and make a recommendation to the Board regarding the resignation, and the Board’s decision to accept or reject the resignation will be disclosed to the public within 90 days of receiving the resignation. If a resignation is accepted, the Board may appoint a new Director to fill the vacancy. This policy applies only to uncontested elections — that is, elections in which the number of nominees for Director is equal to the number of Directors to be elected.

6. Director Term and Age Limits

The Board believes there should be a balance between having experienced Directors who have served on the Board for an appropriate length of time so as to understand the Company, its business environment and the issues facing the Company and renewing the Board to ensure new insights are considered to reflect and address changing business environments and strategies. In order to assist in achieving this balance, a Director will generally not be nominated for election or re-election at an annual meeting after the earlier of the following occurs: (i) the Director attains the age of 75, and (ii) the Director has served a 15-year term on the Board, provided however, the Board will ultimately rely upon its robust self-assessment process to determine Board renewal needs. Where the Board determines it would be in the best interests of the Company, the Board is entitled to nominate any person for election to the Board, regardless of age or tenure.

7. Position Descriptions

Position descriptions for the Board Chair and the chairpersons of the Governance Committee and Audit Committee are found in the Appendix of the Board mandate included as Schedule “E” to this Information Circular.

A position description for the CEO has also been adopted by the Directors and is as follows:

Responsibilities of the CEO

1. Demonstrate leadership values and integrity in all aspects of managing NFI and its subsidiaries in the best interests of its stakeholders.
2. With input from the Board, develop a multi-year strategic plan and an annual business plan.
3. Provide leadership and vision in setting, implementing and achieving NFI’s and its subsidiaries’ strategic objectives and distribution targets, developing and implementing sound operating and financial plans, designing an effective organizational structure, and determining annual

operating budgets and resource levels for NFI and its subsidiaries to meet its short-term and long-term goals and objectives.

4. Identify business opportunities and plan and direct investigations and negotiations pertaining to capital investments, mergers, joint ventures, material acquisitions of businesses or the sale of major assets, and obtain Directors approval of material transactions.
5. Set an operational philosophy that is performance driven and customer focused, while providing leadership to management in support of NFI's commitment to its Code (as defined below).
6. At the discretion of the securityholders of NFI and the Directors, serve on the Board.
7. Communicate in a timely, candid and comprehensive fashion with the Audit Committee, the Governance Committee and the Directors on the progress of NFI towards the achievement of its strategic objectives and business plan.
8. Meet regularly with the Board Chair and other Directors to ensure that Directors are being provided with necessary information and resources to fulfill their responsibilities and statutory obligations.
9. On an ongoing basis, work with the Board Chair to develop schedules and agendas of meetings of the Directors and its committees and verify that all items requiring Directors and/or committee approval are appropriately tabled.
10. Serve as chief spokesperson and liaison for NFI, including effectively managing relations with NFI's external stakeholders, such as securityholders, NFI's employees, customers, suppliers, the investment community, the media, governments and the public generally.
11. Oversee the direction of NFI's tax management and planning.
12. With the CFO and under the supervision of the Audit Committee:
 - establish and maintain NFI's disclosure controls and procedures through appropriate policies and procedures, including NFI's Disclosure and Insider Trading Policy;
 - identify all significant risks to NFI's business and ensure that procedures are established to mitigate the impact of the risks in the best interest of stakeholders;
 - ensure the accuracy, completeness, integrity and appropriate disclosure of NFI's financial statements and other financial information through appropriate policies and procedures; and
 - ensure that NFI has complied with all regulatory requirements for NFI's financial information, reporting, disclosure requirements and internal controls over financial reporting.
13. Provide general supervision and management of the day-to-day business affairs of NFI and its subsidiaries within the guidelines established by the Directors, consistent with decisions requiring prior approval of the Directors and the Directors' expectations of management.
14. With the CFO, direct and monitor the activities and resources of NFI, consistent with the strategic direction, financial limits and operating and financial objectives approved by the Directors.

15. With the Governance Committee:

- ensure, through supervision and performance assessment, that NFI and its subsidiaries have an effective senior executive leadership team (the “ELT”) and that there exists a plan of succession and development for the CEO, CFO and other members of the ELT;
- directing the selection and retention of the ELT;
- develop a compensation and benefit plan for the ELT;
- develop an effective training and development program for NFI’s employees;
- develop effective processes and metrics to track employment satisfaction of NFI’s employees;
- develop effective guidelines and practices with respect to NFI’s employee safety practices; and
- develop effective processes and metrics to track customer satisfaction.

16. Provide required regulatory certifications regarding NFI and its activities.

17. Carry out any other appropriate duties and responsibilities assigned by the Directors.

8. Orientation and Continuing Education

Management, working with the Directors, provides orientation opportunities for new Directors to familiarize them with NFI and its business. All new Directors will now participate in an active orientation operation program soon after the date on which the new Director first joins the Board. The orientation includes:

- a detailed briefing with the Board Chair and with the chairperson of each of the Audit Committee and Governance Committee;
- a detailed briefing on the role of the director in NFI and other matters by NFI’s general counsel and external legal counsel, including a briefing on the legal duties and obligations required of a director of a publicly-held company;
- a detailed briefing on NFI and its business by the CEO, CFO and other members of the ELT, as determined by the Board Chair and the CEO from time to time, including a discussion of NFI’s key products and operations; and
- a tour of one of NFI’s manufacturing facilities.

The orientation program is reviewed regularly by the Governance Committee in connection with new appointments.

All of the Directors, other than Ms. Walker-Ford, have attended NFI’s corporate headquarters in Winnipeg, Manitoba and most of the Directors have toured the North America production facilities for the transit bus, motor coach and cutaway businesses to obtain an understanding of the operations, maintenance and other factors that are key drivers to NFI’s success. Most of the Directors have also visited the aftermarket parts facility in Louisville, Kentucky, ARBOC’s facility in Middlebury, Indiana, the parts fabrication business in Shepherdsville, Kentucky and certain of NFI’s bus and coach service centers in North America.

NFI has a continuing education program for its Directors, for which the Governance Committee is responsible. The program was developed to help Directors maintain or enhance their skills and abilities, and to update their knowledge and understanding of the company and its industry. The key components of the program include:

- *Regular briefings.* Directors are briefed regularly (and at least on a quarterly basis) on strategic issues affecting NFI, and these briefings include reviews of the competitive environment, NFI's performance relative to its peers, and any other developments that could materially affect NFI's business such as the government funding of transit agencies in Canada and the United States. The briefings are conducted by the CEO, CFO and other members of the ELT, as well as external advisors to NFI.
- *Seminars, conferences and other industry events.* Directors are also encouraged to participate in external education seminars at NFI's expense that are relevant to their role on the Board or Board committees. As part of the continuing education program, NFI provides Directors with a list of the principal education activities that are aimed at the transit industry and the role of a director of a public company. Directors are also encouraged to participate in education activities relating to ethical issues for directors generally as well as those ethical issues that may be specific to the transit industry. Five of the ten proposed nominees for Director are also members of the Institute of Corporate Directors and have graduated from the Institute's Directors' Education Program.
- *Presentations by subject matter experts.* External advisors and consultants also make presentations from time to time to the Directors regarding various corporate governance issues and best practices. In 2022, ESG Global Advisors, NFI's ESG consultant, made a presentation regarding ESG overview and considerations, at which all Directors participated.

Directors have also periodically visited some of NFI's customers in order to gain a better understanding of the customers' businesses and their opinion on NFI's products and how it services the customers.

9. Ethical Business Conduct

The Directors have adopted and subsequently amended a written code of conduct and ethics for NFI (the "**Code**"), which constitutes written standards that are designed to promote integrity and to deter wrongdoing. The Code addresses the following issues:

- conflicts of interest, including transactions and agreements in respect of which a Director or executive officer has a material interest;
- protection and proper use of corporate property and opportunities;
- confidentiality of undisclosed corporate information;
- fair dealing with suppliers, competitors and employees of NFI;
- compliance with laws, rules and regulations; and
- reporting of any illegal, unethical or fraudulent behaviour.

To ensure the Directors exercise independent judgment in considering transactions, agreements or decisions in respect of which a Director or executive officer has a material interest, the Directors follow a practice whereby any such Director must be absent during any Board discussion pertaining thereto and not cast a vote on any such matter.

The Directors are responsible for monitoring compliance with the Code, as well as NFI's Whistleblower Policy. Any person can report complaints or concerns, which may be submitted on an anonymous and confidential basis, arising from infractions of these two policies through an independently operated ethics reporting hotline and website or directly to the chairperson of the Audit Committee.

Management will prepare reports for the Audit Committee, noting any alleged violations of the Code, on a quarterly basis. The Audit Committee will update the Board on a quarterly basis regarding compliance with the Code, and will report any alleged violations to the Board as necessary. The Audit Committee is also notified of any alleged violations of the Code relating to accounting, internal controls or auditing matters. The Governance Committee, in consultation with the Board, reviews the process for administering the Code every year.

The Board believes that providing a procedure for employees and officers to raise concerns about ethical conduct on an anonymous and confidential basis fosters a culture of ethical conduct within NFI and its subsidiaries and affiliates. NFI requires that Directors and officers annually certify they have complied with the Code. To date, NFI has not been required to file a material change report relating to a departure from the Code.

The Code, Anti-Corruption Policy and Whistleblower Policy are posted on NFI's website www.nfigroup.com and is also available on SEDAR at www.sedar.com.

10. Diversity Policy

The Board recognizes the importance and benefit of having a board of directors and senior management of the Company comprised of highly talented and experienced individuals who have diverse backgrounds and who reflect the Company's stakeholders, including its customers and employees, and the changing demographics of the communities in which the Company operates. The Board further recognizes the importance of increasing the number of gender and sexually diverse individuals and individuals from other equity-deserving groups (e.g. racialized, black, people of colour, people with disabilities and indigenous people) serving on boards of directors and in senior management positions. The Board believes such diversity promotes better corporate governance and oversight of the Company's talent management processes.

NFI has adopted a written diversity policy relating to the identification and nomination of (i) gender and sexually diverse individuals, and (ii) individuals from other equity-deserving groups, serving on the Board or being appointed as executive officers. The ultimate objective of the policy is to increase diversity on the Board and in senior management positions. The policy has been designed to be complementary to the existing measures the Company has in place to promote Board and management effectiveness, including regular evaluation processes, skills/needs assessments and, in the case of the Board, an evergreen list of candidates, term limits and mandatory retirement. These matters are discussed in more detail in the "Compensation Discussion and Analysis" and "Statement of Corporate Governance Practices" sections of this Information Circular.

The diversity policy (i) expresses the Company's commitment to gender, age, ethnicity and other forms of diversity on the Board and in senior management, and (ii) requires the Governance Committee (and, in the case of executive officer positions, the CEO) to consider and make recommendations to the Board in respect of potential strategies for identifying and attracting diverse Board and executive officer candidates, such as methods for (a) leveraging industry contacts, and (b) encouraging referrals from internal and external sources. The above strategies will complement the Board's existing recruitment efforts which include maintaining an evergreen list of Board candidates, which includes several highly qualified diverse candidates.

The Governance Committee Charter, in respect of the recruitment of Directors, expresses the Governance Committee's commitment to adhere to the principles set out in the diversity policy. An annual evaluation of the diversity policy is conducted by the chairperson of the Governance Committee and the Board Chair (as described below). These measures are complementary to the Company's existing Board evaluation

processes and skills assessments, as discussed in more detail on page 69 of this Information Circular. Annually, the Chairs of the Governance Committee and the Board evaluate the effectiveness of the diversity policy, report back to the Board and recommend any changes to the policy to improve its effectiveness.

The Board considers gender and other diverse representation through the activities of the Governance Committee and the Company in implementing the diversity policy as described above and, as required, by considering the advice of an external search firm, with the ultimate mandate to balance the following objectives: increasing diversity, maintaining flexibility to effectively address succession planning, and ensuring that the Company continues to attract and retain highly qualified individuals to serve on the Board and in senior management roles.

Four of the seven existing members of the Board in 2022 who are nominees at the Meeting to be elected as Directors for 2023 (excluding the non-independent CEO and Vice Chair) are female, representing 57%. If Ms. Walker-Ford is elected to the Board, five of the eight members of the Board (excluding the non-independent CEO and Vice Chair) will be female, representing 63%. NFI has exceeded its target objective that the Board will be comprised of 50% women or sexually diverse individuals (excluding the non-independent CEO and Vice Chair), reinforcing its commitment to gender diversity. One of the Directors (plus Ms. Walker-Ford if she is elected to the Board) have self-identified as persons of colour, representing 25% of the Board (excluding the non-independent CEO and Vice Chair). The Board has set a goal of 30% of the Board being members of other equity deserving groups (as described above).

The reporting structure of NFI is divided into four separate organizational units consisting of the Bus and Coach Manufacturing, International Business, the Aftermarket Parts Business and the Central Group. Within each unit there are several executive leadership team members who report to the respective business unit President (the executives in the Central Group report directly to the CEO). There are 29 members comprising NFI's executive leadership team, of which five (or 17%) are female. Although changes in organizational headcount due to restructuring, acquisitions, and workforce adjustments may impact year over year numbers, NFI has instituted action-oriented programs focused on training, workforce development, and actions designed to improve diversity, inclusion, and representation.

The Board has also adopted these targets of 50% gender and sexually diverse individuals and 30% of individuals from other equity deserving groups in executive officer positions and believes that any candidate for an executive officer position should not be chosen nor excluded solely or largely because of gender or other diversity. The Board's primary selection of an executive officer candidate will be based on the candidate's skills, expertise and background that would complement the existing management team.

11. Succession of Directors and Compensation

The Board has appointed the Governance Committee composed entirely of independent Directors.

The Governance Committee charter establishes the Governance Committee's purpose, responsibilities, member qualifications, appointment and removal, structure and powers and manner of reporting to the Board. In addition, the Governance Committee has the authority to engage and compensate any outside advisor as it considers necessary to permit it to carry out its duties.

The Governance Committee, which is comprised entirely of independent Directors, is responsible for identifying individuals qualified to become new Directors and recommending to the Directors the new Director nominees. As part of its succession planning and review process, the Governance Committee considers the qualities and skills that the Board, as a whole, should have and assesses the competencies and skills of the current Directors. Based on the talent already represented on the Board, the Governance Committee then identifies the specific skills, personal qualities or experiences that a director candidate should possess in light of the opportunities and risks facing NFI.

Potential candidates are screened to ensure that they possess the requisite qualities, including integrity, business judgment and experience, industry, business or professional expertise, independence from

management, financial literacy, excellent communications skills and the ability to work well with the Board and management. The Governance Committee considers the existing commitments of a potential candidate to ensure that such candidate will be able to fulfill his or her obligations as a member of the Board.

The Governance Committee maintains a list of potential director candidates for its future consideration and will engage outside advisors to assist in identifying potential candidates, when appropriate. The Governance Committee will also consider recommendations for nominees submitted by NFI's shareholders.

The Governance Committee is also responsible for:

- making recommendations to the Directors with respect to the adoption and amendment of executive incentive compensation plans and equity-based plans;
- approving the compensation of senior executives in light of the compensation paid to senior executives in comparable organizations;
- reviewing and approving the corporate goals and objectives that are relevant to the CEO's compensation and evaluating the CEO's performance in meeting those goals and objectives; and
- reviewing executive compensation disclosure before it is publicly released.

For more information on the process by which the Board and the Governance Committee determine compensation, see the "Compensation Discussion and Analysis" section above.

12. Other Board of Directors Committees

NFI has no board of directors committees other than the Audit Committee and Governance Committee.

13. Assessments

The Board conducts an annual assessment of the effectiveness of the performance and effectiveness of the Board. The results of the evaluation are analyzed and reviewed by members of the Governance Committee and the Board, who consider whether any changes to the Board's processes, composition or committee structure are appropriate. Additionally, senior management is advised of any suggestions made by Directors for enhancement of processes to support the work of the Board. Assessment of individual board members involves Directors participating in an annual written peer review to assess individual Directors on the Board and attributes that contribute to an effective Board. This consists of both an evaluation of each Director's peers and a self-evaluation which are based on a survey and questionnaire approved by the Board. The written peer evaluation process is complemented with one-on-one discussions between the Board Chair and each Director. In addition, each committee annually evaluates its effectiveness in carrying out the duties specified in its charter. The results are reviewed by the members of each committee who consider whether any changes to its structure or charter may be appropriate.

14. Shareholder Engagement

The Board recognizes the importance to have regular and constructive engagement directly with NFI's shareholders to allow and encourage shareholders to express their views on governance matters directly to the Board outside of the annual meetings. Shareholders who wish to provide comments to or ask questions of the Directors can do so by sending inquiries via email to: Chairperson@nfigroup.com.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

NFI has obtained a policy of insurance for Directors and officers of NFI, and for the directors and officers of NFI's subsidiaries. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified directors and officers. The policy includes securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against NFI and any of its subsidiaries. The total annual premium for such insurance is approximately CAD\$443,000, no part of which is payable by any Director or officer of NFI or any of NFI's subsidiaries. The initial aggregate limit of liability coverage applicable to the insured directors and officers is CAD\$100 million, with a CAD\$1,000,000 deductible per occurrence. The total limit of liability coverage will be shared among NFI and its subsidiaries and their respective directors and officers so that the limit of liability coverage will not be exclusive to any one of the entities or their respective directors and officers.

The by-laws of NFI and certain of its subsidiaries provide for the indemnification, to the extent permitted by applicable law, of each of their respective directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors, and except as described elsewhere in this Information Circular, as of the date of this Information Circular, no Director (including Ms. Walker-Ford) nor officer and no person or company beneficially owning, directly or indirectly, or exercising control or direction over, Common Shares carrying more than 10% of the voting rights attached to the Common Shares, nor any associates or affiliates of the foregoing, had any material interest in any transactions involving the Company since the commencement of the 2022 fiscal year or in any proposed transactions involving the Company which has materially affected or would materially affect the Company or any of its subsidiaries.

ADDITIONAL INFORMATION

Financial information for the fiscal year ended January 1, 2023, is provided in NFI's financial statements and the associated MD&A. Shareholders who wish to be added to the mailing list for the annual and interim financial statements and MD&A should contact the Corporate Secretary of NFI at 711 Kernaghan Avenue, Winnipeg, Manitoba R2C 3T4. Shareholders may also wish to provide comments to or ask questions of the Directors by sending inquiries via email to: Chairperson@nfigroup.com.

Copies of NFI's current AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the current AIF; NFI's most recently filed annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of NFI that have been filed for any period after the end of NFI's most recently completed financial year; and this Information Circular are available to anyone, upon request, from the Corporate Secretary of NFI, and without charge to Shareholders.

The financial statements, MD&A, the AIF and other information relating to NFI are also available at www.sedar.com.

DIRECTORS' APPROVAL

The contents of this Information Circular and its sending to Shareholders have been approved by the Directors.

BY ORDER OF THE BOARD OF DIRECTORS

By: *"The Honourable Brian Tobin"*

The Honourable Brian Tobin
Chairperson of the Board of Directors

Toronto, Ontario
March 17, 2023

Schedule “A”

RESOLUTION TO CONTINUE, AMEND AND RESTATE SHAREHOLDER RIGHTS PLAN

BE IT RESOLVED THAT:

1. The shareholder rights plan of NFI Group Inc. (“**NFI**”) be continued, amended and restated and the Fourth Amended and Restated Rights Plan in the form substantially set forth in Exhibit “A” to the management information circular of NFI dated March 17, 2023, which amends and restates the third amended and restated shareholder rights plan agreement dated May 7, 2020 between NFI and Computershare Investor Services Inc., as rights agent (the “**Rights Plan**”), and continues the rights issued under the Rights Plan is hereby approved.

2. Any one director or officer of NFI is hereby authorized and directed for and in the name of and on behalf of NFI to execute, or to cause to be executed, whether under the corporate seal of NFI or otherwise, and to deliver or cause to be delivered all such other documents and instruments, and to do or cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to give effect to this resolution, including, without limitation, compliance with all securities laws and regulations.

Exhibit “A”

Shareholder Rights Plan

Blackline of the Fourth Amended and Restated Rights Plan Against the Rights Plan

**~~THIRD~~FOURTH AMENDED AND RESTATED
SHAREHOLDER RIGHTS PLAN AGREEMENT**

between

NFI GROUP INC.

and

**COMPUTERSHARE INVESTOR SERVICES INC.
as Rights Agent**

**(amending and restating the ~~Second~~Third Amended and Restated
Shareholder Rights Plan Agreement dated as of May ~~11~~7, ~~2017~~2020)**

Dated as of May ~~7~~7, ~~2020~~2023

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Schedule A

Form of Rights Certificate
Form of Election to Exercise
Form of Assignment

FOURTH AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS AGREEMENT is dated as of May 7~~th~~, ~~2020~~2023

BETWEEN:

NFI GROUP INC., a corporation incorporated under the laws of Ontario
(the “**Corporation**”)

AND:

COMPUTERSHARE INVESTOR SERVICES INC., a company existing under the laws of
Canada
(the “**Rights Agent**”)

WHEREAS:

A. The ~~second~~third amended and restated shareholder rights plan agreement entered into by the Corporation and the Rights Agent as of May ~~11th~~, ~~2017~~2020 terminates if it is not reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such reconfirmation at every third annual meeting of the Corporation.

B. The Board has determined that it is advisable and in the best interests of the Corporation to continue to have in place a shareholder rights plan by adopting a ~~third~~fourth amended and restated shareholder rights plan agreement as provided herein (the “**Rights Plan**”) to ensure, to the extent possible, that the Corporation has sufficient time to properly develop and pursue alternatives that could maximize value for shareholders and to ensure that shareholders of the Corporation are treated fairly in connection with any take-over offer for the Corporation or other acquisition of control of the Corporation.

C. The amendments contemplated by this ~~Third~~Fourth Amended and Restated Shareholder Rights Plan Agreement shall take effect immediately upon receipt of approval at the next annual meeting (or annual and special meeting, as the case may be) of the Corporation by way of a resolution passed by a majority of the votes cast by Independent Shareholders.

D. In order to continue the implementation of the Rights Plan, the Board has:

- (i) confirmed the issuance on the Effective Date of one right (a “**Right**”) in respect of each Share outstanding at the Record Time;
- (ii) confirmed its authorization of the issuance of one Right in respect of each Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time; and
- (iii) confirmed its authorization of the issuance of Rights Certificates to holders of Rights pursuant to the terms and subject to the conditions set forth herein.

E. Each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein.

F. The Corporation has appointed the Rights Agent to act on behalf of the Corporation, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein.

NOW THEREFORE, in consideration of the premises and respective agreements set forth herein, the parties hereby agree as set forth below.

ARTICLE 1 **INTERPRETATION**

1.1 **Certain Definitions**

For the purposes of this Agreement, including the recitals hereto, the terms set forth below have the meanings indicated.

- (a) **“Acquiring Person”** means any Person who is or becomes the Beneficial Owner of 20% or more of the outstanding Shares, but does not include:
- (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Shares as a result of one or any combination of:
 - (A) a Share Reduction;
 - (B) a Permitted Bid Acquisition;
 - (C) an Exempt Acquisition;
 - (D) a Pro Rata Acquisition; or
 - (E) a Convertible Security Acquisition,

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Shares by reason of one or more or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition, and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Shares then outstanding, becomes the Beneficial Owner of more than 1.0% of the number of Shares then outstanding in addition to those Shares such Person already holds (otherwise than pursuant to a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition or any combination thereof), then, as of the date that such Person becomes a Beneficial Owner of such additional Shares, such Person shall become an **“Acquiring Person”**;

- (iii) for the period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Shares as a result of such Person becoming disqualified from relying on Section 1.1(e)(ii)(B) where such disqualification results solely because such Person is making or has announced a current intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person, unless such disqualified Person during such 10-day period acquires more than 1.0% of the number of Shares then outstanding in addition to those Shares such disqualified Person already holds. For the purposes of this definition, **“Disqualification Date”** means the first date of public announcement that such Person is making or has a current intention to make a Take-over Bid, either alone or by acting jointly or in concert with another Person;

- (iv) an underwriter or a member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Shares in connection with a distribution of securities pursuant to an underwriting agreement with the Corporation; or
 - (v) any Person (a “**Grandfathered Person**”) who is the Beneficial Owner of more than 20% of the Shares determined as at the Record Time, provided, however, that this exception shall not, and shall cease to, apply if, after the Record Time, the Grandfathered Person (A) ceases to own more than 20% of the outstanding Shares, or (B) becomes the Beneficial Owner of more than an additional 1.0% of the number of Shares then outstanding in addition to those Shares such Person held as of the Record Time (otherwise than pursuant to a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition or any combination thereof).
- (b) “**Affiliate**”, when used to indicate a relationship with a specified Person, means a Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.
 - (c) “**Agreement**” means this ~~third~~**fourth** amended and restated shareholder rights plan agreement, as the same may be amended or supplemented from time to time; ~~“hereof”, “herein”, “hereto” and similar expressions mean and refer to this Agreement as a whole and not any particular part of this Agreement.”~~
 - (d) “**Associate**”, when used to indicate a relationship with a specified individual, means any relative of such specified individual who has the same home as such specified individual, or any individual to whom such specified individual is married, or any individual with whom such specified individual is living in a conjugal relationship outside marriage, or any relative of such spouse or other individual who has the same home as such specified individual.
 - (e) (i) A Person shall be deemed the “**Beneficial Owner**” of, and to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”:
 - (A) any securities of which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
 - (B) any securities of which such Person or any of such Person’s Affiliates or Associates has the right to become the owner at law or in equity within 60 days (where such right is exercisable within a period of 60 days, whether or not upon conditions or subject to the occurrence of a contingency or the making of one or more payments) upon the exercise of any conversion right, exchange right, share purchase right (other than the Rights), warrants or options or pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, other than:
 - (1) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities; and
 - (2) pledges of securities in the ordinary course of the pledgee’s business; and
 - (C) any securities that are Beneficially Owned within the meaning of Section 1.1(e)(i)(A) or 1.1(e)(i)(B) by any other Person with which such Person is acting jointly or in concert.

(ii) Notwithstanding the provisions of Section 1.1(e)(i), a Person shall not be deemed the “**Beneficial Owner**” of, or to have “**Beneficial Ownership**” of, or to “**Beneficially Own**”, any security because:

- (A) (1) the holder of such security has agreed to deposit or tender such security to a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or any other Person referred to in Section 1.1(e)(i)(C) pursuant to a Permitted Lock-up Agreement; or
- (2) such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or made by any other Person acting jointly or in concert with such Person until such deposited or tendered security has been taken up;
- (B) such Person, any Affiliate or Associate of such Person or any other Person acting jointly or in concert with such Person holds such security; provided that:
- (1) the ordinary business of such Person (the “**Portfolio Manager**”) includes the management or administration of investment funds or mutual funds for other Persons and such security is held by the Portfolio Manager in the ordinary course of such business in the performance of the Portfolio Manager’s duties for the account of any other Person (a “**Client**”), including non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable law;
- (2) such Person (the “**Trust Company**”) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each, an “**Estate Account**”) or in relation to other accounts (each, an “**Other Account**”) and holds such security in the ordinary course of such duties for such Estate Accounts or for such Other Accounts;
- (3) such Person (the “**Crown Agent**”) is established by statute for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans, or various public bodies; or
- (4) such Person (the “**Plan Administrator**”) is the administrator or the trustee of one or more pension funds or plans registered under the laws of Canada or the United States of America or any province, territory or state thereof (each, a “**Plan**”), or is a Plan;

provided, however, that in any of the foregoing cases, the Portfolio Manager, the Trust Company, the Crown Agent, the Plan Administrator or the Plan, as the case may be, is not then making or has not then announced an intention to make a Take-over Bid, alone or by acting jointly or in concert with any other Person, other than an Offer to Acquire Shares or other securities pursuant to a distribution by the Corporation, or a Permitted Bid or by means of ordinary market transactions (including pre-

arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market in respect of securities of the Corporation;

- (C) such Person is a Client of the same Portfolio Manager as another Person on whose account the Portfolio Manager holds such security, or because such Person is an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or because such Person is a Plan with the same Plan Administrator as another Plan on whose account the Plan Administrator holds such security;
- (D) such Person is a Client of a Portfolio Manager and such security is owned at law or in equity by the Portfolio Manager or because such Person is an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or such Person is a Plan and such security is owned at law or in equity by the Plan Administrator of such Plan; or
- (E) such Person is the registered holder of securities as a result of carrying on the business, or acting as a nominee, of a securities depository.

For the purposes of this Agreement, in determining the percentage of the outstanding Shares with respect to which a Person is or is deemed to be the Beneficial Owner, any unissued Shares as to which such Person is deemed the Beneficial Owner pursuant to this Section 1.1(e) shall be deemed outstanding.

- (f) **“Board”** means the board of directors of the Corporation and any duly constituted and empowered committee thereof authorized by the Board to act on its behalf hereunder;
- (g) **“Business Corporations Act”** means the *Business Corporations Act* (Ontario), as amended and the regulations thereunder, as now in effect or as the same may from time to time be amended, re-enacted or replaced.
- (h) **“Business Day”** means any day, other than a Saturday or Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law to close.
- (i) **“Close of Business”** on any given date means the time on such date (or, if such date is not a Business Day, the time on the next Business Day) at which the principal office of the transfer agent for the Shares in Toronto, Ontario (or, after the Separation Time, the principal office of the Rights Agent in Toronto, Ontario) is closed to the public.
- (j) **“Closing Price”** per security of any securities on any date of determination means:
 - (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for each of such securities as reported by the principal stock exchange or national securities quotation system on which such securities are listed or admitted to trading (provided that, if at the date of determination such securities are listed or admitted to trading on more than one stock exchange or national securities quotation system, then such price or prices shall be determined based upon the stock exchange or quotation system on which such securities are then listed or admitted to trading on which the largest number of such securities were traded during the most recently completed calendar year);

- (ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a stock exchange or a national securities quotation system, then the last sale price, or in case no sale takes place on such date, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as quoted by any reporting system then in use; or
- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a stock exchange or a national securities quotation system or quoted by any such reporting system, then the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected in good faith by the Board,

provided that, if for any reason none of such prices are available on such date, then the “**Closing Price**” per security of such securities on such date shall mean the fair value per security of the securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker selected in good faith by the Board with respect to the fair value per security of such securities.

(k) “**Competing Permitted Bid**” means a Take-over Bid that:

- (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of such Permitted Bid or Competing Permitted Bid;
- (ii) satisfies all components of the definition of a Permitted Bid other than the requirement set forth in Section 1(kk)(ii)(A)(1); and
- (iii) contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, irrevocable and unqualified conditions that:
 - (A) no Shares and/or Convertible Securities shall be taken up or paid for pursuant to such Take-over Bid prior to the Close of Business on a date that is no earlier than the later of:
 - (1) the last day on which the Take-over Bid must be open for acceptance after the date of that Take-over Bid under NI 62-104; and
 - (2) the earliest date on which Shares and/or Convertible Securities may be taken up or paid for under any other Permitted Bid or Competing Permitted Bid that preceded the Competing Permitted Bid that is then outstanding for the Shares and/or Convertible Securities,
 - (B) at the time Shares and/or Convertible Securities shall be first taken up or paid for, more than 50% of the then outstanding Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and have not been withdrawn; and
 - (C) if the requirement set forth in Section 1(k)(iii)(B) is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Shares and/or Convertible Securities for not less than 10 Business Days from the date of such public announcement,

provided that, should a Competing Permitted Bid cease to be a Competing Permitted Bid because it ceases to meet any of the requirements mentioned above prior to the time it expires (after giving effect to any extension) or is withdrawn, then any acquisition of Shares and/or Convertible Securities made pursuant to such Competing Permitted Bid, including any acquisition of Shares and/or Convertible Securities made prior to such time, shall not be a Permitted Bid Acquisition.

- (l) **“Controlled”**: ~~a corporation~~ an entity is “controlled” by another Person or two or more Persons acting jointly or in concert if:
- (i) in the case of a specified Person that is a body corporate, securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or two or more Persons acting jointly or in concert; and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate;
 - (ii) in the case of a specified Person that is a partnership, other than a limited partnership, that does not have directors, the other Person holds more than 50% of the interests in the partnership; ~~or~~
 - (iii) in the case of a specified Person that is a limited partnership, the other Person is the general partner of the limited partnership; or
 - (iv) in the case of any other specified Person, the other Person holds more than 50% of the voting or equity interest of such specified Person;

and “controls”, “controlling” and “under common control with” shall be interpreted accordingly.

- (m) **“Convertible Security”** means a security issued from time to time by the Corporation (other than the Rights) that is convertible or exchangeable into a Share (which, for greater certainty, includes the Debentures) and a **“Convertible Security Acquisition”** means an acquisition by a Person of Shares upon the exercise, conversion or exchange of Convertible Securities received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition.
- (n) **“Co-Rights Agents”** has the meaning ascribed thereto in Section 4.1.1.
- (o) **“Debentures” means the 5.0% unsecured convertible debentures of the Corporation due January 15, 2027.**
- (p) ~~(p)~~ **“Disposition Date”** has the meaning ascribed thereto in Section 5.1.2.
- (q) ~~(q)~~ **“Dividend Reinvestment Acquisition”** means an acquisition of Shares pursuant to a Dividend Reinvestment Plan.
- (r) ~~(r)~~ **“Dividend Reinvestment Plan”** means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of Shares where such plan permits the holder to direct that some or all of:
- (i) dividends on the Shares;
 - (ii) proceeds of redemption of Shares;

- (iii) interest paid on evidences of indebtedness of the Corporation; or
 - (iv) optional cash payments;
- be applied to the purchase of Shares.

~~(s)~~ ~~(+)~~ **“Effective Date”** means August 29, 2011.

~~(t)~~ ~~(+)~~ **“Election to Exercise”** has the meaning ascribed thereto in Section 2.2.4(b).

~~(u)~~ ~~(+)~~ **“Exchange”** means the Toronto Stock Exchange and any other exchange or market on which the Shares may, from time to time, be listed or quoted for trading.

~~(v)~~ ~~(+)~~ **“Exempt Acquisition”** means an acquisition of Shares:

- (i) in respect of which the Board has waived the application of Section 3.1 pursuant to Sections 5.1.2, 5.1.4, 5.1.5 or 5.1.6;
- (ii) pursuant to a distribution by the Corporation of Shares or Convertible Securities (and the conversion or exchange of such securities) (A) to the public pursuant to a prospectus or similar document, provided that the purchaser does not thereby become the Beneficial Owner of a greater percentage of Shares so offered than the percentage of Shares Beneficially Owned by such Person immediately prior to such distribution, or (B) by way of private placement, provided that all necessary stock exchange approvals for the distribution have been obtained and the distribution complies with the terms and conditions of those approvals and the purchaser does not become the Beneficial Owner of more than 25% of the Shares outstanding immediately prior to the distribution (and in making this determination, the securities to be issued to that purchaser pursuant to the distribution will be deemed to be held by that purchaser but will not be included in the aggregate number of outstanding Shares immediately prior to the distribution);
- (iii) pursuant to an amalgamation, merger or other statutory procedure requiring shareholder approval; or
- (iv) pursuant to a Dividend Reinvestment Plan.

~~(w)~~ ~~(+)~~ **“Exercise Price”** means the price at which a holder of a Right may purchase the securities issuable upon exercise of one whole Right and, until adjustment thereof in accordance with the terms hereof, the Exercise Price shall be \$200.00.

~~(x)~~ ~~(+)~~ **“Expansion Factor”** has the meaning ascribed thereto in Section 2.3.2(i)(A).

~~(y)~~ ~~(+)~~ **“Expiration Time”** means the earlier of:

- (i) the Termination Time; and
- (ii) the date of termination of this agreement pursuant to Section 5.9 or 5.10.

~~(z)~~ ~~(+)~~ **“Fiduciary”** means a trust company registered under the trust company legislation of Canada or any province or territory thereof, a trust company organized under the laws of any state of the United States, a portfolio manager registered under the securities legislation of one or more provinces or territories of Canada or an investment adviser

registered under the United States *Investment Advisers Act of 1940*, as amended, or any other securities legislation of the United States or any state of the United States.

(aa) ~~(z)~~ “**Flip-in Event**” means a transaction or event in or pursuant to which any Person becomes an Acquiring Person.

(bb) ~~(aa)~~ “**Grandfathered Person**” has the meaning ascribed thereto in Section 1.1(a)(v).

(cc) ~~(bb)~~ “**holder**” has the meaning ascribed thereto in Section 2.8.

(dd) ~~(ee)~~ “**Independent Shareholders**” means holders of outstanding Shares, other than any:

- (i) Acquiring Person;
- (ii) Offeror other than a Person who at the relevant time is deemed not to Beneficially Own such Shares by reason of Section 1.1(e)(ii)(B);
- (iii) Affiliate or Associate of such Acquiring Person or Offeror;
- (iv) Person acting jointly or in concert with such Acquiring Person or Offeror; or
- (v) Person who is a trustee or administrator of any employee benefit plan, stock purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of such plan or trust direct the manner in which the Shares are to be voted or withheld from voting or direct whether or not the Shares are to be tendered to a Take-over Bid.

(ee) ~~(de)~~ “**Market Price**” per security of any securities on any date of determination means the average of the daily Closing Prices per security of such securities on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date of determination; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 shall have caused any Closing Price used to determine the Market Price on any Trading Day not to be fully comparable with the Closing Price on the Trading Day immediately preceding such date of determination, each such Closing Price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in order to make it fully comparable with the Closing Price on the Trading Day immediately preceding such date of determination.

(ff) ~~(ee)~~ “**Meeting**” means the annual general meeting of Shareholders of the Corporation to be held on May 7~~[4]~~, ~~2020~~2023 or any postponement or adjournment thereof.

(gg) ~~(ff)~~ “**NI 62-104**” means National Instrument 62-104 - *Take-Over Bids and Issuer Bids*.

(hh) ~~(gg)~~ “**Nominee**” has the meaning ascribed thereto in Section 2.2.3.

(ii) ~~(hh)~~ “**Offer to Acquire**” shall include:

- (i) an offer to purchase or a solicitation of an offer to sell Shares or Convertible Securities or any combination of Shares and Convertible Securities or a public announcement of an intention to make such an offer or solicitation; and

- (ii) an acceptance of an offer to sell Shares or Convertible Securities or any combination of Shares and Convertible Securities, whether or not such offer to sell has been solicited,

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.

(ii) ~~(ii)~~ **“Offeror”** means a Person who has publicly announced and not withdrawn a current intention to make, or who has made and not withdrawn, a Take-over Bid.

(kk) ~~(ii)~~ **“Offeror’s Securities”** means the aggregate of the Shares Beneficially Owned on the date of a Take-over Bid by an Offeror.

(ll) ~~(kk)~~ **“Permitted Bid”** means a Take-over Bid made by way of a Take-over Bid circular at the time the bid was made or the intention to make the bid was announced and which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of Shares of record and in the book-based system at the time the bid was made or the intention to make the bid was announced, other than the Offeror; **and**
- (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
 - (A) no Shares and/or Convertible Securities shall be taken up or paid for pursuant to the Take-over Bid:
 - (1) prior to the Close of Business on a date which is not earlier than 105 days following the date of the Take-over Bid, or such shorter minimum period that a take-over bid (that is not exempt from any of the requirements of Division 5 (Bid Mechanics) of NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104; and
 - (2) unless, at the Close of Business on such date, more than 50% of the then outstanding Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and have not been withdrawn;
 - (B) unless the Take-over Bid is withdrawn, Shares and/or Convertible Securities may be deposited pursuant to such Take-over Bid at any time prior to the Close of Business on the date of the first take-up of or payment for Shares and/or Convertible Securities;
 - (C) any Shares and/or Convertible Securities deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
 - (D) if the requirement set forth in Section 1(kk)(ii)(A)(2) is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Shares and/or Convertible Securities for not less than 10 Business Days from the date of such public announcement,

provided that, should a Permitted Bid cease to be a Permitted Bid because it ceases to meet any of the requirements mentioned above prior to the time it expires (after giving

effect to any extension) or is withdrawn, then any acquisition of Shares and/or Convertible Securities made pursuant to such Permitted Bid, including any acquisition of Shares and/or Convertible Securities made prior to such time, shall not be a Permitted Bid Acquisition. The term “**Permitted Bid**” shall include a Competing Permitted Bid.

(mm) ~~(mm)~~ “**Permitted Bid Acquisition**” means an acquisition of Shares and/or Convertible Securities made pursuant to a Permitted Bid or a Competing Permitted Bid.

(nn) ~~(mm)~~ “**Permitted Lock-up Agreement**” means an agreement between a Person and one or more holders of Shares and/or holders of Convertible Securities (each, a “**Locked-up Person**”), the terms of which are publicly disclosed and a copy of which is made available to the public, including the Corporation, not later than the date the Lock-up Bid (as defined below) is publicly announced or, if the Lock-up Bid has been made prior to the date on which such agreement is entered into, not later than the date of such agreement, and if such date is not a Business Day, the next Business Day, pursuant to which each Locked-up Person agrees to deposit or tender Shares and/or Convertible Securities to a Take-over Bid (the “**Lock-up Bid**”) made or to be made by the Person, any of such Person’s Affiliates or Associates or any other Person acting jointly or in concert with such Person, provided that:

(i) the agreement permits any Locked-up Person to terminate its obligation to deposit or tender to or not to withdraw Shares and/or Convertible Securities from the Lock-up Bid in order to tender or deposit the Shares and/or Convertible Securities to another Take-over Bid or support another transaction:

(A) where the price or value per Share and/or Convertible Security offered under such other Take-over Bid or transaction is higher than the price or value per Share and/or Convertible Security offered under the Lock-up Bid; or

(B) if:

(1) the price or value per Share and/or Convertible Security offered under the other Take-over Bid or transaction exceeds by as much as or more than an amount (the “**Specified Amount**”) specified in the agreement the price or value per Share and/or Convertible Security offered under the Lock-up Bid, provided that such Specified Amount is not greater than 7% of the price or value per Share and/or Convertible Security offered under the Lock-up Bid; or

(2) the number of Shares and/or Convertible Securities to be purchased under the other Take-over Bid or transaction exceeds by as much as or more than a number (the “**Specified Number**”) specified in the agreement the number of Shares and/or Convertible Securities that the Offeror has offered to purchase under the Lock-up Bid at a price or value per Share and/or Convertible Security that is not less than the price or value per Share and/or Convertible Security offered under the Lock-up Bid, provided that the Specified Number is not greater than 7% of the number of Shares and/or Convertible Securities offered to be purchased under the Lock-up Bid,

and, for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to at least

match a higher price or value in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Shares and/or Convertible Securities from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Shares and/or Convertible Securities during the period of the other Take-over Bid or transaction; and

- (ii) no "**break-up**" fees, "**top-up**" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
 - (A) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-up Bid to a Locked-up Person; and
 - (B) 50% of the amount by which the price or value of the consideration payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid,

shall be payable by a Locked-up Person pursuant to the agreement in the event a Locked-up Person fails to deposit or tender Shares and/or Convertible Securities to the Lock-up Bid or withdraws Shares and/or Convertible Securities in order to accept the other Take-over Bid or support another transaction.

(oo) ~~(nn)~~ "**Person**" includes any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, government, governmental body or authority, corporation or other incorporated or unincorporated organization, syndicate or other entity.

(pp) ~~(oo)~~ "**Privacy Laws**" has the meaning attributed thereto in Section 4.6.

(qq) ~~(pp)~~ "**Pro Rata Acquisition**" means an acquisition by a Person of Shares pursuant to:

- (i) a stock dividend, stock split or other event pursuant to which such Person becomes the Beneficial Owner of Shares on the same pro rata basis as all other holders of Shares of the same class; or
- (ii) the acquisition, receipt or exercise of rights (other than the Rights) to purchase Shares and/or Convertible Securities distributed to all holders of Shares and/or Convertible Securities (other than holders resident in any jurisdiction where such distribution is restricted or impractical as a result of applicable law) by the Corporation pursuant to a rights offering (but only if such rights are acquired directly from the Corporation),

provided, however, that such Person does not thereby acquire a greater percentage of Shares or of Convertible Securities so offered than such Person's percentage of Shares Beneficially Owned immediately prior to such acquisition.

(rr) ~~(qq)~~ "**Record Time**" means the Close of Business on the Effective Date.

(ss) ~~(rr)~~ "**Redemption Price**" has the meaning attributed thereto in Section 5.1.1.

(tt) ~~(ss)~~ “**Regular Periodic Cash Dividends**” means cash dividends paid on the Shares at regular intervals in any fiscal year of the Corporation to the extent that such cash dividends do not exceed in the aggregate in any fiscal year, on a per Share basis, the greatest of:

- (i) \$1.70 per Share;
- (ii) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Shares in its immediately preceding fiscal year divided by the number of Shares outstanding as at the end of such fiscal year;
- (iii) 300% of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Corporation on its Shares in its three immediately preceding fiscal years divided by the arithmetic mean of the number of Shares outstanding as at the end of each of such fiscal years; and
- (iv) 100% of the aggregate Adjusted EBITDA of the Corporation for its immediately preceding fiscal year divided by the number of Shares outstanding as at the end of such fiscal year; and for this purpose “**Adjusted EBITDA**” has the meaning attributed thereto in the Corporation’s annual information form for such year.

(uu) ~~(tt)~~ “**Rights**” means the herein described rights to purchase securities pursuant to the terms and subject to the conditions set forth herein.

(vv) ~~(uu)~~ “**Rights Certificate**” means a certificate representing the Rights after the Separation Time which shall be substantially in the form attached hereto as Schedule A.

(ww) ~~(vv)~~ “**Rights Register**” and “**Rights Registrar**” have the respective meanings ascribed thereto in Section 2.6.1.

(xx) ~~(ww)~~ “**Securities Act**” means the *Securities Act* (Ontario), as amended, and the rules and regulations made thereunder, as now in effect or as the same may from time to time be amended, re-enacted or replaced.

(yy) ~~(xx)~~ “**Separation Time**” means:

- (i) the Close of Business on the tenth Business Day after the earliest of:
 - (A) the Share Acquisition Date;
 - (B) the date of the commencement of, or first public announcement or disclosure of the intention of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
 - (C) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be a Permitted Bid or a Competing Permitted Bid, as applicable;

provided that, if any Take-over Bid referred to in Section 1(xx)(i)(B) or Section 1(xx)(i)(C) expires or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made, and provided further that if the Board determines, pursuant to Section 5.1.2, 5.1.4, 5.1.5 or 5.1.6, to waive the application of Section 3.1 to a Flip-in Event, then the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred; or

(ii) such later date as may be determined by the Board in good faith.

(zz) ~~(yy)~~ “**Share Acquisition Date**” means the first date of public announcement or disclosure by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person, which, for the purposes of this definition, shall include (without limitation) a report filed pursuant to NI 62-104 announcing or disclosing such information.

(aaa) ~~(zz)~~ “**Share Reduction**” means an acquisition or redemption by the Corporation or a Subsidiary of the Corporation of Shares which, by reducing the number of Shares outstanding, increases the percentage of Shares Beneficially Owned by any Person to 20% or more of the Shares then outstanding.

(bbb) ~~(aaa)~~ “**Shareholder**” means a holder of outstanding Shares.

(ccc) ~~(bbb)~~ “**Shares**” means the common shares in the capital of the Corporation as presently constituted, as such shares may be subdivided, consolidated, reclassified or otherwise changed from time to time.

(ddd) ~~(ccc)~~ “**Subsidiary**” a specified Person is a Subsidiary of another Person if:

(i) it is controlled by (A) that other, or (B) that other and one more or Persons, each of which is controlled by that other, or (C) two or more Persons, each of which is controlled by that other; or

(ii) it is a Subsidiary of a Person that is that other’s Subsidiary.

(eee) ~~(ddd)~~ “**Take-over Bid**” means an Offer to Acquire Shares and/or Convertible Securities, where the securities subject to the Offer to Acquire, together with the Shares into or for which the securities subject to the Offer to Acquire are convertible or exchangeable and the Offeror’s Securities, constitute in the aggregate 20% or more of the outstanding Shares at the date of the Offer to Acquire.

(fff) ~~(eee)~~ “**Termination Time**” means the time at which the right to exercise Rights shall terminate pursuant to Section 5.1.

(ggg) ~~(fff)~~ “**Trading Day**”, when used with respect to any securities, means a day on which the principal Canadian or other securities exchange or securities quotation system (as determined by the Board) on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian or other securities exchange or securities quotation system, a Business Day.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Number and Gender

Wherever the context requires, terms (including defined terms) used herein importing the singular number only shall include the plural and vice versa and words importing any one gender shall include all others.

1.4 Sections and Headings

The division of this Agreement into Articles, Sections and Schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereunder”, “hereof”, and similar expressions refer to this Agreement as amended or supplemented from time to time and not to any particular Article, Section or Schedule or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles, Sections and Schedules of or to this Agreement.

1.5 Statutory References

Unless the context otherwise requires, any reference to a specific section, subsection, clause or rule of any act or regulation shall be deemed to refer to the same as it may be amended, reenacted or replaced or, if repealed and there shall be no replacement therefor, to the same as it is in effect on the date of this Agreement.

1.6 Determination of Percentage Ownership

The percentage of Shares Beneficially Owned by any Person, shall, for the purposes of this Agreement, be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \quad \times \quad \frac{A}{B}$$

where:

- A = the aggregate number of votes for the election of all directors generally attaching to the Shares Beneficially Owned by such Person; and
- B = the aggregate number of votes for the election of all directors generally attaching to all outstanding Shares.

Where any Person is deemed to Beneficially Own unissued Shares pursuant to Section 1.1(e), such Shares shall be deemed to be outstanding for the purpose of both A and B in the formula above for such Person, but no other unissued Shares shall, for the purposes of this calculation, be deemed to be outstanding.

1.7 Acting Jointly or in Concert

For the purposes of this Agreement, a Person is acting jointly or in concert with another Person if such first Person has any agreement, arrangement, commitment or understanding, whether formal or informal or written or unwritten, with such other Person, any Affiliate or Associate of such other Person or any other Person acting jointly or in concert with such other Person to acquire or Offer to Acquire Shares or Convertible Securities (other than customary agreements with and between underwriters and banking or selling group members with respect to a distribution of securities and pledges of securities in the ordinary course of business to secure indebtedness).

ARTICLE 2 THE RIGHTS

2.1 Legend on Share Certificates

2.1.1 Certificates representing the Shares, including without limitation, Shares issued upon the exercise, conversion or exchange of Convertible Securities, issued after the Record Time but prior to the Close of Business on the earlier of:

- (a) the Separation Time; and
- (b) the Expiration Time,

shall also evidence one Right for each Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

“Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Rights Plan Agreement, made as of August 29, 2011, as the same may be amended or supplemented from time to time in accordance with the terms thereof (the “**Rights Agreement**”), between the Corporation and Computershare Investor Services Inc., as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the registered office of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be amended or redeemed, may expire, may become void (if, in certain cases, they are “Beneficially Owned” by an “Acquiring Person”, as such terms are defined in the Rights Agreement, or a transferee thereof) or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor. The Rights Agreement is also available online free of charge from www.sedar.com.”

2.1.2 Certificates representing Shares that are issued and outstanding at the Record Time shall evidence one Right for each Share evidenced thereby, notwithstanding the absence of the foregoing legend, until the earlier of:

- (a) the Separation Time; and
- (b) the Expiration Time.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

2.2.1 Subject to adjustment as herein set forth, including without limitation as set forth in Article 3, each Right will entitle the holder thereof from and after the Separation Time and prior to the Expiration Time, to purchase one Share for the Exercise Price determined as at the Business Day immediately preceding the Separation Time (which Exercise Price and number of Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.

2.2.2 Until the Separation Time:

- (a) the Rights shall not be exercisable and no Right may be exercised; and
- (b) for administrative purposes, each Right will be evidenced by the certificate for the associated Share registered in the name of the holder thereof (which certificate shall be deemed to represent a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Share.

2.2.3 From and after the Separation Time and prior to the Expiration Time, the Rights may be exercised, and the registration and transfer of the Rights shall be separate from and independent of Shares. Promptly following the Separation Time, the Corporation will prepare or cause to be prepared and the Rights Agent will mail to each holder of record of Shares as of the Separation Time and, in respect of each Convertible Security exercised for, converted or exchanged into Shares after the Separation Time and prior to the Expiration Time, promptly after such exercise, conversion or exchange, the Corporation will prepare

or cause to be prepared and the Rights Agent will mail to the holder so exercising, converting or exchanging (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such rights, a “**Nominee**”) at such holder’s address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (a) a Rights Certificate in substantially the form of Schedule A appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or judicial or administrative order, or with any article or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
- (b) a disclosure statement prepared by the Corporation describing the Rights,

provided that a Nominee shall be sent the materials provided for in Sections 2.2.3(a) and 2.2.3(b) only in respect of all Shares held of record by it which are not Beneficially Owned by an Acquiring Person and the Corporation may require any Nominee or suspected Nominee to provide such information and documentation as the Corporation may reasonably require for such purpose.

2.2.4 Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent, at its principal office in Toronto, Ontario:

- (a) the Rights Certificate evidencing such Rights;
- (b) an election to exercise (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate duly completed and executed in a manner acceptable to the Rights Agent; and
- (c) payment by certified cheque, banker’s draft or money order payable to the order of the Rights Agent (which will promptly submit such payment to the Corporation), of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Shares in a name other than that of the holder of the Rights being exercised.

2.2.5 Upon receipt of a Rights Certificate, which is accompanied by an appropriately completed and duly executed Election to Exercise (which does not indicate that such Right is void as provided by Section 3.1.2) and payment as set forth in Section 2.2.4, the Rights Agent (unless otherwise instructed in writing by the Corporation) will thereupon promptly:

- (a) requisition from the transfer agent certificates representing the number of Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
- (b) after receipt of such Share certificates, deliver such certificates to, or to the order of, the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
- (c) when appropriate, requisition from the Corporation the amount of cash, if any, to be paid in lieu of issuing fractional Shares;

- (d) when appropriate, after receipt of such cash, deliver such cash to, or to the order of, the registered holder of the Rights Certificate; and
- (e) tender to the Corporation all payments received on exercise of the Rights.

2.2.6 If the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

2.2.7 The Corporation covenants and agrees that it will:

- (a) take all such action as may be necessary and within its power to ensure that all Shares delivered upon the exercise of Rights shall, at the time of delivery of the certificates for such Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
- (b) take all such action as may reasonably be considered to be necessary and within its power to comply with any applicable requirements of the Business Corporations Act, the Securities Act and the other applicable provincial or territorial or federal securities laws of Canada, or the rules and regulations thereunder, or any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights, the Rights Certificates and the issuance of any Shares upon exercise of the Rights;
- (c) use reasonable efforts to cause all Shares issued upon exercise of the Rights to be listed or traded on the stock exchanges or other markets on which the Shares are listed or traded at that time;
- (d) cause to be reserved and kept available out of its authorized and unissued Shares, the number of Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
- (e) pay when due and payable, if applicable, any and all federal, provincial, state and municipal taxes (not in the nature of income, capital gains or withholding taxes) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Shares issued upon the exercise of Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer of Rights or the issuance or delivery of certificates for Shares issued upon the exercise of Rights, in a name other than that of the holder of the Rights being transferred or exercised; and
- (f) after the Separation Time, except as permitted by Section 5.1 or Section 5.4, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

2.3.1 The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3 and in Article 3.

2.3.2 If the Corporation shall at any time after the Record Time and prior to the Expiration Time:

- (a) declare or pay a dividend on the Shares payable in Shares or Convertible Securities in respect thereof other than pursuant to any Dividend Reinvestment Plan;

- (b) subdivide or change the then outstanding Shares into a greater number of Shares;
- (c) consolidate or change the then outstanding Shares into a smaller number of Shares; or
- (d) issue any Shares (or Convertible Securities in respect thereof) in respect of, in lieu of or in exchange for existing Shares, whether in a reclassification, amalgamation, statutory arrangement, consolidation or otherwise,

then the Exercise Price and the number of Rights outstanding (or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon the exercise of Rights) shall be adjusted as follows:

- (i) if the Exercise Price and number of Rights outstanding are to be adjusted:
 - (A) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Shares (or other securities of the Corporation) (the “**Expansion Factor**”) that a holder of one Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof, and
 - (B) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be allocated among the Shares with respect to which the original Rights were associated (if they remain outstanding) and the securities of the Corporation issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Share (or other security of the Corporation) will have exactly one Right associated with it; and
- (ii) if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof.

Adjustments made pursuant to this Section 2.3.2 shall be made successively, whenever an event referred to in this Section 2.3.2 occurs.

2.3.3 If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any of its securities other than Shares in a transaction of a type described in Sections 2.3.2(a) or 2.3.2(d), such securities shall be treated herein as nearly equivalent to Shares as may be practicable and appropriate under the circumstances, and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment.

2.3.4 If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 3.1.

2.3.5 If the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Shares otherwise than in a transaction referred to in Section 2.3.2, each such Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such Share.

2.3.6 (a) If the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Shares of rights, options or warrants (other than the Rights) entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Shares (or Convertible Securities in respect of Shares) at a price per Share (or, in the case of such a Convertible Security, having a conversion, exchange or exercise price per Share (including the price required to be paid to purchase such Convertible Security)) less than 90% of the Market Price per Share on such record date, the Exercise Price in effect after such record date will equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction of which:

- (i) the numerator shall be the number of Shares outstanding on such record date plus the number of Shares which the aggregate offering price of the total number of Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the Convertible Securities so to be offered (including the price required to be paid to purchase such Convertible Securities)) would purchase at such Market Price per Share; and
- (ii) the denominator shall be the number of Shares outstanding on such record date plus the number of additional Shares to be offered for subscription or purchase (or into which the Convertible Securities so to be offered are initially convertible, exchangeable or exercisable).

(b) In case such subscription price is satisfied, in whole or in part, by consideration other than cash, the value of such consideration shall be as determined in good faith by the Board. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted in the manner contemplated above based on the number of Shares (or securities convertible into or exchangeable for Shares) actually issued upon the exercise of such rights, options or warrants.

(c) For purposes of this Agreement, the granting of the right to purchase Shares (whether from treasury or otherwise) pursuant to any Dividend Reinvestment Plan or employee benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights, options or warrants by the Corporation) shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that in the case of any Dividend Reinvestment Plan, the right to purchase Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of the Shares.

2.3.7 If the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Shares of:

- (a) evidences of indebtedness or assets (other than a Regular Periodic Cash Dividend or a dividend paid in Shares or Convertible Securities, but including any dividend payable in securities other than Shares or Convertible Securities); or
- (b) rights, options or warrants entitling them to subscribe for or purchase Shares (or Convertible Securities in respect of Shares) at a price per Share (or, in the case of such a Convertible Security, having a conversion, exchange or exercise price per Share (including the price required to be paid to purchase such Convertible Security)) less than 90% of the Market Price per Share on such record date (excluding rights, options or warrants referred to in Section 2.3.6),

the Exercise Price in effect after such record date shall be equal to the Exercise Price in effect immediately prior to such record date less the fair market value (as determined in good faith by the Board) of the portion of the assets, evidences of indebtedness, rights, options warrants or other securities so to be distributed applicable to each of the securities purchasable upon exercise of one Right. Such adjustment shall be made successively whenever such a record date is fixed.

2.3.8 Each adjustment made pursuant to this Section 2.3 shall be made as of:

- (a) the payment or effective date for the applicable dividend, subdivision, change, consolidation or issuance, in the case of an adjustment made pursuant to Section 2.3.2; and
- (b) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to Section 2.3.6 or 2.3.7, subject to readjustment to reverse the same if such distribution shall not be made.

2.3.9 If the Corporation shall at any time after the Record Time and prior to the Expiration Time issue any securities (other than Shares), or rights, options or warrants to subscribe for or purchase any such securities, or Convertible Securities in respect of any such securities, in a transaction referred to in any of Sections 2.3.2(a) to 2.3.2(d), inclusive, if the Board acting in good faith determines that the adjustments contemplated by Sections 2.3.2, 2.3.6 and 2.3.7 in connection with such transaction will not appropriately protect the interests of the holders of Rights, then the Board may from time to time, but subject to obtaining the prior approval of the holders of the Rights obtained as set forth in Section 5.4.2, determine what other adjustments to the Exercise Price, number of Rights or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Sections 2.3.2, 2.3.6 and 2.3.7, such adjustments, rather than the adjustments contemplated by Sections 2.3.2, 2.3.6 and 2.3.7, shall be made upon the Board providing written certification thereof to the Rights Agent as set forth in Section 2.3.17. The Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.

2.3.10 Notwithstanding anything herein to the contrary, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Exercise Price; provided, however, that any adjustments which by reason of this Section 2.3.10 are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments to the Exercise Price made pursuant to this Section 2.3 shall be calculated to the nearest cent.

2.3.11 All Rights originally issued by the Corporation prior or subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

2.3.12 Unless the Corporation shall have exercised its election, as provided in Section 2.3.13, upon each adjustment of an Exercise Price as a result of the calculations made in Sections 2.3.6 and 2.3.7, each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Shares obtained by:

- (a) multiplying:
 - (i) the number of Shares covered by a Right immediately prior to such adjustment;by
 - (ii) the Exercise Price in effect immediately prior to such adjustment; and
- (b) dividing the product so obtained by the Exercise Price in effect immediately after such adjustment.

2.3.13 The Corporation may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become the

number of Rights obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 calendar days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 2.3.13, the Corporation shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to Section 5.5, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

2.3.14 In any case in which this Section 2.3 shall require that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date of the number of Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

2.3.15 Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such adjustments in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in its good faith judgment the Board shall determine to be advisable in order that any:

- (a) subdivision or consolidation of the Shares;
- (b) issuance wholly for cash of any Shares at less than the Market Price;
- (c) issuance wholly for cash of any Shares or securities that by their terms are exercisable or exchangeable for or convertible into or give a right to acquire Shares;
- (d) stock dividends; or
- (e) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Shares,

shall not be taxable to such shareholders or shall have more favourable tax consequences to such shareholders.

2.3.16 Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofor and thereafter issued may continue to represent the securities so purchasable following such adjustment or change.

2.3.17 Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:

- (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment; and
- (b) promptly file with the Rights Agent and with each transfer agent for the Shares a copy of such certificate and mail a brief summary thereof to each holder of Rights who requests a copy.

Failure to file such certificate or to cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate for Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising Person hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such Shares on, and such certificate shall be dated, the next Business Day on which the Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

2.5.1 The Rights Certificates shall be executed on behalf of the Corporation by any two officers of the Corporation. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

2.5.2 Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature and a disclosure statement describing the Rights, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and deliver such Rights Certificates and statement to the holders of the Rights pursuant to Section 2.2. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

2.5.3 Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Transfer and Exchange

2.6.1 After the Separation Time, the Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed "**Rights Registrar**" for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. If the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

2.6.2 After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Sections 2.6.4 and 3.1.2, the Corporation will execute, and the Rights Agent will countersign, deliver and register, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or

more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

2.6.3 All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

2.6.4 Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized, in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.7 Mutilated, Lost, Stolen and Destroyed Rights Certificates

2.7.1 If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

2.7.2 If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:

- (a) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
- (b) such security or indemnity as may be reasonably required by them to save each of them and any of their agents harmless,

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and, upon the Corporation's request, the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

2.7.3 As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) ~~connected~~in connection therewith.

2.7.4 Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence a contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

2.7.5 The Rights Agent will place a stop transfer notation on the Rights Register with respect to any destroyed, lost or stolen Rights Certificate for which a replacement Rights Certificate is issued pursuant to this Section 2.7.

2.8 Persons Deemed Owners

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name a Rights Certificate (or, prior to the Separation Time, the associated

Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “holder” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Shares).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, for registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9 except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable law, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting such Rights, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that, prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Shares;
- (c) that, after the Separation Time, the Rights will be transferable only on the Rights Register as provided herein;
- (d) that, prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived its right to receive any fractional Rights or any fractional Shares or other securities upon exercise of a Right (except as provided herein);
- (f) that, subject to Section 5.4, without the approval of any holder of Rights or Shares and upon the sole authority of the Board acting in good faith, this Agreement may be supplemented or amended from time to time as provided herein; and
- (g) that, notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of the inability to perform any of its obligations under this Agreement by reason of applicable law, including any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order

promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

ARTICLE 3 **ADJUSTMENTS TO THE RIGHTS**

3.1 Flip-In Event

3.1.1 Subject to Section 3.1.2 and Section 5.1, if prior to the Expiration Time a Flip-in Event occurs, each Right shall thereafter constitute, effective at the Close of Business on the tenth Business Day after the Share Acquisition Date (or such longer period as may be required to satisfy the requirements of the securities laws or comparable legislation of each of the provinces and territories of Canada), the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Shares as have an aggregate Market Price on the date of the consummation or occurrence of such Flip-in Event equal to ~~four~~**eight** times the Exercise Price upon payment of an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if, after such date of consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred with respect to such Shares).

3.1.2 Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Share Acquisition Date, or which may thereafter be Beneficially Owned, by:

- (a) an Acquiring Person, any Affiliate or Associate of an Acquiring Person, any other Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of such Acquiring Person, or any Affiliate or Associate of such Person so acting jointly or in concert; or
- (b) a transferee or other successor in title of Rights, direct or indirect, of an Acquiring Person, any Affiliate or Associate of an Acquiring Person, any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such Acquiring Person, or any Affiliate or Associate of such Person so acting jointly or in concert, where such a transferee or other successor in title becomes a transferee or other successor in title concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Board, acting in good faith, has determined is part of a plan, arrangement or scheme of an Acquiring Person or of any other Person referred to in this Section 3.1.2(b) that has the purpose or effect of avoiding Section 3.1.2(a),

shall become void without any further action by the Corporation and any holder of such Rights (including any transferee of, or other successor entitled to, such Rights, whether directly or indirectly) shall thereafter have no right to exercise such Rights under any provisions of this Agreement and, further, shall thereafter not have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this Section 3.1.2 shall be deemed to be an Acquiring Person for the purposes of this Section 3.1.2 and such Rights shall become void.

3.1.3 Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either of Section 3.1.2(a) or 3.1.2(b) or transferred to any Nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain or will be deemed to contain the following legend:

“The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are

defined in the Rights Agreement) or a Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of such Acquiring Person or any Affiliate or Associate of such Person so acting jointly or in concert. This Rights Certificate and the Rights represented hereby shall be void in the circumstances specified in Section 3.1.2 of the Rights Agreement.”

The Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so in writing by the Corporation or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

3.1.4 After the Separation Time, the Corporation shall do all such acts and things necessary and within its power to ensure compliance with the provisions of this Section 3.1 including, without limitation, all such acts and things as may be required to satisfy the requirements of the Business Corporations Act, the Securities Act and the securities laws or comparable legislation in any other jurisdiction where the Corporation is subject to such laws and the rules of the stock exchanges or other markets where the Shares are listed or traded at such time in respect of the issue of Shares upon the exercise of Rights in accordance with this Agreement.

3.2 Fiduciary Duties of the Board

For clarification, it is understood that nothing contained in this Agreement shall be considered to affect the obligations of the directors of the Corporation to exercise their fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board shall not be entitled to recommend that holders of the Shares reject or accept any Take-over Bid or take any other action including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to Shareholders that the directors believe is necessary or appropriate in the exercise of their fiduciary duties.

ARTICLE 4 **THE RIGHTS AGENT**

4.1 General

4.1.1 The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-rights agents (“**Co-Rights Agents**”) as it may deem necessary or desirable, subject to the approval of the Rights Agent. If the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine with approval of the Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements reasonably incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder (including the reasonable fees and other disbursements of any expert retained by the Rights Agent with the approval of the Corporation, such approval not to be unreasonably withheld). The Corporation also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the reasonable costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

4.1.2 The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent,

certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

4.1.3 The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation.

4.2 Merger, Amalgamation, Consolidation or Change of Name of Rights Agent

4.2.1 Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any document or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

4.2.2 In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) The Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation), and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion and the Rights Agent may also, with the approval of the Corporation, such approval not to be unreasonably withheld, retain and consult with such other experts or advisors as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Corporation's expense) and the Rights Agent shall be entitled to act and rely in good faith on the advice of such expert or advisor.
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking, refraining from taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chief Executive Officer or the Chief Financial Officer or other senior officer of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for

any action taken, not taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

- (c) The Rights Agent will be liable hereunder only for its own ~~gross~~ negligence, bad faith or wilful misconduct.
- (d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares, or the Rights Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and will be deemed to have been made by the Corporation only.
- (e) The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate, or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.1.2 or any adjustment required under the provisions of Section 2.3) or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment or any written notice from the Corporation or any holder that a Person has become an Acquiring Person); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Shares to be issued pursuant to this Agreement or any Rights or as to any Shares, when issued, being duly and validly authorized, issued and delivered as fully paid and non-assessable.
- (f) The Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.
- (g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any individual designated in writing by the Corporation, and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual. It is understood that instructions to the Rights Agent shall, except where circumstances make it impractical or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions shall be confirmed in writing as soon as reasonably practicable after the giving of such instructions.
- (h) The Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity.
- (i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement by giving 60 days prior written notice (or such lesser notice as is acceptable to the Corporation) to the Corporation, to each transfer agent of Shares and to the holders of the Rights, all in accordance with Section 5.11 and at the expense of the Corporation. The Corporation may remove the Rights Agent by giving 30 days prior written notice to the Rights Agent, to each transfer agent of the Shares and to the holders of the Rights in accordance with Section 5.11. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection of the Corporation), then the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, must be a corporation incorporated under the laws of Canada or a province thereof and authorized to carry on the business of a rights agent in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Corporation to the predecessor Rights Agent of all outstanding fees and expenses owed by the Corporation to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares and mail a notice thereof in writing to the holders of the Rights in accordance with Section 5.11. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

4.5 Compliance with Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in noncompliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation, provided that (i) the Rights Agent's written notice shall describe the circumstances of such non-compliance and (ii) ~~that~~ if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

4.6 Privacy Provision

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

ARTICLE 5
MISCELLANEOUS

5.1 Redemption and Waiver

5.1.1 Subject to the prior approval of the holders of Shares or Rights obtained as set forth in Section 5.1.11 or 5.4, as applicable, the Board, acting in good faith, may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to Sections 5.1.2, 5.1.4, 5.1.5 or 5.1.6, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right, appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of a type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the “**Redemption Price**”).

5.1.2 The Board may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board has determined, in good faith, within 10 Business Days following the Share Acquisition Date, that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, if such a waiver is granted by the Board, such Share Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Section 5.1.2 may only be given on the condition that such Acquiring Person, within 14 days after the foregoing determination by the Board or such later date as the Board may determine (the “**Disposition Date**”), has reduced its Beneficial Ownership of Shares such that, at the time the waiver becomes effective, the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the Close of Business on the Disposition Date, then the Disposition Date shall be deemed to be the date of occurrence of a further Share Acquisition Date and Section 3.1 shall apply thereto.

5.1.3 The Board will be deemed to have elected to redeem, without further formality, the Rights at the Redemption Price on the date that a Person who has made a Permitted Bid, a Competing Permitted Bid or Take-over Bid in respect of which the Board ~~of Directors~~ has waived, or is deemed to have waived, pursuant to Section 5.1.4 the application of Section 3.1, takes up and pays for Shares pursuant to the terms and conditions of such Permitted Bid, Competing Permitted Bid or Take-over Bid, as the case may be.

5.1.4 The Board may, prior to the occurrence of the relevant Flip-in Event, upon prior written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Shares; provided that, if the Board waives the application of Section 3.1 to a particular Take-over Bid pursuant to this Section 5.1.4, then the Board shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a Take-over Bid circular to all holders of record of Shares prior to the expiry, termination or withdrawal of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this Section 5.1.4.

5.1.5 Subject to the prior approval of the holders of Shares obtained as set forth in Section 5.4, the Board may, prior to the occurrence of the relevant Flip-in Event, upon prior written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to a Flip-in Event that may occur by reason otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Shares. In the event that the Board proposes such a waiver, the Board shall extend the Separation Time to a date subsequent to and not more than ten Business Days following the meeting of shareholders called to approve such waiver.

5.1.6 The Board may, prior to the Close of Business on the tenth Business Day following a Share Acquisition Date, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 to the related Flip-in Event; provided that the Acquiring Person has reduced its Beneficial Ownership of Shares (or has entered into a contractual arrangement with the Corporation, acceptable to the Board, to do so within 10 days of the date on which the contractual arrangement is entered into or such later date as the Board may determine) such that, at the time the waiver becomes effective pursuant to this Section 5.1.6, such Person is no longer an Acquiring Person. In the event of such a waiver becoming effective prior to the

Separation Time, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred.

5.1.7 Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, or if the Board grants a waiver under Section 5.1.6 after the Separation Time, then the Board may elect to redeem all the outstanding Rights at the Redemption Price. Upon the Rights being redeemed pursuant to this Section 5.1.7, all of the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Shares at the Separation Time had not been mailed to each such holder, and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred, and the Corporation shall be deemed to have issued replacement Rights to the holders of its then outstanding Shares.

5.1.8 If the Board is deemed under Section 5.1.3 to have elected or elects under Sections 5.1.1 or 5.1.7 to redeem the Rights, then the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

5.1.9 Within 10 days after the Board is deemed under Section 5.1.3 to have elected or elects under Sections 5.1.1 or 5.1.7 to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at its last address as it appears upon the Rights Register or, prior to the Separation Time, on the registry books of the transfer agent for the Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made, and will state that no payment will be made to holders entitled to less than \$10, in accordance with Section 5.1.10.

5.1.10 The Corporation shall not be obligated to make a payment of the Redemption Price to any holder of Rights unless such holder is entitled to receive at least \$10 in respect of all of the Rights held by such holder.

5.1.11 If a redemption of Rights pursuant to Section 5.1.1 or a waiver of a Flip-in Event pursuant to Section 5.1.5 is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and the Corporation's by-laws. If a redemption of Rights pursuant to Section 5.1.1 is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights in accordance with Section 5.4.

5.2 Expiration

No Person will have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except in respect of the exercise of any Right on or prior to the Expiration Time or in respect of any right to receive cash, securities or other property which has accrued prior to the Expiration Time and except as specified in Sections 4.1.1 and 4.1.2 with respect to the Rights Agent.

5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights Certificates to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board to reflect any adjustment or change in the number or kind or class of Shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.4 Supplements and Amendments

5.4.1 Subject to Section 5.4.3, the Corporation may from time to time amend, vary or delete any of the provisions of this Agreement and the Rights provided that no amendment, variation or deletion made on or after the Meeting shall be made without the prior consent of the Shareholders or holders of the Rights, given as provided in Section 5.4.2, except that amendments, variations or deletions made for any of the following purposes shall not require such prior approval but shall be subject to subsequent ratification in accordance with Section 5.4.2:

- (a) in order to make such changes as are necessary in order to maintain the validity or effectiveness of this Agreement and the Rights as a result of any change in any applicable legislation, regulations or rules;
- (b) in order to make such changes as are necessary in order to cure any clerical or typographical error; or
- (c) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement, provided that such action pursuant to this paragraph (c) shall not adversely affect the interests of the Shareholders or the holders of Rights in any material respect.

5.4.2 Any amendment, variation or deletion made by the Corporation pursuant to Section 5.4.1 shall if made:

- (a) prior to the Separation Time, be submitted to the Shareholders at the next meeting of Shareholders and the Shareholders may, by resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such amendment, variation or deletion, confirm or reject such amendment or supplement; or
- (b) after the Separation Time, be submitted to the holders of Rights at a meeting to be held on a date not later than the date of the next meeting of Shareholders and the holders of Rights may, by resolution passed by a majority of the votes cast by the holders of Rights which have not become void pursuant to Section 3.1.2 who vote in respect of such amendment, variation or deletion, confirm or reject such amendment or supplement.

Any amendment, variation or deletion pursuant to Section 5.4.1 made before the Meeting shall be effective when made, subject to confirmation by the Shareholders at the Meeting, and in other cases shall be effective from the later of the date of the consent of the holders of Shares or Rights, as applicable, adopting such amendment, variation or deletion and the date of approval thereof by the Exchange (except in the case of an amendment, variation or deletion referred to in Sections 5.4.1(a), 5.4.1(b) or 5.4.1(c), which shall be effective from the later of the date of the resolution of the Board adopting such amendment, variation or deletion and the date of approval thereof by the Exchange) and, where such amendment, variation or deletion is confirmed, it shall continue in effect in the form so confirmed). If an amendment, variation or deletion pursuant to Sections 5.4.1(a), 5.4.1(b) or 5.4.1(c) is rejected by the Shareholders or the holders of Rights or is not submitted to the Shareholders or holders of Rights as required, then such amendment, variation or deletion shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board to amend, vary or delete any provision of this Agreement to substantially the same effect shall be effective until confirmed by the Shareholders or holders of Rights, as the case may be.

5.4.3 For greater certainty, neither the exercise by the Board of any power or discretion conferred on it hereunder nor the making by the Board of any determination or the granting of any waiver it is permitted

to make or give hereunder shall constitute an amendment, variation or deletion of the provisions of this Agreement or the Rights for purposes of this Section 5.4 or otherwise.

5.4.4 The approval, confirmation or consent of the holders of Rights with respect to any matter arising hereunder shall be deemed to have been given if the action requiring such approval, confirmation or consent is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof or which are Beneficially Owned otherwise than by Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the Business Corporations Act with respect to meetings of shareholders of the Corporation.

5.4.5 Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.

5.5 Fractional Rights and Fractional Shares

5.5.1 The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time there shall be paid, in lieu of such fractional Rights, to the registered holders of the Rights Certificates with regard to which fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the Market Price of a whole Right.

5.5.2 The Corporation shall not be required to issue fractional Shares upon exercise of the Rights or to distribute certificates that evidence fractional Shares. In lieu of issuing fractional Shares, the Corporation shall pay to the registered holder of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Share at the date of such exercise.

5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of Rights, without the consent of the Rights Agent or of the holder of any other Rights may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in this Agreement and in such holder's Rights Certificate. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to, this Agreement.

5.7 Holder of Rights Not Deemed a Shareholder

No holder, as such, of any Rights shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Shares or any other securities which may at any time be issuable on the exercise of Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights, as such, any of the rights of a Shareholder or any right to vote for the election of directors or upon any matter submitted to Shareholders at any meeting thereof or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting Shareholders (except as provided in Section 5.8) or to receive dividends or subscription rights or otherwise, until such Rights, shall have been exercised in accordance with the provisions hereof.

5.8 Notice of Proposed Actions

In case the Corporation proposes after the Separation Time and prior to the Expiration Time to effect the liquidation, dissolution or winding up of the Corporation or the sale of all or substantially all of the Corporation's assets, then, in each such case, the Corporation shall give to each holder of a Right, in accordance with Section 5.11, a notice of such proposed action, which shall specify the date on which such liquidation, dissolution, or winding up is to take place, and such notice shall be so given at least 20 Business Days prior to the date of the taking of such proposed action by the Corporation.

5.9 Effective Date

This Agreement shall be effective and in full force and effect in accordance with its terms and conditions from and after the Meeting if approved by resolution passed by a majority of the votes cast by Independent Shareholders. This Agreement and all outstanding Rights shall terminate and no longer be of any force or effect from and after the Expiration Time.

5.10 Reconfirmation

This Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such reconfirmation at every third annual meeting of the Corporation. If this Agreement is not so reconfirmed or is not presented for reconfirmation at such annual meeting, then this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of the applicable annual meeting; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Sections 5.1.2, 5.1.4, 5.1.5 or 5.1.6) prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.10.

5.11 Notices

Notices or demands authorized or required by this Agreement to be given or made to or by the Rights Agent, the holder of any Rights or the Corporation will be sufficiently given or made and shall be deemed to be received if delivered or sent by first-class mail, postage prepaid, or by facsimile machine or other means of printed telecommunication, charges prepaid and confirmed in writing by mail or delivery, addressed (until another address is filed in writing with the Rights Agent or the Corporation, as applicable), as follows:

- (a) if to the Corporation:

NFI Group Inc.
711 Kernaghan Avenue
Winnipeg, Manitoba
R2C 3T4

Attention: Executive Vice President and General Counsel
Fax: 204-224-6652

- (b) if to the Rights Agent:

Computershare Investor Services Inc.
100 University Avenue
8th Floor

Toronto, Ontario
M5J 2Y1

Attention: General Manager, Client Services
Fax: 416-263-9539

- (c) if to the holder of any Rights, to the address of such holder as it appears on the Rights Register or, prior to the Separation Time, on the registry books of the Corporation for the Shares.

Any notice which is mailed or sent or delivered in the manner herein provided for shall be deemed given and received whether or not the holder receives the notice.

5.12 Costs of Enforcement

The Corporation agrees that if the Corporation or any other Person (the securities of which are purchasable upon exercise of Rights) fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person will reimburse the holder of any Rights for the costs and expenses (including legal fees) reasonably incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

5.13 Posting for Trading of Shares

The Corporation shall use reasonable efforts to cause the Shares to be issued upon the exercise of Rights to be posted for trading on the Exchange.

5.14 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement, shall be subject to applicable law and to the receipt of any requisite approval or consent from any governmental or regulatory authority. Without limiting the generality of the foregoing, any issuance or delivery of debt or equity securities (other than non-convertible debt securities) of the Corporation upon the exercise of Rights and any amendment to this Agreement shall be subject to the applicable prior consent of the stock exchanges and markets on which the Corporation is from time to time listed or quoted.

5.15 Declaration as to Non-Canadian and Non-United States Holders

If, upon the advice of outside counsel, any action or event contemplated by this Agreement would require compliance with the securities laws or comparable legislation of a jurisdiction outside of Canada, the Board acting in good faith may take such actions as it may deem appropriate to ensure that such compliance is not required, including without limitation establishing procedures for the issuance to a Canadian resident Fiduciary of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Persons entitled thereto (but reserving to the Fiduciary or to the Corporation, as the Corporation may determine, absolute discretion with respect thereto) and the sale thereof and remittance of the proceeds of such sale, if any, to the Persons entitled thereto. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada and any province or territory thereof or the United States of America and any state thereof in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

5.16 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

5.17 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

5.18 Determinations and Actions by the Board

All actions, calculations, interpretations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board for the purposes hereof, in good faith:

- (a) may be relied upon by the Rights Agent; and
- (b) shall not subject any member of the Board to any liability to the holders of the Rights or to any other parties.

5.19 Governing Law

This Agreement and the Rights issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes will be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

5.20 Language

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent ou qui en coulent soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto or resulting therefrom be drawn up in English.

5.21 Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts will for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

5.22 Severability

If any term or provision hereof or the application thereof to any circumstance is, in any jurisdiction and to any extent, invalid or unenforceable, such term or provision will be ineffective only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions hereof or the application of such term or provision in jurisdictions or to circumstances other than those as to which it is held invalid or unenforceable.

5.23 Time of the Essence

Time shall be of the essence hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

NFI GROUP INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

**COMPUTERSHARE INVESTOR SERVICES
INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

to a ~~Third~~Fourth Amended and Restated Shareholder Rights Plan Agreement dated as of May 7~~(2020)~~(2023),
between NFI Group Inc. and Computershare Investor Services Inc.

Certificate No. [_____] [_____] Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1.2 OF SUCH AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON, CERTAIN RELATED PARTIES OF AN ACQUIRING PERSON OR A TRANSFEREE OF AN ACQUIRING PERSON OR ANY SUCH RELATED PARTIES WILL BECOME VOID WITHOUT FURTHER ACTION.

RIGHTS CERTIFICATE

This certifies that [_____] is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the ~~Third~~Fourth Amended and Restated Shareholder Rights Plan Agreement dated as of May 7~~(2020)~~(2023) (the "**Rights Agreement**") between NFI Group Inc., a corporation incorporated under the laws of Canada, (the "**Corporation**") and Computershare Investor Services Inc., a corporation incorporated under the laws of Ontario, as Rights Agent (the "**Rights Agent**"), which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Corporation, at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid common share of the Corporation (a "**Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate, together with the Form of Election to Exercise appropriately completed and duly executed, to the Rights Agent at its principal office in Toronto, Ontario. Until adjustment thereof in certain events as provided in the Rights Agreement, the Exercise Price shall be \$200.00 per Right (payable in cash, certified cheque or money order payable to the order of the Corporation).

The number of Shares which may be purchased for the Exercise Price is subject to adjustment as set forth in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the principal office of the Rights Agent in Toronto, Ontario, may be exchanged for another Rights Certificate or Rights Certificates of like tenor evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may be adjusted so as to entitle the registered holder thereof to purchase or receive securities in the capital of the Corporation other than Shares or more or less than one Share (or a combination thereof), all as provided in the Rights Agreement. The number of Shares which may be purchased for the Exercise Price is subject to adjustment as set forth in the Rights Agreement.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate may be redeemed by the Corporation at a redemption price of \$0.00001 per Right subject to adjustment in certain events.

No fractional Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Shares or any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of any meeting or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive distributions or subscription rights or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation.

Date: [_____]

NFI GROUP INC.

By: _____
Name:
Title:

COMPUTERSHARE INVESTOR SERVICES
INC.

By: _____
Name:
Title:

**FORM OF ELECTION TO EXERCISE
NFI GROUP INC.**

The undersigned hereby irrevocably elects to exercise _____ whole _____ Rights represented by this Rights Certificate to purchase the Shares issuable upon the exercise of such Rights and requests that certificates for such Shares be issued in the name of and delivered to:

Rights Certificate No. _____

Name

Address

City and Province

Social Insurance No. or other
taxpayer identification numbers

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Name

Address

City and Province

Social Insurance No. or other
taxpayer identification numbers

Date: _____

Signature

Written Signature Guaranteed

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a major Canadian trust company, a Schedule 1 Canadian chartered bank, a member of a recognized stock exchange in Canada or a member of the Securities Transfer Association Medallion (STAMP) Program.

(To be completed by the holder if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Shares, that the Rights evidenced by this Rights Certificate are not and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person, any Associate or Affiliate of an Acquiring Person,

any other Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of such Acquiring Person, or an Associate or Affiliate of such Person so acting jointly or in concert (as such terms are defined in the Rights Agreement).

Signature

NOTICE

If the certification set forth above in the Form of Election to Exercise is not completed, the Corporation is entitled to treat the Beneficial Owner of the Rights represented by this Rights Certificate to be an Acquiring Person (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void.

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein.

Date: _____

Signature

Written Signature Guaranteed

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a major Canadian trust company, a Schedule 1 Canadian chartered bank, a member of a recognized stock exchange in Canada or a member of the Securities Transfer Association Medallion (STAMP) Program.

(To be completed by the holder if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Shares, that the Rights evidenced by this Rights Certificate are not and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person, any Associate or Affiliate of an Acquiring Person, any other Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of such Acquiring Person, or an Associate or Affiliate of such Person so acting jointly or in concert (as such terms are defined in the Rights Agreement).

Signature

(Please print name below signature)

NOTICE

If the certification set forth above in the Form of Assignment is not completed, the Corporation is entitled to treat the Beneficial Owner of the Rights represented by this Rights Certificate to be an Acquiring Person (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void.

Schedule “B”

ADVISORY RESOLUTION ON APPROACH TO EXECUTIVE COMPENSATION

BE IT RESOLVED THAT:

1. On an advisory basis and not to diminish the role and responsibilities of the board of directors of NFI Group Inc. (“**NFI**”), the shareholders accept the approach to executive compensation disclosed in NFI’s management information circular dated March 17, 2023.

Schedule “C”

DESCRIPTION OF THE OPTION PLANS

The Board adopted the 2013 Option Plan on March 21, 2013. The 2013 Option Plan was last amended and restated effective August 5, 2020.

On March 12, 2020, the Board approved the 2020 Option Plan.

The Board amended both the 2013 Option Plan and the 2020 Option Plan on August 5, 2020 to (i) provide flexibility to grant Options to participants in the United Kingdom in compliance with local tax laws, and (ii) include other amendments of a housekeeping nature. None of these amendments required shareholder approval pursuant to the terms of the 2013 Option Plan and the 2020 Option Plan.

The 2020 Option Plan has substantially the same material terms as the 2013 Option Plan, which terms are summarized below.

The full texts of the 2013 Option Plan and the 2020 Option Plan were filed on SEDAR on November 30, 2020 and are available at www.sedar.com.

Under the Option Plans, the Board may grant Options to active employees of NFI and its affiliates (“**participants**”), including the NEOs. Non-employee directors are not eligible to be granted Options under the Option Plans.

Purpose

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

Administration

Subject to the Governance Committee reporting to the Board on all matters relating to the Option Plans and obtaining approval of the Board for those matters required by the Governance Committee’s mandate, the Option Plans are administered by the Governance Committee, which will: (i) determine which eligible employees will receive Options, the number of Options to be granted and any terms and conditions of the Options; (ii) interpret and administer the Option Plans; (iii) establish the Option exercise price; and, (iv) make any other determinations required for the administration of the Option Plans. Decisions of the Governance Committee are binding on the participants.

Award of Options

The Governance Committee may award Options to any eligible employee. The Option Plans permits the grant of incentive share options under the U.S. Internal Revenue Code and non-qualified stock options. The exercise price of an Option may not be less than fair market value which, for these purposes means the closing price of a Common Share on the principal stock exchange on which the Common Shares are traded on the last trading day immediately preceding the applicable day. The vesting terms and expiry of an Option will be determined by the Governance Committee for each applicable grant, provided that Options must expire no later than the eighth anniversary of the date of grant, except that Options which would otherwise expire during, or within 10 business days following a blackout period will expire 10 business days following the end of the blackout period.

Exercise of Options

Vested Options may be exercised by the Participant providing a notice of exercise and (i) paying the exercise price in full to NFI; or (ii) without payment either (A) by receiving an amount in cash per Option equal to the cash proceeds realized upon the sale of the Common Shares by a securities dealer in the capital markets, less the applicable exercise price and any applicable withholding taxes, or (B) by receiving

the net number of Common Shares remaining after the sale of such number of Common Shares 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 (C) a combination of (A) and (B). On exercise of a vested Option, NFI will issue to the participant one Common Share for each vested Option elected to be exercised.

Transfer of Options

Options are not transferable or assignable other than by will or the laws of descent and distribution.

Vesting Provisions

Each Option will vest on the date or dates designed in the grant agreement or such earlier date as is provided for in the Option Plans or is determined by the Governance Committee. If no specific provision is made, options will vest 25% on each of the first through fourth anniversaries of the date of grant.

Number of Common Shares Available for Issuance and Burn Rate

The 2013 Option Plan provides for the issuance of 3,600,000 Common Shares, representing approximately 4.7% of the issued and outstanding Common Shares as at January 1, 2023; provided that Common Shares reserved for issuance pursuant to Options that are terminated or are cancelled without having been exercised will again be available for issuance under the 2013 Option Plan. As at January 1, 2023, there were 323,793 Options available for issuance, representing approximately 0.4% of the issued and outstanding Common Shares as at that date, and 1,910,057 Options outstanding, representing approximately 2.5% of the issued and outstanding Common Shares as at that date.

The 2020 Option Plan provides for the issuance of 3,200,000 Common Shares, representing approximately 4.1% of the issued and outstanding Common Shares as at January 1, 2023; provided that Common Shares reserved for issuance pursuant to Options that are terminated or are cancelled without having been exercised will again be available for issuance under the 2020 Option Plan. As at January 1, 2023, there were 3,200,000 Options available for issuance, representing approximately 4.1% of the issued and outstanding Common Shares as at that date, and no Options outstanding.

The annual burn rate for the Options under the 2013 Option Plan for the last three fiscal years is described in the table below. The annual burn rate is not applicable to the 2020 Option Plan as no Options have been granted under that plan.

Year	Options Issued	Weighted Average Common Shares Outstanding	Burn Rate %
2022	313,620	77,144,445	0.41
2021	261,168	70,039,835	0.37
2020	519,916	62,510,544	0.83

Restrictions on the Award of Options

The Option Plans provide that: (i) the number of Common Shares reserved for issuance pursuant to Options and other awards under the Option Plans and any other security-based compensation arrangements of NFI to any one person shall not exceed 5% of the issued and outstanding securities of NFI; (ii) the number of Common Shares issued to any insider or that insider’s associates under the Option Plans and under any other security-based compensation arrangement of NFI shall not exceed 5% of the issued and outstanding securities of NFI within a 12-month period; and (iii) the aggregate number of Common Shares issued to insiders of NFI within any 12-month period, or issuable to insiders of NFI at any time, under the Option Plans and any other security-based compensation arrangement of NFI, may not exceed 10% of the total number of issued and outstanding Common Shares of NFI at such time.

Cessation of Employment

If a participant's employment is terminated by the participant's death, the participant's legal representatives will have until the earlier of one year after the date of death and the expiry date of the Option, to exercise Options which are vested on the participant's death and will forfeit all rights to Options which are not vested on the participant's date of death or which are not exercised within the one year period.

If a participant's employment is terminated due to the participant's disability or retirement, the participant's options will continue to vest (and will vest at the same time as if the participant had remained employed for three years after the date of termination) and be exercisable until the earlier of three years after the date of termination due to disability or retirement and the expiry date of the Option and the participant will forfeit all rights to Options which do not vest or which are not exercised within the three-year period.

If a participant's employment is terminated without cause or the participant resigns for good reason (which is defined as the participant's employer substantially diminishing the participant's authority or responsibilities, materially violating the participant's employment agreement or materially reducing a participant's compensation) the participant will have until the earlier of 90 days after the termination date and the expiry date of the Options to exercise Options which are vested on the termination date and will forfeit all rights to Options which are not vested at the participant's termination date or which are not exercised within the 90 day period.

If a participant's employment is terminated without cause or the participant resigns for good reason (as defined above) immediately prior to or within twenty-four months following a Change of Control (as defined under the Option Plans, which includes the acquisition of 50% or more of the Common Shares or a sale of all or substantially all of the assets of NFI) all of the participant's Options will vest immediately prior to the participant's termination date and will be exercisable until the earlier of 90 days after termination of employment and the expiry date of the Option and the participant will forfeit all rights to Options which are not exercised within the 90 day period.

If a participant's employment is terminated for any reason, other than death, disability, retirement, termination without cause or resignation for good reason, the participant will have until the earlier of 30 days after the termination date and the expiry date of the Options to exercise Options which are vested on the termination date and will forfeit all rights to Options which are not vested at the participant's termination date or which are not exercised within the 30 day period.

Amendment, Suspension or Termination of Option Plans

The Governance Committee may amend, suspend or terminate the Option Plans at any time, subject to any provisions of applicable law that require the approval of shareholders or any governmental or regulatory body. The Governance Committee may make any amendments to the Option Plans without shareholder approval including, for example, housekeeping amendments, amendments to comply with applicable laws and the rules, regulations and policies of the TSX, amendments to reduce or restrict participation in the plans, amendments to the vesting provisions of the plans or any Option, amendments to the termination or early termination provisions of the plans or any Option, or amendments necessary to suspend or terminate the plans, provided that the participant's consent is required to make amendments that are adverse to the participant. Notwithstanding the foregoing, shareholder approval is required for:

- any amendment to increase the number of Common Shares issuable under the Option Plans or change from a fixed maximum number of Common Shares to a fixed maximum percentage;
- any amendment that increases the length of the automatic extension for Options expiring during or shortly after a blackout period;
- any amendment reducing the exercise price of an Option (directly or by the cancellation and reissuance of an Option), except in connection with a stock dividend or split, recapitalization, merger, consolidation or other corporate change;

- any amendment expanding the categories of eligible person which would have the potential of broadening or increasing insider participation or which would permit non-employee directors to participate in the plan;
- any amendment extending the term of an Option or any rights pursuant thereto beyond its original expiry date, other than the extension of options which would otherwise expire during or within 10 business days following a blackout period, to 10 business days following the end of the blackout period;
- the addition of any other provision which results in participants receiving Common Shares while no cash consideration is received by NFI;
- any amendment to add a cashless exercise feature, unless it provides for a full deduction of the number of underlying Common Shares from the applicable plan's reserve;
- amendments which would permit Options to be transferred or assigned other than for normal estate planning purposes; and
- amendments to the amending provision of the Option Plan.

Under the 2020 Option Plan, shareholder approval is also required for any amendment to remove or exceed the insider participation limits set out in the plan.

Options may continue to be granted under the 2013 Option Plan until the share reserve is exhausted, following which all Options will be granted under the 2020 Option Plan. However, no new Options may be granted under the 2013 Option Plan or the 2020 Option Plan after March 21, 2023 and March 12, 2030, respectively, the tenth anniversary of each Option Plan's effective date.

Schedule “D”

DESCRIPTION OF RESTRICTED SHARE UNIT PLAN FOR NON-EMPLOYEE DIRECTORS

The Board adopted the Director RSU Plan on March 20, 2014 and it was approved by shareholders on May 8, 2014. The Director RSU Plan was amended and restated effective December 8, 2015, December 18, 2017, March 14, 2019 and September 14, 2020. The Director RSU Plan was most recently amended and restated to accommodate grants of Director RSUs to Participants (as defined below) in the United Kingdom. These amendments did not require shareholder approval pursuant to the terms of the Director RSU Plan. Under the Director RSU Plan, only non-employee Directors of NFI and certain affiliates (“**Eligible Directors**”) may receive Director RSUs or dividend restricted share units (“**Dividend Director RSUs**”). Any current or former Eligible Director to whom a Director RSU or Dividend Director RSU was granted is a participant in the Director RSU Plan (“**Participant**” or “**U.S. Participant**” in the case of a United States citizen or resident alien). Unless otherwise noted below, the term “Participant” includes a “U.S. Participant”.

Purpose

The purposes of the Director RSU Plan are to: (i) attract, retain and motivate highly qualified and experienced individuals to act as directors of NFI and certain of its affiliates; and (ii) promote a greater alignment of interests between the Participants and the shareholders of NFI.

Administration

Subject to the Governance Committee reporting to the Board on all matters relating to the Director RSU Plan and obtaining approval of the Board for those matters required by the Governance Committee’s mandate, the Director RSU Plan is administered by the Governance Committee, which will: (i) interpret and administer the Director RSU Plan; (ii) establish, amend and rescind any rules and regulations relating to the Director RSU Plan; and (iii) make any other determinations that the Governance Committee deems necessary or desirable for the administration of the Director RSU Plan.

Award of Director RSUs and Dividend Director RSUs

A Director RSU is a right to acquire a fully-paid and non-assessable Common Share. Eligible Directors have the right to elect once each calendar year to receive all or a portion of their annual retainer in the form of Director RSUs. Eligible Directors generally must make the election prior to the end of the calendar year preceding the year to which such election is to apply, or in the case of a new Eligible Director, as soon as possible after the Eligible Director’s appointment. Elections are irrevocable for the year in respect of which they are made. The Board, in its sole discretion, may award additional Director RSUs. The annual aggregate value of any discretionary Director RSUs granted to an Eligible Director cannot exceed the lesser of 1% of the issued and outstanding Common Shares and \$150,000.

The number of Director RSUs to be awarded to an Eligible Director is equal to the value of the compensation the Eligible Director elects to receive in the form of Director RSUs, divided by the volume weighted average closing price of a Common Share on the TSX for the 5 trading days prior to the date of the award (the “**Fair Market Value**”), rounded down to the nearest whole Director RSU.

When dividends are paid on Common Shares, further rights to acquire fully-paid and non-assessable Common Shares in the form of Dividend Director RSUs will be automatically awarded to each Participant who holds Director RSUs or Dividend Director RSUs on the record date for such dividends. The number of Dividend Director RSUs to be awarded to an Eligible Director is equal to the aggregate number of Director RSUs and Dividend Director RSUs held by the Participant on the dividend record date multiplied by the amount of dividend paid by NFI on each Common Share, and then divided by the Fair Market Value of the Common Shares on the dividend payment date (rounded down to the nearest whole Dividend Director RSU).

Exercise of Director RSUs and Dividend Director RSUs

A Participant (other than a U.S. Participant) may exercise Director RSUs and Dividend Director RSUs that are credited to his or her account at any time prior to December 15 of the year following the year in which the Participant ceases to be an Eligible Director (“**Exercise Deadline**”). If the Participant fails to provide a notice of exercise prior to the Exercise Deadline, the Participant will be deemed to have provided a notice of exercise specifying the Exercise Deadline as the exercise date. In the event a Participant (other than a U.S. Participant) dies, such Participant’s Director RSUs and Dividend Director RSUs will automatically be exercised as of the date of death.

U.S. Participants must specify the exercise date for their Director RSUs and Dividend Director RSUs in their annual election form. Director RSUs and Dividend Director RSUs will be exercised on the fixed exercise date or, if earlier, the first to occur of the following events, each defined under Section 409(A) of the U.S. Internal Revenue Code of 1986: (i) separation from service; (ii) disability; (iii) death; or (iv) a change in control.

Subject to the prior written consent of NFI, Participants may surrender to NFI such number of vested Director RSUs and Dividend Director RSUs to satisfy applicable withholding taxes upon exercise of their vested units.

Vesting Provisions

Director RSUs and Dividend Director RSUs vest immediately as at each applicable award date.

Number of Common Shares Available for Issuance and Burn Rate

On adoption of the Director RSU Plan in 2014, the maximum number of Common Shares available for issuance was 500,000 Common Shares, representing approximately 0.6% of the issued and outstanding Common Shares as at January 1, 2023. As at January 1, 2023 there were 271,728 Director RSUs available for issuance, representing approximately 0.4% of the issued and outstanding Common Shares as at that date, and 110,142 Director RSUs outstanding, representing approximately 0.1% of the issued and outstanding Common Shares as at that date. Where a Participant elects to surrender his or her vested Director RSUs and Dividend Director RSUs to satisfy applicable withholding taxes upon exercise, the number of Common Shares available for issuance under the Director RSU Plan will be reduced by the number of such surrendered units.

The annual burn rate for the Director RSUs for the last three fiscal years is described in the table below.

Year	Director RSUs Issued	Weighted Average Common Shares Outstanding	Burn Rate %
2022	64,947	77,144,445	0.08
2021	37,927	70,039,835	0.05
2020	40,344	62,510,544	0.06

Insider Participation Limits on the Award of Director RSUs and Dividend Director RSUs

The Director RSU Plan provides that: (i) the number of Common Shares reserved for issuance pursuant to the Director RSU Plan and any other security-based compensation arrangement of NFI to any one person shall not exceed 5% of the issued and outstanding Common Shares; (ii) the number of Common Shares issued to any insider or that insider’s associates under the Director RSU Plan and under any other security-based compensation arrangement of NFI shall not exceed 5% of the issued and outstanding Common Shares within a 12-month period; and (iii) the aggregate number of Common Shares issued to insiders of NFI within any 12-month period, or issuable to insiders of NFI at any time, under the Director RSU Plan and

any other security-based compensation arrangement of NFI, shall not exceed 10% of the total number of issued and outstanding Common Shares at such time.

General Restrictions and Assignment

Except as otherwise permitted by the Board, the rights of a Participant under the Director RSU Plan are not capable of being assigned. The rights and obligations under the Director RSU Plan may be assigned by NFI to a successor in the business of NFI.

Amendment, Suspension or Termination of the Director RSU Plan

The Board may amend, suspend or terminate the Director RSU Plan, or any portion thereof, at any time, subject to any provisions of applicable law that require the approval of shareholders or any governmental or regulatory body. The Board may make amendments to the Director RSU Plan without shareholder approval including, for example, housekeeping amendments, amendments to comply with tax laws or amendments to reduce or restrict participation in the Director RSU Plan. Notwithstanding the foregoing, shareholder approval is required for:

1. any amendment to increase the number of Common Shares issuable under the Director RSU Plan or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
2. any amendment extending eligibility to participate in the Director RSU Plan to persons other than Eligible Directors;
3. any amendment extending the term of the Director RSUs and Dividend Director RSUs or any rights pursuant thereto held by an insider beyond the Exercise Deadline;
4. any amendment increasing the insider participation limits;
5. any amendment to increase the annual limit on discretionary Director RSUs;
6. amendments to the amendment provision of the Director RSU Plan; and
7. amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Notwithstanding the termination of the Director RSU Plan, the Board may make any amendments to the Director RSU Plan, or to the Director RSUs or Dividend Director RSUs, it would be entitled to make if the Director RSU Plan were still in effect.

Schedule “E”

NFI GROUP INC.

(the “Corporation”)

Mandate of the Board of Directors

The purpose of this document is to summarize the governance and management roles and responsibilities of the board of directors of the Corporation (the “Board”).

1. ACCOUNTABILITY

The Board is responsible to securityholders.

2. ROLE

The role of the Board is to focus on governance and stewardship of the business carried on by the Corporation and its subsidiaries as a whole. The Board will review strategy, assign responsibility for achievement of that strategy, and monitor performance against those objectives. In fulfilling this role, the Board will regularly review the strategic plans developed by management so that they continue to be responsive to the changing business environment in which the Corporation and its subsidiaries operate.

3. RESPONSIBILITIES

In fulfilling its role, the Board will:

(a) Define Securityholder Expectations

- Satisfy itself that there is effective communication between the Board and the Corporation’s securityholders, other stakeholders and the public.
- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.

(b) Establish Strategic Goals, Performance Objectives and Operational Policies

The Board will review and approve broad strategic corporate objectives and establish corporate values against which the performance of the Corporation and its subsidiaries will be measured. In this regard, the Board will, at least annually:

- Approve long-term strategies.
- Review and approve management of the Corporation and its subsidiaries’ strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies proposed by management and within which management of the Corporation and its subsidiaries will operate.
- Set targets against which to measure corporate and executive performance of the Corporation and its subsidiaries.

- Satisfy itself that a portion of executive compensation is linked appropriately to the Corporation's performance.
- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management of the Corporation and its subsidiaries.

(c) **Delegate Management Authority to the Chief Executive Officer**

- Ensure that the boards of directors or managers of the Corporation's subsidiaries delegate to the Chief Executive Officer of the Corporation (the "Chief Executive Officer") the authority to manage and supervise the business of such company and decisions regarding the ordinary course of business and operations.
- Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.

(d) **Monitor Corporate Performance**

- Identify, understand, assess and monitor the principal risks of all aspects of the businesses in which the Corporation and its subsidiaries as a whole are engaged.
- Monitor performance of the Corporation and its subsidiaries against both short-term and long-term strategic plans and annual performance targets, and monitor compliance with Board policies and the effectiveness of risk management practices.
- Monitor (directly or through any committee) the Corporation's sustainability program, including the Corporation's environmental, social and governance ("ESG") approach, management's execution against this approach and the material ESG initiatives, impacts, risks and opportunities, and reportings.
- Ensure that the boards of directors or managers of the Corporation's subsidiaries monitor compliance by management of its subsidiaries with internal controls and effective management information systems.

(e) **Develop Board Processes**

- Develop procedures relating to the conduct of the Board's business and the fulfillment of the Board's responsibilities.
- Develop the Board's approach to corporate governance through the Corporation's Human Resources, Compensation and Corporate Governance Committee (the "HR Committee").

4. QUALIFICATIONS OF DIRECTORS

Directors are expected to have the highest personal and professional ethics and values and be committed to advancing the best interests of the Corporation and its securityholders. They are also expected to possess skills and competencies in areas that are relevant to the Corporation's activities and that enhance the ability of the Board to effectively oversee the business and affairs of the Corporation and its subsidiaries.

A majority of the Board must be independent. Independence shall have the meaning, as the context requires, given to it in National Instrument 52-110 *Audit Committees*, as may be amended from time to time. The Chairperson of the Board is expected to be an independent director but, if the Chairperson is not independent, then there will be an independent lead director who assumes the responsibilities of

the Chairperson. The Chairperson should act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

Each director must have an understanding of the Corporation's and its subsidiaries' principal operational and financial objectives, plans and strategies, financial position and performance as well as the performance of the Corporation and its subsidiaries relative to their principal competitors. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the Chairperson of the HR Committee and, if determined appropriate by the Board on the recommendation of the HR Committee, resign from the Board.

5. MAJORITY VOTING POLICY

At meetings of shareholders at which directors are to be elected, shareholders will vote in favor of, or withhold from voting for, each nominee separately. If, with respect to any particular nominee, the number of votes withheld exceeds the votes cast in favour of the nominee, then for purposes of this policy the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law.

An individual elected as a director who is considered under this policy not to have the support or confidence of the shareholders must immediately submit to the Chairperson of the Board his or her resignation from the Board. The HR Committee will consider the director's resignation and make a recommendation to the Board as to whether to accept it. A director who has tendered a resignation pursuant to this policy will not attend any part of a meeting of the HR Committee or the Board at which his or her resignation is discussed or a related resolution is voted upon.

Within ninety (90) days of the meeting of shareholders, the Board will make a decision and issue a press release either announcing the resignation of the director or explaining why it has not been accepted. In determining whether or not to accept the resignation, the Board will take into account the factors considered by the HR Committee and any other factors the Board determines are relevant. Absent exceptional circumstances, the Board will accept the director's resignation. A copy of the press release will be provided to the Toronto Stock Exchange.

Subject to any corporate law restrictions, the Board may: (i) leave the resultant vacancy unfilled until the next annual meeting of shareholders, (ii) fill the vacancy through the appointment of a new director who merits the confidence of the shareholders, or (iii) call a special meeting of shareholders to fill the vacant position.

This majority voting policy does not apply to contested elections in which the number of director nominees for election is greater than the number of director positions on the Board. In contested elections, the directors shall be elected by the vote of a plurality of the votes cast.

6. TERM AND AGE LIMITS

The Board believes there should be a balance between having experienced directors who have served on the Board for an appropriate length of time so as to understand the Corporation, its business environment and the issues facing the Corporation and renewing the Board to ensure new insights are considered to reflect and address changing business environments and strategies. In order to assist in achieving this balance, a member of the Board will generally not be nominated for election or re-election at an annual meeting after the earlier of the following occurs: (i) the director attains the age of 75, and (ii) the director has served a 15-year term on the Board, provided however, the Board will ultimately rely upon its robust self-assessment process to determine Board renewal needs. Where the Board determines it would be in the best interests of the Corporation, the Board is entitled to nominate any person for election to the Board, regardless of age or tenure.

7. DIVERSITY POLICY

The Corporation has a Board Diversity Policy, which sets out that the Board shall consist of directors who represent a diversity of talents, experience, functional expertise and personal skills, character and qualities and sets out the target objectives regarding Board composition. The Board aspires to achieve parity in gender and sexual diversity in its composition. Beyond gender, the Corporation aims to achieve a Board composition that is reflective of the Corporation's stakeholders, including its customers and employees and the changing demographics of the communities in which the Corporation operates, including individuals who identify as racialized, black, people of colour, people with disabilities (including invisible and episodic disabilities) and indigenous people.

8. MEETINGS

The Board has meetings at least once in each quarter, with additional meetings held when required. Additional meetings may be called by the Chairperson or any two directors on proper notice. The independent directors will hold regularly scheduled meetings at which members of management and non-independent directors are not in attendance.

The Chairperson is primarily responsible for the agenda. Prior to each Board meeting, the Chairperson will discuss agenda items for the meeting with the Chief Executive Officer and other members of the Board. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management of the Corporation or its subsidiaries, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The HR Committee and the Audit Committee generally have meetings quarterly, with additional meetings held when required. Meeting frequency and agendas for the standing committees may change from time to time, however, depending on opportunities or risks faced by the Corporation and its subsidiaries. The Chairperson of a committee or any two members of a committee may call a committee meeting, request that an item be included on the committee's agenda or raise subjects that are not on the agenda for that meeting. Audit Committee meetings can also be called by the Corporation's auditor or Chief Financial Officer.

Notice of the place, day and time of each Board or committee meeting must be served on each director or committee member sufficiently far in advance of the meeting so as to facilitate the directors' preparation for the meeting. Director or committee members may waive notice of any meeting, and attendance at a meeting without objection is deemed to be waiver of notice. The notice needs to state the purpose or purposes for which the meeting is being held.

(a) Procedures for Board Meetings

- Subject to any applicable by-laws, procedures for Board meetings are determined by the Chairperson unless otherwise determined by a resolution of the Board.
- Subject to any applicable by-laws, procedures for committee meetings are determined by the committee chairperson unless otherwise determined by a resolution of the committee or the Board.
- A quorum for any Board or committee meeting shall be as required by the constating documents of the Corporation or its subsidiary as applicable.

9. DIRECTORS' RESPONSIBILITIES

(a) Attendance and Participation

- Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a meeting in person may participate by telephone or teleconference. The Board or any committee may also take action from time to time by unanimous written consent.
- In advance of each Board or committee meeting, members will receive the proposed agenda and other materials necessary for the directors' understanding of the matters to be considered. Directors are expected to spend the time needed to review the materials in advance of such meetings and to actively participate in such meetings.

(b) Service on Other Boards and Audit Committee

- The Board does not believe that its members should be prohibited from serving on the boards of other companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chairperson in advance of accepting an invitation to serve on the board of another company and, as a general rule, directors are not allowed to join a board of another company on which two or more other directors of the Corporation serve. In addition, directors cannot be on the board of a competitor of the Corporation.
- Members of the Audit Committee may not serve on the audit committees of more than two other companies without the prior approval of the Board.

(c) Access to Independent Advisors

- The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation's subsidiaries and have the authority to determine the advisors' fees and other retention terms. Any director may, subject to the approval of the Chairperson, retain an outside advisor at the expense of the Corporation's subsidiaries.

10. EVALUATION OF BOARD, DIRECTORS AND COMMITTEES

The HR Committee, in consultation with the Chairperson, will ensure that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the Board as a whole as well as the committees of the Board, and the boards of directors or managers and board committees of the Corporation's subsidiaries, to ensure they are fulfilling their respective responsibilities and duties. In connection with these evaluations, each director will be requested to provide his or her assessment of the effectiveness of the Board and each committee as well as the performance of individual directors. These evaluations should take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

11. MANAGEMENT

(a) Management's Role

- The primary responsibility of management of the Corporation and its subsidiaries is to safeguard the Corporation's assets and to create wealth for securityholders. When performance is found to be inadequate, the Board has the responsibility to bring about appropriate change.

- In managing the Corporation, management should also have regard to the interests of the Corporation's other stakeholders, such as the Corporation's employees, customers, suppliers, creditors and the communities in which the Corporation operates.
- Management of the Corporation and its subsidiaries is under the direction of the Chief Executive Officer. The Board shall take such steps as it deems necessary to satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and its subsidiaries and that such individuals create a culture of integrity throughout the Corporation and its subsidiaries.

(b) **Management's Relationship to the Board**

- Senior management of the Corporation and its subsidiaries, primarily through the Chief Executive Officer, reports to and is accountable to the Board, or the board of such subsidiary which, in turn, is accountable to the Board.
- Business plans are developed to ensure the compatibility of securityholder, Board and management views on the Corporation's and its subsidiaries' strategic direction, performance targets and utilization of securityholders' equity. A special meeting of the Board is held each year to review the strategic initiatives and the business plan submitted by senior management of the Corporation and its subsidiaries.

(c) **Board Access to Business Information and Management**

- Information provided by and access to management is critical to directors' effectiveness. In addition to the reports presented to the Board at its regular and special meetings, the Board is also kept informed on a timely basis by management of the Corporation and its subsidiaries with respect to developments and key decisions taken by management in pursuing the Corporation's and its subsidiaries' business plan. Subject to notifying the Chairperson and the Chief Executive Officer in advance, directors should have direct access to senior management of the Corporation and its subsidiaries. The directors periodically assess the quality, completeness and timeliness of information provided by management to the Board.

(d) **Management Performance Review and Rewards**

- The HR Committee annually reviews the position description of the Chief Executive Officer and establishes objectives against which his or her performance is reviewed, with his or her compensation being assessed against these agreed objectives. Similar reviews and assessments are undertaken for other members of senior management in consultation with the Chief Executive Officer.
- The compensation plans of the Corporation and its subsidiaries are based on maintaining a direct link between management rewards and the achievement of objectives including risk management, with the ultimate objective of creating long-term, sustainable wealth for securityholders.

12. COMMUNICATION AND DISCLOSURE POLICIES

The Corporation has adopted a Disclosure and Insider Trading Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that the Corporation's communications with the investment community are timely, consistent and in compliance with all applicable securities legislation. This Disclosure and Insider Trading Policy is reviewed annually by the Board and will be distributed to employees in accordance with the policy and made available on the Corporation's intranet site.

The Corporation endeavors to keep its securityholders informed of its progress through a comprehensive annual report, annual information form, quarterly interim reports and periodic press releases. It also maintains a website that provides summary information about the Corporation and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management meet with the Corporation's securityholders at the annual meeting and are available to respond to questions at that time.

The Corporation also maintains an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts, financial advisors and interested members of the public to ensure that accurate information is available to investors, including quarterly conference calls and webcasts to discuss the Corporation's financial results. The Corporation also endeavors to ensure that the media is kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with the Corporation's designated spokespersons.

13. CODE OF BUSINESS CONDUCT AND ETHICS

The Board expects all directors, officers and employees of the Corporation and its subsidiaries to conduct themselves in accordance with the highest ethical standards and to adhere to the Corporation's Code of Business Conduct and Ethics. Waivers of the Code of Business Conduct and Ethics will only be granted in exceptional circumstances where the waiver would not be inconsistent with the spirit of the Code of Business Conduct and Ethics and following consultation with legal counsel. Any waiver of the Code of Business Conduct and Ethics for officers or directors may only be made by the Board or the HR Committee and will be disclosed to securityholders by the Corporation to the extent required by law, regulation or stock exchange requirement. Employees may seek waivers from the CEO and any such waivers will be promptly reported to the Board.

14. PROHIBITION ON PERSONAL LOANS

The Corporation will not, either directly or indirectly, including through its subsidiaries, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or executive officer.

15. ORIENTATION AND CONTINUATION EDUCATION OF DIRECTORS

The holders of the common shares of the Corporation are best served by the Board comprised of individuals who are well versed in modern principles of corporate governance and other subject matters relevant to Board service and who thoroughly comprehend the role and responsibilities of an effective Board in the oversight and management of the Corporation and its subsidiaries. The Chairperson of the HR Committee, with the assistance of the Chief Executive Officer, shall develop an orientation and continuing education program for all directors of the Corporation and its subsidiaries. This program will be articulated in a separate director orientation and continuing education policy that will be reviewed by the HR Committee on an annual basis.

APPENDIX

Position Description of Chairperson

The Chairperson of the Board of the Corporation is principally responsible for overseeing the operations and affairs of the Board. It is expected that the Chairperson will be independent but, if not, there will be a lead independent director. In fulfilling his or her responsibilities, the Chairperson will:

- (a) provide leadership to foster the effectiveness of the Board;
- (b) ensure there is an effective relationship between the Board and senior management of the Corporation and its subsidiaries;
- (c) ensure that the appropriate committee structure is in place and assist the Human Resources, Compensation and Corporate Governance Committee (the "HR Committee") in making recommendations for appointments to such committees;
- (d) in consultation with the other members of the Board and the Chief Executive Officer, prepare the agenda for each meeting of the Board;
- (e) ensure that all directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board;
- (f) chair Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded;
- (g) together with the HR Committee, ensure that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committees and individual directors, and make recommendations to the HR Committee for changes when appropriate;
- (h) work with the Chief Executive Officer and other members of senior management to monitor progress on strategic planning, policy implementation and succession planning; and
- (i) provide additional services required by the Board.

Position Description of Committee Chairperson

A committee chairperson is principally responsible for overseeing the operations and affairs of his or her particular committee. In fulfilling his or her responsibilities, the chairperson will:

- (a) provide leadership to foster the effectiveness of the committee;
- (b) ensure there is an effective relationship between the Board and the committee;
- (c) ensure that the appropriate charter is in effect and assist the HR Committee in making recommendations for amendments to the charter;
- (d) in consultation with the other members of the committee and Board, where appropriate, prepare the agenda for each meeting of the committee;
- (e) ensure that all committee members receive the information required for the proper performance of their duties, including information relevant to each meeting of the committee;
- (f) chair committee meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual members and confirming that clarity regarding decision-making is reached and accurately recorded;
- (g) together with the HR Committee, ensure that an appropriate system is in place to evaluate the performance of the committee as a whole, the committee's individual members, and make recommendations to the HR Committee for changes when appropriate; and
- (h) provide additional services required by the Board.

Schedule “F”

NFI GROUP INC.

(the “Corporation”)

CHARTER OF EXPECTATIONS FOR DIRECTORS

The roles, responsibilities, qualifications and procedures of the board of directors of the Corporation (the “Board”) are set out in the Mandate of the Board of Directors of the Corporation (the “Mandate”). This Charter of Expectations for Directors supplements the Mandate by specifying the expectations the Corporation places on its non-management directors in terms of personal and professional criteria, share ownership, meeting attendance, identifying possible conflicts of interest, resignation events and election of directors.

1. PERSONAL AND PROFESSIONAL CRITERIA

The Corporation uses the following criteria for assisting in the evaluation incumbent directors and potential candidates for election to the Board:

- (a) The director is an individual of the highest personal and business integrity,
- (b) The director brings outstanding and relevant business or other valuable experience, such as:
 - (i) holds or has recently held a position of high-level responsibility;
 - (ii) has experience operating a major public company;
 - (iii) preferably has experience in the transit industry or a related or similar industry;
 - (iv) has a broad exposure to or understanding of the funding environment in which customers of the Corporation operate;
 - (v) possesses a high level of expertise in areas that are important to the Corporation,
or
 - (vi) The director has experience serving on the board of directors of a public company,
- (c) The director effectively contributes to the development of the Corporation’s strategic plan and businesses,
- (d) The director effectively contributes to the functioning and decision-making of the Board and its committees,
- (e) The director understands and effectively contributes to the broad range of issues that the Board and its committees must consider,
- (f) The director does not have a conflict of interest relating to the business and affairs of the Corporation or its subsidiaries or affiliates and is free to act in the best interests of the Corporation and its stakeholders, and
- (g) The director is able to devote the time necessary to prepare for and attend all meetings of the Board and its committees and to keep abreast of significant corporate developments.

2. SHARE OWNERSHIP

The Corporation believes that directors can better represent investors if they are shareholders themselves. The Corporation expects that directors own a minimum number of common shares of the Corporation having a value equal to the product of five (5) times the director's annual base cash retainer (chair or extra meeting fees, if any, not to be included) (the "Ownership Level"). The annual base cash retainer has been set by the Board at an amount equal to 50% of the annual base retainer.

A director must achieve the Ownership Level within five years of being appointed to the Board. Any deferred share units granted under the Corporation's deferred share unit plan for non-employee directors or restricted share units granted under the Corporation's restricted share unit plan for non-employee directors that are held by a director shall be included in determining that director's Ownership Level.

3. MEETING ATTENDANCE

The Corporation expects that directors should make every possible effort to attend in person all regularly scheduled meetings of the Board and of the committees on which they serve. When meetings are scheduled in advance, directors should determine whether they have conflicts and bring these to the attention of the chairperson of the Board (the "Chair") or the chairperson of the particular committee and the Secretary of the Corporation. Directors are expected to use best efforts to attend all special meetings of the Board, which are usually called on shorter notice, in person or by telephone.

4. CONFLICTS OF INTEREST

Directors are expected to identify in advance any conflict of interest regarding a matter coming before the Board or its committees and to refrain from voting on such matters. If a director is uncertain of the nature or extent of a potential conflict, he or she should seek a ruling on the matter in advance with the Chair or, at the time of the meeting with the chairman of the meeting.

5. CHANGE OF CIRCUMSTANCES

Directors are responsible for informing the Chair of any change in their personal or professional circumstances that may impact their continued ability to serve the Corporation effectively, or if they have been determined by the Board to be independent, that may impact their continued standing as independent directors. The Human Resources, Compensation and Corporate Governance Committee (the "Governance Committee") will review such changes and consider the appropriateness of a director's continued membership on the Board and its committees.

6. TERM AND AGE LIMITS

The Board believes there should be a balance between having experienced directors who have served on the Board for an appropriate length of time so as to understand the Corporation, its business environment and the issues facing the Corporation and renewing the Board to ensure new insights are considered to reflect and address changing business environments and strategies. In order to assist in achieving this balance, a member of the Board will generally not be nominated for election or re-election at an annual meeting after the earlier of the following occurs: (i) the director attains the age of 75, and (ii) the director has served a 15-year term on the Board, provided however, the Board will ultimately rely upon its robust self-assessment process to determine Board renewal needs. Where the Board determines it would be in the best interests of the Corporation, the Board is entitled to nominate any person for election to the Board, regardless of age or tenure.

7. RESIGNATION EVENTS

If any of the following events occur, a director agrees to submit his or her resignation from the Board to the Chair, to be effective when accepted by the Board:

- (a) the director becomes unable to attend at least 75% of the regularly scheduled meetings of the Board,
- (b) the director becomes involved in a legal dispute, regulatory or similar proceeding that could materially impact his or her ability to serve as a director and negatively impact the reputation of the Corporation,
- (c) the director takes on new responsibilities in business, politics or the community which may conflict with the goals of the Corporation and materially reduce his or her ability to serve as a director,
- (d) there is any other change in the director's personal or professional circumstances that impacts the Corporation or such director's ability to serve the Corporation, or
- (e) in connection with the annual director assessment conducted by the Governance Committee, which includes a peer and self-evaluation and a one-on-one discussion between the Chair and each director, and after discussion between the chairperson of the Governance Committee and the Chair regarding the results of a director's assessment, the Chair requests the director to submit his or her resignation.

The Governance Committee will consider whether to accept the resignation and will make a recommendation to the Board regarding the resignation. If a resignation is accepted, the Board may appoint a new director to fill the vacancy.

8. MAJORITY VOTING POLICY

The Board has adopted a policy (included in the Mandate of the Board of Directors) which provides, if the total number of shares voted in favor of the election of a director nominee at a shareholders' meeting represents less than a majority of the total shares voted for and withheld with respect to that director, the director must submit his or her resignation to the Chair, to be effective when accepted by the Board. The Governance Committee will consider and make a recommendation to the Board regarding the resignation, and the Board's decision to accept or reject the resignation will be disclosed to the public within 90 days of the shareholders' meeting. Absent exceptional circumstances, the Board will accept the director's resignation. If a resignation is accepted, the Board may appoint a new director to fill the vacancy. This policy applies only to uncontested elections — that is, elections in which the number of nominees for director is equal to the number of directors to be elected.