



NEW FLYER

Presentation to the
Committee on Transportation
and Infrastructure

Infrastructure Investment:
Ensuring an Effective
Economic Recovery Program

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Presentation Outline

1. Introduction to New Flyer
2. Executive Summary
3. Bus Orders & Options
4. Investment Required to Convert Options
5. Job Creation Impact
6. Summary





Introduction to New Flyer

- ❖ Established in 1930
- ❖ The leading heavy-duty transit bus manufacturer in North America with #1 market share position of 42%
- ❖ Manufacturing and assembly facilities in St. Cloud and Crookston, MN with approximately 1,000 US employees
- ❖ Parts distribution centers in Kentucky and California
- ❖ Ongoing relationships with 240 transit authorities including 19 of the 25 largest in North America
- ❖ Industry R&D leader - First to North American market with low-floor buses, articulating buses, natural gas buses, low-emission hybrid buses and all-electric rubber-wheeled trolley buses
- ❖ Currently Producing Zero-Emission Fuel Cell Propulsion Buses





Broad Product Offering to Respond to Industry Demand



Diesel-Electric Hybrid



New Generation Electric Trolley



Xcelsior



Bus Rapid Transit (BRT)



40' BRT with Continuous Windows

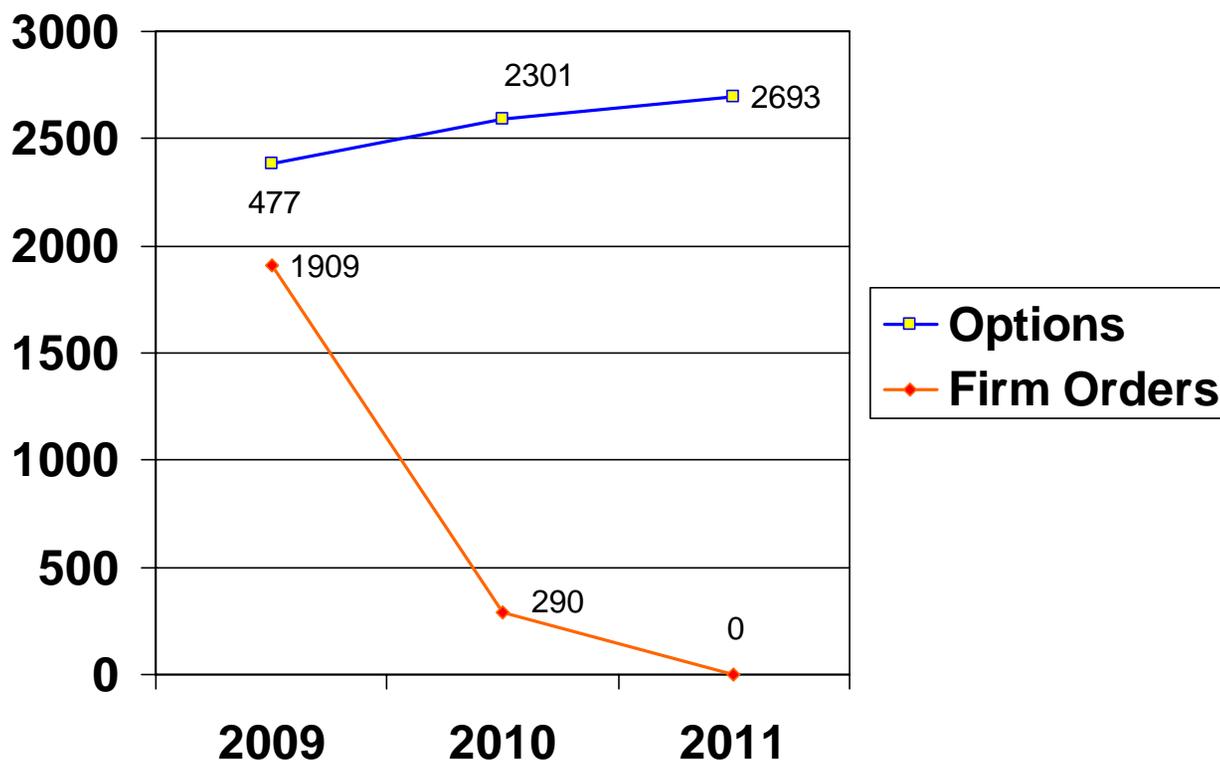


Hydrogen Fuel Cell





Existing Options of 5,471 Units that could be Committed to Firm Orders Resulting in Increased Production 2009 - 2011



NF Management Estimates as at Jan1-09

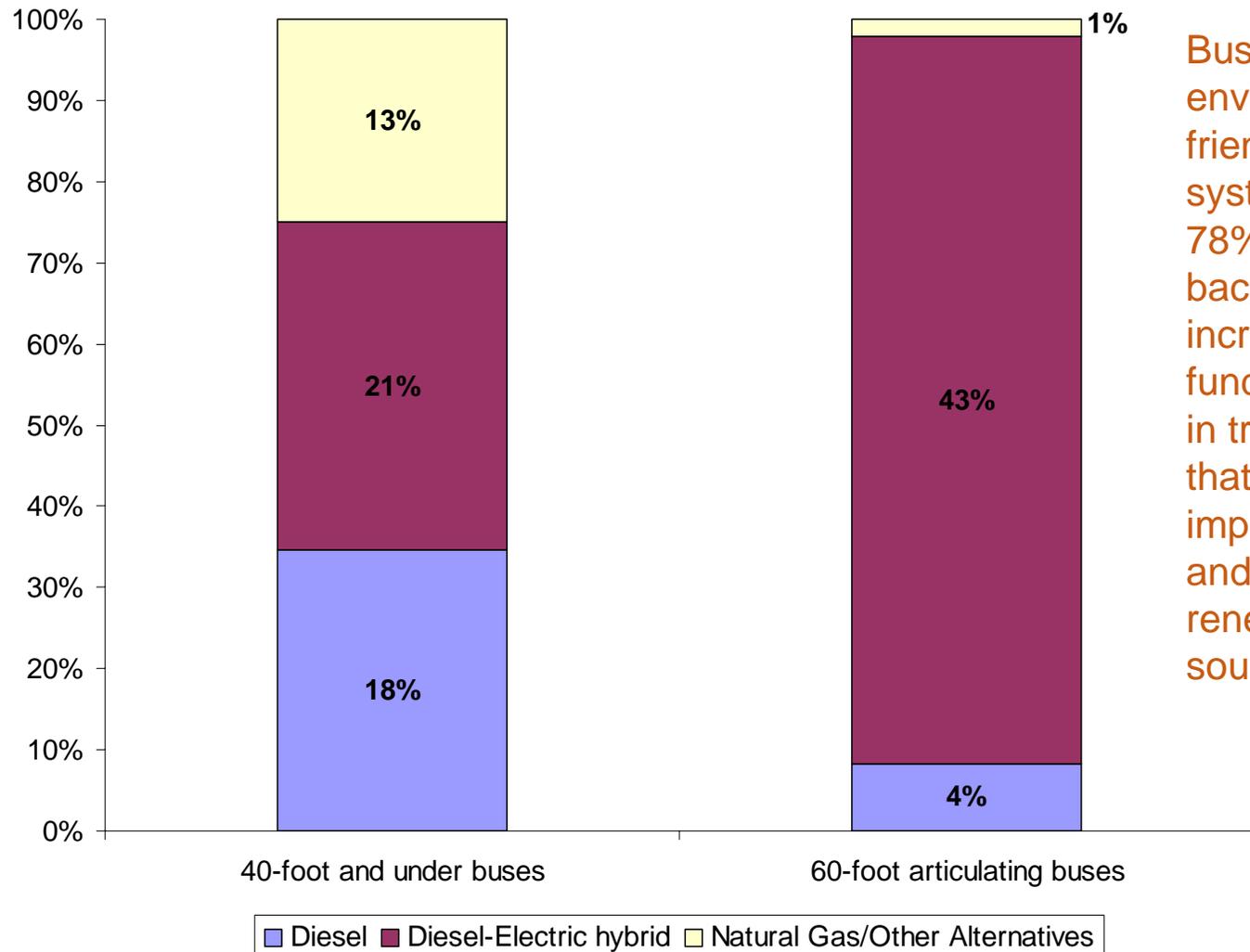


New Flyer of America has 30 customers in 16 States under contract with options that can be exercised by the Agency or assigned to other agencies with an immediate need for buses.





Product Mix of Option Backlog



Buses with green, environmentally-friendly propulsion systems comprise 78% of option backlog – incremental funding will result in transit fleets that significantly improve air quality and conserve non-renewable sources of energy





Option Conversion Occurs more Quickly than the New Order Process, Resulting in Faster Job Creation

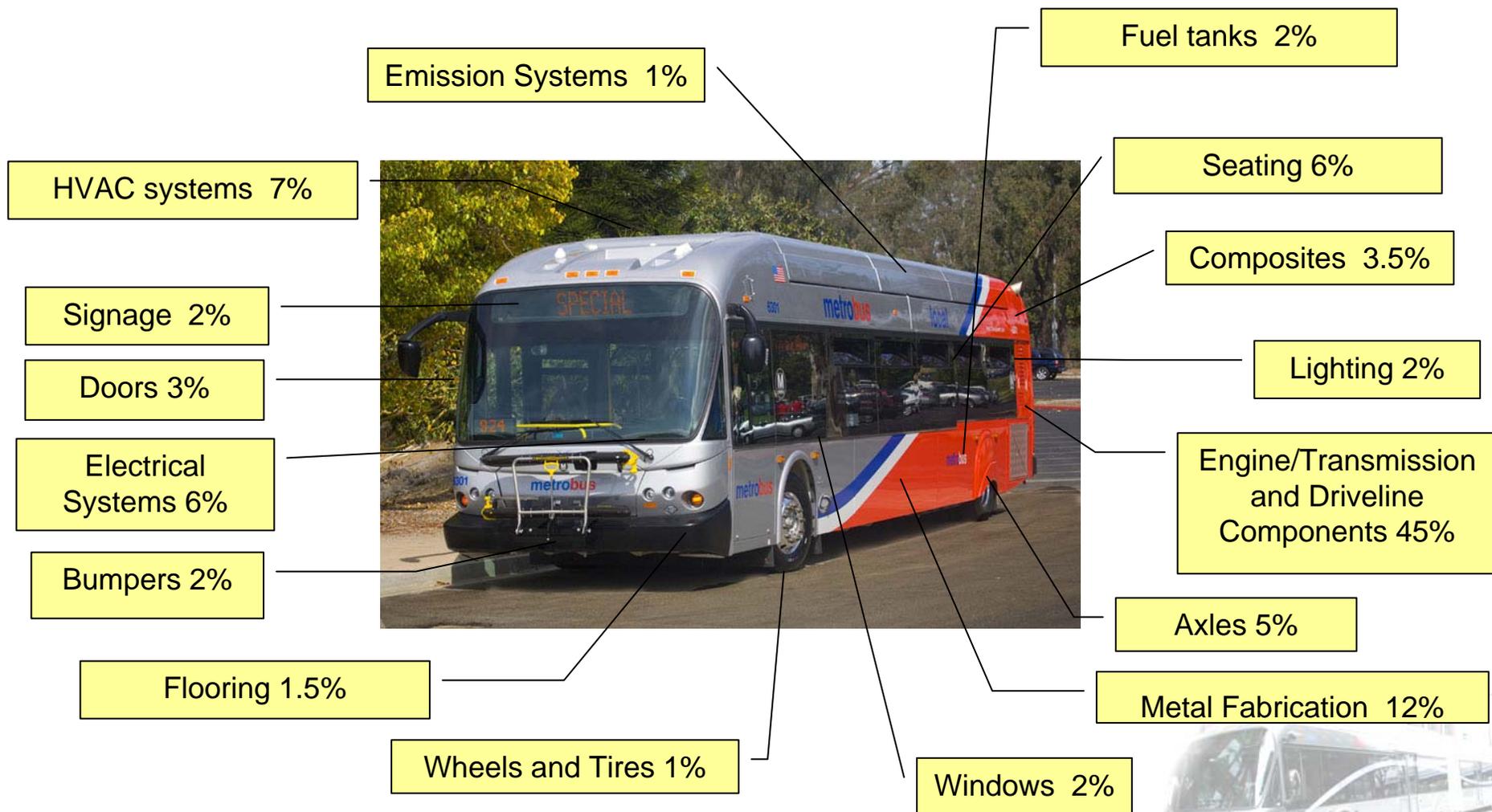
- ❖ Option Conversion (1 – 4 weeks)
 - Customer requests a re-price and delivery date using existing contract
 - Specification and commercial terms in place
 - Manufacturer submits a price, delivery date and other related documentation
 - Agency submits Purchase Order

- ❖ New Order Process (up to 6 Months)
 - Agency advertises solicitation, then publishes it to the market
 - Approved Equals Process engaged
 - Submission of proposals by manufacturers
 - Agency reviews and evaluates proposals
 - Final proposals are submitted
 - Agency makes a recommendation for award
 - Agency issues a purchase order once all documentation is provided and FTA requirements are satisfied





Subsystem and Component Suppliers Represent 70% of Bus Selling Price

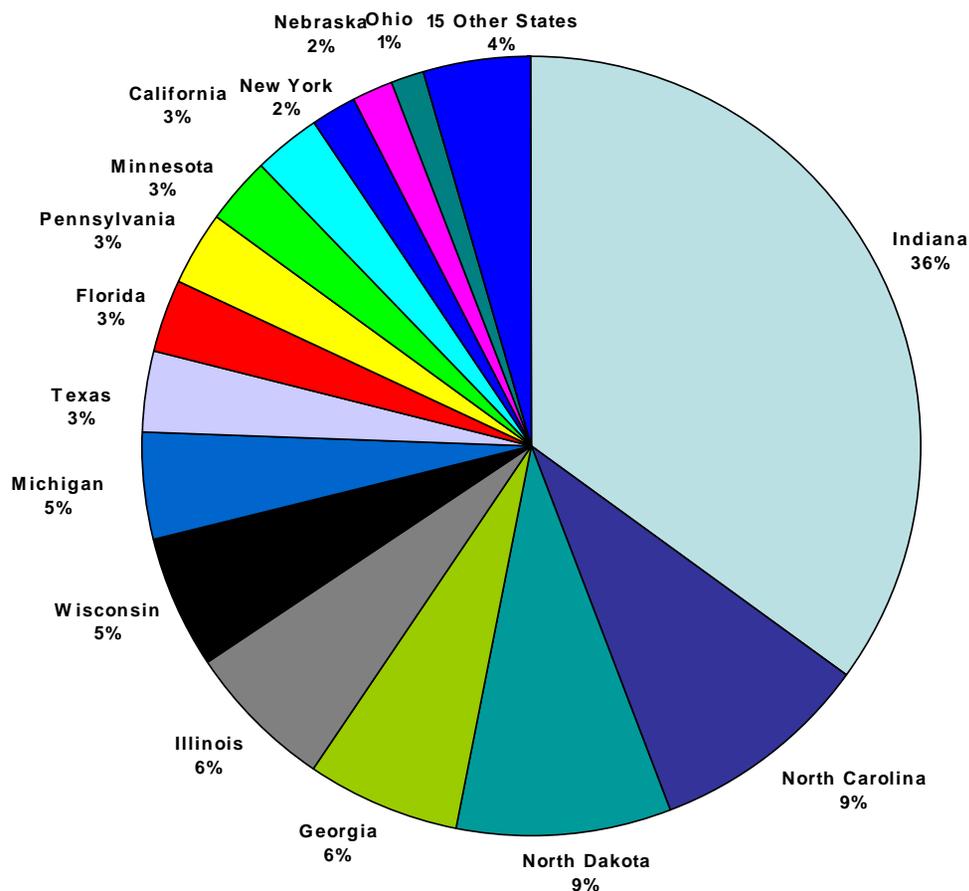


Average New Flyer Bus





Solid US-Based Supply Network Provides 82% of Subsystem and Component Supply



2008 New Flyer Purchases of Components by State – Includes suppliers in over 30 US States

Strategic Suppliers located across the US





Significant Employment Sustained or Created Relative to Incremental Funding Provided

	2009	2010	2011	Total
Assumptions				
Options Available (Equivalent Units)	477	2,301	2,693	5,471
Average Price	400,000	400,000	400,000	400,000
New Flyer Revenue	190,800,000	920,400,000	1,077,200,000	2,188,400,000
New Flyer Market Share	40%	40%	40%	40%
Incremental federal funding %	20%	20%	20%	20%
Industry Requirements				
Total Funding Requirement	477,000,000	2,301,000,000	2,693,000,000	5,471,000,000
Incremental Funding Requirement	95,400,000	460,200,000	538,600,000	1,094,200,000
New Flyer Payroll				
Direct Payroll	11,925,000	57,525,000	67,325,000	136,775,000
Indirect Payroll	3,577,500	17,257,500	20,197,500	41,032,500
New Flyer Payroll	15,502,500	74,782,500	87,522,500	177,807,500
New Flyer Market Share	40%	40%	40%	40%
Manufacturers payroll				
Manufacturers payroll	38,756,250	186,956,250	218,806,250	444,518,750
Estimated supply base multiple	5	5	5	5
Industry Payroll	193,781,250	934,781,250	1,094,031,250	2,222,593,750
Estimated Industry Jobs (man years)	3,876	18,696	21,881	44,452
Incremental Funding / Estimated Industry Jobs	24,615	24,615	24,615	24,615
Industry Payroll / Total Funding	41%	41%	41%	41%
Industry Payroll / Incremental Funding	203%	203%	203%	203%

Creates High Value-Added Knowledge-Based Employment





Summary

- ❖ New Flyer is the **largest** heavy-duty bus manufacturer in North America offering a broad range of environmentally-friendly products to service the market
- ❖ New Flyer currently employs approximately 1,000 employees in highly-skilled manufacturing and aftermarket services
- ❖ New Flyer has bus options available for agencies to exercise **immediately** or assign to other agencies
- ❖ New Flyer has approximately **6,800 option** units available with **30 transit agencies** in **16 states**
- ❖ Supports **44,450 man years** of work for skilled positions to the industry over a three-year period, labor represents 41% of incremental revenue generated
- ❖ One job is sustained or created for every \$24,600 in incremental funding
- ❖ Includes subsystem and subcomponent suppliers
- ❖ Over **200 Component Suppliers** providing products to each bus covering **30 states**
- ❖ Subsystem and Component Suppliers represent **70%** of bus Selling Price
- ❖ Solid US Based Supply Network Provides **82%** of Subsystem and Component Supply
- ❖ Additional investment is required to stimulate option conversion resulting in significant job creation and maintenance

