

Subject: Update on Voluntary Recall – Permanent Remedy Identified for Freudenberg Third Generation High-Energy Battery Modules

Dear [Customer],

We are writing to provide an update on the voluntary recall first announced in September affecting certain New Flyer and MCI vehicles equipped with Freudenberg Battery Power Systems (parent company of Xalt Energy MI) Generation 3 High Energy (HE) battery modules, specifically models XMOD125E, XMOD123E, and XMP123E.

Since initiating the recall, New Flyer and MCI have worked closely with our supplier, regulatory agencies, and independent experts to identify a permanent remedy. We are now able to confirm that full battery replacement on all affected buses and coaches will be required.

What's happening next?

- Permanent remedy identified: The affected batteries will be replaced with a different style of battery and associated control components from a different manufacturer.
- Timing: Replacement components are not yet available. Once available, New Flyer and MCI will notify you to schedule the replacement work, free of charge.
- Implementation plan: New Flyer and MCI are finalizing an execution plan, with the replacement campaign expected to take approximately 18 to 24 months to complete.
- Supplier update: On October 28, 2025, XALT announced plans to exit battery manufacturing and wind down its U.S. operations. This development does not change New Flyer and MCI's plans to finalize an agreement ensuring continued support for our customers and operations.

Interim Operations

Until replacement batteries are available, vehicles remain safe to operate under the previously issued interim safety measures, which include:

- Limit charging to no more than 75%.
- Remove vehicles from chargers once they reach that level.
- Park vehicles outside after charging.
- Closely monitor battery temperature and follow all New Flyer/MCI operational guidelines.

Our ongoing commitment

The safety of your operators, passengers, and communities remains our highest priority. We appreciate your continued cooperation as we move into the permanent remedy phase of this recall. We recognize the operational impact this issue may have caused and remain committed to open communication and full support as we complete the replacement campaign.

If you have any questions or would like to discuss your fleet's specific situation, please reply to this email to arrange a meeting.

Thank you for your continued trust and partnership.

Sincerely,

[Name & title.]