

Evercore ISI 2015 Annual Industrial Conference

Investor Presentation

March 3, 2015



BLUE BIRD

A heritage of looking ahead.

Important Disclaimers

Forward Looking Statements

This presentation may include forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. Specifically, forward-looking statements, including statements regarding guidance and seasonality, and may include statements relating to:

- **Inherent limitations of internal controls impacting financial statements**
- **Growth opportunities**
- **Future profitability**
- **Ability to expand market share**
- **Customer demand for certain products**
- **Economic conditions that could affect fuel costs, commodity costs, industry size and financial conditions of our dealers and suppliers**
- **Labor or other constraints on the Company's ability to maintain a competitive cost structure**
- **Volatility in the tax base and other funding sources that support the purchase of buses by our end customers**
- **Lower or higher than anticipated market acceptance for our products**
- **Ability to be successful in the Company's appeal of the delisting determination by the staff of the Listing Qualifications Department of the NASDAQ Stock Market and to meet NASDAQ's listing standards, including having the requisite number of stockholders**
- **Other statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions**

These forward-looking statements are based on information available as of the date of this presentation, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. The factors described above, as well as risk factors described in reports filed with the SEC by HCAC or Blue Bird Corporation (available at www.sec.gov), could cause our actual results to differ materially from estimates or expectations reflected in such forward-looking statements.

Important Disclaimers

Non-GAAP Financial Measures

Adjusted EBITDA should not be considered as an alternative to net income (loss) as an indicator of Blue Bird's performance or as an alternative to any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted EBITDA. Although Blue Bird believes that Adjusted EBITDA may enhance an evaluation of Blue Bird's operating performance based on recent revenue generation and product/overhead cost control because they exclude the impact of prior decisions made about investment and financing, (i) other companies in Blue Bird's industry may define Adjusted EBITDA margin differently than Blue Bird does and, as a result, they may not be comparable to similarly titled measures used by other companies in Blue Bird's industry and (ii) Adjusted EBITDA may exclude certain financial information that some may consider important in evaluating Blue Bird's performance. See the appendix of this presentation for a reconciliation of Adjusted EBITDA to Net Income.

Free cash flow is used in addition to and in conjunction with results presented in accordance with GAAP and free cash flow should not be relied upon to the exclusion of GAAP financial measures. Free cash flow reflects an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Free cash flow is defined as net cash provided in continuing operation less cash paid for fixed assets. We use free cash flow, and ratios based on it, to conduct and evaluate our business because, although it is similar to cash flow from operations, we believe it is a more conservative measure of cash flows since purchases of fixed assets are a necessary component of ongoing operations. In limited circumstances in which proceeds from sales of fixed assets exceed purchases, free cash flow would exceed cash flow from operations. However, since we do not anticipate being a net seller of fixed assets, we expect free cash flow to be less than operating cash flows.



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Blue Bird Highlights & Agenda

Highlights

- **Iconic and Fastest Growing School Bus Brand**
  - Bus sales volume (units) up more than 40% since 2010
  - North American market share up from 23% in 2010 to an estimate of 30-31% in 2014
- **Undisputed Leader in Alternative Fuel-Powered Bus Sales**
  - Sold approximately 6x more alternative-fuel buses than all competitors combined since 2010
  - Proprietary and class-leading propane buses with proven lower cost per mile than diesel buses
- **Downside Risk Mitigation**
  - Break-even volume (based on Adj. EBITDA) of 315 units per month in 2014 compared with 400 in 2010
  - Strong liquidity and cash flow
- **Significant Upside Potential**
  - Early stages of school bus industry rebound following trough in 2011
  - Only ~360 customers have purchased propane to date from potential of ~10,000
  - Present and future products focus on affordable and exclusive differentiation
  - Proven track record in reducing costs and growing bus and parts sales
  - Central and South America and Middle East are new-market growth opportunities
- **Experienced and committed management team that delivers results**

Agenda

Why Blue Bird → **What We've Done** → **Where We're Going**



Why Blue Bird

Why Blue Bird → **What We've Done** → **Where We're Going**

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The New Blue Bird Board of Directors

Directors	Management and Board Experience	Years Blue Bird
Chan Galbato *Chairman*	Cerberus Operations and Advisory Co. *(CEO),* Invensys *(President, Controls Division)*, The Home Depot *(President, Services Division)*, Armstrong Floor Products *(CEO)* Boards: YP Holdings *(Chairman),* DynCorp, Steward Health Care	5
Daniel Hennessy *Vice Chairman*	Hennessy Capital *(Chairman & CEO),* Code Hennessy & Simmons *(Founding Partner)* Board: Thermon Group *(Chairman)*, Dura-Line *(Chairman)*	--
Phil Horlock *President & CEO*	Ford Motor Company *(CFO Asia Pacific & Africa; Chairman & CEO Ford Motor Land Development; Controller, Corporate Finance; Controller, Global Sales & Marketing)* Board: LoJack Corporation	5
Gurminder Bedi *Director*	Ford Motor Company *(VP of North America Truck)* Boards: Compuware *(Chairman)*, KEMET, Actuant	--
Dennis Donovan *Director*	Cerberus Operations and Advisory Co. *(Vice Chairman),* The Home Depot *(EVP HR)*, Raytheon *(SVP HR)*, GE	6
Adam Gray *Director*	Coliseum Capital Management (Managing Partner), Burger King Corp, Metromedia Restaurant Group Boards: Redflex Holdings Limited (Chairman), New Flyer Industries, Uno Restaurants Holdings	--
Dev Kapadia *Director*	Cerberus Capital Management *(Managing Director)*, The Carlyle Group Board: Tower International	8
James Marcotuli *Director*	Cerberus Operations and Advisory Co. *(Senior Operating Executive),* North American Bus Industries (CEO), Lockheed Martin	1
Alan Schumacher *Director*	American National Can (CFO) Boards: Federal Accounting Standards Advisory Board, Bluelinx, Evertec, Quality Distribution, Noranda Aluminum Holding Corporation	6

Experienced Management Team

Name	Position	Key Prior Experience	Years	
			Auto Industry	Blue Bird
Phil Horlock	*President & Chief Executive Officer*	Ford	37	5
Phil Tighe	*Chief Financial Officer*	Ford	38	2
John Kwapis	*Chief Operating Officer*	GM, Johnson Controls, accenture	29	5
Dale Wendell	*Chief Commercial Officer*	Ford	38	3
Mike McCurdy	*VP HR & External Affairs*	olan mills	15	15
Paul Yousif	*VP Legal Affairs & Treasurer*	Visteon	14	7
Dave Whelan	*SVP Supply Chain & Quality*	CNH	12	12
Dennis Whitaker	*VP Engineering*	BLUE BIRD	35	35
John McKowen	*VP Manufacturing*	Visteon	18	8
Bill Landreth	*VP Service Parts*	FREIGHTLINER	40	1
Jeff Terlep	*VP Marketing & Product Planning*	Ford, AGCO Your Agriculture Company	22	New
Dean Coulson	*VP International & Commercial Bus*	MERITOR	17	12
Jeff Carpenter	*VP North American Sales*	BLUE BIRD	30	30
Trey Jenkins	*VP Alternative Fuels*	PACCAR	22	5

Strong Reputation

- Blue Bird is the school bus brand most likely to be recommended (1)
- Singularly focused on building the world's finest school bus
  - Purpose-built chassis designed exclusively for safe transportation of school children
  - Passionate about safety, quality, durability and serviceability
  - Innovation that leads to unique-and-affordable features

Key Blue Bird Industry Innovations

- All Steel-Body School Bus (1937)
- All American Forward Engine (1948)
- Rear Engine Chassis (1978)
- First CNG School Bus (1991)
- First Propane School Bus (1992)
- First All-Electric School Bus (1994)
- Type C on Unique School Bus Chassis (2003)
- First OEM-Manufactured Propane Bus (2007)
- Ford/Roush CleanTech Propane Bus (2012)
- OEM-installed telematics (2014)

(1) Source: VSA Partners Research 3/22/2013 (study commissioned by Blue Bird)

Blue Bird is an iconic brand with a track record of innovation

Product-Focused Company

Full Product Range

“Build the Best Bus”

- Expansive & innovative product cycle plans
- Proven product development process
- Leader in alternative fuels
- Exclusive engine offerings
- Differentiated product features
- Research-driven product enhancements
- Extensive aftersales service and support



Type C Buses
65% Net Sales
(2014)



Type D Buses
22% Net Sales
(2014)



Type A Buses
(Unconsolidated)

Aftermarket
6% Net Sales
(2014)



Specialty Buses
7% Net Sales
(2014)

Focus on translating market wants into sustainable growth

Product Leadership

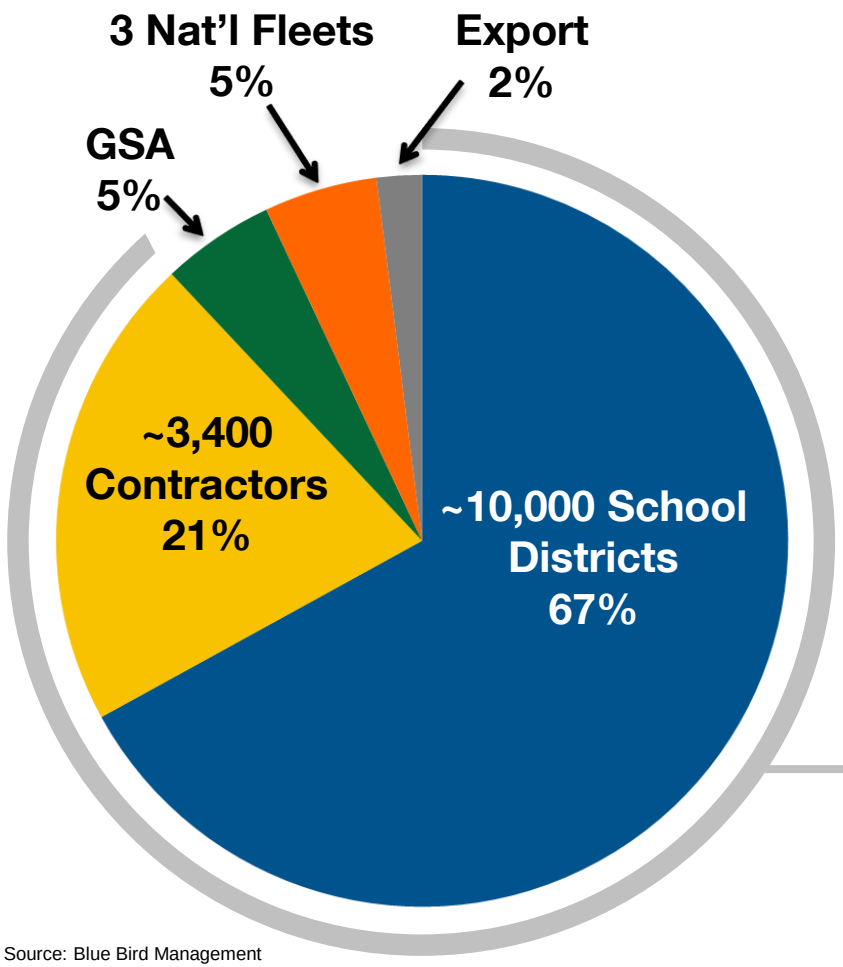
Ranked in Order of Importance (1)	Blue Bird	Competitor A	Competitor B
#1 Safety	✓	--	--
#2 Quality, Reliability & Durability	✓	--	--
#3 Operating Costs	✓	--	--
#4 Acquisition Cost	--	✓	--
#5 How the Bus Drives	✓	--	--

Source: Freedonia Custom Research, Inc. 9/4/2013 (study commissioned by Blue Bird)
(1) Checkmarks/Corp. Logo indicate leadership in category

Blue Bird viewed as the leader in four of the five top attributes

Strong Dealer Network

Blue Bird
FY2014 Sales by Customer Type



Source: Blue Bird Management

Blue Bird
North American Dealer Network



Note: Many dealers have multiple locations

49 U.S. & Canadian dealers address ~3,400 Contractors & ~10,000 Districts

Customer base is diverse

Industry with High Barriers to Entry

- **Substantial production complexity**
  - Stringent, industry-specific regulatory specifications
  - Unique customer requirements at both state and district levels
  - ~14,000 active production parts/bus
  - Average same-bus order less than 2 units
  - Labor-intensive production process with high employee know-how
- **Significant capital and expertise required**
  - Initial investment in facilities and tooling
  - Significant engineering to meet Federal and state regulations
  - Development of an extensive distribution and service channel with strong community ties
- **Conservative customers who demand proven products**



Industry comprised of three material competitors since 2000



What We've Done

Why Blue Bird → **What We've Done** → **Where We're Going**

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Transformational Initiatives

Operational

- Reduced product cost and improved quality, cutting warranty claims by 39%
- Placed more than 85% of material purchases on long term contracts
- Launched several leading and proprietary product features
- Increased productivity by reducing assembly plants from 2 to 1
- Cut complexity by reducing body styles from 8 to 3
- Added 25% more capacity with 5-crew rolling shifts

2009 2010 2011 2012 2013 2014

Commercial

- Institutionalized robust customer planning process with dealer body
- Formed JV with industry leader to design, produce and sell Type A bus
- Started growing relationships with national fleets
- Grew propane bus business with proprietary product offering
- Replaced 20% of dealer network
- Focused marketing on distinct product advantages
- Entered int'l business with Sigma bus for Bogota

Goal is sustained profitable growth

Propane Advantage

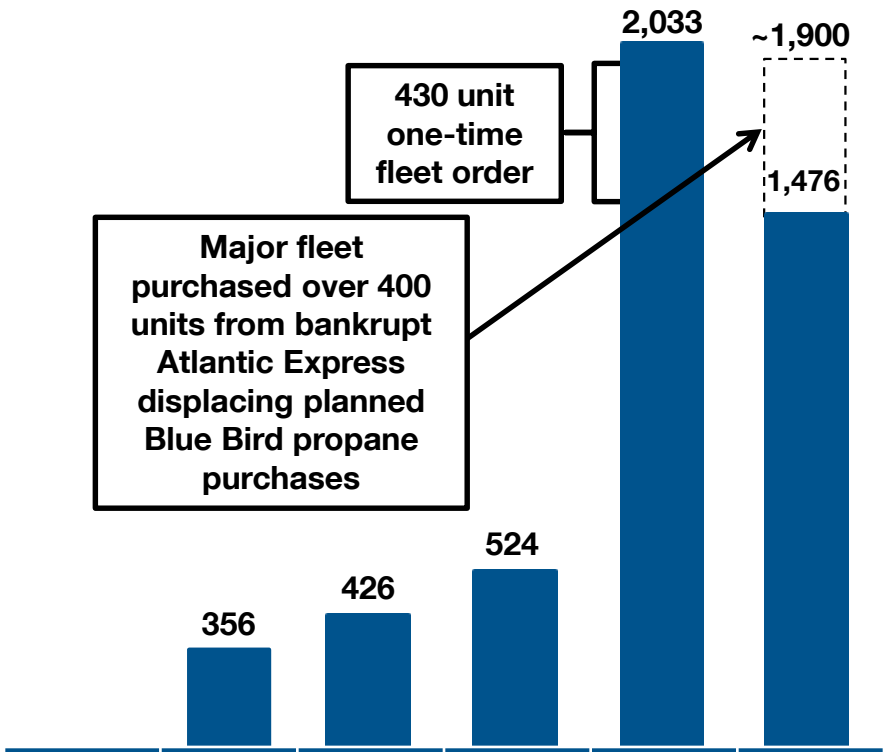
- Blue Bird sold approximately ~6x more alternative fuel buses than competitors combined since 2010
- Gained first mover advantage in propane with introduction in 2007
- Exclusive relationships with both Ford and Roush CleanTech
- Adoption of propane-powered buses is accelerating; run rate at about 20% of Blue Bird's mix
- Advantages are compelling
  - Lower fuel and maintenance costs
  - ~$0.20 per mile less expensive than diesel
  - Better cold weather starting
  - Less greenhouse exhaust gases
  - Low cost fueling stations
  - Quieter and easy to drive



"With today's tight school budgets, using a transportation fuel like propane autogas that saves taxpayers' money, keeps the environment clean, and keeps jobs within our national borders is a win-win for everyone."

- William Schofield, Superintendent
Hall County Schools
Gainesville, GA

Blue Bird Propane Sales (units)



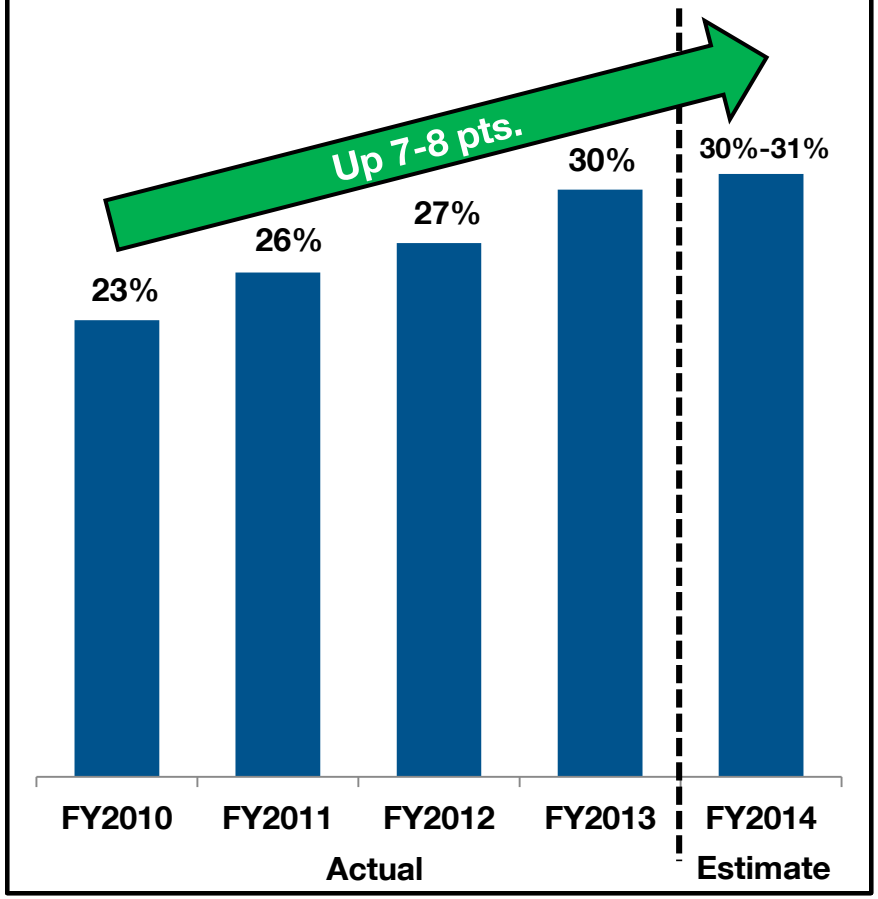
	FY2010	FY2011	FY2012	FY2013	FY2014
Cum. # of Customers Buying Propane	118	146	193	281	359

Blue Bird is the undisputed leader in propane bus sales

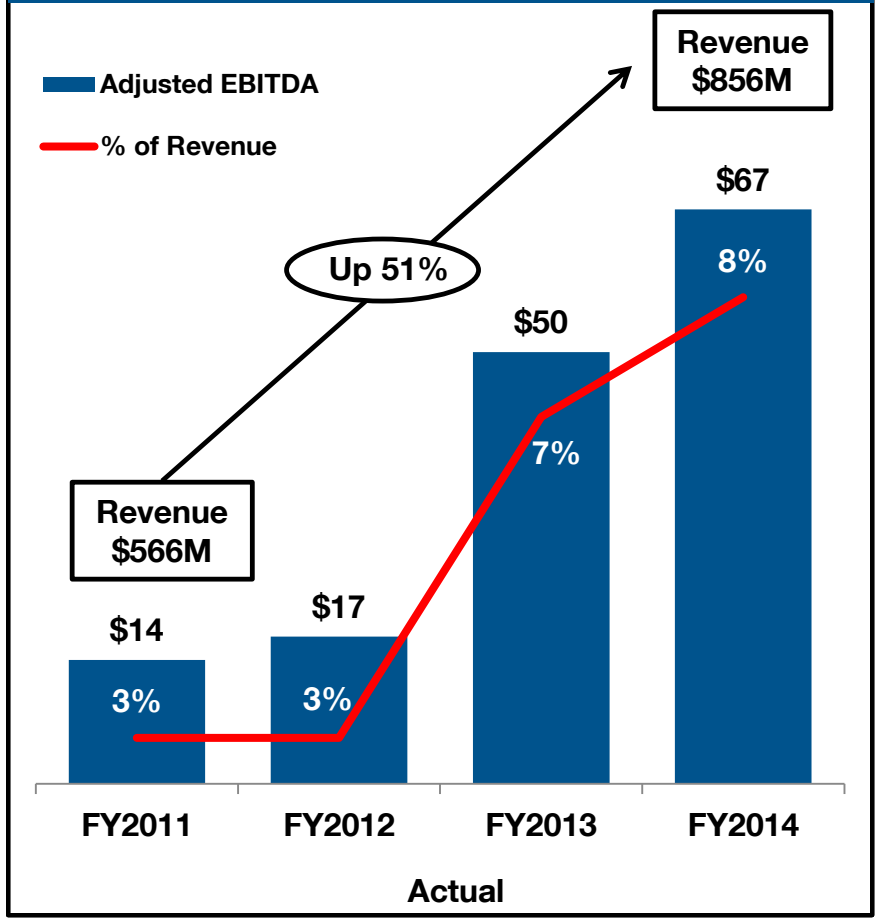
Strong Market Share and Profit Growth

($ in millions)

Market Share



Adj. EBITDA



Track record of winning and growing the business



Where We're Going

Why Blue Bird → **What We've Done** → **Where We're Going**

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Future Growth & Profit Drivers

Industry Volume Upside

School Bus Market Recovery

+

Market Share Growth

Increasing Propane Penetration
Continuous Product Enhancements
Dealer Network Improvements

+

Higher Operating Margins

Drive Productivity
Deliver Parts Growth

+

New Markets & Products

International & Commercial Buses

=

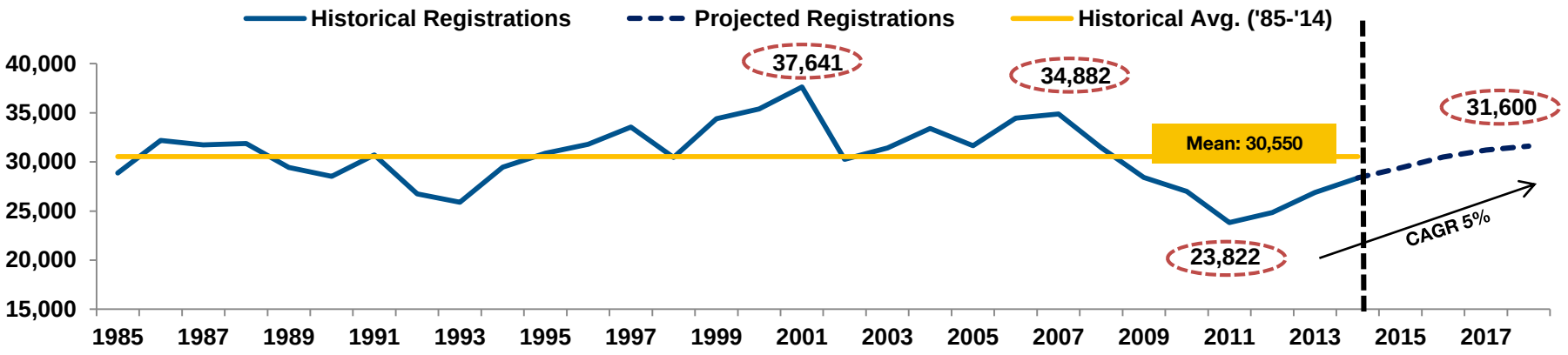
Future Growth & Profitability

Long-Term Financial Objective:
EBITDA 10% of Sales

Build on track record of profitable growth

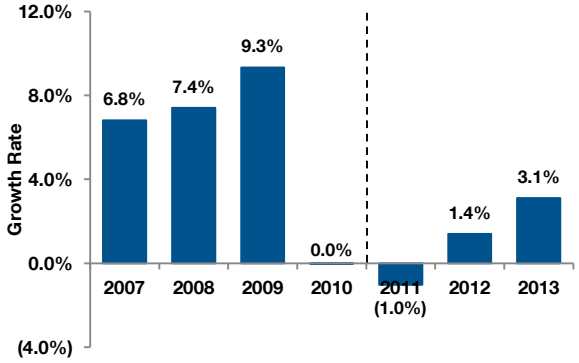
Early Stages of Industry Recovery

Type C/D School Bus Recovery



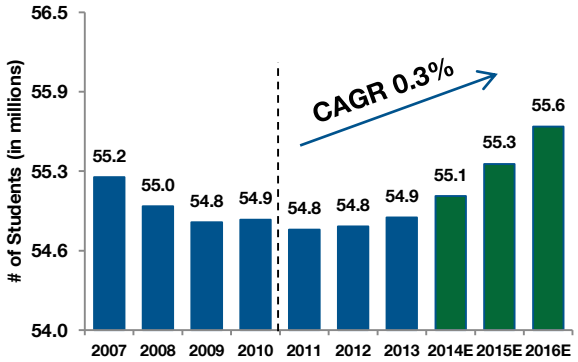
Source: Historical results are based on RL Polk vehicle registration data, and the estimated 2014-2016 periods are based on Blue Bird management's forecast model, which takes into account RL Polk vehicle registration data, population of school age children forecasts from the National Center for Education Statistics and bus ridership data collected and published by an industry magazine (School Transportation News)

U.S. Property Tax Revenue Recovery



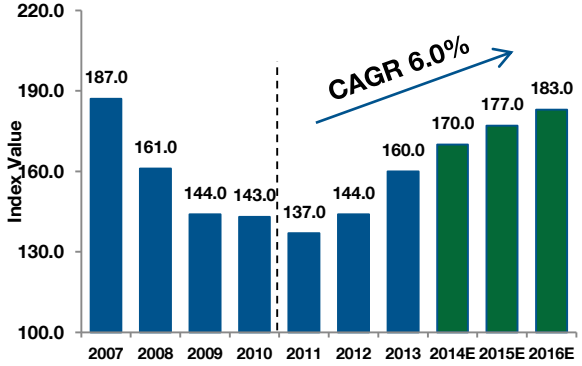
Source: U.S. Census Bureau

U.S. Total Student Enrollment



Source: National Center for Education Statistics

U.S. Aggregate Housing Price Index

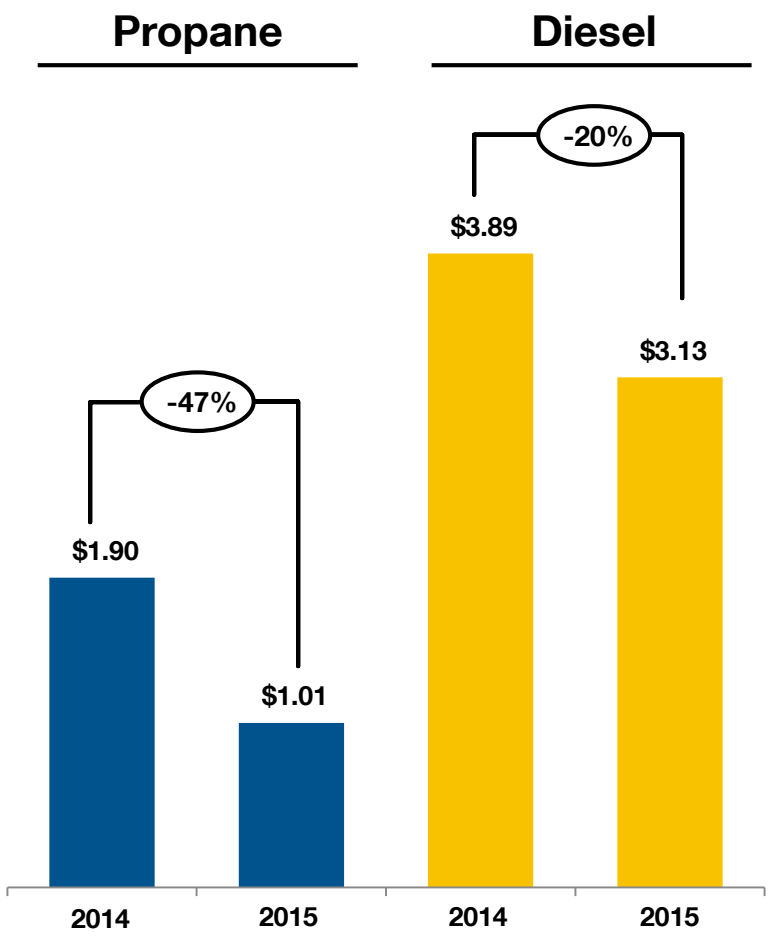


Source: CoreLogic House Price Index

Fundamentals support strong industry growth

Business Benefits from Lower Oil Prices

- **Fuel cost reductions have produced a greater benefit for propane buses to date**
  - The value proposition for propane buses relative to diesel has improved considerably
  - Propane autogas pricing has decreased 47% over the past year, while diesel has only decreased 20%
  - Lower propane prices could result in more converts from diesel to propane
- **Oil price reductions may have a positive impact on the school bus business**
  - Fuel costs make up a large portion of school transportation budgets
  - Lower fuel prices can translate into lower fuel spending and budget favorability
  - Funds that were budgeted for fuel can potentially be freed up for more school bus purchases
  - Some school districts enter longer term fuel contracts that lock in prices over a period of time, so these districts may not immediately benefit from price reductions



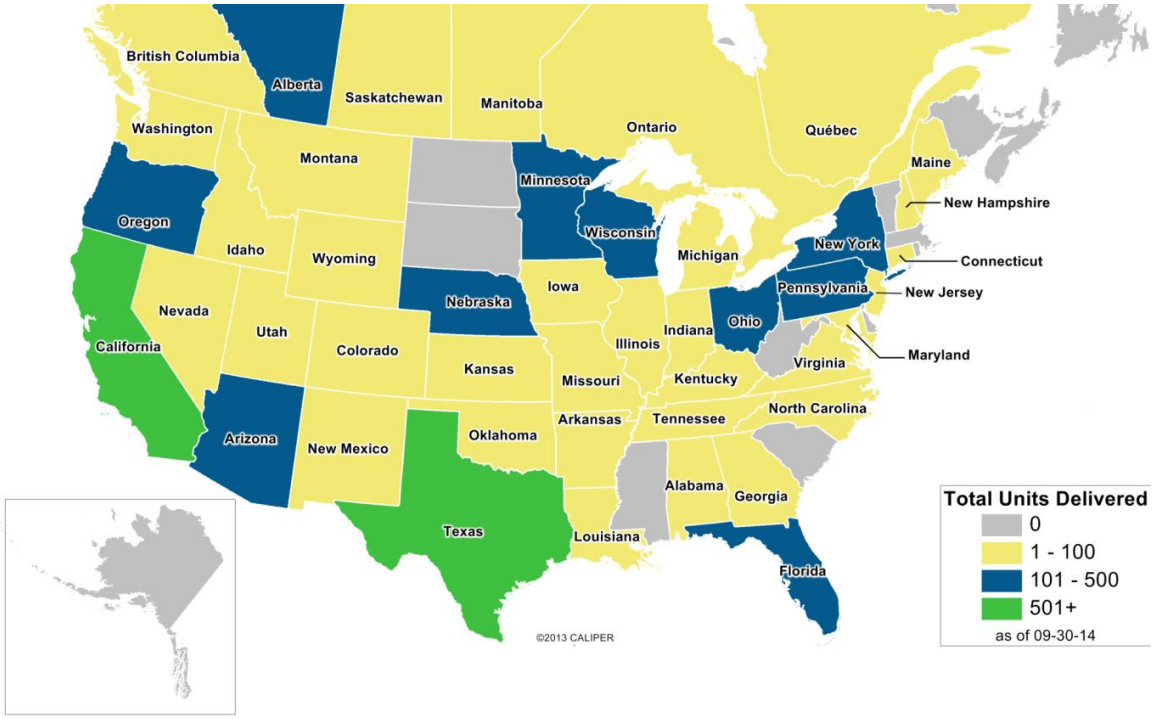
Source of fuel pricing: www.eia.gov January 2014 compared to January 2015 with typical propane mark-up over terminal price of $0.50 per gallon

Propane competitiveness is increasing;
Lower diesel fuel costs potentially support higher bus sales

Share Growth: Propane Opportunity

- Propane is an effective conquest tool that drives market share growth
- Early penetration of the market
  - Only ~360 of ~10,000 customers have tried propane
  - Customers that buy propane buses are purchasing more propane buses
  - Order sizes are growing as existing customers come back for more
- Superior product offering
  - Exclusive contracts with Ford and ROUSH CleanTech
  - Proven design with high customer satisfaction
  - Only company offering an extended-range fuel tank
  - Blue Bird is the undisputed sales leader in this segment

Fewer than 4% of Customers Have Tried Propane



Significant growth potential as many districts test propane

Share Growth: Product & Dealer Initiatives

Continuous Product Enhancements

- **Singular focus on buses**
  - Purpose-built school bus chassis
  - Leading quality, reliability & durability
  - Outstanding warranty performance
- **Leadership in propane**
  - Continue to enhance propane package
  - Leverage differentiators like exclusive Ford/ROUSH relationship and industry's only extended-range propane fuel tank
- **Steady stream of new products and industry-first innovations**
  - OEM telematics pre-wiring through exclusive partnership with Synovia
  - Industry-leading new E-Z windows
  - Proprietary powertrain offerings
  - Other differentiated products, features and services in the pipeline

Dealer Network Improvements

- **Dealer network is strong and getting stronger**
  - Improve or replace underperforming dealers
  - School bus focused dealerships
  - Using data to drive best practices
  - Enhanced marketing tools
- **Energized dealers will drive increased sales penetration**
  - Level of dealer engagement growing
  - New dealers that have replaced underperforming dealers are contributing to growth

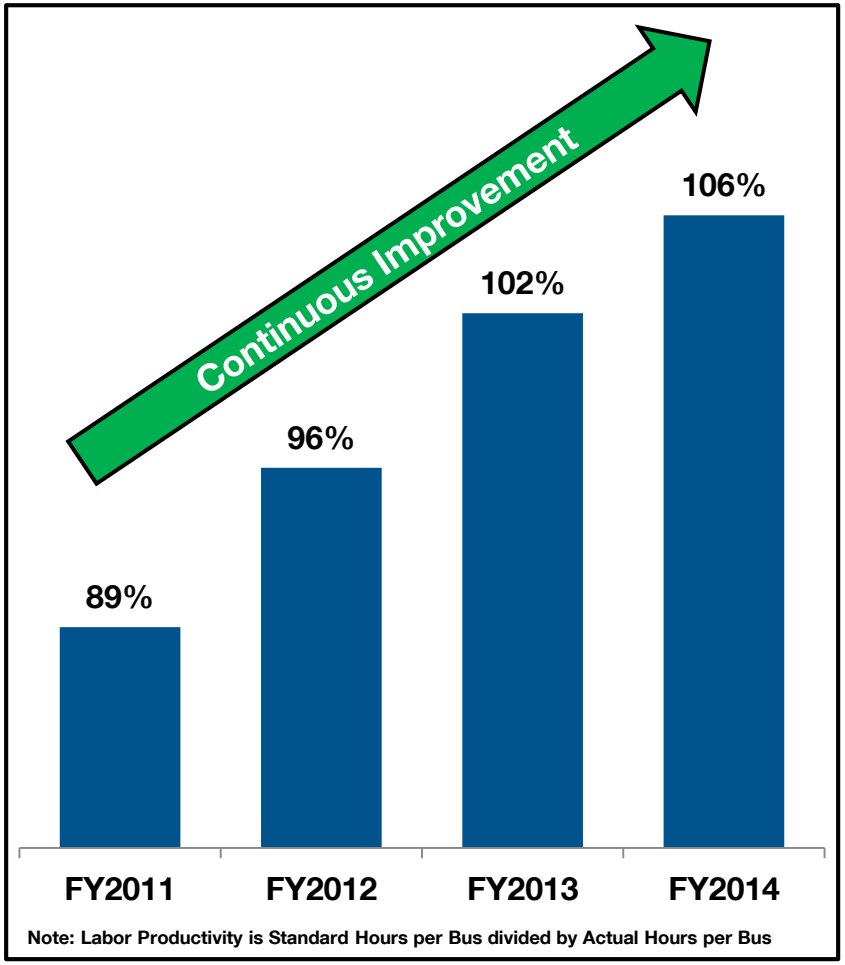
Focus on initiatives designed to grow market share

Margin Expansion: Productivity

Lower Break-Even

- Break-even volume (based on Adjusted EBITDA) was 315 units per month in 2014; down from 400 units per month in 2010
- Continuous improvement manufacturing mindset
  - Reduce overhead/unit
  - Increase labor productivity
  - Use and control of bulk materials
  - Reduce complexity
- Highly skilled workforce with average tenure of approximately 14 years
- No significant capacity investments required to support near-term growth

Labor Productivity



Identified opportunities to continue enhancing margins

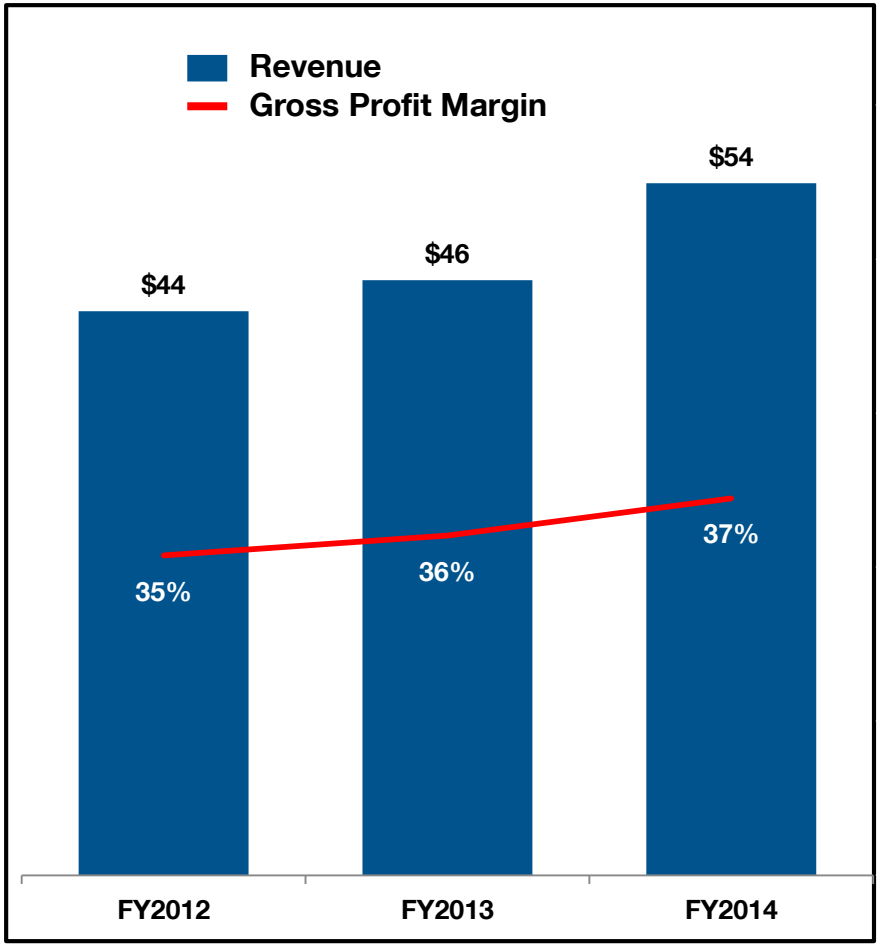
Margin Expansion: Growing Parts Business

($ in millions)

Parts Sales Outlook

- **Platform for growth**
  - Installed base of ~180,000 buses in North America
  - Blue Bird's dealers maintain ~250 dealer-authorized service locations across North America
  - New and experienced leadership
- **Focus of organic growth**
  - Direct sales to dealer-authorized service centers
  - Increased focus on best practices deployment
  - Electronic parts catalog
  - Increased merchandising of high volume parts
  - Direct marketing to end-customers

Parts Sales Revenue & Gross Margin



Growth in Parts revenue will drive margin expansion

New Markets & Growth Beyond School Buses

- Continue to grow Sigma Bus sales in Colombia and expand to other markets
- Continue to be preferred vehicle choice for General Services Administration (GSA)
- Grow international Type C & D bus sales through Bukkehave distributor
- Expand commercial bus business in North America
- Explore school bus sales opportunities in the Middle East
- Explore long-term service and vehicle refurbishment contracts









Will continually explore and pursue new growth opportunities



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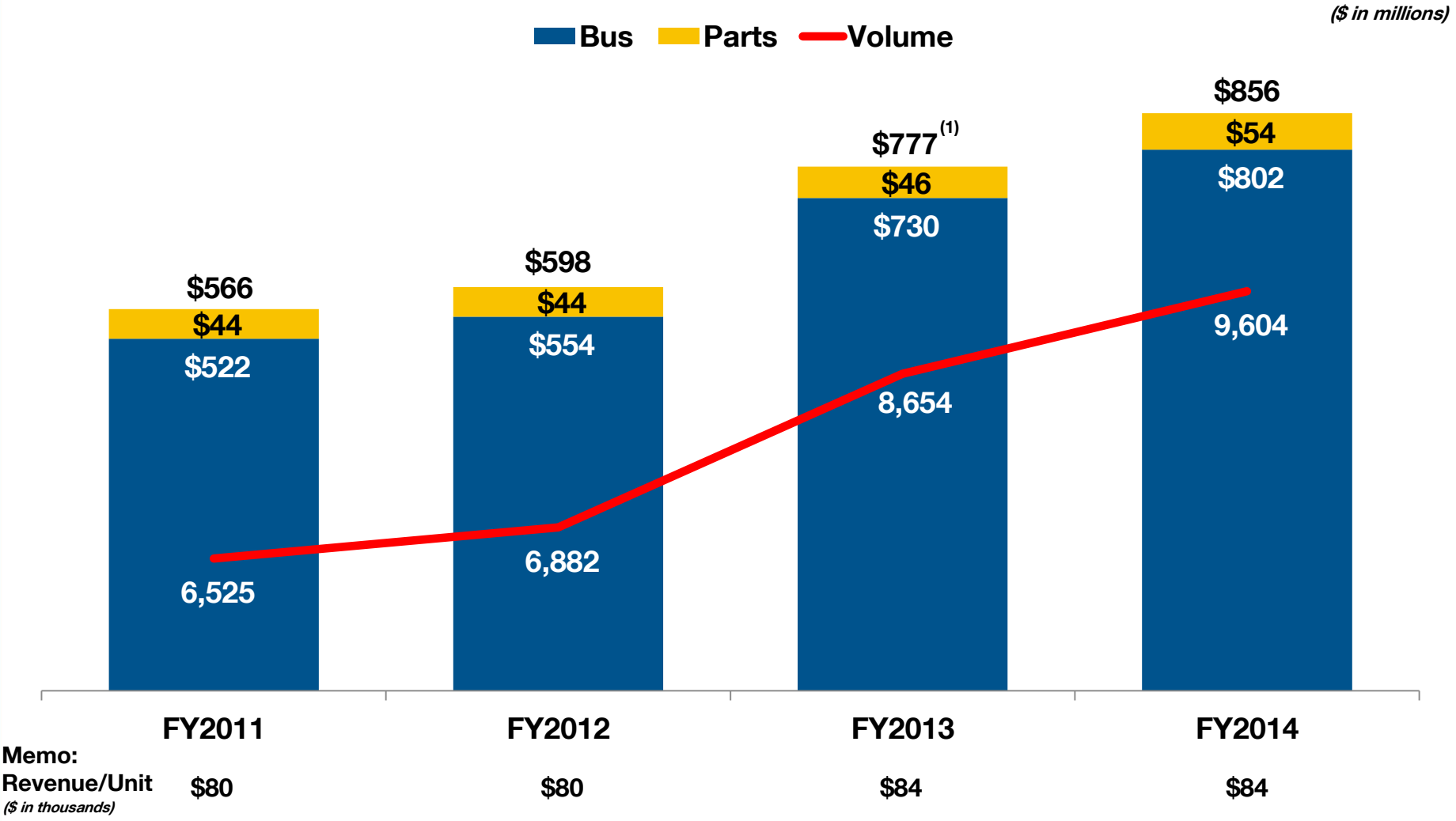
Financial Review

Substantial Revenue Growth

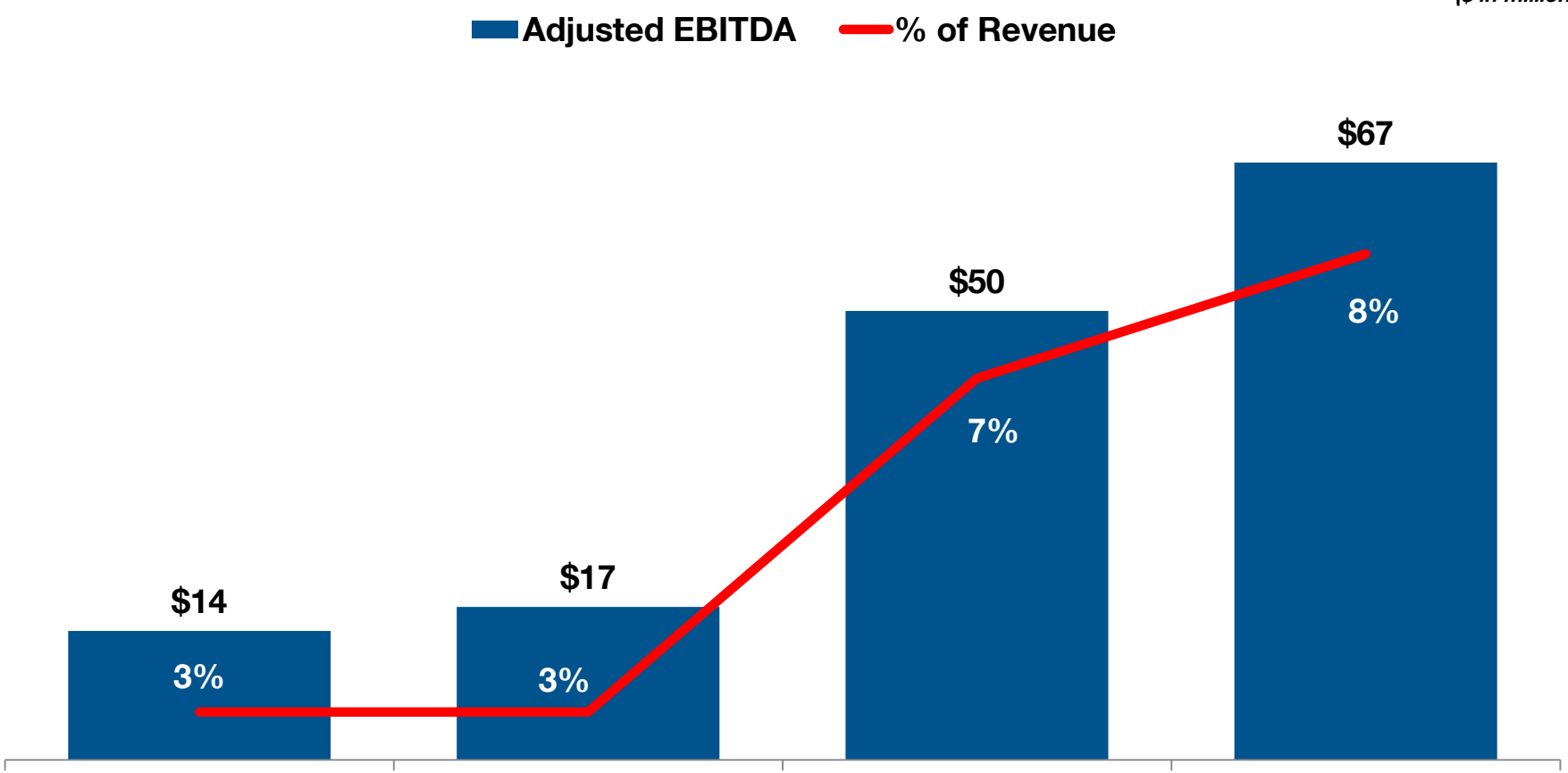


(1) Total does not sum precisely due to rounding

Consistently driven volume and revenue growth

Impressive Profit Growth

($ in millions)



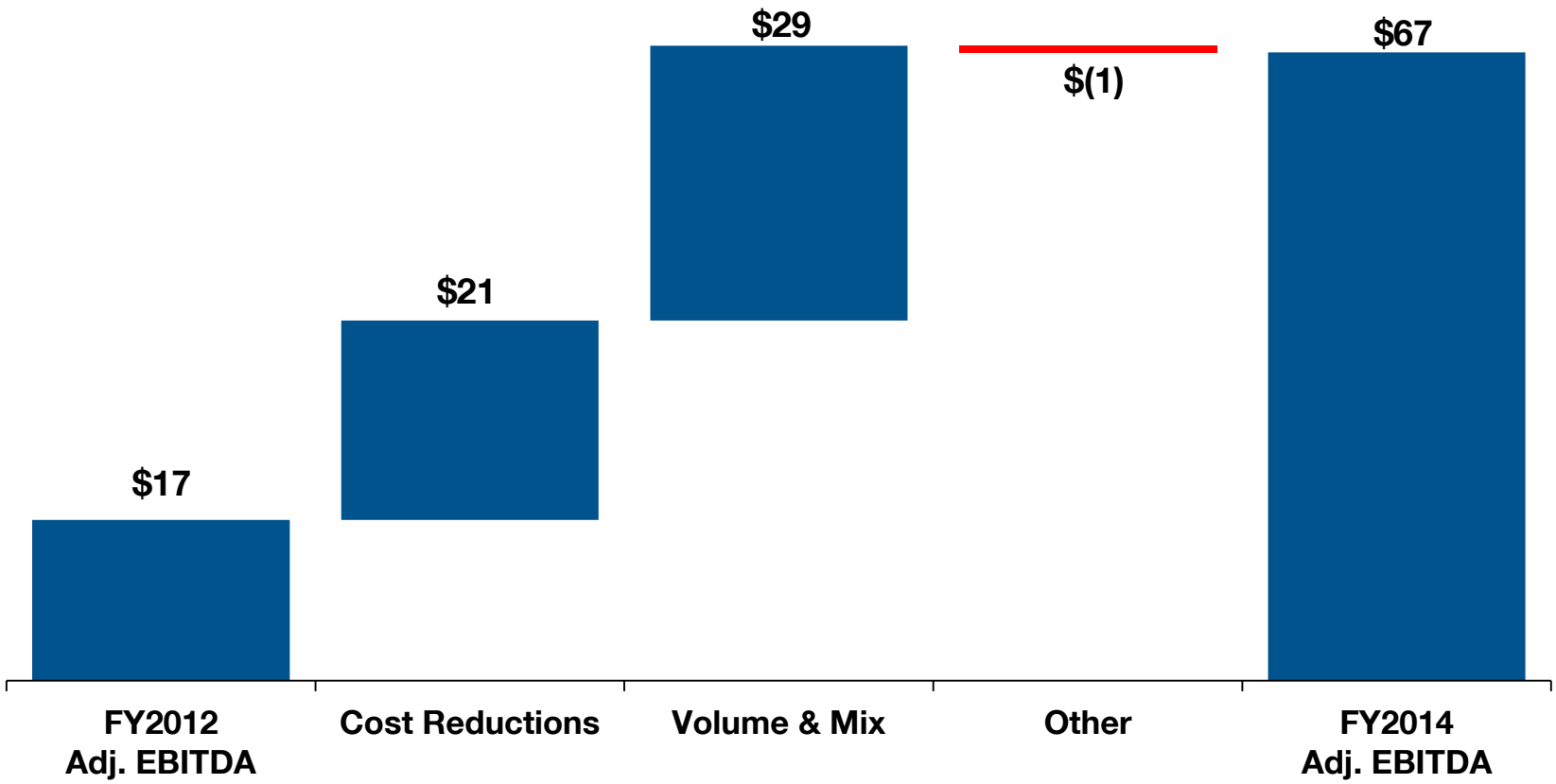
Memo: GP Margin	FY2011	FY2012	FY2013	FY2014
	9%	9%	12%	13%

Note: Numbers have been rounded

EBITDA has grown at a faster rate than revenue

Profit Drivers: FY2012 to FY2014

($ in millions)

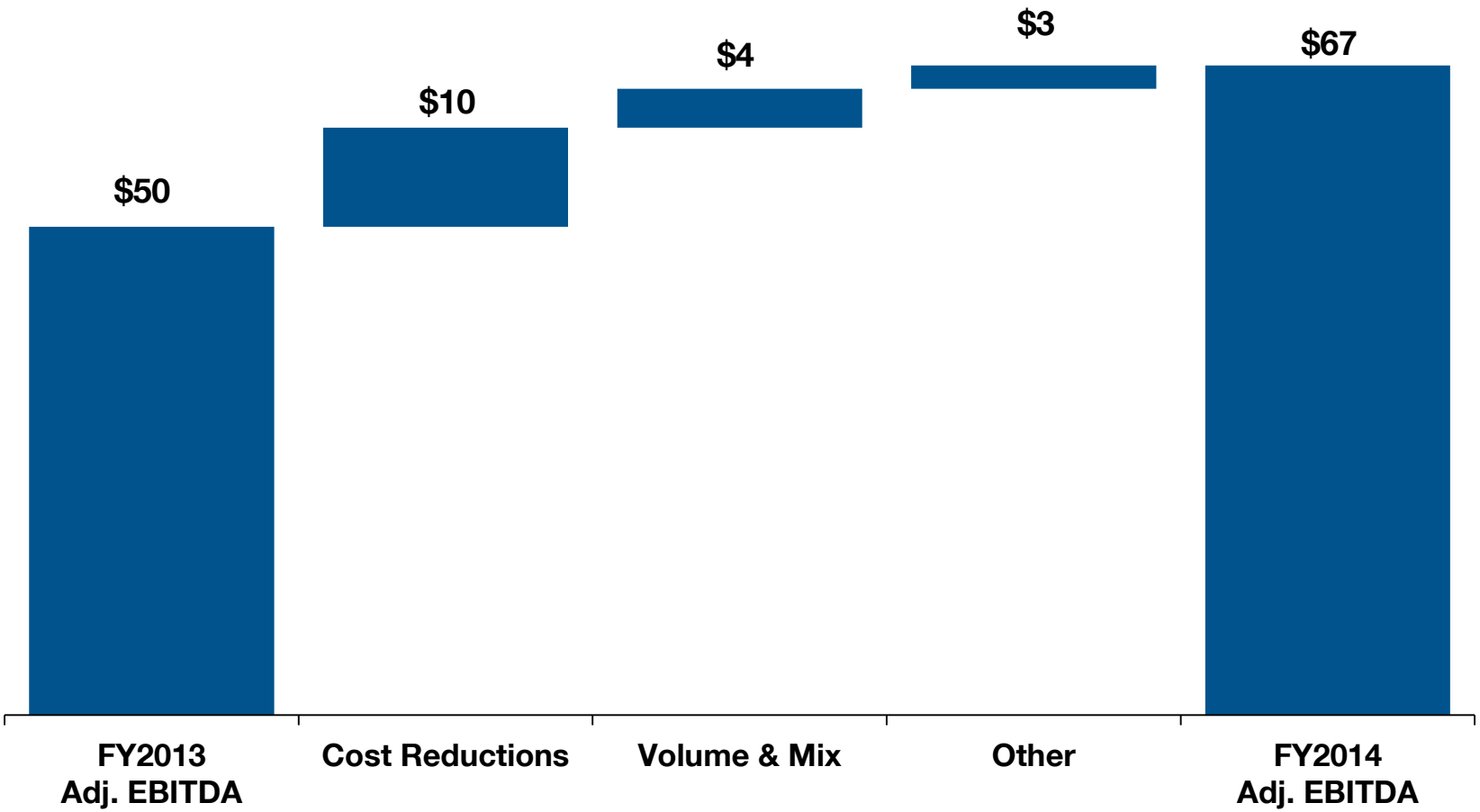


Note: Total Adj. EBITDA walk does not sum precisely due to rounding

Relentless focus on cost competitiveness allows us to compete in all markets

Profit Drivers: FY2013 to FY2014

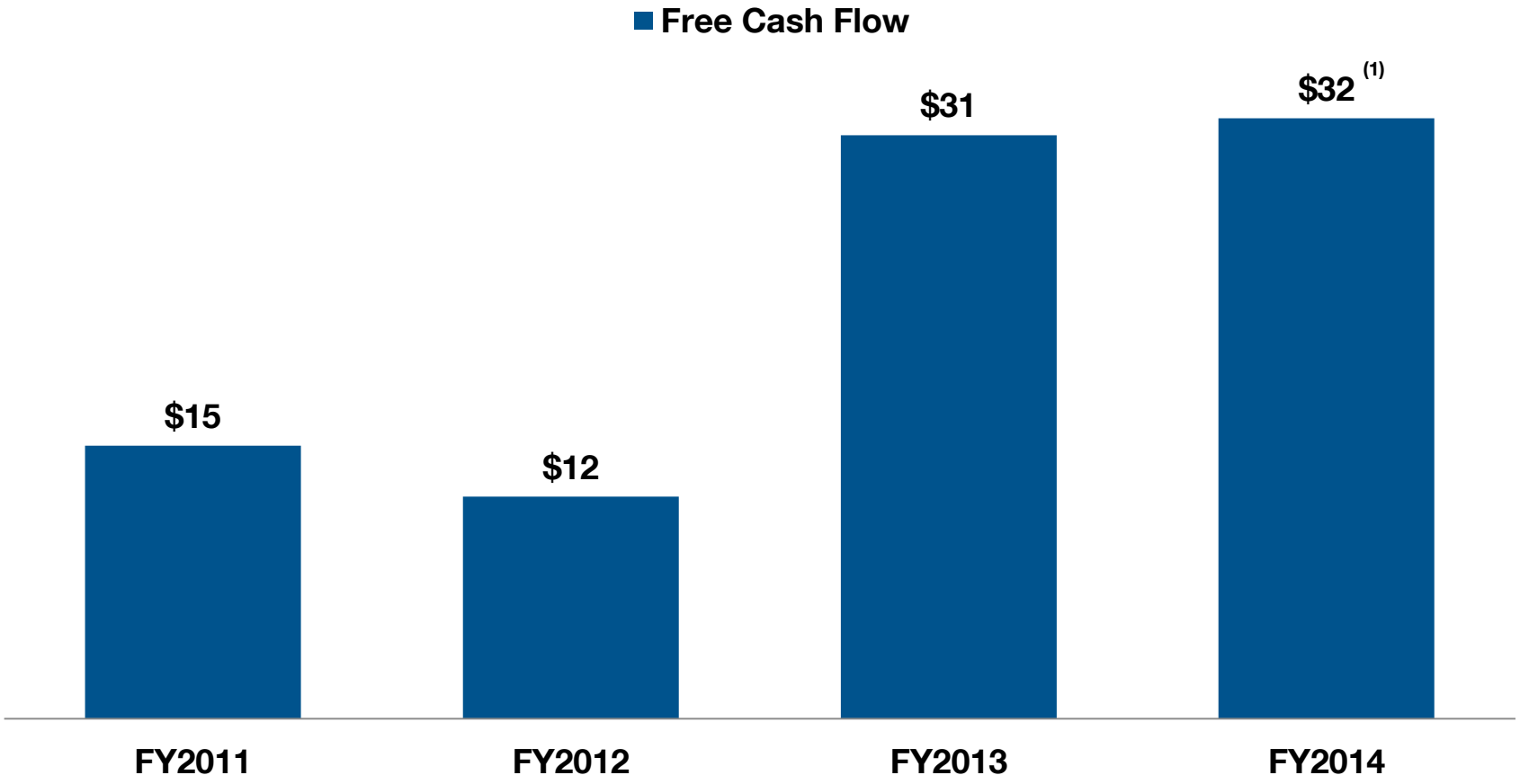
($ in millions)



Continuous improvements from cost reductions and mix

Substantial Free Cash Flow

($ in millions)



	FY2011	FY2012	FY2013	FY2014
Memo: Capex	**$5**	**$4**	**$5**	**$6**

Source: Blue Bird Management

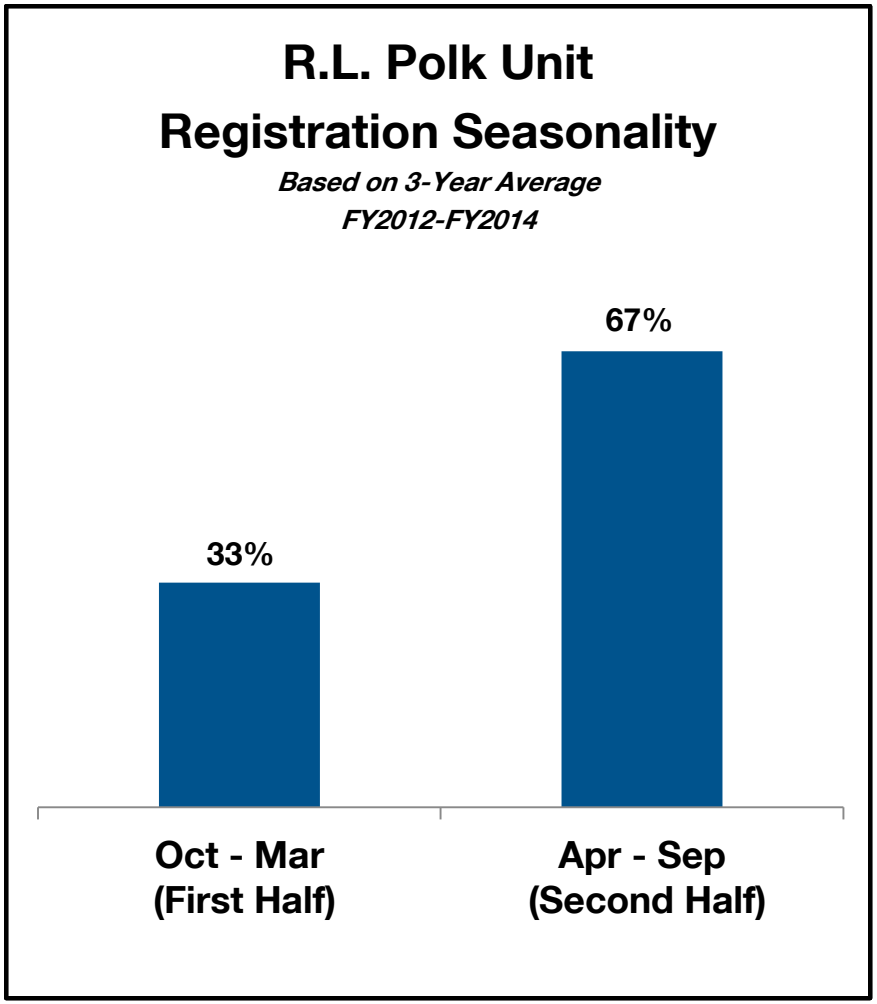
Notes: Free Cash Flow is defined as Cash from Continuing Operations less Capex.

(1) FY2014 Free Cash Flow includes a $24.7 million special compensation payment related to Blue Bird's 2014 dividend recapitalization but is not pro forma for interest expense associated with new debt raised nor future cash taxes

Strong free cash flow enables optionality

School Bus Business is Highly Seasonal

- School districts typically purchase buses for the start of the school year, driving higher volumes in April through September
- Blue Bird's quarterly financial results are impacted by these seasonal practices; the first fiscal quarter is the most impacted and we take planned shutdowns during this period
- Working capital is typically a significant use of cash during the first fiscal quarter and a significant source of cash in the fourth fiscal quarter
- Blue Bird generally operates with negative working capital



Seasonality drives higher revenue and earnings in Second Half

Flexible Capital Structure

($ in millions)

Pro Forma Capital Structure (9/27/14)

Cash and Cash Equivalents	**$53.0**
Revolving Credit Facility	$0.0
Term Loan Facility [1]	222.9
Total Debt	**$222.9**
Net Debt [2]	169.9
Memo:	
Liquidity [3]	$107.7
Convertible Preferred Stock	40.0
Capital Leases	0.2

Metrics based FY2014 Financials [4]	
Total Debt / Adj. EBITDA	**3.3x**
Net Debt / Adj. EBITDA	**2.5x**
Adj. EBITDA / PF Net Interest [5]	**3.9x**

Considerations

- **Undrawn Revolving Credit Facility with $60 million of availability supports working capital seasonality**
- **Convertible Preferred Stock dividends are payable in stock or cash, at the Company's option**
- **Pension plan has been frozen since 2006**
  - **Pension liability of $40.9 million as of September 27, 2014**
  - **$5.7 million projected 2015E pension cash contribution**

(1) Reflects $12.1 million of unamortized discount
(2) Net Debt is defined as Total Debt less Cash and Cash Equivalents
(3) Liquidity is defined as Cash and Cash Equivalents plus $60 million of availability under revolving credit facility less $5.3 million of outstanding letters of credit
(4) Based on FY2014 Adj. EBITDA of $66.8 million
(5) Reflects $17.0 million of pro forma net interest expense for full-year 2014 assuming approximately $222 million of debt at June 28, 2014 was outstanding as of September 29, 2013



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Wrap-Up

Summary: Significant Momentum & Upside

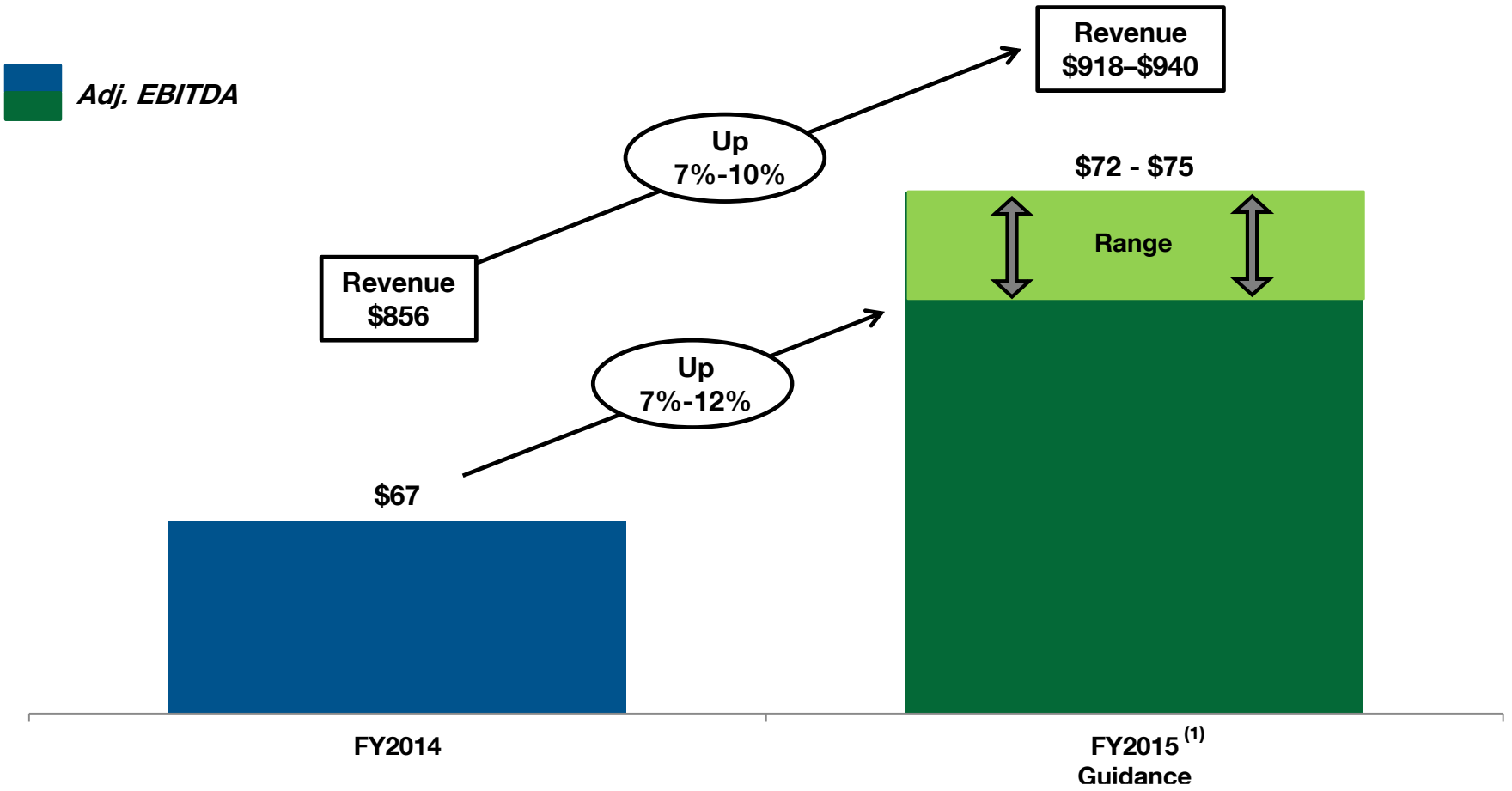
- Iconic and Fastest Growing School Bus Brand
- Undisputed Leader in Alternative Fuel-Powered Bus Sales
- Downside Risk Mitigation
- Significant Upside Potential



Led by an Experienced and Committed Management Team that Delivers Results

2015 Guidance

($ in millions)



Source: Blue Bird Management
Note: Adjusted EBITDA excludes public company costs, stock based compensation, amounts payable under the Blue Bird Phantom Award Plan, and transaction expenses
(1) See "Important Disclaimers" for information regarding FY 2015 estimated information

EBITDA projected to grow 7-12% in FY2015

Our Growth Objectives are Clear

- #1 in North American school bus market share with highest customer loyalty
- Differentiated and proprietary products and features that customers want and value
- Clear leader in affordable, alternative fuel-powered school buses
- Significant growth in parts sales
- Significant and ongoing international business
- Growing presence in commercial bus business











Deliver sustained growth and profitability



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Appendix

Blue Bird GAAP/Non-GAAP Reconciliation

($ in thousands)

Net Income to Adjusted EBITDA Reconciliation	Year Ended October 1, 2011	Year Ended September 29, 2012	Year Ended September 28, 2013	Year Ended September 27, 2014
Net income (loss)	($5,224)	($2,998)	$54,208	$2,757
Loss (income) from discontinued operations, net of tax	1,625	328	159	(42)
Income from continuing operations	($3,599)	($2,670)	$54,367	$2,715
Interest expense	2,471	2,480	2,371	6,156
Interest income	(282)	(160)	(214)	(102)
Income tax expense (benefit)	(1,126)	429	(30,380)	10,076
Depreciation and amortization	12,855	13,194	11,808	9,898
Restructuring costs [1]	1,382	1,946	258	—
Export inventory adjustment [2]	2,721	(234)	—	—
Special compensation payment [3]	—	—	—	24,679
Vacation pay adjustment [4]	—	—	2,296	—
Management incentive compensation [5]	—	—	5,638	3,271
Chassis write-off [6]	—	—	1,196	—
Type D redesign [7]	—	1,207	—	—
Asia market test [8]	—	885	—	—
Tax expense, non-consolidated affiliate [9]	—	—	2,836	365
Business combination [10]	—	—	—	9,236
Out-of-period adjustment [11]	—	—	—	407
Adjusted EBITDA	**$14,422**	**$17,077**	**$50,176**	**$66,791**
Adjusted EBITDA margin	***2.5%***	***2.9%***	***6.5%***	***7.8%***

(1) Restructuring costs include expenses related to discontinued operations from the sale of a business, management severance costs, a write-off of leasing software, certain plant assets and a write-down on a note outstanding to a former related party for furniture and fixtures in Blue Bird's Ohio facility
(2) In fiscal 2011, Blue Bird wrote-off $2.7 million of inventory purchased in anticipation of orders from a foreign government that were never placed. In fiscal 2012, Blue Bird recorded a partial recovery of the write-down as proceeds were received from sales of the inventory as scrap
(3) Represents a payment made under Blue Bird's Phantom Award Plan to Phantom Plan Participants in connection with Blue Bird's 2014 dividend recapitalization
(4) Represents the add-back of an out-of-period vacation pay and holiday bonus expense resulting from a change in policy to accrue throughout the year instead of expensing annually
(5) Represents incentive compensation paid to officers in excess of a related accrual (typically recorded at 100% target level) due to over-performance relative to budget. This adjustment excludes the amount of the accrual above 200% of the target level
(6) Represents a write-off due to an order for chassis with respect to which the customer never took delivery of the chassis. The units that were not used or sold to other customers were written off
(7) Represents costs incurred in redesigning Blue Bird's Type D bus in fiscal 2012. The costs associated with this redesign related to prototypes, testing and services, engineering personnel, marketing and consulting fees
(8) Represents costs incurred in exploring the market potential for sales of school buses in Asia. The costs related to this market test included sales and marketing expenses, travel, demonstration units and professional services fees
(9) Represents the allocated tax expense related to Blue Bird's non-consolidated affiliate
(10) Represents expenses incurred by School Bus Holdings related to the Business Combination
(11) Represents out-of-period cost of goods sold incurred by Blue Bird. See Note 1 to Blue Bird's audited consolidated financial statements in the proxy statement

Blue Bird Income Statement

($ in thousands, except per share values)

	Year Ended		
	September 29, 2012	**September 28, 2013**	**September 27, 2014**
Net sales	$598,330	$776,558	$855,735
Cost of goods sold	542,086	684,109	746,362
Gross profit	$56,244	$92,449	$109,373
Operating expenses			
Selling, general and administrative expenses	57,418	65,332	91,445
Operating profit (loss)	($1,174)	$27,117	$17,928
Interest expense	(2,480)	(2,371)	(6,156)
Interest income	160	214	102
Other income (expense), net	9	96	72
Income (loss) before income taxes	($3,485)	$25,056	$11,946
Income tax (expense) benefit	(429)	30,380 (1)	(10,076)
Equity in net income (loss) of non-consolidated affiliates, net of tax	1,244	(1,069)	845
Income (loss) from continued operations	($2,670)	$54,367	$2,715
Income (loss) from discontinued operations, net of tax	(328)	(159)	42
Net income (loss)	**($2,998)**	**$54,208**	**$2,757** (2)
Defined benefit pension plan (loss) gain (3)	(7,804)	10,196	(4,150)
Comprehensive income (loss)	**($10,802)**	**$64,404**	**($1,393)**
Weighted average shares outstanding, basic and diluted	100	100	100
Basic and diluted income (loss) per share			
Income (loss) from continuing operations	**($26,695)**	**$543,672**	**$27,152**
Income (loss) from discontinuing operations	**(3,281)**	**(1,594)**	**425**

(1) This income tax benefit resulted primarily from a reduction in valuation reserves established in prior periods. See Note 11 to Blue Bird's audited consolidated financial statements in the proxy statement

(2) Includes $24.7 million (approximately $16.1 million net of tax) in special compensation payments related to Blue Bird's 2014 dividend recapitalization and $9.3 million (approximately $7.4 million net of tax) of expenses associated with the Business Combination

(3) Net of tax of $0, $5,709 and $2,036 in 2012, 2013 and 2014 respectively

Blue Bird Balance Sheet

($ in thousands)

	September 28, 2013	September 27, 2014
ASSETS		
Cash and cash equivalents	$46,594	$61,137
Accounts receivables, net.	13,493	21,215
Inventories	62,603	71,300
Other current assets	3,125	4,353
Deferred tax asset	3,030	6,057
Total current assets	$128,845	$164,062
Property, plant and equipment, net	31,938	29,949
Goodwill	18,825	18,825
Intangible assets, net	64,103	62,240
Equity investment in affiliate	8,661	9,871
Deferred tax asset	8,001	4,073
Restricted cash	1,206	—
Other assets	1,406	2,912
Total assets	**$262,985**	**$291,932**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$72,960	$94,294
Accrued warranty costs - current portion	5,917	6,594
Accrued expenses	25,133	37,319
Deferred warranty income - current portion	3,767	4,117
Other current liabilities	3,020	5,668
Current portion of senior term debt.	2,979	11,750
Total current liabilities	$113,776	$159,742
Revolving senior credit facility	71	—
Long-term term debt	10,009	211,118
Accrued warranty costs	7,530	8,965
Deferred warranty income	6,976	7,886
Other liabilities	7,502	12,136
Accrued pension liability	37,703	40,881
Total long-term liabilities	$69,791	$280,986
Common stock	1	1
Additional paid-in capital	94,999	—
Retained (deficit) earnings	26,836	(102,229)
Accumulated other comprehensive loss	(42,418)	(46,568)
Total stockholder's (deficit) equity	$79,418	($148,796)
Total liabilities and stockholder's (deficit) equity	**$262,985**	**$291,932**

Blue Bird Statement of Cash Flows

($ in thousands)

	Year Ended		
	September 29, 2012	**September 28, 2013**	**September 27, 2014**
Cash flows from operating activities			
Net income (loss)	($2,998)	$54,208	$2,757
(Income) loss from discontinued operations, net of tax	328	159	(42)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and amortization	13,194	11,808	9,898
Amortization of debt costs	210	128	1,301
Equity in net income of affiliate	(1,244)	1,069	(845)
Impairment loss on fixed assets	117	—	—
(Gain) loss on disposal of fixed assets	285	36	(67)
Loss on sale of assets held for sale	688	—	—
Deferred taxes	375	(30,447)	2,874
Change in uncertain tax position	—	—	6,390
Provision for bad debt	193	21	(9)
Non-cash interest expense	1,473	1,398	—
Amortization of deferred actuarial pension losses	3,392	4,233	2,804
Changes in assets and liabilities			
Accounts receivable	83	(4,178)	(7,713)
Inventories	(4,750)	(7,244)	(8,697)
Other assets	159	1,315	(1,415)
Accounts payable	10,059	6,889	18,080
Accrued expenses, pension and other liabilities	(6,064)	(3,414)	12,096
Total adjustments	**$18,170**	**($18,386)**	**$34,697**
Net cash provided by continuing operations	**15,500**	**35,981**	**37,412**
Net cash used in discontinued operations	**(678)**	**(661)**	**(568)**
Total cash provided by operating activities	**$14,822**	**$35,320**	**$36,844**
Cash flows from investing activities			
Change in net investment in discounted leases	863	563	778
Cash paid for fixed assets	(3,659)	(4,945)	(5,535)
Proceeds from sale of assets	2,077	—	102
Restricted cash	—	—	1,206
Total cash used in investing activities	**($719)**	**($4,382)**	**($3,449)**
Cash flows from financing activities			
Borrowings under the senior credit facility	10,868	63,743	2,862
Payments under the senior credit facility	(10,938)	(63,672)	(2,933)
Borrowings under the senior term loan	—	12,988	235,000
Repayments under the subordinated term loans	(5,000)	(35,000)	(13,000)
Cash paid for capital leases	(855)	(907)	(535)
Cash paid for debt costs	(100)	(111)	(12,647)
Cash paid for dividends	—	—	(226,821)
Change in advances collateralized by discounted leases	(863)	(563)	(778)
Total cash used in financing activities	**($6,888)**	**($23,522)**	**($18,852)**
Change in cash and cash equivalents	**7,215**	**7,416**	**14,543**
Cash and cash equivalents at beginning of period	**31,963**	**39,178**	**46,594**
Cash and cash equivalents at end of year	**$39,178**	**$46,594**	**$61,137**



Blue Bird Corporation

(Nasdaq: BLBD)

2015 Fiscal First Quarter Results

Earnings Conference Call

February 27, 2015

BLUE BIRD

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Agenda

- **Introductions & Forward-Looking Statements**
  - Jeff Merten – Director, Investor Relations
- **Business Overview**
  - Phil Horlock – President & CEO
- **Financial Results**
  - Phil Tighe – CFO
- **Closing and Q&A**



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This presentation includes forward-looking statements, including statements regarding full-year guidance and seasonality, that are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters we have noted in our latest earnings release and filings with the SEC. Blue Bird disclaims any obligation to update information in this presentation. Additional information and risk factors are included at the end of this presentation.

Important Disclaimers

Forward Looking Statements

This presentation may include forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. Specifically, forward-looking statements, including statements regarding guidance and seasonality, and may include statements relating to:

- **Inherent limitations of internal controls impacting financial statements**
- **Growth opportunities**
- **Future profitability**
- **Ability to expand market share**
- **Customer demand for certain products**
- **Economic conditions that could affect fuel costs, commodity costs, industry size and financial conditions of our dealers and suppliers**
- **Labor or other constraints on the Company's ability to maintain a competitive cost structure**
- **Volatility in the tax base and other funding sources that support the purchase of buses by our end customers**
- **Lower or higher than anticipated market acceptance for our products**
- **Ability to be successful in the Company's appeal of the delisting determination by the staff of the Listing Qualifications Department of the NASDAQ Stock Market and to meet NASDAQ's listing standards, including having the requisite number of stockholders**
- **Other statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions**

These forward-looking statements are based on information available as of the date of this presentation, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. The factors described above, as well as risk factors described in reports filed with the SEC by HCAC or Blue Bird Corporation (available at www.sec.gov), could cause our actual results to differ materially from estimates or expectations reflected in such forward-looking statements.

Important Disclaimers

Non-GAAP Financial Measures

Adjusted EBITDA should not be considered as an alternative to net income (loss) as an indicator of Blue Bird's performance or as an alternative to any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted EBITDA. Although Blue Bird believes that Adjusted EBITDA may enhance an evaluation of Blue Bird's operating performance based on recent revenue generation and product/overhead cost control because they exclude the impact of prior decisions made about investment and financing, (i) other companies in Blue Bird's industry may define Adjusted EBITDA margin differently than Blue Bird does and, as a result, they may not be comparable to similarly titled measures used by other companies in Blue Bird's industry and (ii) Adjusted EBITDA may exclude certain financial information that some may consider important in evaluating Blue Bird's performance. See the appendix of this presentation for a reconciliation of Adjusted EBITDA to Net Income.

Free cash flow is used in addition to and in conjunction with results presented in accordance with GAAP and free cash flow should not be relied upon to the exclusion of GAAP financial measures. Free cash flow reflects an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Free cash flow is defined as net cash provided in continuing operation less cash paid for fixed assets. We use free cash flow, and ratios based on it, to conduct and evaluate our business because, although it is similar to cash flow from operations, we believe it is a more conservative measure of cash flows since purchases of fixed assets are a necessary component of ongoing operations. In limited circumstances in which proceeds from sales of fixed assets exceed purchases, free cash flow would exceed cash flow from operations. However, since we do not anticipate being a net seller of fixed assets, we expect free cash flow to be less than operating cash flows.



Phil Horlock

President & CEO

BUSINESS OVERVIEW

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Business Combination Complete







Was

Ticker: HCAC

Now

Ticker: BLBD

BLBD replaced HCAC and started trading on NASDAQ on 2/25/15

Review of Product Offerings



Blue Bird Vision
Type C Bus
65% Net Sales
(2014)



Blue Bird All American
Type D Bus
22% Net Sales
(2014)

Parts Business
6% Net Sales
(2014)



Blue Bird Sigma
Specialty Bus
7% Net Sales
(2014)



Micro Bird T-Series
Type A Bus
(Unconsolidated)

We build school and activity buses

1Q 2015 Highlights

Bus Volume	Net Sales	Adj. EBITDA*
1,824 Units	$165.8 Million	$7.4 Million
Up 279 Units	Up $19.8 Million	Down $(2.2) Million

- Bus unit volume up 18%
- Total company net sales up 14%
- Strong Adjusted EBITDA of $7.4 million
  - Consistent with our plan and supplemental proxy statement
  - Second consecutive year of positive Adjusted EBITDA
- Reaffirming full-year sales and Adjusted EBITDA guidance



Note: See slide 27 for additional detail regarding Adjusted EBITDA reconciliations

Momentum Continues

- Undisputed Leader in Propane Sales
- Significant Diesel Bus Sales Increase
- Operational Improvements Achieved
- Parts Business Growth





Positive momentum across the business

All-New Micro Bird T-Series Launched

- First in market with all-new Ford chassis
- New diesel and gasoline engines
- Approximately 20% increase in fuel economy
- Lowest total cost of ownership



Micro Bird T-Series

First in market with innovative new product

Here's What's New







Products that delight our customers and differentiate Blue Bird



Phil Tighe

CFO

FINANCIAL RESULTS

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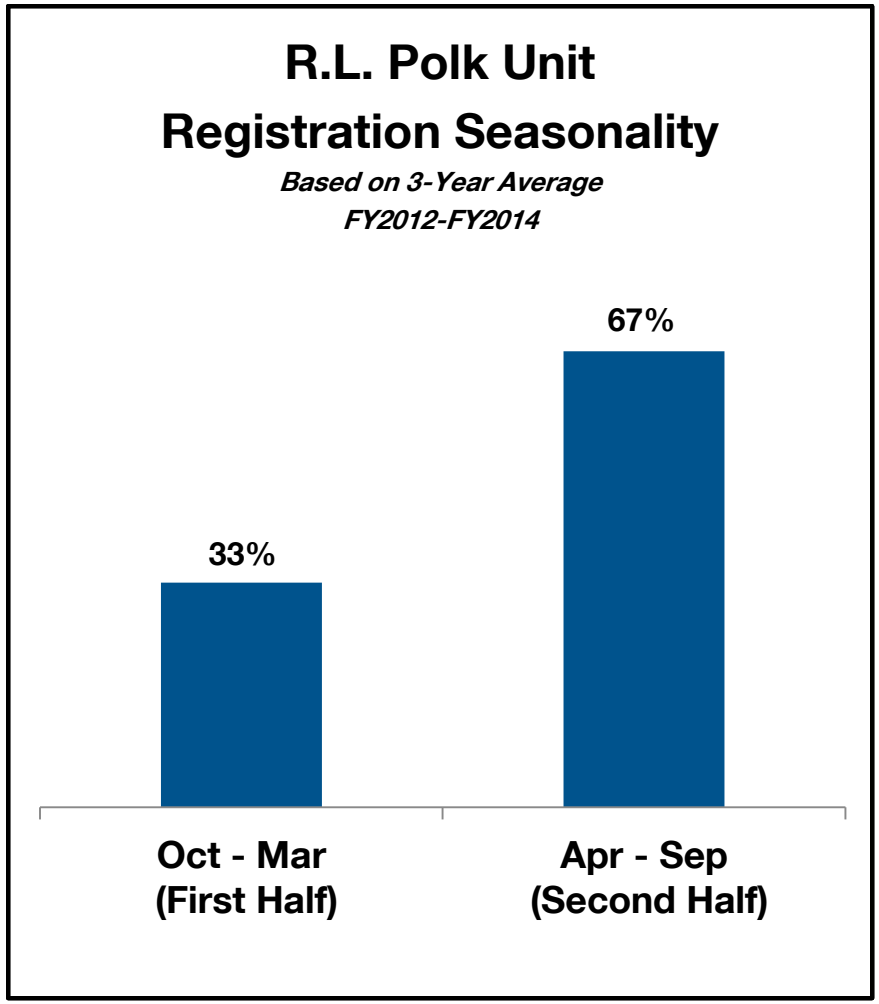
School Bus Business is Highly Seasonal

- Timing of sales influenced by school start
- First quarter is historically our lowest volume quarter and we take planned shutdowns during this period
- Company results follow sales pattern
- Working capital is typically a significant use of cash during first quarter



Seasonality drives higher sales and earnings in second half

1Q 2015 Sales Results

Bus Volume	Bus Sales	Parts Sales
1,824 Units	$152.0 Million	$13.8 Million
Up 18%	Up 13%	Up 15%

Total Company

- Net sales were $165.8 million, up 14% from $146.0 million in 2014

Bus Segment

- Revenue growth lower than volume growth due to product mix and conquest sales

Parts Segment

- Successful promotional activities drove higher demand

Strong double-digit sales growth in both segments

Note: Percentage gains reflect first fiscal quarter year-over-year performance. Numbers have been rounded.

1Q 2015 Gross Profit

Total Company	Bus	Parts
$19.5M	$14.3M	$5.2M
Down $1.0M	Down $1.7M	Up $0.7M

Bus Segment

- Gross profits were down due to a higher mix of new conquest accounts and other one-time factors
- Favorable mix of propane and efficiencies were a partial offset

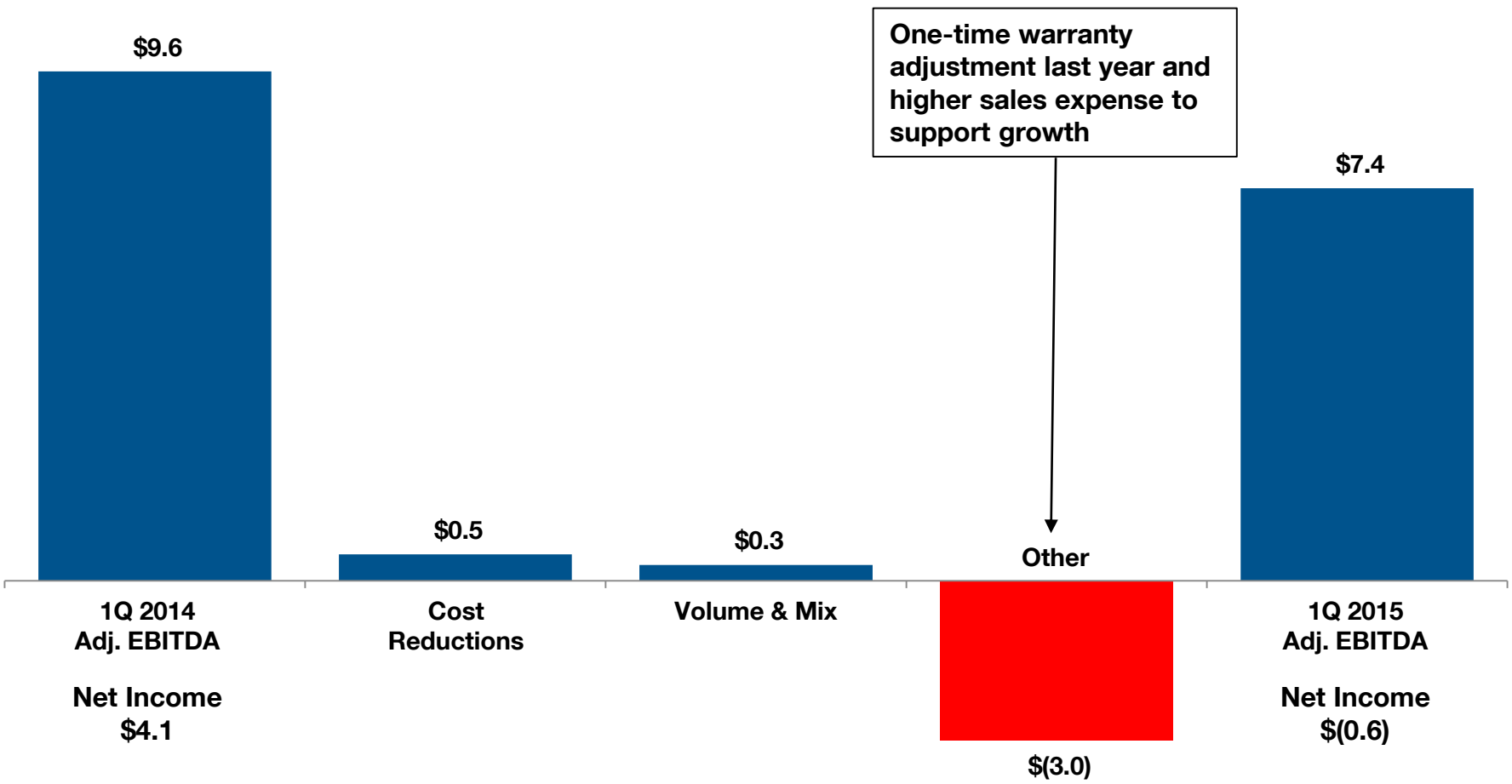
Parts Segment

- Gross profits up due to higher sales

First quarter profits consistent with full-year guidance

1Q 2014 to 2015 Adj. EBITDA Walk

($ millions)



Note: See slide 27 for additional detail regarding Adjusted EBITDA reconciliations

1Q 2015 Adjusted EBITDA met our expectations

1Q Adj. EBITDA to Free Cash Flow Walk

($ millions)

	FY15	FY14
Adjusted EBITDA	$ 7.4	$ 9.6
Capital Expenditures	(0.8)	(0.6)
Cash Interest	(8.3)	(0.2)
Cash Taxes	(0.4)	0.0
Working Capital and Other	(29.7)	(28.9)
Free Cash Flow	$(31.8)	$(20.1)
Cash Flow from Operations	$(31.0)	$(19.5)

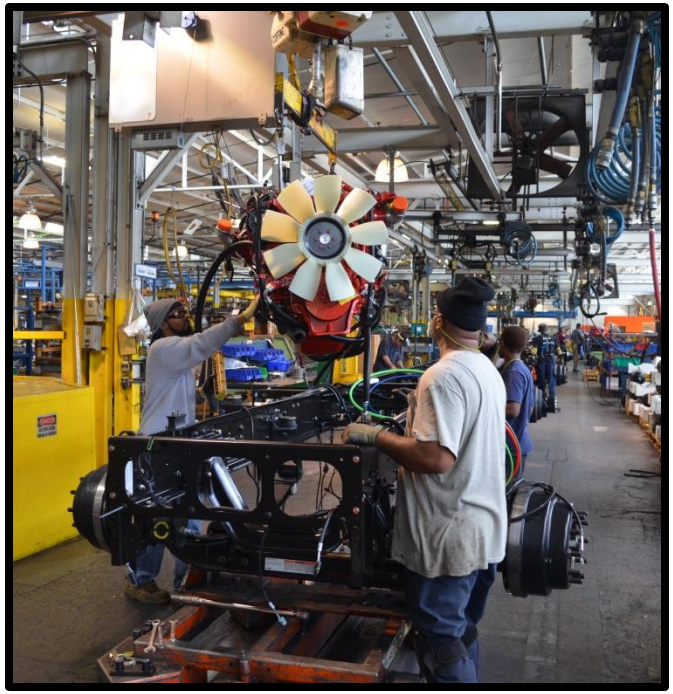
Note: See slide 28 for additional detail regarding Free Cash Flow reconciliations

Free Cash Flow is in line with seasonal expectations

1Q 2015 Net Debt, Leverage & Liquidity

($ millions)

		As of January 3, 2015
Cash	$	23.5
Gross Debt		220.6
Net Debt	$	197.1
Total Debt / Adj. EBITDA (LTM)		3.4x
Net Debt / Adj. EBITDA (LTM)		3.0x
Liquidity	$	78.2





Phil Horlock

President & CEO

CLOSING AND Q&A

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Reaffirming 2015 Full-Year Guidance

2015 Revenue

$918 - $940
Million

Up 7% - 10%

2015 Adj. EBITDA

$72 - $75
Million

Up 7% - 12%



On track to grow Adjusted EBITDA 7-12% in FY2015

First Quarter Wrap-Up

- Delivered strong bus and parts sales growth
- Achieved solid Adj. EBITDA in lowest volume quarter
- Conquested customers in new markets
- Introduced innovative new products and features
- Continued to drive productivity
- Penetrated more new accounts with propane buses

Reaffirming full-year guidance



Q&A

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Appendix

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Income Statement

(in thousands except for share data)	Three Months Ended January 3, 2015 (unaudited)	Increase/ Decrease $	Increase/ Decrease %	Three Months Ended December 28, 2013 (unaudited)
Net sales	$ 165,833	$ 19,840	13.6	$ 145,993
Cost of goods sold	146,355	20,822	16.6	125,533
Gross profit	19,478	(982)	(4.8)	20,460
Operating expenses				
Selling, general and administrative expenses	15,459	1,357	9.6	14,102
Operating profit (loss)	4,019	(2,339)	(36.8)	6,358
Interest expense	(5,135)	(4,860)	1,767.3	(275)
Interest income	32	7	28.0	25
Other income (expense), net	11	(10)	(47.6)	21
Income (loss) before income taxes	(1,073)	(7,202)	(117.5)	6,129
Income tax (expense) benefit	431	2,584	(120.0)	(2,153)
Equity in net income (loss) of non-consolidated affiliate, net of tax	18	(75)	(80.6)	93
Income (loss) from continued operations	(624)	(4,693)	(115.3)	4,069
Income (loss) from discontinued operations, net of tax	(4)	2	(33.3)	(6)
Net income (loss)	$ (628)	$ (4,691)	(115.5)	$ 4,063
Other financial data:				
Adjusted EBITDA	$ 7,402	(2,191)	(22.8)	$ 9,593
Adjusted EBITDA margin	4.5%	(2.1) pts.	(32.1)	6.6%

Balance Sheet

(in thousands except for share data)	As of January 3, 2015	As of September 27, 2014
Assets	(unaudited)	(unaudited)
Current assets		
Cash and cash equivalents	$ 23,485	$ 61,137
Accounts receivable, net	14,296	21,215
Inventories	68,916	71,300
Other current assets	3,682	4,353
Deferred tax asset	6,089	6,057
Total current assets	116,468	164,062
Property, plant, and equipment, net	28,305	29,949
Goodwill	18,825	18,825
Intangible assets, net	61,775	62,240
Equity investment in affiliate	9,899	9,871
Deferred tax asset	3,734	4,073
Other assets	2,757	2,912
Total assets	$ 241,763	$ 291,932
Liabilities and Stockholder's Deficit		
Current liabilities		
Accounts payable	$ 65,746	$ 94,294
Accrued warranty costs—current portion	6,547	6,594
Accrued expenses	23,615	37,319
Deferred warranty income—current portion	4,143	4,117
Other current liabilities	1,490	5,668
Current portion of senior term debt	11,750	11,750
Total current liabilities	113,291	159,742
Long-term liabilities		
Long-term term debt	208,842	211,118
Accrued warranty costs	8,679	8,965
Deferred warranty income	7,932	7,886
Other liabilities	12,314	12,136
Accrued pension liability	39,535	40,881
Total long-term liabilities	277,302	280,986
Commitments and contingencies		
Stockholder's deficit		
Common stock, $0.01 par value—100 shares authorized, issued and outstanding	1	1
Additional paid-in capital	-	-
Retained deficit	(102,857)	(102,229)
Accumulated other comprehensive loss	(45,974)	(46,568)
Total stockholder's deficit	(148,830)	(148,796)
Total liabilities and stockholder's deficit	$ 241,763	$ 291,932

Consolidated Statement of Cash Flows

(in thousands of dollars)	Three Months Ended January 3, 2015 (unaudited)	Three Months Ended December 28, 2013 (unaudited)
Cash flows from operating activities		
Net (loss) income	$ (628)	$ 4,063
Loss from discontinued operations, net of tax	4	6
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation and amortization	2,263	2,435
Amortization of debt costs	809	25
Equity in net income of affiliate	(18)	(94)
Loss on disposal of fixed assets	469	11
Deferred taxes	(21)	969
Provision for bad debt	(33)	(19)
Amortization of deferred actuarial pension losses	913	701
Changes in assets and liabilities		
Accounts receivable	6,952	3,894
Inventories	2,384	(9,559)
Other assets	684	497
Accounts payable	(25,452)	(8,943)
Accrued expenses, pension and other liabilities	(19,276)	(13,457)
Total adjustments	(30,326)	(23,540)
Net cash used in continuing operations	(30,950)	(19,471)
Net cash used in discontinued operations	(4)	(6)
Total cash used in operating activities	(30,954)	(19,477)
Cash flows from investing activities		
Change in net investment in discounted leases	-	83
Cash paid for fixed assets	(861)	(613)
Proceeds from sale of assets	-	23
Restricted cash	-	362
Total cash used in investing activities	(861)	(145)
Cash flows from financing activities		
Borrowings under the senior credit facility	-	837
Payments under the senior credit facility	-	(906)
Repayments under the subordinated term loans	(2,938)	(542)
Cash paid for capital leases	(27)	(224)
Cash paid for debt costs	(2,872)	-
Cash paid for dividends	-	-
Change in advances collateralized by discounted leases	-	(83)
Total cash used in financing activities	(5,837)	(918)
Change in cash and cash equivalents	(37,652)	(20,540)
Cash and cash equivalents at beginning of period	61,137	46,594
Cash and cash equivalents at end of period	$ 23,485	$ 26,054
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 8,313	$ 236
Cash received for interest	32	11
Cash paid for income taxes	359	37
Cash received for tax refund	-	48
Non-cash investing and financing activity		
Capital lease acquisitions	-	166
Change in accounts payable for capital additions to property, plant and equipment	224	94

Adjusted EBITDA Reconciliation

(in thousands of dollars)	Three Months Ended January 3, 2015 (unaudited)	Three Months Ended December 28, 2013 (unaudited)
Adjusted EBITDA	$ 7,402	$ 9,593
Loss on disposal of fixed assets	(469)	-
Business combination expenses	(611)	-
Tax expense, non-consolidated	(10)	(40)
Management incentive compensation	-	(631)
Depreciation and amortization	(2,264)	(2,450)
Income tax expense	431	(2,153)
Interest income	32	25
Interest expense	(5,135)	(275)
Income from continuing operations	(624)	4,069
Loss (income) from discontinued operations, net of tax	(4)	(6)
Net Income (loss)	$ (628)	$ 4,063
Memo:		
Revenue	$ 165,833	$ 145,993
Adjusted EBITDA Margin	4.5%	6.6%

Free Cash Flow Reconciliation

(In Thousands of Dollars)	Three Months Ended January 3, 2015	Three Months Ended December 28, 2013
Net cash used in continuing operations	$(30,950)	$(19,471)
Cash paid for fixed assets	(861)	(613)
Free cash flow	$(31,811)	$(20,084)