



Check against delivery

**Mr. Martin Schwartz
President and Chief Executive Officer**

**Dorel Industries Inc.
2009 Annual and Special Meeting of Shareholders**

**Montreal
May 27, 2009**

It is now our pleasure to review Dorel's performance in 2008 and the past few months of 2009, as well as give you some insight into why we feel this will be a solid year for the Company. I will also take a few minutes to provide an overview of our strong product development initiatives by demonstrating some of the products you see before you. Finally, Jeffrey will present our financial overview.

Before we start, I draw your attention to the forward looking statement on the screens. I also want to point out that all figures quoted today are in US dollars.

2008 was the best year ever for Dorel. We achieved record net income and record sales despite a number of challenges which intensified through the year and came to a head during the fourth quarter. During the first nine months, Dorel's businesses performed very well relative to the economy and to other industries. We effectively managed rapidly rising costs of many commodities as well as higher prices for goods sourced in China. We were successful in offsetting the bulk of the increases by passing a number of these higher costs on to retailers, without significantly weakening our point-of-sale levels.

Dorel's products continued to be in demand by consumers, even in times when retail sales as a whole declined. We were on track for an even better year; however several things hit us simultaneously in the fourth quarter. The most significant factor was the reaction to the economic downturn by retailers in reducing their in stock levels. This resulted in a much weaker fourth quarter with lower sales, lower earnings, and record high inventory levels, which reduced cash flow.

The cutbacks by retailers were far from strategic. Basically, they shut off the tap. They stopped buying without analyzing what was still selling in store, as Dorel's point-of-sale levels remained firm. While our juvenile and home furnishings sales to retailers declined because of these cutbacks, it was encouraging that these cutbacks far

exceeded what was really happening at the store level. Consumers continued to buy our goods. Sales of Dorel home products, our futon and accessory unit, fell in the quarter by 50 percent over 2007, yet retail sales remained steady compared to prior year.

The recreational leisure segment was able to grow sales organically in this environment but they were still lower than expectations. Margins on the inventory we did sell in Q4 were squeezed, as they carried the higher input costs from earlier in the year and we did not have the normal higher volumes to lessen this impact. The year-end surge of the U.S. dollar and our foreign exchange contracts were additional Q4 issues.

Nonetheless, as I said, we finished 2008 setting all-time records. Revenues reached \$2.2 billion and net income was \$113 million.

Underlining the popularity of our products were the improved sequential results for the first quarter this year. Sales rose to \$525 million from \$480 million in the fourth quarter and EPS was \$0.84 in the first quarter this year, compared to \$0.57 cents for Q4 of 2008. Sales in the first quarter of '09 were down only by 5% from last year's first quarter. Some of that was selective as we have a minimum margin requirement program in place and certainly, some of the decrease was currency related. EPS for Q1 '08 was \$1.05.

While it is normal to make year-over-year comparisons when reviewing quarterly results, these have not been normal times. Things changed dramatically over the past year with a deep recession taking a firm hold. Considering the financial crisis, senior management was very pleased with Dorel's solid first quarter performance. When I look around to see how other companies have fared, I sincerely believe that we have delivered for our shareholders during a period of general uncertainty. That is not to say that we can't and won't do better.

There were a number of positive Q1 highlights.

- We achieved, and even surpassed, several important internal objectives that we had set, including our own earnings numbers.
- The high fourth quarter inventory level was reduced by \$90 million during the first quarter, a significant amount. When we released our year-end results in March we had said that since our products are non-seasonal and generally not high-fashion oriented, accumulated inventories would be sold throughout the year. This is precisely what has been happening and this will translate into a much improved cash flow as we move through the rest of this year. In fact, we are targeting 2009 free cash flow of at least \$150 million.
- Further progress was made in Home Furnishings and we expect the earnings trend seen thus far in that segment to continue and improve. More on that shortly.
- And, we were pleased with Q1 POS levels at our major North American customers as consumers continue to recognize the value of many of Dorel's various product lines.

So what is it that sets Dorel apart?

Well first, the fundamentals of our business remain solid. Dorel's products have traditionally been resilient in recessionary times. Over the years we've seen that despite difficult economic situations, consumers continue to purchase juvenile items and our diverse product line matches their needs well. In Recreational/Leisure, we sell bicycles across all price points. The bicycle/fitness industry as a whole has been benefitting from recent attitudes towards the environment and personal health. Just take a look around our own city. Millions have been spent on bike paths and most recently stands have been erected in many places downtown for people to rent bikes. This will certainly encourage more interest in bikes and more bike purchases. In addition, Dorel has always operated in the value priced home furnishings market. As shoppers look toward

less expensive furniture purchases, they are increasingly turning to our ready-to-assemble furniture products.

Our price points fit the times. Retailers have shifted gears and are offering consumers products in what we term “opening to mid price points”, as shoppers of every description are gravitating to the big box outlets. Take a look around you in Wal-Mart these days. You’ll see a wide variety of demographics, many I’m sure who rarely, if ever, set foot in a Wal-Mart before last year. Dorel excels in these price point categories with the majority of our sales in this area. While this may place some pressure on margins, we are increasing our listings.

We’re also picking up new listings which we have taken from competitors. In times of uncertainty, retailers seek strong, stable suppliers with a history of delivering, and who will be around for the long term. Dorel fits that bill perfectly. Our financial strength also provides a high level of comfort.

With annual sales over a billion dollars, Juvenile is still, by far, our largest segment. It is an excellent, profitable business as parents and grandparents consistently put their families first. We have already seen recovery in North American markets. First quarter results at Dorel Juvenile Group in the US were particularly good. Their earnings exceeded plan and order levels on hand for the second quarter are strong. They have secured additional placements and with planned new product launches DJG is expected to continue the solid start to the year. In Canada there are challenges with exchange rates, but business itself is looking more positive going forward.

Currently, the situation in Europe is somewhat different. The economy abroad slowed later than in North America and, as such, recovery will lag the US. The added effect of the weakened Euro versus the strong US dollar is another significant factor which has affected Europe’s results thus far this year. We are, nonetheless, optimistic. Ever since we acquired the juvenile business in Europe in 2003, it has done very well for us. Over the years we have built upon a very solid base, expanding operations into many

European countries and building market share with our excellent products and strong management teams there.

Product innovation continues to drive Juvenile. Let's take a look at how our popular Quinny line was given even more notoriety in Europe by employing the talents of Danish designer Henrik Vibscov who created a high-end, very limited edition stroller:

The Quinny by Henrik Vibscov is available only as such exclusive retailers as Harrods in London, Seven New York and American Rag, Los Angeles.

I will show you another example of product innovation shortly. As well, we will be making a major announcement early in the second half of this year which will unveil a completely revolutionary advancement in one of our most important categories. We have been working on this project for a year and I'm certain you will be as excited when we make the announcement as we are now.

The change we made a year ago in our senior management structure, whereby we named a President for each of our three segments, has been invaluable to the Company. This is especially evident in Recreation/Leisure and Home Furnishings.

Much has been done with our bicycle business. Last month, we announced a new, multi-faceted Worldwide Centers of Excellence program in the continuation of our strategy to become the global innovation leader in the recreation and leisure markets. Five Centers of Excellence are being established around the world, with each focused on market leadership in a specific market segment or expertise.

A major component is the expansion of the Bethel, CT facility into a world-class innovation center. All North American product development, marketing and business management for the Cannondale, Schwinn, GT and Mongoose products sold to the Independent Bicycle Dealer channel is being consolidated at Bethel. The centre for the development of bicycles for the mass market remains in Madison, Wisconsin. Basel,

Switzerland will focus on high-end and enthusiast bikes marketed in Europe; Vancouver, the home of SUGOI, will be the centre for active lifestyle as well as urban apparel and footwear; and the fifth centre will be in Taichung, Taiwan for the coordination of sourcing, testing and quality with Asian suppliers.

The Cannondale Sports Group has been renamed the Cycling Sports Group, and in addition to its global headquarters in Bethel, the Bedford, PA facility will become one of the best bicycle testing labs in the world and will remain as the final assembly center. Bicycle frame manufacturing will be shifted to Taiwan by later next year.

Marketing plays an important role in keeping our brands prominent with a combination of team sponsorships, promotions and advertising. Cannondale is deeply involved with such major events as Tour de France and the Giro D'Italia, two of the races comprising the Triple Crown of Cycling...(in case anyone asks, the 3rd race is the World Cycling Championships)

Another of our major brands, GT, has a new marketing concept called the Golden Bike.

First quarter IBD organic growth of 8% was strong, considering the fact that customers shifted to lower price-point bikes at mass merchants. Still, the buying patterns of mass merchants have been inconsistent. They have been slower to replenish their inventory of bikes compared to other segments. Given the environment, we are cutting costs wherever possible and are actively reducing spending as needed, but not in product development. Actually, we plan on unveiling some new Cannondale models in the coming months with truly unique features. We've been working with an industry-leading designer with the goal of making Cannondale the desired brand in bikes.

Last year our Pacific Cycle division purchased the assets of PTI Sports, a leading US designer and manufacturer of bicycle parts, helmets and other accessories. This has proven to be most strategic. Pacific had been licensing our Schwinn and Mongoose brands to PTI for helmets as well as many other items. We decided to take ownership

of our brands, particularly as parts and accessories are the highest margin products. Speak to a bike retailer and they'll tell you they're in the business to sell parts and accessories. For Dorel it also means we now offer the major chains integrated buying with both bikes and bike parts. We're currently working with a number of large retailers to increase what we call the "attachment rate" - in other words, to add helmets and other accessories when a consumer makes their bike purchase.

The progress made by the management team dedicated to Home Furnishings has been outstanding. This year's first quarter was the segment's best since the fourth quarter of 2007, with Ameriwood's domestically-produced RTA furniture leading the way. The demand for Ameriwood's lines at mass merchants and DIY centers is a testament to their efforts to concentrate on "back to basics" items, rebuilding customer confidence and improving efficiencies.

The expertise that turned around Ameriwood is now being centered on Cosco Home & Office. Operations and product offerings are more focused, in-store displays have been greatly improved and they have won several new important large listings. While the division still expects to lose money in 2009, plans are well on track for a return to profitability next year.

We are confident that Home Furnishings will continue to show strength through the year. In addition to the progress outlined, so far this year we have benefitted from the strong US dollar as two of the segment's plants are in Canada and sell heavily into the States.

On a company-wide basis, Dorel is active in sustainability on several fronts. This includes development of products such as last year's Scenera car seat in a bag and this month's new Safety 1st line focusing on the environment, which I will show you in a moment.

The Safety 1st launch is a natural extension of DJG's green initiatives. As an example, their *Tiny Footprint® tread lightly from birth™* program encourages stakeholders to factor long-term environmental sustainability into their decision making processes. This has meant everything from promoting recycling amongst DJG employees to converting the entire Columbus, Indiana 1.2 million square foot plant into a zero landfill facility that recycles over 99% of its plastic manufacturing waste and other materials. It is only one of two such models in the entire state. This is just one example. Many of our facilities are involved in energy savings programs. Our warehouses are equipped with light sensors which eliminate entire areas being lit needlessly and our RTA plant in Cornwall has been recycling by products for years.

Now to tell you more about that Safety 1st special collection and, back by popular demand, a look at some of this year's innovative products.