



Dorel Industries Inc.
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NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual and Special General Meeting (the "Meeting") of holders of Class A Multiple Voting Shares and Class B Subordinate Voting Shares of Dorel Industries Inc. (the "Company") will be held at the Hotel Omni Mont-Royal, 1050 Sherbrooke Street West, Montreal, Quebec, on May 27, 2009 at 10:00 a.m. The purposes of the Meeting are to:

- (1) receive and consider the consolidated financial statements of the Company for the fiscal year ended December 30, 2008 and the auditors' report thereon;
- (2) elect directors;
- (3) appoint auditors and authorize the directors to fix their remuneration;
- (4) consider, and if deemed advisable, adopt a resolution annexed as Schedule C to the Management Proxy Circular, approving the Executive Deferred Share Unit Plan of the Company;
- (5) consider, and if deemed advisable, adopt a resolution annexed as Schedule D to the Management Proxy Circular, approving an increase in the number of Class B Subordinate Voting Shares that may be issued under the 2004 Stock Option Plan of the Company; and
- (6) transact such other business as may properly be brought before the Meeting.

If you are unable to attend the Meeting in person, please date, sign and return the enclosed form of proxy. Proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 prior to 5:00 p.m. on May 25th, 2009 or with the Secretary of the Company before the commencement of the Meeting or at any adjournment thereof.

Except as otherwise indicated, the information contained herein is given as of April 24, 2009. Although the Company adopted the US dollar as its reporting currency with effect from the beginning of its 2000 fiscal year, all references to "dollars" and the symbol "\$" in the annexed management proxy circular are to Canadian dollars, unless otherwise indicated.

DATED at Montreal, Quebec
April 24, 2009

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink that reads "Jeffrey Schwartz". The signature is written in a cursive, flowing style.

Jeffrey Schwartz
Executive Vice-President, Chief Financial Officer and Secretary

MANAGEMENT PROXY CIRCULAR

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SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular is furnished in connection with the solicitation by the management of Dorel Industries Inc. (the "Company") of proxies to be used at the Annual and Special General Meeting of shareholders (the "Meeting") of the Company to be held on May 27, 2009, at the time, place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Company may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Company. A shareholder has the right to appoint as his or her proxy a person, who need not be a shareholder, other than those whose names are printed on the accompanying form of proxy. **A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.**

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with the Company's transfer agent and registrar, Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 prior to 5:00 p.m. on May 25th, 2009 or with the Secretary of the Company before the commencement of the Meeting or at any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted for the: (i) election of directors; (ii) appointment of auditors; (iii) shareholders' resolution approving the Executive Deferred Share Unit Plan of the Company; and (iv) shareholders' resolution approving the amendment to the 2004 Stock Option Plan of the Company, as stated under such headings in this Management Proxy Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of

Meeting and with respect to other matters that may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. As of the date hereof, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SHARES

As at April 24, 2009, there were 4,229,710 Class A Multiple Voting Shares and 29,126,482 Class B Subordinate Voting Shares of the Company issued and outstanding. Each Class A Multiple Voting Share entitles the holder thereof to ten votes while each Class B Subordinate Voting Share entitles the holder thereof to one vote. The Company has fixed April 22, 2009 as the record date (the "Record Date") for the purpose of determining shareholders entitled to receive notice of the Meeting. Any registered shareholder of record as at the close of business on April 22, 2009 will be entitled to vote at the Meeting.

The Company's Class B Subordinate Voting Shares are restricted securities in that the Company's Class A Multiple Voting Shares carry a greater vote per security than the Class B Subordinate Voting Shares. As set out above, the Class A Multiple Voting Shares entitle the holders thereof to ten votes per share while the Class B Subordinate Voting Shares entitle the holders thereof to one vote per share at meetings of shareholders of the Company, subject to the condition that the Class B Subordinate Voting Shares entitle the holders thereof to ten votes per share on any vote in respect of the liquidation, dissolution or winding-up of the Company or the sale, lease or exchange of all or substantially all of its property. In the aggregate, all of the voting rights associated with the Class B Subordinate Voting Shares represented, as at April 24, 2009, 40.8% of the voting rights attached to all of the Company's issued and outstanding voting securities.

Take-over Bid Protection

In the event that an offer is made to purchase Class A Multiple Voting Shares and constitutes a "take-over bid" within the meaning of applicable securities exchange legislation, each Class B Subordinate Voting Share will become convertible at the option of the holder, at any time while such offer is in effect, into one Class A Multiple Voting Share. The conversion right may be exercised only for the purpose of depositing the resulting Class A Multiple Voting Shares in response to the offer and the transfer agent and registrar of the Company will deposit the resulting Class A Multiple Voting Shares on behalf of the shareholder. No share certificates representing Class A Multiple Voting Shares will be delivered to the shareholder in such circumstances.

If: (i) Class A Multiple Voting Shares resulting from the conversion and deposited pursuant to the offer are subsequently withdrawn by the shareholder or are not taken up by the offeror; or (ii) the offer is abandoned or withdrawn by the offeror, the Class A Multiple Voting Shares will be re-converted into Class B Subordinate Voting Shares and a share certificate representing the Class B Subordinate Shares will be sent to the shareholder by the transfer agent and registrar of the Company. All Class A Multiple Voting Shares resulting from the conversion which are taken up and paid for by the offeror shall be deemed to be re-converted into Class B Subordinate Voting Shares at the time the offeror is required under the relevant securities legislation to take up and pay for such shares.

In the event that the offeror takes up and pays for the Class A Multiple Voting Shares resulting from conversion, the transfer agent and registrar of the Company will deliver to the holders thereof the consideration paid for such shares by the offeror.

In light of the foregoing, there will be no right to convert the Class B Subordinate Voting Shares into Class A Multiple Voting Shares in the following cases:

- (i) the offer to purchase Class A Multiple Voting Shares is not required under applicable securities exchange legislation or the rules of a stock exchange on which the Class A Multiple Voting Shares are then listed to be made to all or substantially all holders of Class A Multiple Voting Shares who are in a province of Canada to which the legislation applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities exchange legislation;
- (ii) an offer to purchase Class B Subordinate Voting Shares is made concurrently with the offer to purchase Class A Multiple Voting Shares and the two offers are identical with respect to price per share, percentage of outstanding shares for which the offer is made and in all other material respects. The offer to purchase the Class B Subordinate Voting Shares must be unconditional, subject to the exception that the offer for the Class B Subordinate Voting Shares may contain a condition to the effect that the offeror not be required to take up and pay for Class B Subordinate Voting Shares tendered in response to the offer if no shares are purchased pursuant to the contemporaneous offer for the Class A Multiple Voting Shares; or

- (iii) holders of Class A Multiple Voting Shares representing, in the aggregate, more than 50% of the then outstanding Class A Multiple Voting Shares (excluding shares owned immediately prior to the offer by the offeror and any “joint actor”, as defined in the relevant securities exchange legislation) certify to the transfer agent and registrar and to the Secretary of the Company that they will not tender any shares in response to the offer for the Class A Multiple Voting Shares.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a “Non-Registered Holder”) are registered either: (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the common shares, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled “Communication with Beneficial Owners of Securities of a Reporting Issuer”, the Company has distributed copies of the Notice of Meeting and this Management Proxy Circular (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose. Non-Registered Holders will either:

- (a) typically, be provided with a computerized form (often called a “voting instruction form”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare Investor Services Inc. at the address set out above.

In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

PRINCIPAL SHAREHOLDERS

As at April 24, 2009, to the best knowledge of the Company, the following persons beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the Class A Multiple Voting Shares of the Company:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage of class</u>
Alan Schwartz..... Montreal, Quebec	771,600	18.2%
Martin Schwartz..... Montreal, Quebec	765,600	18.1%
Jeff Segel..... Montreal, Quebec	765,600	18.1%
Jeffrey Schwartz..... Toronto, Ontario	765,600	18.1%
Laura Schwartz..... Montreal, Quebec	669,240	15.8%

As at the same date, to the best knowledge of the Company, no person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the Class B Subordinate Voting Shares of the Company.

BUSINESS TO BE TRANSACTED AT THE MEETING

This Management Proxy Circular contains information relating to the receipt of the Company's audited consolidated financial statements, the election of directors, appointment of auditors, approval of the Executive Deferred Share Unit Plan, and approval of an amendment to the 2004 Stock Option Plan.

1. Financial Statements

The audited consolidated financial statements of the Company for the fiscal year ended December 30, 2008 and the report of the auditors thereon will be tabled at the Meeting. These audited consolidated financial statements form part of the 2008 Annual Report of the Company. Copies of the 2008 Annual Report may be obtained from the Secretary of the Company upon request and will be available at the Meeting.

2. Election of Directors

The Board of Directors currently consists of nine directors. The persons named in the enclosed form of proxy intend to vote for the election of the ten nominees whose names are set forth below. Each director will hold office until the next annual general meeting of shareholders or until the election of his or her successor, unless he or she resigns or the office becomes vacant by removal, death or other cause.

The following table sets out the name and municipality of residence of each of the persons proposed to be nominated for election as director, all other positions and offices with the Company now held by such person, his or her principal occupation, the year in which such person became a director of the Company, the number of Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below, the number of Class B Subordinate Voting Shares in respect of which each such person holds an option and the number of Deferred Share Units ("DSUs") held:

<u>As at April 24, 2009</u>						
<u>Name, municipality of residence and principal occupation</u>	<u>First year as director</u>	<u>Position on Board committees</u>	<u>Number of shares beneficially owned or over which control is exercised</u>		<u>Number of Class B shares subject to option</u>	<u>Number of Deferred Share Units (DSUs) held</u>
			<u>Class A</u>	<u>Class B</u>		
Martin Schwartz Montreal, Quebec, Canada President and Chief Executive Officer of the Company	1987	—	765,600	500,850	235,000	—

As at April 24, 2009

Name, municipality of residence and principal occupation	First year as director	Position on Board committees	Number of shares beneficially owned or over which control is exercised		Number of Class B shares subject to option	Number of Deferred Share Units (DSUs) held
			Class A	Class B		

Martin Schwartz is a co-founder of Ridgewood Industries Ltd., which was merged with Dorel Industries Inc. and several other associated companies to create the Company, which subsequently went public in 1987. Originally Executive Vice-President of the Company, Mr. Schwartz has held the position of President and Chief Executive Officer since 1993.

Jeff Segel Montreal, Quebec, Canada Executive Vice-President, Sales and Marketing of the Company	1987	—	765,600	470,850	235,000	—
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Jeff Segel is a co-founder of Ridgewood Industries Ltd. Mr. Segel has held the position of Vice-President, Sales and Marketing since 1987. In 2003, Mr. Segel's title was changed to Executive Vice-President, Sales and Marketing.

Alan Schwartz Montreal, Quebec, Canada Executive Vice-President, Operations of the Company	1987	—	771,600	335,923	235,000	—
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Alan Schwartz is a co-founder of Ridgewood Industries Ltd. Mr. Schwartz has held the position of Vice-President, Operations since 1989. In 2003, Mr. Schwartz's title was changed to Executive Vice-President, Operations.

Jeffrey Schwartz Toronto, Ontario, Canada Executive Vice-President, Chief Financial Officer and Secretary of the Company	1987	—	765,600	500,850	235,000	—
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Jeffrey Schwartz was originally Vice-President of the Juvenile Division of the Company, a position he held until 1989, when the Company's Canadian divisions were merged and he became Vice-President, Finance of the Company. Mr. Schwartz held the position of Vice-President, Finance from 1989 until 2003. In 2003, his title was changed to Executive Vice-President, Chief Financial Officer and Secretary. Mr. Schwartz is a graduate of McGill University in Montreal in the field of business administration.

Maurice Tousson Toronto, Ontario, Canada President and Chief Executive Officer CDREM Group Inc. (retailer)	1995	Lead Director, Member of the Audit Committee, Member of the Human Resources and Corporate Governance Committee	2,000	10,400	—	12,148
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As at April 24, 2009

Name, municipality of residence and principal occupation	First year as director	Position on Board committees	Number of shares beneficially owned or over which control is exercised		Number of Class B shares subject to option	Number of Deferred Share Units (DSUs) held
			Class A	Class B		

Maurice Tousson is the President and Chief Executive Officer of CDREM Group Inc., a chain of retail stores known as *Centre du Rasoir* or *Personal Edge*, a position he has held since January 2000. Mr. Tousson has held executive positions at well-known Canadian specialty stores, including Chateau Stores of Canada, Consumers' Distributing and Sports Experts, with responsibilities for operations, finance, marketing and corporate development. Mr. Tousson currently sits on the Board of Directors of Le Chateau Inc. and several privately held companies. Mr. Tousson holds an MBA degree from Long Island University in New York.

Harold "Sonny" Gordon, Q.C. Sunny Isles, Florida, U.S.A. Chairman Dundee Corporation (financial services, wealth management and investment company)	2003	Chairman of the Human Resources and Corporate Governance Committee, Member of the Audit Committee	—	—	—	11,186
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Harold "Sonny" Gordon, Q.C., has been Chairman of the Board of Directors of Dundee Corporation (formerly Dundee Bancorp Inc.) since November 2001, prior to which he was Vice-Chairman of Hasbro Inc., a position he held until May 2002. Mr. Gordon has previously worked as a special assistant to a Minister of the Government of Canada, and was a managing partner of Stikeman Elliott LLP during his 28-year career as a practicing lawyer. Mr. Gordon serves as a director of Dundee Corporation, Pethealth Inc., SFK Pulp Inc., and Transcontinental Inc.

Dian Cohen Toronto, Ontario, Canada Corporate Director (economic consultant)	2004	Member of the Human Resources and Corporate Governance Committee	—	300	12,000	7,545
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Dian Cohen is a well-known broadcaster and author, recipient of the Order of Canada and other awards for economic communications excellence. Ms. Cohen serves as a director of Norbord Inc. and as a trustee of Great Lakes Hydro Income Fund.

Alain Benedetti, FCA Montreal, Quebec, Canada Corporate Director	2004	Chairman of the Audit Committee	—	—	12,000	9,209
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Alain Benedetti, FCA, is the retired Vice-Chairman of Ernst & Young LLP, where he worked for 34 years, most recently as the Canadian area managing partner, overseeing all Canadian operations. Prior thereto, he was the managing partner for eastern Canada and the Montreal office. Mr. Benedetti has extensive experience with both public and private companies and currently serves on the Board of Directors of Russel Metals Inc and Birks & Mayors Inc. and as a Governor of Dynamic Mutual Funds. A former Chair of the Canadian Institute of Chartered Accountants, Mr. Benedetti has served on the Audit Committee of the Company since 2004 and has been its chairperson since early 2005.

As at April 24, 2009

Name, municipality of residence and principal occupation	First year as director	Position on Board committees	Number of shares beneficially owned or over which control is exercised		Number of Class B shares subject to option	Number of Deferred Share Units (DSUs) held
			Class A	Class B		
Richard Markee Bernardsville, New Jersey, U.S.A. Operating Partner Irving Place Capital (Institutional Private Equity firm)	2008	—	—	—	—	1,127

Richard L. Markee is currently Retail Operating Partner at Irving Place Capital, a position he has held since November 2006. During the same period, he has also served on the Board of Directors of The Vitamin Shoppe, a privately-held retail chain. From 1990 until 2006, Mr. Markee held various executive positions at Toys “R” Us, Inc., including Vice Chairman of Toys “R” Us, where he was responsible for the growth and expansion of Babies “R” Us. He was also Chairman of Toys “R” Us, Japan. Prior to joining the Toys “R” Us organization, Mr. Markee was a Vice President of Target Stores. Mr. Markee is a graduate of the University of Wisconsin.

Rupert Duchesne Toronto, Ontario President and Chief Executive Officer Groupe Aeroplan Inc. (loyalty-management company)	—	—	—	—	—	—
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Rupert Duchesne is the President, Chief Executive Officer and a director of Groupe Aeroplan Inc., the international loyalty-management company that owns and operates the Aeroplan program in Canada and Nectar program in the United Kingdom, as well as owning 60% of RMMEL, the operator of Air Miles Middle East. Groupe Aeroplan Inc. is listed on the TSX. Mr. Duchesne previously held a number of senior officer positions at Air Canada from 1996, and prior to that was involved in strategy and investment consulting. He was previously a director of Alliance Atlantis Communications International Inc. Mr. Duchesne holds an MBA degree from Manchester Business School and a B.Sc (Hons) degree from Leeds University in the UK.

To the knowledge of management, none of the foregoing nominees for election as a director of the Company:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “Order”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver,

receiver manager or trustee appointed to hold its assets, with the exception of Mr. Gordon, who was a director of Great Northern Paper, Inc., a private U.S. corporation, until June 3, 2002, approximately seven months before such corporation filed for an arrangement under Chapter 11 of the United States Bankruptcy Code in January 2003, followed by its liquidation in May 2003, and with the exception of Mr. Duchesne, who was President and Chief Executive Officer of Aeroplan when Air Canada filed for protection under the *Companies' Creditors Arrangement Act* (Canada) on April 1, 2003; or

- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

To the knowledge of management, none of the foregoing nominees for election as director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Board of Directors' Compensation/Attendance

In 2008, the Company paid directors' fees only to the Company's independent directors. The basis for compensation of the independent directors was as follows:

- annual director's fee: \$40,000;
- additional fee for the Lead Director: \$20,000;
- Audit Committee Chairman fee: \$10,000;
- Audit Committee member fee (other than Chairman): \$3,000;
- Human Resources and Corporate Governance Committee Chairman fee: \$5,000;
- Human Resources and Corporate Governance Committee member fee (other than Chairman): \$2,000;
- Board of Directors and committee meeting fee: \$1,500 per meeting; and
- reimbursement of travel and out-of-pocket expenses.

Fees to the independent members of the Board of Directors in 2008 were as follows:

<u>Name</u>	<u>Annual fee</u>	<u>Committee fees</u>	<u>Board attendance fees</u>	<u>Committee attendance fees</u>	<u>Total fees</u>
Maurice Tousson	\$ 60,000	\$ 5,000	\$ 9,000	\$ 15,000	\$ 89,000
Harold "Sonny" Gordon.....	40,000	8,000	9,000	15,000	72,000
Dian Cohen.....	40,000	2,000	9,000	9,000	60,000
Alain Benedetti.....	40,000	10,000	9,000	6,000	65,000
Robert P. Baird, Jr. ⁽¹⁾	20,000	-	4,500	-	24,500
Richard Markee ⁽²⁾	6,667	-	1,500	-	8,167

(1) Mr. Baird resigned from the Board of Directors on August 6, 2008.

(2) Mr. Markee was appointed to the Board of Directors on November 5, 2008.

Directors' Shareholding Requirements

The Board of Directors has determined that each director of the Company should hold a minimum number of shares of the Company, equivalent in value to four years of directors' fees. The minimum must be reached within five years of initial election to the Board of Directors.

To facilitate the acquisition of the minimum number of shares, the Board of Directors established the Deferred Share Unit Plan in April 2004 for the Company's external directors. The Deferred Share Unit Plan enables external directors to defer receipt of their directors' compensation until their term expires or they resign. A participant in the Deferred Share Unit Plan may also receive dividend equivalents paid in the form of DSUs. The number of DSUs received by a director is determined by dividing the amount of the remuneration to be paid in the form of DSUs on that date or dividends to be paid on a payment date (the "Award Dates") by the fair market value of the Company's Class "B" Subordinate Voting Shares on the Award Date. In the fiscal year ended December 30, 2008, five external directors elected to accept all of their directors' fees pursuant to the Deferred Share Unit Plan, which has the effect of deferring receipt of their directors' compensation until such time as their term expires or they resign, thereby aligning the interests of the directors with those of the shareholders. DSUs earned and dividend equivalents paid in the form of DSUs in the fiscal year ended December 30, 2008 were as follows:

<u>Name</u>	<u>Number of DSUs</u>	<u>Dividend equivalent</u>	<u>Total number of DSUs earned</u>
Maurice Tousson	3,061	153	3,214
Harold "Sonny" Gordon	2,474	147	2,621
Dian Cohen	2,053	101	2,154
Alain Benedetti	2,240	119	2,359
Robert P. Baird, Jr. ⁽¹⁾	822	65	887
Richard Markee ⁽²⁾	334	-	334
Total.....	<u>10,984</u>	<u>585</u>	<u>11,569</u>

(1) Mr. Baird resigned from the Board of Directors on August 6, 2008.

(2) Mr. Markee was appointed to the Board of Directors on November 5, 2008.

Summary of Board of Directors and Committee Meetings Held

The Board of Directors holds meetings at least four times each year, prior to the release of quarterly financial statements, with additional meetings held as required. For the fiscal year ended December 30, 2008, the Board of Directors met a total of six times, with a 96% attendance record by the directors. In addition, the independent directors held meetings without management or the other directors present at least once each quarter. In 2008, there were an aggregate of ten meetings of the Audit Committee and the Human Resources and Corporate Governance Committee. Attendance by committee members at these meetings was 100%. The Company does not have an Executive Committee.

Summary of Attendance of Directors

For the fiscal year ended December 30, 2008:

<u>Director</u>	<u>Board meetings attended</u>	<u>Committee meetings attended</u>
Martin Schwartz ⁽¹⁾	6/6	N/A
Jeff Segel ⁽¹⁾	5/6	N/A
Alan Schwartz ⁽¹⁾	6/6	N/A
Jeffrey Schwartz ⁽¹⁾	6/6	N/A
Maurice Tousson	6/6	10/10
Harold "Sonny" Gordon	6/6	10/10
Dian Cohen	6/6	6/6

<u>Director</u>	<u>Board meetings attended</u>	<u>Committee meetings attended</u>
Alain Benedetti	6/6	4/4
Robert P. Baird, Jr. ⁽¹⁾⁽²⁾	3/4	N/A
Richard Markee ⁽¹⁾⁽³⁾	1/1	N/A

(1) Did not serve on any Board of Directors' committees in 2008.

(2) Mr. Baird resigned from the Board of Directors on August 6, 2008. There were four meetings of the Board of Directors held in 2008 prior to Mr. Baird's resignation.

(3) Mr. Markee was appointed to the Board of Directors on November 5, 2008. There was one meeting of the Board of Directors held in 2008 after Mr. Markee's appointment.

3. Appointment of Auditors

Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as the auditors of the Company until the next annual general meeting of shareholders. KPMG LLP, Chartered Accountants have been the auditors of the Company since March 23, 2005.

Fees Paid to the Company's Auditors

The table below represents all fees paid to the Company's various auditors for the years ended December 30, 2008 and 2007:

	<u>Years ended December 30</u>	
	<u>2008</u>	<u>2007</u>
	(in U.S. dollars)	
Audit services	\$ 1,897,000	\$ 1,560,400
Audit-related services	16,600	17,350
Tax services	—	6,000
Non-audit services	—	—
TOTAL	\$ <u>1,913,600</u>	\$ <u>1,583,750</u>

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining auditors' independence. The Audit Committee has adopted a policy that prevents the Company from engaging the auditors for "prohibited" categories of non-audit services and requires pre-approval of the Audit Committee for other permissible categories of non-audit services as required under Multilateral Instrument 52-110 *Audit Committees*.

All audit and non-audit services provided by the Company's independent auditors for the fiscal year ended December 30, 2008 were pre-approved by the Company's Audit Committee.

Representatives of KPMG LLP, Chartered Accountants, will be in attendance at the Meeting, will have the opportunity to make a statement if they so wish and will be available to respond to questions from shareholders.

4. Approval of Executive Deferred Share Unit Plan

On March 11, 2009, the Board of Directors approved an Executive Deferred Share Unit Plan (the "EDSU Plan") for the Company's executive officers. The purpose of the EDSU Plan is to attract, retain and motivate qualified individuals to serve as executive officers of the Company and to promote a greater alignment of interests between the executive officers and shareholders of the Company. In addition, the EDSU Plan will assist the executive officers in attaining prescribed levels of ownership of the Company's shares.

Under the EDSU Plan, an executive officer of the Company may elect annually to have a portion of his or her annual salary and bonus paid in the form of DSUs. The number of DSUs received by an executive officer will be determined by dividing the amount of the salary and bonus to be paid in the form of DSUs on that date (the "Award Date") by the fair market value of the Company's Class B Subordinate Voting Shares on the Award Date. The Award Date is generally the last business day of each quarter of the Company's fiscal year. The fair market value of the Class B Subordinate Voting Shares is equal to

their weighted average trading price during the five trading days preceding the Award Date. The DSUs will be credited to an account maintained for the executive officer by the Company.

Upon the termination of an executive officer's service with the Company, the executive officer will receive either:

- (a) a cash amount equal to the number of DSUs in the executive officer's account multiplied by the fair market value of the Class B Subordinate Voting Shares on the date a notice of redemption is filed with the Company by the executive officer. The fair market value of the Class B Subordinate Voting Shares will be equal to their weighted average trading price during the five trading days preceding the redemption date;
- (b) a number of Class B Subordinate Voting Shares equal to the number of DSUs in the executive officer's account. Such Class B Subordinate Voting Shares will be purchased by the Company on the Toronto Stock Exchange or issued from treasury; or
- (c) a combination of cash and Class B Subordinate Voting Shares.

The mode of payment will be determined by the Board of Directors in its discretion. All payments will be made net of applicable taxes. The maximum number of Class B Subordinate Voting Shares that may be issued from treasury under the EDSU Plan is 750,000, representing 2.2% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company as at the date hereof.

In the event that the Company pays a dividend on its Class B Subordinate Voting Shares, additional DSUs will be credited to participants' DSU accounts, in a number equal to the amount of the dividends that would have been paid had the participants been shareholders of record, divided by the fair market value of the Class B Subordinate Voting Shares, as referred to above, on the date on which the dividends are payable.

DSUs may not be assigned or transferred. Each participant in the EDSU Plan may designate one or more beneficiaries to receive, in the event of the participant's death, the value of DSUs credited to such participant.

The EDSU Plan contains restrictions on the number of Class B Subordinate Voting Shares which may be issued thereunder to the Company's "insiders", that is, its directors and officers and those of its subsidiaries. Under the EDSU Plan, no DSU may be issued if such issuance could result, at any time, in the number of Class B Subordinate Voting Shares: (i) issued to "insiders" of the Company within any one-year period; and (ii) issuable to "insiders" of the Company at any time, under the EDSU Plan, or when combined with all of the Company's other security-based compensation arrangements (such as the 1998 Stock Option Plan and 2004 Stock Option Plan), exceeding 10% of the aggregate number of issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company.

Subject to the exceptions set out below in paragraphs (a) to (c) below, the Board of Directors may amend, suspend or terminate the EDSU Plan, or any portion thereof, at any time, and may do so without shareholder approval, subject to those provisions of applicable law, if any, that require the approval of shareholders or any governmental or regulatory body. Without limiting the generality of the foregoing, the Board of Directors may make the following types of amendments to the EDSU Plan without seeking shareholder approval:

- (i) amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the EDSU Plan or to correct or supplement any provision of the EDSU Plan that is inconsistent with any other provision of the EDSU Plan;
- (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange);
- (iii) amendments necessary in order for DSUs to qualify for favourable treatment under applicable taxation laws;
- (iv) amendments respecting administration of the EDSU Plan;
- (v) amendments to the definitions of certain terms in the EDSU Plan;

- (vi) amendments to the various forms set out in the Schedules to the EDSU Plan;
- (vii) amendments to the redemption provisions of the EDSU Plan or relating to any DSU, whether or not such DSU is held by an “insider” of the Company;
- (viii) amendments necessary to suspend or terminate the EDSU Plan; and
- (ix) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law.

Shareholder approval will be required for the following types of amendments to the EDSU Plan:

- (a) amendments to the maximum number of Class B Subordinate Voting Shares which may be issued from the Company’s treasury in aggregate to all participants pursuant to the EDSU Plan, including an increase to a fixed maximum number of shares or a change from a fixed maximum number of shares to a fixed maximum percentage;
- (b) any amendment which increases the number of DSUs that may be issued, or the number of Class B Subordinate Voting Shares that may be issued or paid upon redemption of DSUs, to a participant who is an “insider” of the Company; and
- (c) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange).

In the event of any conflict between paragraphs (i) to (ix) and paragraphs (a) to (c) above, the latter shall prevail.

As at the date hereof, there are 25,846 DSUs outstanding, held by an aggregate of six of the Company’s executive officers. The number of outstanding DSUs represents 0.08% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company. The foregoing DSUs were issued conditional upon approval of the EDSU Plan by the Toronto Stock Exchange and by shareholders of the Company.

Under the policies of the Toronto Stock Exchange, the EDSU Plan requires approval by a majority of the votes cast by the holders of the Class A Multiple Voting Shares and Class B Subordinate Voting Shares, either present in person or represented by proxy at the Meeting.

The text of the resolution with respect to the EDSU Plan is annexed as Schedule C to this Management Proxy Circular.

5. Amendment to 2004 Stock Option Plan

In April 2004, the Board of Directors of the Company established the 2004 Stock Option Plan. The 2004 Stock Option Plan was ratified by the shareholders at the annual and special general meeting held on May 28, 2004. A maximum of 3,000,000 Class B Subordinate Voting Shares may be granted under the 2004 Stock Option Plan. The 3,000,000 Class B Subordinate Voting Shares issuable under the 2004 Stock Option Plan prior to the amendment referred to below represent 9.0% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company.

Since the establishment of the 2004 Stock Option Plan, a total of 5,000 Class B Subordinate Voting Shares have been issued upon the exercise of options, such that 2,995,000 Class B Subordinate Voting Shares were available for issue under the 2004 Stock Option Plan prior to the amendment referred to below, representing 9.0% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company. There are currently options outstanding to purchase an aggregate of 2,596,000 Class B Subordinate Voting Shares, representing 7.8% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company, leaving 399,000 Class B Subordinate Voting Shares available for future grants of stock options, representing 1.2% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company.

On March 11, 2009, the Board of Directors of the Company approved a resolution increasing the number of common shares that may be issued under the 2004 Stock Option Plan to 6,000,000, representing 18.0% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company.

At the Meeting, shareholders will be called upon to vote on the resolution annexed to this Circular as Schedule D. In order for the resolution to be adopted, it must be approved by a majority of the votes cast at the Meeting. If the amendment to the Plan is approved at the Meeting as required by the Toronto Stock Exchange: (a) a balance of 5,995,000 Class B Subordinate Voting Shares will be available for issue under the 2004 Stock Option Plan, representing 18.0% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company; (b) there will be options outstanding in respect of an aggregate of 2,596,000 Class B Subordinate Voting Shares, representing 7.8% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company; and (c) there will be 3,399,000 Class B Subordinate Voting Shares available for future grants of stock options, representing 10.2% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company.

The text of the resolution with respect to the amendment to the 2004 Stock Option Plan is annexed as Schedule D to this Management Proxy Circular. For a detailed description of the terms of the 2004 Stock Option Plan, see “Executive Compensation – Stock Option Plans” below.

REPORTS OF COMMITTEES OF THE BOARD OF DIRECTORS

1. Report of the Audit Committee

Consisting of three independent directors (Alain Benedetti, Harold “Sonny” Gordon and Maurice Tousson), the Audit Committee has oversight responsibility for the Company’s financial reporting processes and the quality of its financial reporting.

In early 2007, the Audit Committee reviewed and revised its Charter. In early 2008, the Charter was further revised as the Audit Committee considered emerging best practices. A copy of the revised Charter is annexed to this Circular at Schedule B. For additional information concerning the Company’s Audit Committee, see the section of the Company’s annual information form dated March 13, 2009 entitled “Information on the Audit Committee”.

In fulfilling its mandate in 2008, the Audit Committee has:

Financial Reporting:

- reviewed with management and the external auditors, prior to publication, the annual consolidated financial statements, the notes thereto and Management Discussion and Analysis (“MD&A”), the interim financial statements and MD&A, the annual information form, this Management Proxy Circular and all material press releases. This review included a discussion with the external auditors with respect to matters required to be disclosed under generally accepted accounting principles and matters pertaining to professional auditing guidelines and standards in Canada, including the auditors’ independence;
- reviewed and approved the implementation of any new accounting policies; and
- received the written disclosures from the external auditors recommended by the Canadian Institute of Chartered Accountants.

Based on this information, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements, the notes thereto and MD&A be included in the Annual Report to shareholders.

External Auditors:

- reviewed the performance and qualifications of the external auditors;
- reviewed the independence of the external auditors, based on the auditors’ disclosure of its relationships with the Company and its compensation, and determined that the auditors were independent;
- pre-approved the fees payable to the external auditors;
- reviewed and approved the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

- reviewed the overall scope and plans of the annual audit with the external auditors and management; and
- met privately with the representatives of the external auditors to discuss the scope of their work, their relationship with management and the internal auditor, and other issues which the external auditors wished to raise with the Audit Committee.

Internal Auditor:

- reviewed the mandate, independence, qualifications, resources and annual work plan of the internal audit department;
- reviewed the results of audits performed; and
- met privately with the Director, Internal Audit.

Risk Management, Regulatory Compliance and Other

- established a process to review and approve any services to be provided by the external auditors, including the use of other accounting and tax advisors to conduct work not performed by the external auditors;
- reviewed reports from the Disclosure Committee, consisting of certain members of Company management, whose purpose is to ensure that all disclosures made by the Company to its security holders or the investment community are accurate and complete and fairly present the Company’s financial condition and results of operations in all material respects, and should be made on a timely basis as required by applicable laws, regulations, and stock exchange requirements;
- reviewed reports from the external auditors and the internal auditor relating to the adequacy of the Company’s financial risk management practices, as well as management responses;
- reviewed and approved all related-party transactions undertaken by the Company;
- maintained, through the Company’s Policy on Whistleblowing, a procedure for the receipt of complaints whereby issues may be submitted confidentially to the Audit Committee; and
- reviewed the specific Policy on Financial Reporting applicable to the senior financial management group of the Company.

The Audit Committee met regularly with the external auditors, the Director, Internal Audit, the Executive Vice-President, Chief Financial Officer and Secretary, the Vice-President, Finance and Assistant Secretary and other members of management. In addition, the Audit Committee met without management at each meeting of the Committee.

The Audit Committee also reviewed its mandate and performance.

The Audit Committee is satisfied with the appropriateness of its mandate and is satisfied that it met the terms of its mandate in 2008.

Signed:

Alain Benedetti (Chair)

Harold “Sonny” Gordon, Q.C.

Maurice Tousson

2. Report of the Human Resources and Corporate Governance Committee

Consisting of three independent directors (Harold “Sonny” Gordon, Maurice Tousson and Dian Cohen), the mandate of the Human Resources and Corporate Governance (“HRCG”) Committee is to generally assume the responsibility for developing the Company’s approach to matters of corporate governance and to review and make recommendations to the Board of Directors as to all such matters. In addition, the Committee generally assumes responsibility for making recommendations to

the Board of Directors on all matters relating to the compensation of Directors, members of the various committees of the Board of Directors, the Chairman of the Board, officers and certain employees of the Company.

In fulfilling its mandate, the HRCG Committee has:

- reviewed the size and composition of the Board of Directors to ensure that the current Board of Directors has the diversity of experience and is of an adequate size to provide for effective decision-making and staffing of Board of Directors committees;
- recommended to the Board of Directors the nominees to stand for election as Directors at the Meeting;
- ensured the appropriate structure, composition (including independence) and mandate of each committee of the Board of Directors;
- reviewed the compensation paid to directors to ensure that it was competitive and aligned the interests of directors with those of shareholders;
- monitored the Board of Directors' corporate governance policies and guidelines;
- reviewed proposed amendment to increase the number of Class B Subordinate Voting Shares that may be issued under the 2004 Stock Option Plan of the Company
- reviewed the new proposed Executive Deferred Share Unit Plan of the Company
- reviewed the performance of the President and Chief Executive Officer and three Executive Vice-Presidents for 2008 and recommended to the Board of Directors their annual salary and option grants;
- reviewed and recommended annual salary and grants of stock options to certain employees in 2008;
- reviewed and approved the 2008 annual incentive compensation performance metrics and payout targets for the President and Chief Executive Officer and three Executive Vice-Presidents;
- reviewed and approved the 2008 annual incentive compensation performance metrics and payout targets for officers and certain employees;
- reviewed the calculation of 2008 annual incentive compensation payments for the Chief Executive Officer, three Executive Vice-Presidents, officers and certain employees and recommended those amounts to the Board of Directors; and
- reviewed and recommended the appointment of officers, if any.

The HRCG Committee also reviewed its mandate and performance and is satisfied that it met the terms of its mandate in 2008.

Through the HRCG Committee, the Board of Directors reviews, evaluates and modifies its governance standards. The Board of Directors is satisfied that the Company's governance program is consistent with the guidelines set out in National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*. The detailed disclosure of the Company's corporate governance practices required by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is annexed to this Management Proxy Circular as Schedule A.

Executive Compensation Strategy

The compensation program for the Company's executives is based on the Company's total reward strategy and is designed to:

- align the immediate and long-term interests of the executive team with the annual and long-term interests of the shareholders;

- attract and retain highly capable executives; and
- engage the leadership team by defining and rewarding performance for achieving a balance of Company-wide and business unit goals.

Base pay, annual incentives, long-term incentives, benefits and related rewards are designed within this overall strategy.

The Company gathers and compiles competitive remuneration data from external surveys using a cross-section of comparable Canadian and U.S.-based organizations with which the Company competes for executive talent.

Program Components

Base Pay. The base pay for each executive is reviewed annually to ensure that it properly reflects a balance of market conditions, the levels of responsibility and accountability of each individual, their unique talents, capabilities and level of sustained performance, and the financial resources of the Company.

Annual Incentives. Annual incentives are reviewed annually and designed around the fiscal year's business strategies and performance targets. They combine metrics that reflect a blend of financial and operational Company-wide and business unit goals. These performance metrics are based on attaining specific earnings targets, as well as specified Company stock price value objectives. At the end of the year, the Company compares actual results against each performance goal and computes the incentive compensation earned.

Long-Term Incentives. The Company uses a stock option plan to align the executives' and certain senior employees' long-term interests with those of its shareholders. Options vest after one year, and option holders are entitled to exercise 25% of the total number of options held each successive year. The HRCG Committee believes this long-term incentive helps focus the Company's executives and other senior management on long-term growth.

Executive Compensation and Evaluation. The base salary, annual incentives and long-term incentives for the President and Chief Executive Officer and three Executive Vice-Presidents are reviewed by the HRCG Committee and recommended to the Board of Directors for approval.

The base pay of the President and Chief Executive Officer and three Executive Vice-Presidents was set at \$800,000 for 2008, based on performance levels and market data from external surveys of comparable roles within the Company's comparative group of companies. In addition, an annual incentive of \$800,896 was paid to each, based on the Company's earnings targets and stock price value objectives.

Signed:

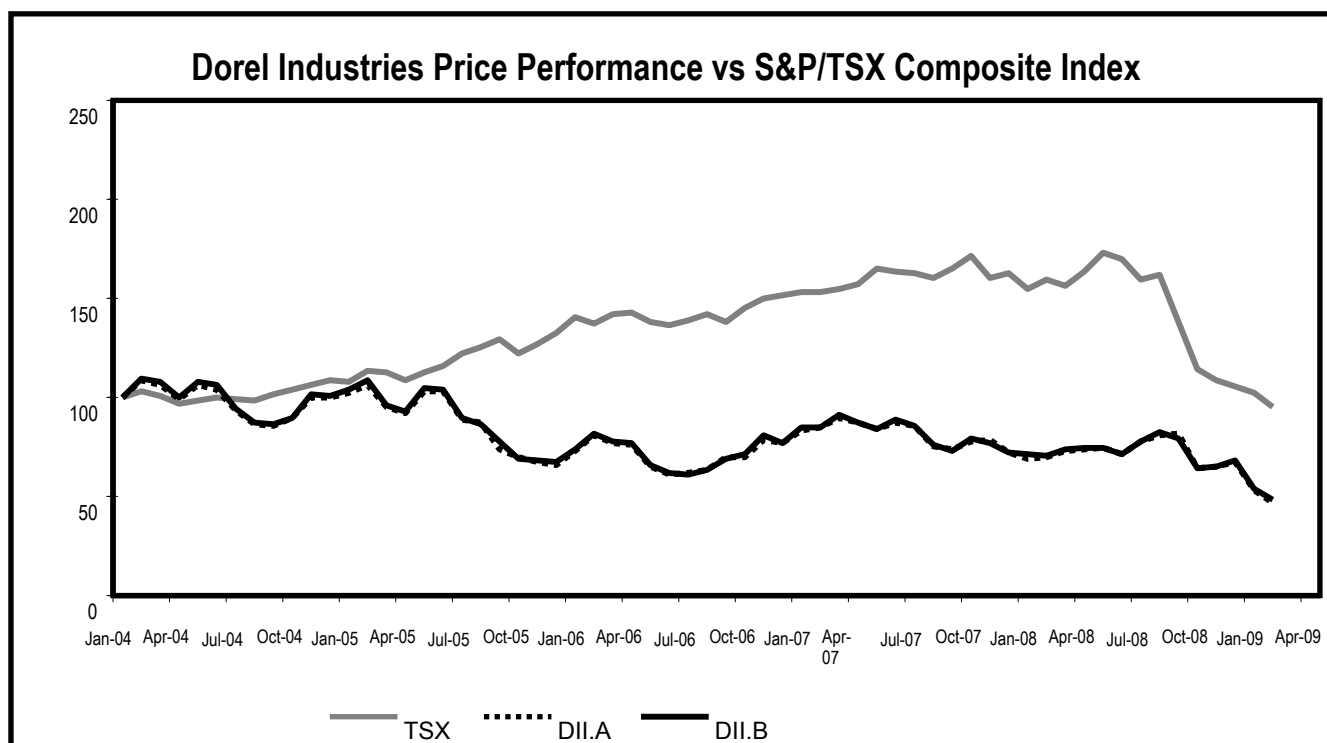
Harold "Sonny" Gordon, Q.C. (Chair)

Maurice Tousson

Dian Cohen

COMPARATIVE SHAREHOLDER RETURN

The following graph compares the total return of a \$100 investment in the Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company, respectively, made on January 1, 2004 with the cumulative return of the S&P/TSX Composite Index for the period from January 1, 2004 to March 31, 2009.



EXECUTIVE COMPENSATION

The following table sets forth all annual compensation for services in all capacities to the Company and its subsidiaries for the fiscal years ended December 30, 2008, 2007 and 2006 in respect of the President and Chief Executive Officer, the Executive Vice-President, Chief Financial Officer and Secretary, and the three other most highly-compensated executive officers (collectively, the “Named Executive Officers”).

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other
		Salary \$	Annual Incentives \$	Other annual compensation \$	Awards		Payouts	
					Number of options granted	Restricted stock awards	LTIP payouts	
Martin Schwartz President and Chief Executive Officer	2008	800,000	800,896	84,072	—	—	—	—
	2007	800,000	818,851	38,408	150,000	—	—	—
	2006	800,000	777,241	99,647	—	—	—	—
Jeff Segel Executive Vice-President, Sales and Marketing	2008	800,000	800,896	42,015	—	—	—	—
	2007	800,000	818,851	41,780	150,000	—	—	—
	2006	800,000	777,241	80,187	—	—	—	—
Alan Schwartz Executive Vice-President, Operations	2008	800,000	800,896	45,744	—	—	—	—
	2007	800,000	818,851	60,393	150,000	—	—	—
	2006	800,000	777,241	143,257	—	—	—	—
Jeffrey Schwartz Executive Vice-President, Chief Financial Officer and Secretary	2008	800,000	800,896	45,888	—	—	—	—
	2007	800,000	818,851	44,634	150,000	—	—	—
	2006	800,000	777,241	86,804	—	—	—	—
Camillo Lisio ⁽¹⁾ President and Chief Executive Officer Dorel Juvenile Segment	2008	725,000	653,950	—	—	—	—	—
	2007	667,788	688,394	—	125,000	—	—	—
	2006	541,667	527,313	—	—	—	—	—

(1) Mr. Lisio resigned as President and CEO of the Dorel Juvenile Segment effective January 23, 2009 and received in 2009 the equivalent of 15 months of compensation.

Base Salary

According to the Company's current employment practices, the salary of each of the Named Executive Officers is revised and set annually by the Board of Directors upon the recommendation of the HRCG Committee.

Annual Incentives

Annual incentives are reviewed annually and designed around the fiscal year's business strategies and performance targets. They combine metrics that reflect a blend of financial and operational Company-wide and business unit goals. These performance metrics are based on attaining specific earnings per share ("EPS") targets, based on the fiscal year's business strategies, as well as specified Company stock price value objectives. The stock price performance factor affects the EPS performance factor by a maximum of 25%, either positive or negative. These combined objectives represent the total performance factor which is applied to the targeted annual bonus percentage set yearly for executives and managers to compute the annual incentive.

Incentive bonuses vary in proportion to base salary, depending on whether or not the specified EPS target and stock price target have been attained. When the performance targets are exceeded, bonuses are higher; when objectives are not attained, the incentive bonuses are lower or nil, depending on the circumstances. At the end of the year, the Company compares actual results against each performance goal and computes the incentive compensation earned. The Human Resources and Corporate Governance Committee may also make a qualitative discretionary bonus award in recognition of an individual's special achievements or contributions to the Company in a particular financial year.

In the case of the Named Executive Officers, the annual bonus at target was set at 55% of base salary. The actual bonus may vary between 0% and 220% of base salary depending on the actual stock price value and financial results attained by the Company. In 2008, the Company exceeded its EPS performance targets and the bonus payout to the Named Executive Officers was affected accordingly.

Other Annual Compensation

For 2006, the amounts listed represent taxable benefits for travel expenditures, plus a \$50,000 taxable allowance to compensate the Named Executive Officers for other expenses incurred. For 2007 and 2008, the amounts listed represent taxable benefits for travel expenditures, plus a \$25,000 taxable allowance to compensate the Named Executive Officers for other expenses incurred.

Defined Benefit Plan

The Named Executive Officers are not participants in any defined benefit plan.

Employment Termination and Severances

No employment, termination or severance agreement or arrangement, including change-of-control arrangements, has been signed by the Company with any Named Executive Officer.

Stock Option Plans

In March 1998, the Board of Directors of the Company established the 1998 Stock Option Plan for the Company's directors, officers, employees and subsidiaries. The 1998 Stock Option Plan was ratified by the shareholders at the annual and special general meeting held on May 28, 1998. In January 2001, the Board of Directors amended the 1998 Stock Option Plan, increasing the number of Class B Subordinate Voting Shares that can be issued thereunder from 1,500,000 to 3,000,000. The amendment was ratified by the shareholders at the annual and special general meeting held on May 31, 2001.

In April 2004, the Board of Directors of the Company established the 2004 Stock Option Plan. The 2004 Stock Option Plan was ratified by the shareholders at the annual and special general meeting held on May 28, 2004. A maximum of 3,000,000 Class B Subordinate Voting Shares may be granted under the 2004 Stock Option Plan. Since June 14, 2004, all options granted by the Company have been issued under the 2004 Stock Option Plan.

Among the objectives of the 1998 Stock Option Plan and 2004 Stock Option Plan (collectively, the "Plans") is to provide directors, officers and employees of the Company and its subsidiaries with a proprietary interest through the granting of

options to purchase Class B Subordinate Voting Shares of the Company. The Plans are also intended to increase the interest in the Company's welfare of those directors, officers and employees who share primary responsibility for the management, growth and protection of the business of the Company, to furnish an incentive to such directors, officers and employees to continue their services for the Company and to provide a means through which the Company may attract able persons to enter its employment.

Of the 3,000,000 Class B Subordinate Voting Shares initially reserved for issuance under the 2004 Stock Option Plan, 399,000 were available for issuance as at April 24, 2009. Any options granted by the Company in future will be granted under the 2004 Stock Option Plan.

The 2004 Stock Option Plan contains restrictions on the number of Class B Subordinate Voting Shares which may be issued to the Company's "insiders", that is, its directors and officers and those of its subsidiaries. Under the 2004 Stock Option Plan, no option may be granted if such grant could result, at any time, when taken together with all of the Company's other share compensation arrangements, including the 1998 Stock Option Plan, in:

- (a) the number of Class B Subordinate Voting Shares reserved for issuance pursuant to stock options granted to "insiders" exceeding 10% of the aggregate number of issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares;
- (b) the issuance to "insiders" within a one-year period of a number of Class B Subordinate Voting Shares exceeding 10% of the aggregate number of issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares; or
- (c) the issuance to any one "insider" and such insider's associates, within a one-year period, of a number of Class B Subordinate Voting Shares exceeding 5% of the aggregate number of issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares.

The following is a description of certain features of the 2004 Stock Option Plan, as required by the Toronto Stock Exchange:

- (a) the option price per share is set by the Board of Directors at the time of the granting of each option, but cannot be less than the closing sale price of the Class B Subordinate Voting Shares on the Toronto Stock Exchange on the trading day immediately preceding the date of the grant;
- (b) the maximum period during which an option is exercisable shall not, subject to the provisions of the 2004 Stock Option Plan, exceed ten years from the date the option is granted, after which the option shall lapse. No option may be exercised during the first year following the grant thereof. An option may be exercised in whole or in part in respect of 25% of the Class B Subordinate Voting Shares subject to the option during each of the second, third, fourth and fifth years following the grant thereof;
- (c) if an option is to expire during a period when the optionee is prohibited by the Company from trading in its shares pursuant to its policies (a "Blackout Period"), or within ten business days of expiry of such Blackout Period, the term of such option shall automatically be extended for a period of ten business days immediately following the end of the Blackout Period ("Blackout Extension Period");
- (d) options granted under the 2004 Stock Option Plan may not be assigned, except by will or by the laws of succession of the domicile of a deceased option holder;
- (e) the aggregate number of Class B Subordinate Voting Shares reserved for issuance to any one option holder, whether under the 2004 Stock Option Plan or any other share option plan, option for services or share purchase plan of the Company (if any), cannot exceed 5% of the number of issued and outstanding common shares of the Company;
- (f) unless otherwise determined by the Board of Directors, all stock options granted under the 2004 Stock Option Plan may not be exercised during the first year following the date of grant. Thereafter, the option may be exercised in whole or in part in respect of 25% of shares under option during each of the second, third, fourth and fifth years following the grant thereof;
- (g) upon an option holder's employment with the Company being terminated for cause, any option not exercised prior to the date of termination immediately lapses and becomes null and void;

- (h) if an option holder dies while employed by the Company or while a director thereof, or if an option holder's employment, office or directorship with the Company terminates otherwise than by reason of death or termination for cause, any option or unexercised part thereof held by the option holder may be exercised by the person to whom the option is transferred by will or the laws of succession, or by the option holder, as the case may be, for that number of shares only which the option holder was entitled to acquire under the option at the time of his death, termination or end of employment, office or directorship, as the case may be, within 30 days after such date or prior to the expiration of the term of the option, whichever occurs earlier;
- (i) the 2004 Stock Option Plan does not provide for financial assistance from the Company to option holders;
- (j) subject to the exceptions set out in paragraph (k) below, the Board of Directors may amend, suspend or terminate the Stock Option Plan, or any portion thereof, at any time, and may do so without shareholder approval, subject to those provisions of applicable law, if any, that require the approval of shareholders or any governmental or regulatory body. Without limiting the generality of the foregoing, the Board of Directors may make the following types of amendments to the 2004 Stock Option Plan without seeking shareholder approval:
 - (i) amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the 2004 Stock Option Plan or to correct or supplement any provision of the 2004 Stock Option Plan that is inconsistent with any other provision of the 2004 Stock Option Plan;
 - (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange);
 - (iii) amendments necessary in order for options to qualify for favourable treatment under applicable taxation laws;
 - (iv) amendments respecting administration of the Stock Option Plan;
 - (v) any amendment to the vesting provisions of the Stock Option Plan or any option;
 - (vi) any amendment which reduces the exercise price or purchase price of an option held by an optionee who is not an "insider" of the Company;
 - (vii) any amendment to the early termination provisions of the 2004 Stock Option Plan or any option, whether or not such option is held by an "insider", provided such amendment does not entail an extension beyond the original expiry date;
 - (viii) any amendment to the termination provisions of the Stock Option Plan or any option, other than an option held by an "insider" in the case of an amendment extending the term of an option, provided any such amendment does not entail an extension of the expiry date of such option beyond its original expiry date;
 - (ix) the addition of any form of financial assistance by the Company for the acquisition by all or certain categories of eligible participants of shares under the Stock Option Plan, and the subsequent amendment of any such provisions;
 - (x) the addition or modification of a cashless exercise feature, payable in cash or shares;
 - (xi) amendments necessary to suspend or terminate the 2004 Stock Option Plan; and
 - (xii) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law;
- (k) shareholder approval will be required for the following types of amendments:
 - (i) amendments to the number of Class B Subordinates Voting Shares issuable under the 2004 Stock Option Plan, including an increase to a fixed maximum number of shares or a change from a fixed maximum number of shares to a fixed maximum percentage;

- (ii) any amendment to the 2004 Stock Option Plan that increases the length of the Blackout Extension Periods;
 - (iii) any amendment which reduces the exercise price or purchase price of an option held by an “insider” of the Company;
 - (iv) any amendment extending the term of an option held by an “insider” beyond its original expiry date except as otherwise permitted by the 2004 Stock Option Plan; and
 - (v) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange);
- (l) in the event of any conflict between item (j) and (k) above, the latter shall prevail;
- (m) notwithstanding anything contained to the contrary in the 2004 Stock Option Plan or in any resolution of the Board of Directors in implementation thereof:
- (i) in the event the Company proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly-owned subsidiary of the Company) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Class B Subordinate Voting Shares of the Company or any part thereof shall be made to all holders of Class B Subordinate Voting Shares of the Company, the Company shall have the right, upon written notice thereof to each optionee holding options under the 2004 Stock Option Plan, to permit the exercise of all such options within the 20 day period next following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever;
 - (ii) the Board of Directors may, by resolution, advance the date on which any option may be exercised in a manner to be set forth in such resolution. The Board of Directors shall not, in the event of any such advancement, be under any obligation to advance the date on or by which any option may be exercised by any other optionee; and
 - (iii) the Board of Directors may, by resolution, but subject to applicable regulatory requirements, decide that any of the provisions hereof concerning the effect of termination for cause of the optionee’s employment shall not apply for any reason acceptable to the Board of Directors.

As at April 24, 2009, since the establishment of the 2004 Stock Option Plan, 5,000 Class B Subordinate Voting Shares have been issued upon the exercise of options, such that 2,995,000 Class B Subordinate Voting Shares were available for issue under the 2004 Stock Option Plan, representing 9.0% of the issued and outstanding Class B Subordinate Voting Shares of the Company. As at April 24, 2009, there were options outstanding to purchase an aggregate of 2,596,000 Class B Subordinate Voting Shares, representing 7.8% of the issued and outstanding Class B Subordinate Voting Shares of the Company, leaving 399,000 Class B Subordinate Voting Shares available for future grants of stock options, representing 1.2% of the issued and outstanding Class B Subordinate Voting Shares of the Company.

For a detailed description of the amendment to 2004 Stock Option Plan to be considered at the Meeting, see “Amendment to 2004 Stock Option Plan” above.

The following is a description of certain features of the 1998 Stock Option Plan, as required by the Toronto Stock Exchange:

- (a) options granted under the 1998 Stock Option Plan may not be assigned, except by will or by the laws of succession of the domicile of a deceased option holder;
- (b) the aggregate number of Class B Subordinate Voting Shares reserved for issuance to any one option holder, whether under the 1998 Stock Option Plan or any other share option plan, option for services or share purchase plan of the Company (if any), cannot exceed 5% of the number of issued and outstanding common shares of the Company;
- (c) unless otherwise determined by the Board of Directors, all stock options granted under the 1998 Stock Option Plan may not be exercised during the first year following the date of grant. Thereafter, the option may be exercised in

whole or in part in respect of 25% of shares under option during each of the second, third, fourth and fifth years following the grant thereof;

- (d) upon an option holder's employment with the Company being terminated for cause, any option not exercised prior to the date of termination immediately lapses and becomes null and void;
- (e) if an option holder dies while employed by the Company or while a director thereof, or if an option holder's employment, office or directorship with the Company terminates otherwise than by reason of death or termination for cause, any option or unexercised part thereof held by the option holder may be exercised by the person to whom the option is transferred by will or the laws of succession, or by the option holder, as the case may be, for that number of shares only which the option holder was entitled to acquire under the option at the time of his death, termination or end of employment, office or directorship, as the case may be, within 30 days after such date or prior to the expiration of the term of the option, whichever occurs earlier;
- (f) the 1998 Stock Option Plan does not provide for financial assistance from the Company to option holders;
- (g) subject to the exceptions set out in paragraph (h) below, the Board of Directors may amend, suspend or terminate this Plan, or any portion thereof, at any time, and may do so without shareholder approval, subject to those provisions of applicable law, if any, that require the approval of shareholders or any governmental or regulatory body. Without limiting the generality of the foregoing, the Board of Directors may make the following types of amendments to the Plan without seeking shareholder approval:
 - (i) amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the 1998 Stock Option Plan or to correct or supplement any provision of the 1998 Stock Option Plan that is inconsistent with any other provision of the 1998 Stock Option Plan;
 - (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange);
 - (iii) amendments necessary in order for options to qualify for favourable treatment under applicable taxation laws;
 - (iv) amendments respecting administration of the 1998 Stock Option Plan;
 - (v) any amendment to the vesting provisions of the 1998 Stock Option Plan or any option;
 - (vi) any amendment which reduces the exercise price or purchase price of an option held by an optionee who is not an "insider" of the Company;
 - (vii) any amendment to the early termination provisions of the 1998 Stock Option Plan or any option, whether or not such option is held by an "insider", provided such amendment does not entail an extension beyond the original expiry date;
 - (viii) any amendment to the termination provisions of the 1998 Stock Option Plan or any option, other than an option held by an "insider" in the case of an amendment extending the term of an option, provided any such amendment does not entail an extension of the expiry date of such option beyond its original expiry date;
 - (ix) the addition of any form of financial assistance by the Company for the acquisition by all or certain categories of eligible participants of shares under the 1998 Stock Option Plan, and the subsequent amendment of any such provisions;
 - (x) the addition or modification of a cash less exercise feature, payable in cash or shares;
 - (xi) amendments necessary to suspend or terminate the 1998 Stock Option Plan; and
 - (xii) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law;

- (h) shareholder approval will be required for the following types of amendments:
 - (i) amendments to the number of Class B Subordinate Voting Shares issuable under the 1998 Stock Option Plan, including an increase to a fixed maximum number of Class B Subordinate Voting Shares or a change from a fixed maximum number of Class B Subordinate Voting Shares to a fixed maximum percentage;
 - (ii) any amendment to the 1998 Stock Option Plan that increases the length of the Blackout Extension Periods;
 - (iii) any amendment which reduces the exercise price or purchase price of an option held by an “insider”;
 - (iv) any amendment extending the term of an option held by an Insider beyond its original expiry date except as otherwise permitted by the 1998 Stock Option Plan; and
 - (v) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange);
- (i) in the event of any conflict between item (g) and (h) above, the latter shall prevail;
- (j) notwithstanding anything contained to the contrary in the 1998 Stock Option Plan or in any resolution of the Board of Directors in implementation thereof:
 - (i) in the event the Company proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly-owned subsidiary of the Company) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Class B Subordinate Voting Shares of the Company or any part thereof shall be made to all holders of Class B Subordinate Voting Shares of the Company, the Company shall have the right, upon written notice thereof to each optionee holding options under the 1998 Stock Option Plan, to permit the exercise of all such options within the 20 day period next following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever;
 - (ii) the Board of Directors may, by resolution, advance the date on which any option may be exercised in a manner to be set forth in such resolution. The Board of Directors shall not, in the event of any such advancement, be under any obligation to advance the date on or by which any option may be exercised by any other optionee; and
 - (iii) the Board of Directors may, by resolution, but subject to applicable regulatory requirements, decide that any of the provisions hereof concerning the effect of termination for cause of the optionee’s employment shall not apply for any reason acceptable to the Board of Directors.

The 1998 Stock Option Plan also contains restrictions on the number of Class B Subordinate Voting Shares which may be issued to the Company’s “insiders”, that is, its directors and officers and those of its subsidiaries. Under the 1998 Stock Option Plan, no option may be granted if such grant could result, at any time, when taken together with all of the Company’s other share compensation arrangements, including the 2004 Stock Option Plan, in:

- (a) the number of Class B Subordinate Voting Shares reserved for issuance pursuant to stock options granted to “insiders” exceeding 10% of the aggregate number of issued and outstanding Class B Subordinate Voting Shares;
- (b) the issuance to “insiders” within a one-year period of a number of Class B Subordinate Voting Shares exceeding 10% of the aggregate number of issued and outstanding Class B Subordinate Voting Shares; or
- (c) the issuance to any one “insider” and such insider’s associates, within a one-year period, of a number of Class B Subordinate Voting Shares exceeding 5% of the aggregate number of issued and outstanding Class B Subordinate Voting Shares.

Under the 1998 Stock Option Plan, the option price per share is set by the Board of Directors at the time of the granting of each option, but cannot be less than the closing sale price of the Class B Subordinate Voting Shares on the Toronto Stock

Exchange on the trading day immediately preceding the date of the grant. The maximum period during which an option is exercisable shall not, subject to the provisions of the 1998 Stock Option Plan, exceed ten (10) years from the date the option is granted, after which the option shall lapse. No option may be exercised during the first year following the grant thereof. An option may be exercised in whole or in part in respect of 25% of the Class B Subordinate Voting Shares subject to the option during each of the second, third, fourth and fifth years following the grant thereof. However, if an option is to expire during a Blackout Period, or within 10 business days of expiry of such Blackout Period, the term of such option shall automatically be extended for a period of 10 business days immediately following the end of the Blackout Period.

As at April 24, 2009, since the establishment of the 1998 Stock Option Plan, a total of 2,171,500 Class B Subordinate Voting Shares have been issued upon the exercise of options. In addition, a total of 816,500 options available under the 1998 Stock Option Plan have been cancelled. As at April 24, 2009, there were options outstanding to purchase an aggregate of 12,000 Class B Subordinate Voting Shares, representing 0.04% of the issued and outstanding Class B Subordinate Voting Shares of the Company. As at April 24, 2009, there were no options available, leaving no remaining Class B Subordinate Voting Shares available for future grants of stock options.

Option Grants During the Most Recently Completed Fiscal Year

There were no grants of options to the Named Executive Officers during the fiscal year ended December 30, 2008.

Options Exercised in Last Fiscal Year and Fiscal Year End Option Value

There was no exercise of stock options during the 2008 fiscal year by any of the Named Executive Officers. The following table sets out the number and value of options held by the Named Executive Officers at fiscal year end.

Name	Number of unexercised options at fiscal year end Exercisable / Unexercisable	Value of unexercised in the money options at fiscal year end (\$) ⁽¹⁾	
		Exercisable	Unexercisable
Martin Schwartz	112,500 / 112,500	—	—
Jeff Segel	112,500 / 112,500	—	—
Alan Schwartz	112,500 / 112,500	—	—
Jeffrey Schwartz	112,500 / 112,500	—	—
Camillo Lisio ⁽²⁾	131,250 / 93,750	—	—

(1) The value of unexercised “in the money” options is calculated using the closing price of the Class B Subordinate Voting Shares on the Toronto Stock Exchange on December 30, 2008 (\$27.11) less the respective exercise prices of the options. The exercisable options held by the Named Executive Officers as at December 30, 2008 had no value.

(2) Mr. Lisio resigned as President and CEO of the Dorel Juvenile Segment effective January 23, 2009.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 30, 2008, the end of the Company’s last fiscal year, with respect to compensation plans pursuant to which equity securities of the Company are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (US\$) (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	2,253,150	31.67	1,171,000
Equity compensation plans not previously approved by shareholders	Nil	Nil	Nil

The options referred to in the table above were granted under the 1998 Stock Option Plan and 2004 Stock Option Plan. See “Executive Compensation – Stock Option Plans” for a description of the material features of the 1998 Stock Option Plan and 2004 Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As at April 24, 2009, none of the directors, executive officers, employees or former directors, executive officers or employees of the Company was indebted to the Company or a subsidiary of the Company in connection with a purchase of securities or for any other matter.

During the fiscal year ended December 30, 2008, none of the directors or executive officers of the Company, proposed nominees for election as a director, or any associate of the foregoing was indebted to the Company or any subsidiary of the Company.

DIRECTORS’ AND OFFICERS’ INSURANCE

The Company has purchased directors’ and officers’ liability insurance, which has an aggregate claim limit of approximately US\$15 million each policy year for all directors and officers of the Company and its subsidiaries. In 2008, the cost of this coverage was approximately US\$150,000 and was paid by the Company.

CORPORATE GOVERNANCE

The Board of Directors of the Company is committed to maintaining high standards of corporate governance. The Board of Directors has instituted and maintains the following policies:

- holding regular meetings of the independent directors without the presence of management or non-independent directors;
- ensuring that the Company’s Lead Director is independent of management;
- all members of the Audit Committee and the HRCG Committee of the Board of Directors are independent;
- a formal Disclosure policy exists for all employees, including access to confidential information with respect to the Company, ensuring timely and accurate disclosure;
- a policy of financial reporting adhered to by applicable personnel;
- policies of “whistle-blowing” and “incident reporting” are to be followed throughout the Company;
- a policy on consulting services administered by the Audit Committee, including the exclusion of specific non-audit services that cannot be provided by the Company’s external auditors;

- compliance with trading restrictions and blackout periods with respect to trading in the Company's shares is required for all employees and Directors;
- a formal code of business conduct that establishes a high standard for ethical behaviour among management, employees and Directors is to be signed each year;
- ensuring that the Company's stock option plan restricts the number of options outstanding at any one time to less than 10% of the number of issued and outstanding shares of the Company; and
- restricting options held by any one "insider" to less than 5% of the issued and outstanding shares of the Company.

Corporate Governance Guidelines

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Company, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted.

A complete description of the Company's approach to corporate governance, with a specific reference to each guideline, is set out in the "Statement of Corporate Governance Practices" annexed as Schedule A to this Management Proxy Circular. This disclosure statement has been approved by the HRCG Committee and by the Board of Directors. The Charters of each of the Audit Committee, the HRCG Committee and the Disclosure Committee are annexed at Schedule B to this Management Proxy Circular.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information regarding the Company is provided in the Company's comparative consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 30, 2008. Copies of the annual comparative consolidated financial statements and Management's Discussion and Analysis may be obtained upon request from the Company at 1255 Greene Ave, Suite 300, Westmount, Quebec H3Z 2A4; telephone (514) 934-3034; fax (514) 934-9379; e-mail: info@dorel.com.

Corporate information is also available on the Company's Web site: www.dorel.com.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No "informed person" of the Company, that is: (a) the directors and executive officers of the Company; (b) any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Company's outstanding voting shares; (c) any director or executive officer of a person referred to in (b) above; or (d) any associate or affiliate of any "informed person" of the Company, has any material interest, direct or indirect, in any transaction since December 31, 2007 or in any proposed transaction which has materially affected or would materially affect the Company.

NORMAL COURSE ISSUER BID

In March 2009, the Company put a normal course issuer bid (the "NCIB") into effect. Under the NCIB, the Company is entitled to repurchase for cancellation up to 1,458,624 Class B Subordinate Voting Shares over a twelve-month period which commenced March 20, 2009 and ends on March 19, 2010, representing 5% of the Company's issued and outstanding Class B Subordinate Voting Shares. Under the NCIB, purchases by the Company are effected through the facilities of the Toronto Stock Exchange and are made at the market price of the Class B Subordinate Voting Shares at the time of the purchase.

During the six months prior to the commencement of the NCIB, the average daily trading volume for the Class B Subordinate Voting Shares of the Company on the Toronto Stock Exchange was 85,762 shares. Consequently, under the policies of the Toronto Stock Exchange, the Company has the right to repurchase during any one trading day a maximum of 21,440 Class B Subordinate Voting Shares, representing 25% of the average daily trading volume, and, on an exceptional basis, had the right until March 31, 2009 to repurchase during any one trading day a maximum of 42,881 Class B Subordinate Voting Shares, representing 50% of the average daily trading volume. In addition, the Company may make, once per calendar week, a block

purchase (as such term is defined in the TSX Company Manual) of Class B Subordinate Voting Shares not directly or indirectly owned by insiders of the Company, in accordance with the policies of the Toronto Stock Exchange.

The Board of Directors considers that the underlying value of the Company may not be reflected in the market price of its Class B Subordinate Voting Shares at certain times during the NCIB. The Board has therefore concluded that the repurchase of shares at certain market prices may constitute an appropriate use of financial resources and be beneficial to the Company and its shareholders.

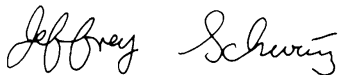
Any purchases made pursuant to the NCIB will be made in accordance with the requirements of the Toronto Stock Exchange. The Company will make no purchases of Class B Subordinate Voting Shares other than open market purchases during the period of the NCIB. To the Company's knowledge, no director or officer of the Company intends to sell the Company's shares while the NCIB is in effect.

OTHER MATTERS

Management of the Company knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

DIRECTORS' APPROVAL

The Board of Directors of the Company has approved the contents and the mailing of this Management Proxy Circular.



Jeffrey Schwartz

Executive Vice-President, Chief Financial Officer and Secretary

DATED at Montreal, Quebec
April 24, 2009

SCHEDULE A

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

1. Board of Directors

(a) *Disclose the identity of directors who are independent.*

The Board of Directors considers that Maurice Tousson, Harold “Sonny” Gordon, Q.C., Dian Cohen, Alain Benedetti and Richard Markee are independent within the meaning of National Policy 58-201 *Corporate Governance Guidelines / Multilateral Instrument 52-110 Audit Committees*.

The Board of Directors considers that Rupert Duchesne, a nominee for election as director at the Meeting, will be independent within the meaning of National Policy 58-201 *Corporate Governance Guidelines / Multilateral Instrument 52-110 Audit Committees*.

(b) *Disclose the identity of directors who are not independent, and describe the basis for that determination.*

The Board of Directors considers that Martin Schwartz, Jeff Segel, Alan Schwartz and Jeffrey Schwartz are not independent within the meaning of National Policy 58-201 *Corporate Governance Guidelines / Multilateral Instrument 52-110 Audit Committees* in that each is an executive officer of the Company.

(c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The Board of Directors considers that five of the nine directors are independent within the meaning of National Policy 58-201 *Corporate Governance Guidelines / Multilateral Instrument 52-110 Audit Committees*. Accordingly, a majority of the Board of Directors is independent.

If the persons nominated for election as directors at the Meeting are elected, the Board of Directors considers that six of the ten directors will be independent within the meaning of National Policy 58-201 *Corporate Governance Guidelines / Multilateral Instrument 52-110 Audit Committees*.

(d) *If a director is presently a director, trustee or governor of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following directors are currently director(s), trustee(s) or governor(s) of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Jeffrey Schwartz	Tucows Inc.
Maurice Tousson	Le Château Inc.
Harold “Sonny” Gordon, Q.C.	Dundee Corporation Pethealth Inc. Transcontinental Inc. SFK Pulp Inc.
Dian Cohen	Norbord Inc. Great Lakes Hydro Income Fund
Alain Benedetti	Russel Metals Inc. Birks & Mayors Inc. Dynamic Mutual Funds

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

At each meeting of the Board of Directors, the independent directors hold a meeting at which the non-independent directors and members of management are not in attendance. Since December 31, 2007, the independent directors held four such meetings. Maurice Tousson, the "Lead Director", chairs meetings of the independent directors.

- (f) *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*

Martin Schwartz, the President and Chief Executive Officer of the Company, chairs meetings of the Board of Directors. Mr. Schwartz is not an independent director.

The Board of Directors has appointed Maurice Tousson, an independent director, as "Lead Director". As Lead Director, Mr. Tousson provides leadership in ensuring board effectiveness and is responsible for facilitating and encouraging open and effective communication between the management of the Company and the Board, consulting with the President and Chief Executive Officer in setting the agenda for board meetings, ensuring board committees function appropriately, chairing meetings of the independent members of the Board of Directors and chairing Board of Directors' meetings when the President and Chief Executive Officer is absent.

Since meetings of the Board of Directors are chaired by the President and Chief Executive Officer of the Company, the Board of Directors has given the HRCG Committee (chaired by Harold "Sonny" Gordon, Q.C., an independent director) the responsibility of ensuring that the Board of Directors functions independently of management.

- (g) *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

Since December 31, 2007, the Board of Directors has held six meetings. Attendance of directors at the meetings is indicated in the table below.

Martin Schwartz	6 / 6	Maurice Tousson	6 / 6
Jeff Segel	5 / 6	Harold "Sonny" Gordon, Q.C.	6 / 6
Alan Schwartz	6 / 6	Dian Cohen	6 / 6
Jeffrey Schwartz	6 / 6	Alain Benedetti	6 / 6
Robert P. Baird, Jr. ⁽¹⁾	3 / 4	Richard Markee ⁽²⁾	1 / 1

(1) Mr. Baird resigned from the Board of Directors on August 6, 2008. There were four meetings of the Board of Directors held in 2008 prior to Mr. Baird's resignation.

(2) Mr. Markee was appointed to the Board of Directors on November 5, 2008. There was one meeting of the Board of Directors held in 2008 after Mr. Markee's appointment.

2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The Board does not currently have a written mandate.

The primary role and responsibility of the Board of Directors is to supervise the management of the business and affairs of the Company and to act in the best interests of the Company. In fulfilling its mandate, the Board's responsibilities include the following:

- (i) approving quarterly financial statements, the declaration of dividends, material press releases, annual reports, annual financial statements, annual information forms and management proxy circulars;
- (ii) appointing senior officers;
- (iii) appointing members to the Audit Committee, Human Resources and Corporate Governance Committee and, if applicable, other committees of the Board and determining their respective mandates;
- (iv) discussing and analyzing opportunities as they present themselves to the Company;
- (v) reviewing and authorizing material transactions; and
- (vi) approving transactions subject to the Board Approval Policy, that was adopted during 2007. The following is a description of certain features of the Board Approval Policy:
 - Company’s corporate status;
 - capital debt financing;
 - issuance or repurchase of the Company’s securities;
 - dividends and other distributions;
 - investments;
 - material acquisitions and divestitures; and
 - any other transactions which would materially affect the financial position of the Company.

3. Position Description

- (a) *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

The Company does not have a chairman of the Board. Rather, it has appointed a “Lead Director” as described above. The Board has not developed written position descriptions for the Lead Director or for the chair of the other Board committees.

The primary role and responsibility of the Lead Director is to provide leadership in ensuring board effectiveness and is responsible for facilitating and encouraging open and effective communication between the management of the Company and the Board, consulting with the President and Chief Executive Officer in setting the agenda for board meetings, ensuring board committees function appropriately, chairing meetings of the independent members of the Board of Directors and chairing Board of Directors’ meetings when the President and Chief Executive Officer is absent.

The primary role and responsibility of the chair of each committee of the Board of Directors is to: (i) in general, ensure that the committee fulfills its mandate, as determined by the Board of Directors; (ii) chair meetings of the committee; (iii) report thereon to the Board of Directors; and (iv) act as liaison between the committee and the Board of Directors and, if necessary, management of the Company.

- (b) *Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.*

The Board and the President and CEO have not developed a written position description for the President and CEO. The primary role and responsibility of the President and CEO is to direct, supervise, coordinate and assume overall management responsibility for all areas of the Company’s business. In particular, the President and CEO is

responsible for: (i) developing the strategic direction for the business and evaluating alternative market strategies; (ii) identifying competitive issues; (iii) capitalizing on the core strengths of the Company; (iv) developing and implementing operating plans to achieve the Company's objectives; (v) motivating, measuring, coaching and mentoring the management staff and employee base to ensure optimum operating performance; (vi) working closely with the Board of Directors to keep it informed, thus enabling it to render effective counsel to the Company; and (vii) representing the Company, as appropriate, in its relationships with major customers, suppliers, the banking and financial community, and the public to promote a positive image in the industry and to promote business growth and success.

4. Orientation and Continuing Education

(a) *Briefly describe what measures the board takes to orient new directors regarding*

(i) *the role of the board, its committees and its directors, and*

(ii) *the nature and operation of the issuer's business.*

The Company provides an orientation program for new directors in the form of a documented orientation package including Committee charters, Company policies, related party transaction confirmation, etc, and informal meetings with members of senior management, complemented by presentations on the main areas of the Company's business.

(b) *Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

On an ongoing basis, directors receive updates on developments in the industry, economic developments in the geographical areas in which the Company is active and communications from the Chief Executive Officer to employees. The directors are experienced members, including several who are directors of other reporting issuers. The Board of Directors relies on professional assistance when judged necessary in order to be educated / updated on a particular topic.

5. Ethical Business Conduct

(a) *Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:*

(i) *disclose how a person or company may obtain a copy of the code*

The Company has adopted a Code of Ethics, referred to as the *Code of Business Conduct* (the "Code") which can be found on SEDAR at www.sedar.com and on the Company's website. A copy of the Code can also be obtained by contacting the Secretary of the Company.

(ii) *describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code;*

The Board, through its Audit Committee, has the responsibility to periodically review the Code, and monitors adherence thereto by an annual signed acknowledgment from employees and directors. In early 2008, the Company renewed its Code, which was reviewed and approved by the Board prior to distribution to employees, officers and directors. Additionally, the Board has approved the following policies, all of which provide direct contact with specific members of the Board:

- Policy on Incident Reporting
- Policy on Whistle Blowing
- Policy on Financial Reporting

- (iii) *provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.*

There are no such reports.

- (b) *Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

The Board ensures independent judgment through the enforcement of the Company's Code of Business Conduct, which contains the following excerpt detailing the Company's policy on conflicts of interest:

"It is essential to remain free of, or disclose, commitments and relationships that involve, or could involve, a conflict of interest with the Company.

A conflict of interest can exist when one has a direct or indirect personal interest in a decision being made where that decision should be made objectively, free from bias and in the best interests of the Company. It is important that even the appearance of a conflict of interest be avoided.

Loans to or guarantees of obligations of, employees and their family members by the Company may create conflicts of interest and in certain instances are prohibited by law.

It is a conflict of interest for a Company employee to work for a competitor, customer or supplier. One should avoid any direct or indirect business connection with the Company's customers, suppliers or competitors except as required on the Company's behalf.

Any employee who believes that he or she may be affected by a conflict of interest must immediately disclose all relevant details to his or her supervisor. Anything that could present a conflict of interest to an employee could also present a conflict of interest if it is passed on to a family member or a third party who is receiving benefits for the employee. Common sense and good judgment must be exercised to avoid any perception of impropriety or conflict of interest."

The Company's Code of Business Conduct is signed by virtually all employees, officers and directors.

If such a transaction or agreement arises, any member of the Board of Directors who has a material interest therein does not participate during that part of the meeting of the Board of Directors at which the transaction or agreement is considered.

Additionally, on a quarterly basis, each director confirms in writing whether or not there exists a related party transaction or relationship between the director and another party. Should such a transaction or relationship exist, it is then reviewed by the Board to determine to ensure it does not have any ramifications that could be considered in conflict.

- (c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

As detailed above, the Board, along with management, encourages compliance with ethical business conduct by actively creating and instituting the following policies:

- Code of Business Conduct
- Policy on Incident Reporting
- Policy on Whistle Blowing
- Policy on Financial Reporting

The Board will continue to monitor these policies on an annual basis and revise them as necessary should the environment require such a change. Additionally, the Company's Code of Business Conduct stipulates the expectation that all consultants and suppliers to the Company comply with the Code. As such, the Company has

issued a *Policy on Supplier's Code of Conduct*, which specifies that the Company's suppliers must have the willingness and ability to conduct their business in conformity with all applicable legal requirements and ethical standards.

6. Nomination of Directors

- (a) *Describe the process by which the board identifies new candidates for board nomination.*

The Human Resources and Corporate Governance Committee ('HRCG') has the responsibility of reviewing the qualifications of nominees for election or re-election as members of the Board of Directors, monitoring the size, composition and profile of the Board of Directors, the Audit Committee and the HRCG Committee to ensure that they provide the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Company.

The Human Resources and Corporate Governance Committee is also responsible for reviewing and proposing to the Board of Directors criteria for selecting new Directors to be recruited. Criteria may include, but are not limited to, age, geographical representation, disciplines, and other factors that the Committee considers appropriate.

The Human Resources and Corporate Governance Committee recommends to the Board of Directors suitable candidates for election to the Board of Directors by the shareholders. The Committee members' networks or a third party recruiter may be used to find the suitable candidate(s).

As a result of the most recent assessment of the performance of the Board of Directors by its members, the Human Resources and Corporate Governance Committee and the Board of Directors are of the view that, including the nomination of an additional member for consideration for approval by the Shareholders of the Company, the current size, composition and profile of the Board of Directors are well suited to the Company's current circumstances and needs, allow for efficient functioning of the Board of Directors as a decision-making body, and promote sound corporate governance.

- (b) *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Human Resources and Corporate Governance Committee is composed entirely of independent directors. The members of the Human Resources and Corporate Governance Committee are Harold "Sonny" Gordon, Q.C., Maurice Tousson and Dian Cohen.

- (c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The Charter of the Human Resources and Corporate Governance Committee is annexed to this circular at Schedule B. The Human Resources and Corporate Governance Committee is responsible for making recommendations to the Board of Directors on all matters relating to the composition of the Board of Directors.

7. Compensation

- (a) *Describe the process by which the board determines the compensation for the issuer's directors and officers.*

The Human Resources and Corporate Governance Committee reviews the compensation of the directors annually and is mandated to review and recommend to the Board of Directors for approval the remuneration of directors. The Committee considers time commitment, comparative fees and responsibilities in determining remuneration.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Human Resources and Corporate Governance Committee is composed entirely of independent directors within the meaning of National Policy 58-201 *Corporate Governance Guidelines* / Multilateral Instrument 52-110 *Audit*

Committees. The members of the Human Resources and Corporate Governance Committee are Harold “Sonny” Gordon, Maurice Tousson and Dian Cohen.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The Charter of the Human Resources and Corporate Governance Committee is annexed to this circular at Schedule B. The Human Resources and Corporate Governance Committee assumes responsibility for making recommendations to the Board of Directors on all matters relating to the compensation of directors, members of the various committees of the Board of Directors, officers and certain employees of the Company.

- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

During the year, in fulfilling its role regarding the compensation of the Company’s directors and officers, the Human Resources and Corporate Governance Committee examined the compensation formulae of several companies of similar size, but did not retain any consultant or advisor to assist in determining compensation for any of the Company’s directors and officers.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Other than the Audit Committee and the Human Resources and Corporate Governance Committee, the Board has a Disclosure Committee that ensures that all disclosures made by the Company to its security holders or the investment community are accurate and complete and fairly present the Company’s financial condition and results of operations in all material respects, and are made on a timely basis as required by applicable laws, regulations, and stock exchange requirements. The Charter of the Disclosure Committee is annexed to this circular in Schedule B, this Committee was put in place in August 2007.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Company’s Human Resources and Corporate Governance Committee is responsible for preparing and reviewing with the Board of Directors an annual performance evaluation of Directors, the Audit Committee and the HRCG Committee of the Board of Directors, comparing performance with requirements of the respective Charters of the Committees.

As part of this process, a Board effectiveness survey and a Director self-evaluation form, which cover a wide range of topics, are distributed to each Director. The results of the survey and self-evaluation form are compiled on a confidential basis by the Chair of the Human Resources and Corporate Governance Committee to encourage full and frank commentary and are discussed at the next regular meeting of the Human Resources and Corporate Governance Committee. The Chair of the Human Resources and Corporate Governance Committee also presents the results of the survey and self-evaluation that are relevant to another Committee to that Committee’s Chair.

Thereafter, the Chair of the Human Resources and Corporate Governance Committee reviews the results of the survey and the self-evaluation with the Chairman of the Board of Directors and the Board members.

The most recent annual evaluation showed that the Board of Directors and its Committees, Chairs of the Board of Directors and its Committees, and individual Directors were effectively fulfilling their respective responsibilities.

SCHEDULE B

CHARTERS OF THE COMMITTEES OF THE BOARD OF DIRECTORS

The mandates, duties and responsibilities of the committees, as set out in their Charters, are as follows:

1. AUDIT COMMITTEE

The Audit Committee of the Board of Directors of Dorel Industries Inc. (the “Company”) assists the Board of Directors in fulfilling its oversight responsibilities relating to the quality and integrity of the accounting, auditing, and reporting practices of the Company and such other duties as directed by the Board of Directors or imposed by legislative and securities and exchange authorities.

• STRUCTURE AND ORGANIZATION

1. The Committee will be composed solely of Directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board of Directors, may interfere with their exercise of independent judgment as a Committee member, all in accordance with applicable securities and exchange regulations.

2. The membership of the Committee will consist of at least three independent members of the Board of Directors. Committee members and the Committee Chairman shall be designated by and serve at the pleasure of the Board of Directors. All members must be financially literate and at least one member shall be designated as the “financial expert” as defined by applicable legislation and regulation. The Committee shall appoint a Secretary who need not be a Director of the Company.

3. The Committee shall meet at least four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary. The required quorum is two out of three members, or three out of four members, depending on the total number of members on the Committee at the time of the meeting.

4. The Committee has the authority to maintain free and open communication with management, internal audit and the external auditors.

5. The Committee has the authority to investigate any matter brought to its attention and to retain independent counsel, accountants, or others for this purpose if, in its judgment, that is appropriate. The Committee further has the authority to set and pay the compensation for any advisors employed by the Committee.

6. Members of the Audit Committee are prohibited from receiving any payment, either directly or indirectly, from the Company other than for the Board of Directors or Audit Committee membership.

7. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services provided that such services meet the definition pursuant to securities and exchange regulations. Such pre-approval must be presented to the Committee by the respective member at its first scheduled meeting following such pre-approval.

8. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

• GENERAL RESPONSIBILITIES

1. Meet periodically with representatives of the external auditors, the Director, Internal Audit, and management in separate sessions to discuss any matters that the Committee or these groups believe should be discussed privately (in camera) with the Committee. Provide sufficient opportunity for the external auditors to meet with the internal auditors as appropriate without members of the management being present.

2. Submit the minutes of all Committee meetings to the Board of Directors and regularly report to the Board of Directors about Committee activities and issues that arise with respect to the quality of integrity of the Company’s financial statements, the Company’s compliance with legal or regulatory requirements, the performance and independence of the Company’s independent auditors and the performance of the internal audit function.

3. Review and reassess the adequacy of this Charter annually.

• **RESPONSIBILITIES FOR ENGAGING EXTERNAL AUDITORS**

1. Recommend for approval by the Board of Directors and ratification by the shareholders the selection and retention of an independent firm of Chartered Accountants as external auditors, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services; approve compensation of the external auditors; and review and approve in advance the discharge of the external auditors.

2. Review the independence of the external auditors. In considering the independence of the external auditors, the Committee will review the nature of the services provided by the external auditors' firm and the fees charged, and such other matters as the Committee deems appropriate.

3. Arrange for the external auditors to be available to the Board of Directors at least annually to help provide a basis for the Board's approval of the external auditors' appointment.

4. Pre-approve all non-audit related services to be provided by the Company's external auditors on a case-by-case basis provided that such services meet the definition pursuant to securities and exchange regulations.

• **RESPONSIBILITIES FOR OVERSIGHT OF THE QUALITY AND INTEGRITY OF ACCOUNTING, AUDITING, AND REPORTING PRACTICES OF THE COMPANY**

1. Review the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", with management and the external auditors prior to release. The Committee should review each quarterly earnings announcement with management (and the external auditors if desired) prior to release. These discussions should cover the quality of the financial reporting, and such others matters as the Committee deems appropriate.

2. Review with management and the external auditors the results of the audit, including any difficulties encountered. This will also include a review of any restrictions on the scope of the independent auditor's activities or on access to requested information.

3. Ensure adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in (1), and periodically assess the adequacy of those procedures.

4. Review disclosures made by the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Secretary during the Form 52-109F certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal controls.

5. Review with the external auditors and management the audit plan, including scope and approach, of the external auditors for the current year and the following year.

6. Review the adequacy and effectiveness of the accounting, financial, and computerized information systems controls of the Company. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's response.

7. Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters. Such complaints are to be treated confidentially and anonymously.

8. Review and approve all related party transactions undertaken by the Company.

9. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

• **PERIODIC RESPONSIBILITIES**

1. Review periodically with management any legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies, and compliance programs.
2. Review with management and approve transactions involving management and/or members of the Board of Directors, which would require disclosure under securities and exchange regulations.
3. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
4. Review services and related fees for work done by the external auditors in the period and newly pre-approved services since the prior meeting as well as an updated projection of the total costs for the fiscal year.
5. Review the process for communicating the Code of Conduct to Company personnel, and for monitoring compliance therewith.
6. Review with the Director, Internal Audit the charter, plans, activities, staffing and organization structure of the internal audit function. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Director, Internal Audit.
7. Discuss with management the Company's major policies with respect to risk assessment and risk management.
8. Perform such other functions assigned by law, the Company's charter or bylaws, or by the Board of Directors.

2. HUMAN RESOURCES AND CORPORATE GOVERNANCE COMMITTEE

The mandate of the Human Resources and Corporate Governance Committee ("the Committee") is to assume the responsibility for developing the Company's approach to matters of corporate governance and to review and make recommendations to the Board of Directors ("the Board") as to all such matters.

In addition, the Committee assumes responsibility for making recommendations to the Board on all matters relating to the compensation of Directors, members of the various committees of the Board, the Chairman of the Board, officers and employees of the Company, as more specifically delineated in the responsibilities of the Committee set forth below.

• **STRUCTURE AND ORGANIZATION**

1. The Committee will be composed solely of Directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board, may interfere with their exercise of independent judgment as a committee member, all in accordance with applicable securities law and stock exchange requirements.
2. The membership of the Committee will consist of at least three independent members of the Board. Committee members and the Committee Chairman shall be designated by the Board.
3. The Committee shall meet at least once per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary. The required quorum is two out of three members, or three out of four members, depending on the number of members on the Committee at the time of the meeting.
4. The Committee has the authority to investigate any matter brought to its attention and to retain outside counsel for this purpose if, in its judgment, that is appropriate.

• **GENERAL RESPONSIBILITIES**

The responsibilities of the Committee generally include, but are not limited to, the following.

1. Annually reviewing the charters of the committees of the Board and after consulting with the members of each respective committee, recommending to the Board such amendments to those charters as the Committee believes are necessary or desirable;
2. Reviewing the size, composition and profile of the Board taking into account age, geographical representation, disciplines and other issues it considers appropriate;
3. Reviewing and proposing to the Board criteria for selecting new Directors;
4. Recommending to the Board suitable candidates for election to the Board by the shareholders;
5. Annually reviewing the existence of any relationships between each Director and the Company in order to determine whether the majority of Directors are independent and unrelated to the Company and, where any relationship exists, whether the Director is acting appropriately;
6. Assisting the Lead Director in carrying out his responsibilities, including without limitation:
 - that the responsibilities of the Board are well understood by both the Board and management, and that the boundaries between the Board and management responsibilities are clearly understood and respected using the Board Approval Policy;
 - that the Board works as a cohesive team and providing the leadership essential to achieve this;
 - that the resources available to the Board (in particular timely and relevant information) are adequate to support its work; and
 - recommending procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings.
7. Supervising and evaluating the Company's securities compliance procedures and reporting to the Board on the necessary changes to such procedures and on the adoption of any additional procedures;
8. Considering and, if thought fit, approving requests from Directors or committees of Directors for the engagement of special advisors from time to time;
9. Monitoring and evaluating the performance of the Corporate officers;
10. Annually reviewing and making recommendations to the Board with respect to the Company's compensation and benefit programs for the President and Chief Executive Officer and other senior management of the Company including base salaries, bonuses or other performance incentives, stock options and/or restricted share rights;
11. Reviewing and making recommendations to the Board with respect to the implementation or variation of stock option plans, restricted share rights plans, share purchase plans, compensation and incentive plans and retirement plans. Further, the Committee will ensure proper administration of the Company's existing share incentive plan, including making recommendations with respect to the granting of options or restricted share rights;
12. The Committee will provide an annual report on executive compensation to the shareholders of the Company in the Management Information Circular prepared for the annual general meeting of the shareholders;
13. Developing and recommending to the Board a set of corporate governance principles applicable to the Company, reviewing those principles at least once a year and monitoring disclosure of such principles;
14. In the event of a vacancy in the offices of the Chairman of the Board or the President and Chief Executive Officer, reviewing and recommending to the Board a nomination for appointment;
15. Reviewing Board and Chairman effectiveness including time commitments, conflicts of interest and continuing qualifications of Board Members;

16. Preparing and reviewing with the Board an annual performance evaluation of its Members and its Committees, comparing performance with requirements of the respective Charters. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate;
17. Making recommendations to the Board on Director compensation;
18. To recommend limits on management's authority to act without explicit Board approval;
19. To review periodically the Chief Executive Officer's proposals for changes in the Company's overall management organizational structure;
20. To make recommendations to the Board on annual appointments of Company officers (if any);
21. To make recommendations to the Board with respect to any severance or similar termination payments proposed to be made to senior executive officers of the Company;
22. To retain and replace any independent firm to advise on executive compensation, including fixing such firm's fees and terms of retention; and
23. Carrying out any other duties or responsibilities expressly delegated to the Committee by the Board.

3. DISCLOSURE COMMITTEE

This Disclosure Committee Charter (the "Charter") has been adopted by the President and Chief Executive Officer and Executive Vice-President, Chief Financial Officer and Secretary (the "Senior Officers") of Dorel Industries Inc (the "Company") and ratified by the Audit Committee.

The Disclosure Committee (the "Committee") shall review and reassess this Charter annually and recommend any proposed changes to the Audit Committee for approval.

PURPOSE

It is the Company's policy that all disclosures made by the Company to its security holders or the investment community should be accurate and complete and fairly present the Company's financial condition and results of operations in all material respects, and should be made on a timely basis as required by applicable laws, regulations, and stock exchange requirements. The Company has established the Committee with the following organization and responsibilities.

RESPONSIBILITIES

The Committee shall assist the Directors in fulfilling their responsibility for oversight of the accuracy and timeliness of the disclosures made by the Company by being responsible for the following tasks, in each case subject to the supervision and oversight of the Audit Committee:

1. Identify appropriate industry and Company benchmarks for an assessment of materiality. To the extent that there are any questions regarding the materiality of a development or other information relating to the Company, the Committee shall resolve such questions in compliance with the disclosure requirements under the applicable securities laws and listing standards.
2. Design and establish controls and other procedures (which may include procedures currently used by the Company) to ensure that (i) information required by the Company to be disclosed to the Exchange Commission ("the Commission") and other written information that the Company will disclose to the investment community is recorded, processed, summarized and reported accurately and on a timely basis and (ii) information is accumulated and communicated to management, including the Audit Committee, as appropriate to allow timely decisions regarding such required disclosure.
3. Monitor the integrity and effectiveness of the Company's disclosure controls and procedures.

4. Review and supervise the preparation of the Company's (i) periodic and current reports, proxy statements, management information circulars, material change reports, annual information forms, registration statements and any other information to be filed with the Commission, (ii) news releases containing financial information, earnings guidance, information about material acquisitions or dispositions or other information material to the investors, and (iii) correspondence containing financial information broadly disseminated to analysts, creditors and investors, including financial information displayed on the Company's website. (collectively, the "disclosure statements")
5. Review and approve disclosure policies for financial information displayed on the Company's website.
6. Evaluate the effectiveness of the Company's disclosure controls and procedures within 90 days prior to the filing of the Company's Annual Report, Form 52-109F and each Quarterly Report.
7. Discuss with the Audit Committee all relevant information with respect to the Committee's proceedings, the preparation of the disclosure statements and the Committee's evaluation of the effectiveness of the Company's disclosure controls and procedures.
8. Provide a certification to the Audit Committee prior to the filing with the Commission of each periodic report as to (i) the Committee's compliance with its policies and procedures and proper performance of the responsibilities that have been assigned to it and (ii) the Committee's conclusions resulting from its evaluation of the effectiveness of the disclosure controls and procedures.

In discharging its duties, the Committee shall have full access to all Company books, records, facilities, and personnel, including the internal auditors.

ORGANIZATION

The membership of the Committee shall consist of the Company's President and Chief Executive Officer (ex-officio) and Executive Vice-President, Chief Financial Officer and Secretary, and Vice-President, Finance and Assistant Secretary, the Vice-President, Corporate Services, the Director of Finance and the Corporate Controller, or in their absence, their designated representatives. Such members may be replaced, or new members added, at any time and from time to time by the Audit Committee. Notwithstanding the foregoing, the Audit Committee at their option may at any time assume any or all of the responsibilities of the Disclosure Committee identified in this Charter, including, for example, approving disclosure statements when time does not permit the full Committee to meet. The Committee may designate two or more members of management, at least one of whom shall be knowledgeable about Commission rules and regulations with respect to disclosure and at least one of whom shall be knowledgeable about financial reporting, who can, acting together, approve disclosure statements (other than periodic reports) when time does not permit the full Committee to meet.

One member of the Committee shall be appointed by the Audit Committee as chair. The chair shall be responsible for scheduling and presiding over meetings and preparing agendas. Any question of interpretation of this charter or the Committee's procedures shall be determined by any member of the Audit Committee or, in their absence from any meeting, the chair.

The Committee shall meet with the Audit Committee and submit for their approval a set of disclosure controls and procedures, including policies and procedures of this Committee, as well as policies and procedures to test the effectiveness of the disclosure controls and procedures.

The Committee shall meet at least quarterly to (i) ensure the accuracy and completeness of the disclosure statements and (ii) evaluate the disclosure controls and procedures and determine whether any changes to the disclosure controls and procedures are necessary or advisable in connection with the preparation of the Company's upcoming periodic reports or other disclosure statements, taking into account developments since the most recent meeting, including changes in the organization and business lines and any change in economic or industry conditions.

OTHER RESPONSIBILITIES

The Committee shall also have such other responsibilities as the Audit Committee may assign to it from time to time.

SCHEDULE C

Shareholders' Resolution – Executive Deferred Share Unit Plan

BE AND IT IS HEREBY RESOLVED:

THAT the Executive Deferred Share Unit Plan of the Company, as approved by the Board of Directors on March 11, 2009 and as described in the Management Proxy Circular of the Company dated April 24, 2009, is hereby approved.

SCHEDULE D

Shareholders' Resolution – 2004 Stock Option Plan

WHEREAS a maximum of 3,000,000 Class B Subordinate Voting Shares may be issued under the 2004 Stock Option Plan of the Company;

WHEREAS on March 11, 2009, the Board of Directors of the Company amended section 4.1 of the 2004 Stock Option Plan so as to increase the maximum number of Class B Subordinate Voting Shares that may be issued thereunder to 6,000,000; and

WHEREAS pursuant to the policies of the Toronto Stock Exchange, it is necessary to obtain the approval of the shareholders of the Company with respect to the foregoing amendment to the 2004 Stock Option Plan.

BE AND IT IS HEREBY RESOLVED:

THAT section 4.1 of the 2004 Stock Option Plan be replaced by the following:

- 4.1 "The maximum number of Shares which may be issued under this Plan is six million (6,000,000).