MANAGEMENT PROXY CIRCULAR

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 General Meeting of shareholders (the "Meeting") of the Company to be held at the time and 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, directors, 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 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 Trust Company of Canada (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, prior to 5:00 p.m. on the last business day immediately preceding the Meeting 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: (i) the election of directors; and (ii) the appointment of auditors, 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. At the time of printing this Management Proxy Circular, management of the Company knows of no such amendments, variations or other matters.

VOTING SHARES

As at March 31, 2003, there were issued and outstanding 4,906,460 Class A Multiple Voting Shares and 26,652,232 Class B Subordinate Voting Shares of the Company. 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 25, 2003 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 25, 2003 will be entitled to vote at the Meeting. The Company will prepare a list of shareholders entitled to receive notice of this Meeting and showing the number of shares held by each such shareholder, which list shall be as at a date not later than ten days after the Record Date.

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. The Non-Registered Holder will generally be given a page of instructions which contains a removable label containing a bar-code and other information. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the computerized form, 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 Trust Company of Canada (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 Common 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 Trust Company of Canada 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 HOLDERS

As at March 31, 2003, 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. As at the same date, 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:

Name and place of residence	Number of shares held	Percentage of class
Alan Schwartz .... Montreal, Quebec	771,600	15.7
Jeff Segel .... Montreal, Quebec	765,600	15.6
Martin Schwartz .... Montreal, Quebec	761,600	15.5
Jeffrey Schwartz .... Toronto, Ontario	761,600	15.5
Laura Schwartz.. Montreal, Quebec	669,240	13.6

ELECTION OF DIRECTORS

The Board currently consists of seven directors. The persons named in the enclosed form of proxy intend to vote for the election of the seven 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 successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table states the name 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, and 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.

Name and Position with the Company	Principal Occupation	First year as director	Number of shares beneficially owned or over which control is exercised as at March 31, 2003	
			Class A	Class B
Martin Schwartz .... President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company	1987	761,600	399,600
Jeff Segel .... Executive Vice-President, Sales and Marketing and Director	Executive Vice-President, Sales and Marketing of the Company	1987	765,600	365,600
Alan Schwartz .... Executive Vice-President, Operations and Director	Executive Vice-President, Operations of the Company	1987	771,600	382,847
Jeffrey Schwartz .... Chief Financial Officer, Secretary and Director	Chief Financial Officer of the Company	1987	761,600	399,800
Maurice Tousson[(1)(2)] .... Director	President and Chief Executive Officer CDREM Inc. (retailer)	1995	2,000	—
Dr. Laurent Picard[(1)(2)] .... Director	Corporate Director	1988	—	11,000
Harold P. (Sonny) Gordon, Q.C.[(1)(2)] .... Director	Chairman Dundee Bancorp Inc. (financial services, wealth management and investments company)	2003	—	—

(1) Member of the Audit Committee.

(2) Member of the Human Resources and Corporate Governance Committee.

Mr. Harold P. (Sonny) Gordon, Q.C. has held the principal occupation set out opposite his name above since November 15, 2001. Prior thereto, Mr. Gordon's principal occupation was Vice-Chairman of Hasbro, Inc., a position which he held until May 2002.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Company and has been furnished by the respective nominees individually. The Company does not have an Executive Committee of the Board of Directors.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased insurance for the benefit of the Company's directors and officers against any liability incurred by them in their capacity as directors and officers. The Company pays the premium, which amounted to US $126,750 for the fiscal year ended December 30, 2002. The policy provides coverage in respect of a maximum total liability of US $15 million.

REMUNERATION OF DIRECTORS AND OFFICERS

Executive Compensation

The following table sets out all annual and long-term compensation for services in all capacities to the Company and its subsidiaries for the fiscal years ended December 30, 2002, 2001 and 2000 of the Chief Executive Officer and the four other most highly compensated executive officers (collectively, the "Named Executive Officers").

Summary Compensation Table

	Annual Compensation				Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary $	Bonus $	Other Annual Compensation(1) $	Number of Options Granted	Restricted Stock Awards	LTIP Payouts	All Other
Martin Schwartz	2002	700,000	762,153	—	100,000	—	—	—
President and Chief Executive	2001	625,000	335,000	—	—	—	—	—
Officer	2000	600,000	360,000	—	—	—	—	—
Jeff Segel	2002	700,000	762,153	—	100,000	—	—	—
Executive Vice-President,	2001	625,000	335,000	—	—	—	—	—
Sales and Marketing	2000	600,000	360,000	—	—	—	—	—
Alan Schwartz	2002	700,000	762,153	—	100,000	—	—	—
Executive Vice-President,	2001	625,000	335,000	—	—	—	—	—
Operations	2000	600,000	360,000	—	—	—	—	—
Jeffrey Schwartz	2002	700,000	762,153	—	100,000	—	—	—
Chief Financial Officer	2001	625,000	335,000	—	—	—	—	—
	2000	600,000	360,000	—	—	—	—	—
Robert Klassen	2002	629,094	526,084	—	60,000	—	—	—
President	2001	503,796	397,939	—	—	—	—	—
Ameriwood Industries Inc.	2000	456,071	245,058	—	—	—	—	—

(1) Disclosure of perquisites and other personal benefits is required only if they are greater than the lesser of $50,000 and 10 percent of the total of the annual salary and bonus of the Named Executive Officer.

During the fiscal year ended December 30, 2002, the Company paid a total of $3,402,117 in salary and $3,539,798 in bonuses to its six executive officers.

Option Grants During the Most Recently Completed Fiscal Year

The following table sets out the details of all grants of options to the Named Executive Officers during the fiscal year ended December 30, 2002.

Name	Options Granted	% of Total Options Granted to Employees in Financial Year	Exercise Price	Market Value on Date of Grant	Expiration Date
Martin Schwartz	100,000	11.3	$31.77	$31.77	April 1, 2007
Jeff Segel	100,000	11.3	31.77	31.77	April 1, 2007
Alan Schwartz	100,000	11.3	31.77	31.77	April 1, 2007
Jeffrey Schwartz	100,000	11.3	31.77	31.77	April 1, 2007
Robert Klassen	60,000	6.8	31.77	31.77	April 1, 2007

All of the foregoing options were granted under the Company's 1998 Stock Option Plan (the "1998 Plan"). In March 1998, the Board of Directors of the Company created the 1998 Plan for its directors, officers and employees. The 1998 Plan was ratified by the shareholders at the annual general meeting held on May 28, 1998. In January 2001, the Board of Directors amended the 1998 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 general meeting held on May 31, 2001.

Under the 1998 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 may be exercised is ten years from the date of the grant. 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 shares underlying the option during each of the second, third, fourth and fifth years following the grant thereof.

Option Exercises in Last Fiscal Year and Fiscal Year End Option Value

The Named Executive Officers did not exercise any stock options during the fiscal year ended December 30, 2002. The following table sets out the value of options held by the Named Executive Officers at fiscal year end.

Name	Shares Acquired on Exercise	Value Realized ($)	Number of Unexercised Options at Fiscal Year End Exercisable / Unexercisable	Value of Unexercised in the Money Options at Fiscal Year End Exercisable / Unexercisable ($) (1)
Martin Schwartz	—	—	200,000 / 100,000	3,600,000 / 423,000
Jeff Segel	—	—	200,000 / 100,000	3,600,000 / 423,000
Alan Schwartz	—	—	200,000 / 100,000	3,600,000 / 423,000
Jeffrey Schwartz	—	—	200,000 / 100,000	3,600,000 / 423,000
Robert Klassen	—	—	40,000 / 60,000	720,000 / 253,800

(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, 2002 ($36.00) less the respective exercise prices of the options.

Composition of the Human Resources and Corporate Governance Committee

The Human Resources and Corporate Governance Committee is responsible for recommending the appointment of officers to the Board of Directors, considering terms of executive employment, including matters of compensation, and recommending awards under the Company's 1998 Stock Option Plan. The Human Resources and Corporate Governance Committee is composed of three members, namely: Dr. Laurent Picard, Maurice Tousson and Harold P. Gordon. None of the members of the Human Resources and Corporate Governance Committee is an officer or employee of the Company or any of its subsidiaries.

Report on Executive Compensation

The compensation of the Company's senior officers is determined by the Board of Directors upon recommendations made by the Human Resources and Corporate Governance Committee. The Company's executive compensation program is designed to pay for performance and to be competitive with other firms in North America of comparable size, with reference primarily to sales and assets. The compensation of the Company's President and Chief Executive Officer is equivalent to that of other members of the Company's senior management.

The Company's executive compensation program is comprised of a base salary and variable components in the form of an annual bonus opportunity and stock options. The annual bonus provides an opportunity for management and executive employees to earn an annual cash incentive based on the degree of achievement of objectives set by the Board of Directors. Bonuses are based on specific earnings per share targets set by the Human Resources and Corporate Governance Committee at the beginning of each fiscal year.

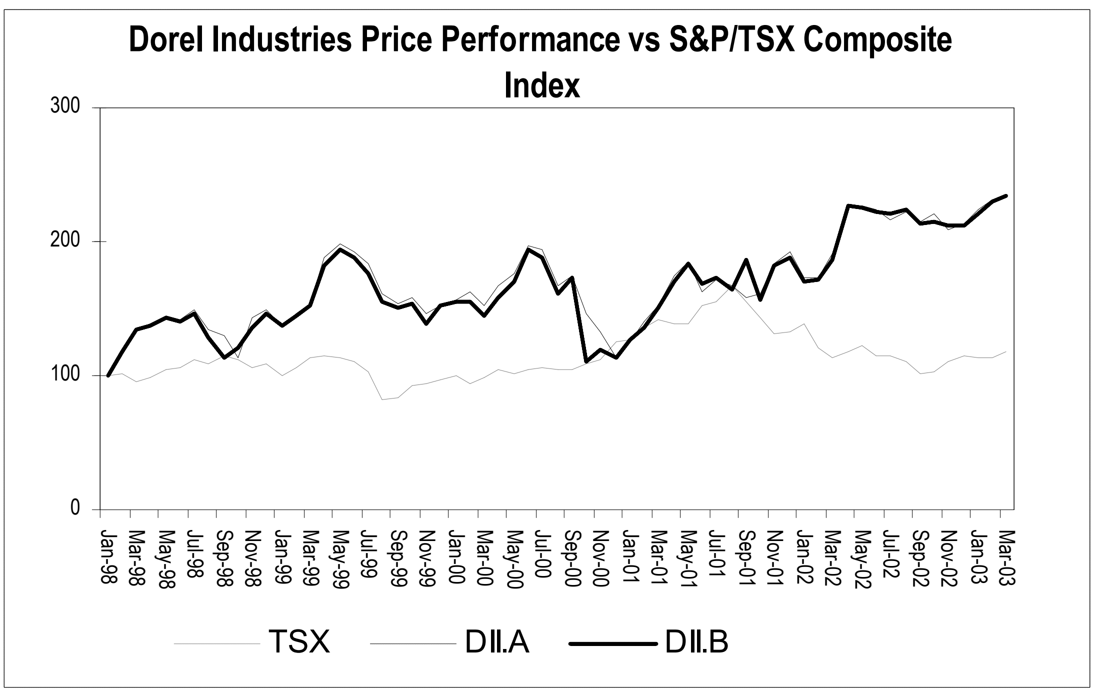
The variable components of the Company's executive compensation program are designed to closely link the compensation of the Company's senior executives and management employees with the performance of the Company as a whole.

The above report is submitted on behalf of the Human Resources and Corporate Governance Committee by the directors whose names appear below:

Dr. Laurent Picard	Maurice Tousson	Harold P. Gordon

Performance Graph

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, 1998 with the cumulative return of the S&P/TSX Composite Index for the period from January 1, 1998 to March 1, 2003.



Remuneration of Directors

During the fiscal year ended December 30, 2002, the Company paid a total of $105,000 to the three directors who are not officers of the Company for their services in such capacity.

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 Goldsmith Hersh, Chartered Accountants, as the auditors of the Company until the next annual general meeting of shareholders. Goldsmith Hersh, Chartered Accountants, have served as the auditors of the Company since its initial public offering in 1987.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The following table sets out the indebtedness to the Company of its officers and directors and their associates:

Name and municipality of residence	Largest aggregate amount during fiscal 2002	Interest Rate	Balance outstanding	Purpose
Frank Rana................................ St-Leonard, Quebec	$594,000	Nil	$594,000	Purchase of the Company's Class B Subordinate Voting Shares

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 the 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.

CORPORATE GOVERNANCE

In December 1994, the Toronto Stock Exchange Committee on Corporate Governance in Canada issued a report (the "TSX Report") containing 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. To implement these guidelines, the Toronto Stock Exchange adopted a requirement stipulating that each listed company must disclose on an annual basis its approach to corporate governance with reference to the guidelines. The following are the guidelines established by the Toronto Stock Exchange with respect to corporate governance and the Company's practice as regards each of the guidelines.

1. <u>The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation.</u>

   The Board of Directors of the Company recognizes that it is ultimately responsible for ensuring that the business and affairs of the Company are managed properly to protect and enhance shareholder value, including the financial viability of the business.

   The Board of Directors discharges its responsibilities directly and through the delegation of responsibilities to each of its committees. The Board of Directors determines matters of corporate policy, assesses management's execution of these policies and reviews the results obtained.

   The Board of Directors assumes stewardship of and approves annual and interim financial statements, strategic, business and succession plans as well as the Company's communications policy. In addition, developments and issues of current relevance are reviewed, such as the identification of the principal risks of the Company's business and implementation of appropriate systems to manage the risks. The Board of Directors also ensures that management fulfils its responsibilities for financial reporting and internal control.

   There are four scheduled Board of Directors meetings per year. Additional meetings of the Board of Directors are held as required.

2. As part of the overall stewardship responsibility, the board of directors of every corporation should assume responsibility for the following matters:

(a) adoption of a strategic planning process

Board of Directors meetings from time-to-time focus on substantial strategic planning matters.

The Board of Directors reviews the objectives of the CEO and provides guidance for the development of corporate strategy.

(b) identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks

The Board of Directors from time-to-time identifies the Company's principal risks. The Board of Directors will implement systems to address these risks as necessary.

(c) succession planning, including appointing, training and monitoring senior management

The Board of Directors reviews and discusses organizational structure and succession planning matters as required.

The Company monitors the performance of senior management based on objectives and budgets approved by the Board of Directors.

(d) communications policy for the corporation

The Company considers investor relations to be important. Every shareholder inquiry receives a prompt response from an appropriate officer of the Company. The Audit Committee and the Board of Directors approve quarterly and annual financial statements prior to their distribution to the shareholders.

(e) integrity of the corporation's internal control and management information systems

The Board of Directors has, through its oversight and the appointment of the Audit Committee and the Human Resources and Corporate Governance Committee, put in place an effective system for monitoring the implementation of corporate strategies. The Audit Committee is responsible for the compliance of financial reporting with accounting principles. The Human Resources and Corporate Governance Committee is responsible for reviewing and advising the Board of Directors on employment and remuneration matters.

3. (a) The board of directors of every corporation should be constituted with a majority of individuals who qualify as "unrelated" directors.

An "unrelated" director is defined in the TSX Report as a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. The Board of Directors considers that three of the seven directors are "unrelated".

(b) The board of directors should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder.

A "significant shareholder" is defined in the TSX Report as a shareholder with the ability to exercise a majority of the votes for the election of the board of directors. The Board of Directors considers that no one person is a significant shareholder of the Company. However, Martin Schwartz, Jeff Segel, Alan Schwartz, Jeffrey Schwartz and Laura Schwartz in the aggregate have the ability to exercise a majority of the votes for the election of directors attached to the outstanding shares of the Company.

Martin Schwartz, Alan Schwartz and Jeffrey Schwartz are the sons of Laura Schwartz; Jeff Segel is related through marriage to Martin Schwartz.

4. Disclosure for each director whether he or she is related, and how that conclusion was reached.

The Board considers that Dr. Laurent Picard, Maurice Tousson and Harold P. Gordon are unrelated directors in that none is a senior officer of the Corporation or has any interest or any business or other relationship with the Company.

The Board of Directors considers that Martin Schwartz, Jeff Segel, Alan Schwartz and Jeffrey Schwartz are related to management in that each is a senior officer of the Company.

5. The board of directors of every corporation should appoint a committee of directors composed exclusively of outside (i.e. non-management) directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.

The Human Resources and Corporate Governance Committee is responsible for seeking potential nominees for Board membership. The Human Resources and Corporate Governance Committee is composed exclusively of outside, unrelated directors. The Board of Directors and the President are responsible for assessing the performance of directors.

6. Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, its committees and the contribution of individual directors.

The Company has no formal policy for assessing the effectiveness of the Board of Directors, its committees and individual directors. The directors from time-to-time comment on the effectiveness of Board of Directors operations.

7. Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.

The Company provides an orientation program for new appointees to the Board of Directors and various committees in the form of informal meetings with members of senior management and complemented by presentations on the main areas of the Company's business.

8. Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.

The Board of Directors currently consists of seven directors. Shareholders will be asked to consider seven nominees for director at the Meeting. The Board of Directors is of the view that a Board of Directors consisting of seven directors is large enough to present a diversity of views and experience, but also small enough to carry out its duties efficiently.

9. The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.

The Human Resources and Corporate Governance Committee 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.

10. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.

The Board of Directors of the Company has established two committees.

All three members of the Audit Committee are outside, unrelated directors. The members of the Audit Committee are Maurice Tousson (Chairman), Dr. Laurent Picard and Harold P. Gordon.

All three members of the Human Resources and Corporate Governance Committee are outside, unrelated directors. The members of the Human Resources and Corporate Governance Committee are Maurice Tousson (Chairman), Dr. Laurent Picard and Harold P. Gordon.

11. <u>Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues.</u>

The Board of Directors has appointed the Human Resources and Corporate Governance Committee to review corporate governance matters and to report thereon to the Board of Directors.

12. <u>The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.</u>

There is no specific mandate for the Board of Directors, since the Board of Directors has plenary power. Any responsibility that is not delegated to senior management or a Board of Directors committee remains with the full Board of Directors.

The CEO's objectives constitute a mandate on a year-to-year basis. These objectives include the general mandate to maximize shareholder value. The Board of Directors approves the CEO's objectives for the Company on an annual basis.

13. <u>Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to: (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities; or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director". Appropriate procedures may involve the board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the board's relationship to management to a committee of the board.</u>

Meetings of the Board of Directors are chaired by the President and Chief Executive Officer of the Company, Mr. Martin Schwartz, who is not considered by the Board to be independent of the Company's management. The Board of Directors believes that setting the agenda and ensuring that the relevant information is made available to the Board of Directors, a key element for an efficient corporate governance practice, is best served by a person who has intimate knowledge of the Company and its business. 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 Human Resources and Corporate Governance Committee (chaired by Maurice Tousson, an unrelated director of the Company) the responsibility of ensuring that the Board of Directors functions independently of management. Moreover, the outside directors meet independently of management at each Board meeting. The Board of Directors has also appointed Maurice Tousson as "lead director".

14. <u>The audit committee of every board of directors should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.</u>

All three members of the Audit Committee are outside directors. The Audit Committee is expressly mandated to monitor external audit functions and the preparation of financial statements. The Audit Committee meets with the Chief Financial Officer of the Company and the outside auditors independently of management to review and inquire into matters affecting financial reporting, the system of internal accounting and financial controls and procedures and the audit procedure and audit plans. The Audit Committee also recommends to the Board of Directors the auditors to be appointed. In addition, the Audit Committee reviews and recommends to the Board of Directors for approval the quarterly and annual financial statements. The Audit Committee also reviews with management and reports to the Board of Directors, on an annual basis, on the financial plans and objectives of the Company. The Audit Committee also provides a direct communication channel between directors, the external auditors, the internal auditors and the Company executives responsible for financial matters.

15. The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

The Human Resources and Corporate Governance Committee may authorize individual directors to engage outside advisers at the Company's expense.

AUTHORIZATION

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

(signed) Jeffrey Schwartz
Chief Financial Officer and Secretary

DATED at Montreal, Quebec
April 24, 2003