



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

NOTICE IS HEREBY GIVEN that an Annual and Special 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 Centre Mont-Royal, 2200 Mansfield Street, Montreal, Québec, on May 28, 2015 at 10:00 a.m. (eastern time). 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, 2014 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, to adopt, a resolution in the form annexed as Schedule B to the Management Proxy Circular, approving By-Law No. 2015-1 of the Company;
5. consider, and if deemed advisable, to adopt, a special resolution in the form annexed as Schedule C to the Management Proxy Circular, authorizing an amendment to the Articles of the Company so as to allow the Board of Directors of the Company to appoint additional directors at any time; and
6. transact such other business as may properly be brought before the Meeting.

Only persons registered as shareholders on the records of the Company as of the close of business on April 23, 2015 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after the Record Date will be entitled to vote or act at the Meeting or any adjournment(s) thereof.

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, 8th Floor, Toronto, Ontario M5J 2Y1 prior to 5:00 p.m. (eastern time) on May 26, 2015 or with the Secretary of the Company before the commencement of the Meeting or at any adjournment thereof.

DATED at Montreal, Québec
April 23, 2015

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 Meeting of Shareholders (the “Meeting”) of the Company to be held on May 28, 2015, 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. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to certain beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Holders of Shares” below.

Except as otherwise indicated, the information contained herein is given as of April 23, 2015. Although the Company uses the U.S. dollar as its reporting currency, all references to “dollars” and the symbol “\$” in this Management Proxy Circular are to Canadian dollars, unless otherwise indicated.

INTERNET AVAILABILITY OF PROXY MATERIALS

Rules adopted by the Canadian securities administrators, known as the “notice and access” distribution option, allow companies to send to shareholders a notice to the effect that proxy materials are available via the Internet, rather than mailing full sets of proxy materials to them. This year, the Company chose to mail full sets of proxy materials to shareholders. In the future, the Company may take advantage of the “notice and access” distribution option. If in the future the Company chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Company’s notice of meeting and management proxy circular via the Internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A

shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on May 26, 2015 or be deposited with the Secretary of the Company before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the shareholder or 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.

A shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Company. To exercise that right, the name of the shareholder's appointee should be legibly printed in the blank space provided. In addition, the shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the shareholder's shares are to be voted.

Shareholders who are not registered shareholders should refer to "Notice to Beneficial Holders of Shares" below.

Revocation of Proxy

A shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney or authorized agent and deposited with Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on May 26, 2015 (i) by mail or by hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775, or deposited with the Secretary of the Company before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

Notice to Beneficial Holders of Shares

The information set out in this section is of importance to many shareholders, as a substantial number of shareholders do not hold shares of the Company in their own name. Shareholders who do not hold their shares of the Company in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Company. Those shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Company does not know for whose benefit the shares of the Company registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other security holder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Company, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Company. Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Company.

In accordance with the requirements of NI 54-101, the Company is sending the Notice of Meeting, this Management Proxy Circular, and a voting instruction form or form of proxy, as applicable (collectively, the "**Meeting Materials**"), directly to NOBOs and indirectly through intermediaries to OBOs. NI 54-101 allows the Company, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Company is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs;

or (b) indirectly to all Beneficial Shareholders through intermediaries. The cost of the delivery of the Meeting Materials by intermediaries to OBOs will be borne by the Company.

The Company has used a NOBO list to send the Meeting Materials directly to NOBOs whose names appear on that list. If the Company's transfer agent, Computershare Investor Services Inc., has sent these materials directly to a NOBO, such NOBO's name and address and information about its holdings of shares of the Company have been obtained from the intermediary holding such shares on the NOBO's behalf in accordance with applicable securities regulations. As a result, any NOBO of the Company can expect to receive a voting instruction form from Computershare Investor Services Inc. NOBOs should complete and return the voting instruction form to Computershare Investor Services Inc. in the envelope provided. In addition, telephone voting and internet voting are available; instructions in respect of the procedure for telephone and internet voting can be found on the voting instruction form. Computershare Investor Services Inc. will tabulate the results of voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by such voting instruction forms.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Management Proxy Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge's dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Company's transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) 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) resolution approving By-Law No. 2015-1 of the Company; and (iv) special resolution authorizing an amendment to the Articles of the Company so as to allow the Board of Directors of the Company to appoint additional directors at any time, 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 23, 2015, there were 4,195,135 Class A Multiple Voting Shares and 28,126,876 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 23, 2015 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 the Record Date 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 23, 2015, 40.1% of the voting rights attached to all of the Company's issued and outstanding voting securities.

Only shareholders of record as at the close of business on the Record Date will receive notice of, and be entitled to attend and vote at, the Meeting. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof.

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 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 Voting 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 will 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 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 legislation or stock exchange rules;
- (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 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.

PRINCIPAL SHAREHOLDERS

As at April 23, 2015, to the best knowledge of the Company, the following persons beneficially owned, or exercised control or direction over, directly or indirectly, 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..... Westmount, Québec, Canada	771,600	18.4%
Martin Schwartz..... Westmount, Québec, Canada	765,600	18.2%
Jeff Segel..... Montreal, Québec, Canada	766,000	18.3%
Jeffrey Schwartz..... Toronto, Ontario, Canada	765,600	18.2%
Laura Schwartz..... Montreal, Québec, Canada	669,240	16.0%

As at April 23, 2015, 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 B Subordinate Voting Shares of the Company:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage of class</u>
Fidelity Management & Research Company ⁽¹⁾ Boston, Massachusetts, U.S.A.	4,074,320	14.5%
Letko, Brosseau & Associates Inc. ⁽²⁾ Montreal, Québec, Canada	2,830,685	10.1%

(1) This information is taken from an “early warning report” filed on SEDAR by Fidelity Management & Research Company on October 10, 2014. As disclosed in such “early warning report”, these shares are held by Fidelity Management & Research Company and certain affiliates as a portfolio manager on behalf of certain managed funds or accounts, and were acquired in the ordinary course of business, for investment purposes only and not with the purpose of exercising control or direction over the Company.

(2) This information is taken from an “early warning report” filed on SEDAR by Letko, Brosseau & Associates Inc. on September 9, 2014. As disclosed in such “early warning report”, these shares are held by Letko, Brosseau & Associates Inc. as a portfolio manager on behalf of certain managed funds or accounts, and were acquired in the ordinary course of business, for investment purposes only and not with the purpose of exercising control or direction over 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, the appointment of auditors, the approval by shareholders of a new By-Law No. 2015-1 of the Company and the approval of an amendment to the Company’s Articles to allow the Board of Directors of the Company to appoint at any time one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders’ meeting.

1. Financial Statements

The audited consolidated financial statements of the Company for the fiscal year ended December 30, 2014 and the report of the auditors thereon will be tabled at the Meeting. These audited consolidated financial statements form part of the 2014 Annual Report of the Company. Copies of the 2014 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. At the meeting, shareholders will be asked to vote for the election of the nine current directors and one new nominee, Michelle Cormier, who if elected at the Meeting will be an independent member of the Board of 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. Except for Michelle Cormier, all nominees are currently

directors of the Company. Voting for directors will be made on an individual basis. Each director will hold office until the next annual meeting of shareholders or until the election of his or her successor, unless the director resigns or the office becomes vacant by removal, death or other cause.

The following table sets out the name, age and place 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 percentage of votes received in favour at the last annual meeting of shareholders, 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, directly or indirectly, 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 options, the number of Deferred Share Units (“DSUs”) held and the total value of shares and DSUs:

Name, place of residence, age, principal occupation and votes in favour at last annual meeting	First year as director	Position (s) on the Board	As at April 23, 2015		Number of Class B shares subject to option	Number of Deferred Share Units (DSUs) held	Total value of shares and DSUs ⁽³⁾ (\$)
			Number of shares beneficially owned or over which control is exercised				
			Class A	Class B			
Martin Schwartz Québec, Canada Age: 66 President and Chief Executive Officer of the Company Votes in favour at last annual meeting: 98.39%	1987	Director, Member of the Disclosure Committee	765,600	520,175	—	—	45,125,686
Jeff Segel Québec, Canada Age: 64 Executive Vice-President, Sales and Marketing of the Company Votes in favour at last annual meeting: 99.07%	1987	Director	766,000	506,250	—	6,143 ⁽¹⁾	44,864,400
Alan Schwartz Québec, Canada Age: 63 Executive Vice-President, Operations of the Company Votes in favour at last annual meeting: 99.07%	1987	Director	771,600	420,923	—	—	41,824,603

Martin Schwartz is a co-founder of Ridgewood Industries Ltd., which was merged with several 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 1992.

Jeff Segel is a co-founder of Ridgewood Industries Ltd. Mr. Segel held the position of Vice-President, Sales and Marketing of the Company from 1987 to 2003. In 2003, Mr. Segel’s title was changed to Executive Vice-President, Sales and Marketing.

Alan Schwartz is a co-founder of Ridgewood Industries Ltd. Mr. Schwartz held the position of Vice-President, Operations of the Company from 1989 to 2003. In 2003, Mr. Schwartz’s title was changed to Executive Vice-President, Operations.

As at April 23, 2015

Name, place of residence, age, principal occupation and votes in favour at last annual meeting	First year as director	Position (s) on the Board	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	Total value of shares and DSUs ⁽³⁾ (\$)
			Class A	Class B			
Jeffrey Schwartz Ontario, Canada Age: 52 Executive Vice-President, Chief Financial Officer and Secretary of the Company Votes in favour at last annual meeting: 95.95%	1987	Director, Member of the the Disclosure Committee	765,600	520,125	—	6,143 ⁽¹⁾	45,341,195
<p>Jeffrey Schwartz, previously Vice-President of the Juvenile Division of the Company, was the Company's Vice-President, Finance from 1989 to 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, Québec, in the field of business administration.</p>							
Maurice Tousson Ontario, Canada Age: 66 President and Chief Executive Officer CDREM Group Inc. (retailer) Votes in favour at last annual meeting: 98.49%	1995	Lead Director, Member of the Audit Committee, Member of the Human Resources and Corporate Governance Committee	1,301	—	—	36,014 ⁽²⁾	1,319,233
<p>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 several privately-held companies. Mr. Tousson holds an MBA degree from Long Island University in New York.</p>							
Harold "Sonny" Gordon, Q.C. Age: 78 Florida, U.S.A. Vice Chairman Dundee Corporation (financial services and investment company) Votes in favour at last annual meeting: 99.49%	2003	Director, Chairman of the Human Resources and Corporate Governance Committee	—	—	—	33,301 ⁽²⁾	1,177,856
<p>Harold P. "Sonny" Gordon, Q.C. became Vice Chairman of the Board of Directors of Dundee Corporation in 2014, having previously served as its Chairman since November 2001. Mr. Gordon also serves as Chairman of the Board of Directors and a member of the executive committee and the compensation committee of Dundee Energy Limited. Mr. Gordon 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.</p>							

As at April 23, 2015

Name, place of residence, age, principal occupation and votes in favour at last annual meeting	First year as director	Position (s) on the Board	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	Total value of shares and DSUs ⁽³⁾ (\$)
			Class A	Class B			
Dian Cohen Ontario, Canada Age: 82 Corporate Director (economic consultant) Votes in favour at last annual meeting: 99.64%	2004	Director, Member of the Human Resources and Corporate Governance Committee	—	500	—	19,893 ⁽²⁾	721,300
Dian Cohen is the founder and president of DC Productions Limited, an economic communications consulting firm specializing in the analysis and dissemination of strategic financial, business, and economic information. Ms. Cohen is a political economist by training, a well-known broadcaster and author, recipient of the Order of Canada, and other honours and awards for the excellence of her economic communications skills. She was former National Business Editor of CTV. Ms. Cohen is Chair of the Advisory Council of Sionna Asset Managers, and the founding organizer of the Massawippi Valley Health Centre.							
Alain Benedetti, FCPA, FCA, ICD.D Québec, Canada Age: 66 Corporate Director Votes in favour at last annual meeting: 99.49%	2004	Director, Chairman of the Audit Committee	—	—	—	28,554 ⁽²⁾	1,009,955
Alain Benedetti, FCPA, FCA, ICD.D, 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 Boards of Directors of Russel Metals Inc. and Discovery Air Inc. 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 chairman since 2005.							
Rupert Duchesne Ontario, Canada Age: 55 Group Chief Executive and Director Aimia Inc. (loyalty-management company) Votes in favour at last annual meeting: 99.48%	2009	Director, Member of the Audit Committee	—	—	—	15,262 ⁽²⁾	539,817
Rupert Duchesne is the Group Chief Executive and Director of Aimia Inc. (TSX:AIM), the international loyalty-management company that owns and operates the Aeroplan program in Canada, the Nectar program in the United Kingdom and Italy, and Air Miles Middle East (60% owned), and which provides proprietary loyalty and data-analytic services to clients in 20 countries. Mr. Duchesne previously held a number of senior officer positions at Air Canada from 1996, and prior thereto was involved in strategy and investment consulting. He is currently a Director of Mattamy Homes. 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 United Kingdom.							

Name, place of residence, age, principal occupation and votes in favour at last annual meeting	First year as director	Position (s) on the Board	As at April 23, 2015		Number of Class B shares subject to option	Number of Deferred Share Units (DSUs) held	Total value of shares and DSUs ⁽³⁾ (\$)
			Number of shares beneficially owned or over which control is exercised				
			Class A	Class B			
Michelle Cormier, CPA, CA Québec, Canada Age: 58 Operating Partner Wynnchurch Capital (Canada) Ltd. (private equity fund)	—	Nominee for election as a director of the Company	—	800	—	—	28,296

Michelle Cormier, CPA, CA, is Operating Partner for the Québec-based investments of Wynnchurch Capital (Canada) Ltd., a \$2.3 billion private equity fund. Prior to joining Wynnchurch, she was Chief Financial Officer of a privately-held company and of a publicly-traded forest products company with operations in Canada and the United States. Ms. Cormier has extensive senior management experience in corporate strategy, finance, human resources and turnaround situations. She is an accredited corporate director and has strong knowledge and experience in corporate governance. She serves on the Boards of Directors of Hydro-Québec, Industries Moreau Inc. and Pro-Fab Inc.

- (1) The DSUs were issued under the Executive Deferred Share Unit Plan.
- (2) The DSUs were issued under the 2004 Directors' Deferred Share Unit Plan.
- (3) The total value of shares and DSUs is determined by multiplying the number of Class A Multiple Voting Shares by the closing price (\$34.91) on the TSX of the Class A Multiple Voting Shares, the number of Class B Subordinate Voting Shares by the closing price (\$35.37) on the TSX of the Class B Subordinate Voting Shares, and the number of DSUs by the closing price (\$35.37) on the TSX of the Class B Subordinate Voting Shares, in each case as at April 23, 2015, and adding the three products.

To the knowledge of the Company, none of the foregoing nominees for election as a director of the Company is or within the last ten years has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade or similar order, or an order that denied such company access to any exemption under applicable securities legislation that was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) 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.

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

- (a) is, or has been within the last ten years, 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; or
- (b) 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 or her assets.

Furthermore, to the knowledge of the Company, none of the nominees for election as a 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.

Majority Voting for Directors

In March 2013, the Board of Directors adopted a majority-voting policy. Under this policy, in an uncontested election of directors, any nominee proposed for election as a director who receives a greater number of “withheld” votes than “for” votes is expected promptly following the date of the shareholders’ meeting at which the election occurred to tender his or her resignation to the President and Chief Executive Officer for consideration by the Human Resources and Corporate Governance Committee (the “**HRCG Committee**”) of the Board of Directors, with the resignation to take effect upon acceptance by the Board of Directors. This policy applies only to “uncontested elections”, that is, elections where the number of nominees for director is equal to the number of directors to be elected.

The Board of Directors will act on the HRCG Committee’s recommendation within 90 days following the date of the shareholders’ meeting at which the election occurred. Following the Board of Directors’ decision on the HRCG Committee’s recommendation, the Board of Directors will promptly disclose, by way of a press release, the Board of Directors’ decision whether or not to accept the director’s offer of resignation, together with an explanation of the process by which the decision was made and, if applicable, the Board of Directors’ reason or reasons for rejecting the tendered resignation.

The HRCG Committee will be expected to accept the resignation except in situations where extenuating circumstances would warrant that the director continue to serve on the Board of Directors. In considering whether or not to accept a resignation, the HRCG Committee will consider all factors deemed relevant by the HRCG Committee, including the stated reasons why shareholders “withheld” votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been tendered (including, for example, the impact the director’s resignation would have on the Company’s compliance with the requirements of applicable corporate and securities laws and the rules of any stock exchange on which the Company’s securities are listed or posted for trading), such director’s contributions to the Company, and whether the director’s resignation from the Board of Directors would be in the best interests of the Company.

The HRCG Committee will also consider a range of possible alternatives concerning the director’s tendered resignation as the HRCG Committee deems appropriate, including acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the HRCG Committee to have substantially resulted in the “withheld” votes.

A director who tenders his or her resignation will not participate in any meetings to consider whether the resignation will be accepted.

Shareholders should note that, as a result of the majority-voting policy, a “withhold” vote is effectively the same as a vote against a director nominee in an uncontested election.

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 Professional Accountants, as the auditors of the Company until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

4. Approval of By-Law No. 2015-1

On February 14, 2011, Part IA of the *Companies Act* (Québec), to which the Company was subject, was replaced by the new *Business Corporations Act* (Québec) (the “**QBCA**”). As a result, the Board of Directors deemed it expedient to repeal the existing general by-laws of the Company and to replace such by-laws with by-laws which are in conformity with the provisions of the QBCA. On April 23, 2015, the Board of Directors adopted By-Law No. 2015-1, that is, a new general by-law for the Company.

In accordance with the QBCA, By-Law No. 2015-1 entered into effect as of the date of the resolution of the Board of Directors (April 23, 2015). Under the QBCA, By-Law No. 2015-1 must be submitted to the shareholders of the Company for approval at the Meeting, and the shareholders may, by ordinary resolution, ratify, reject or amend By-Law No. 2015-1. By-Law No. 2015-1 will cease to be effective at the close of the Meeting if it is rejected by, or not submitted to, the shareholders.

At the Meeting, shareholders will be asked to approve a resolution in the form annexed hereto as Schedule B (the “**By-Law Resolution**”), approving By-Law No. 2015-1. In order to be adopted, the By-Law Resolution must be approved by a majority of the votes cast by the holders of the Class A Multiple Voting Shares and Class B Subordinate Voting Shares, voting as a single class, either present in person or represented by proxy at the Meeting. Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote FOR the By-Law Resolution.

Among the changes brought about by the QBCA which are reflected in By-Law No. 2015-1 are the following:

- Technical amendments to the wording: a “company” is now a “corporation”; the “general by-laws” have become “by-laws”;
- Meetings of shareholders: any person entitled to attend a shareholders’ meeting may participate in the meeting by means of telephonic, electronic or other communications equipment enabling all participants to communicate directly with one another during the meeting. The vote may be held solely by means of telephonic, electronic or other communications equipment if the Company makes available such communications equipment.
- Conflicts of interest: By-Law No. 2015-1 is consistent with the QBCA in that it states the general principles contained in the QBCA dealing with conflicts of interest of directors and officers and the manner in which a director or officer must disclose his or her interest in a contract or a transaction to which the Company is party; and
- Share certificates: shares are issued as certificated shares unless the Board of Directors determines, by resolution, that the shares of any class or series of shares or certain shares of a class or series are to be issued as uncertificated shares.

The complete text of By-Law No. 2015-1 is available to shareholders on request from the Secretary of the Company. Shareholders wishing to receive a copy of By-Law No. 2015-1 should contact the Secretary of the Company at 1255 Greene Avenue, Suite 300, Montreal, Québec H3Z 2A4, telephone: (514) 934-3034. By-Law No. 2015-1 is also available under the Company’s profile on SEDAR at www.sedar.com.

5. Amendment to Articles – Appointment of Additional Directors

The QBCA, to which the Company is subject, allows the Board of Directors of the Company to appoint at any time one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders’ meeting, subject to the condition that the total number of directors so appointed not exceed one third of the number of directors elected at the previous annual shareholders’ meeting, if the Articles of the Company so allow. In this regard, the QBCA is similar to the *Canada Business Corporations Act*. The Articles of the Company do not currently allow for the appointment of additional directors. On April 23, 2015, the Board of Directors adopted a resolution authorizing such amendment to the Company’s Articles, and providing that the amendment to the Articles be submitted to the shareholders of the Company for approval at the next meeting of shareholders. If the Articles are so amended, and assuming that ten directors are elected at the Meeting, the Board of Directors of the Company will have the right to appoint up to three additional directors to hold office until the next annual meeting of the Company.

Accordingly, at the Meeting, shareholders will be asked to approve a special resolution in the form annexed hereto as Schedule C (the “**Additional Directors Special Resolution**”), authorizing an amendment to the Articles of the Company so as to allow the Board of Directors to appoint additional directors at any time. In order to be adopted, the Additional Directors Special Resolution must be approved by at least two-thirds of the votes cast by the holders of the Class A Multiple Voting Shares and Class B Subordinate Voting Shares, voting as a single class, either present in person or represented by proxy at the Meeting.

If the Additional Directors Special Resolution is adopted by the shareholders, Articles of Amendment will be filed shortly after the Meeting. Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote **FOR** the Additional Directors Special Resolution. The amendment of the Articles will not have any effect on the operations of the Company.

COMPENSATION OF DIRECTORS

In designing a compensation program for non-management directors, the objective is to ensure that the Company attracts and retains highly-qualified, committed and talented members, with an extensive level of experience as well as to align interests of directors with those of its shareholders.

The HRCG Committee reviews on an annual basis the compensation of the independent directors of the Company (other than directors who are Named Executive Officer, as defined below) and recommends to the Board of Directors the level of compensation and any adjustments necessary to take into account the level of work and the responsibilities of the members of the Board of Directors and its committees.

Summary Compensation Table

The following table provides information for the fiscal year ended December 30, 2014 regarding the compensation paid or earned by the independent directors of the Company, excluding the dividend equivalents payable under the 2004 Directors' Deferred Share Unit Plan (the "DSU Plan"):

Name	Fees earned ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value ⁽⁴⁾ (\$)	All other compensation (\$)	Total (\$)
Maurice Tousson	78,000	78,000	—	—	—	—	156,000
Harold "Sonny" Gordon	—	122,000	—	—	—	—	122,000
Dian Cohen	—	112,000	—	—	—	—	112,000
Alain Benedetti	—	118,000	—	—	—	—	118,000
Rupert Duchesne	—	106,500	—	—	—	—	106,500

(1) This amount consists of the cash portion of the total fees earned by the members of the Board of Directors. The directors, with the exception of Maurice Tousson, have elected to receive their fees earned in the form of DSUs issued by the Company under its DSU Plan (see below for discussion). The portion paid in DSUs to any non-management director is reported under the column "Share-based awards". Maurice Tousson received 50% of the total fees in cash and 50% in the form of DSUs.

(2) This amount consists of the value of the fees earned in the form of DSUs elected by the directors under the DSU Plan (see below for discussion).

(3) The Company did not grant any option-based awards to its independent directors during the fiscal year ended December 30, 2014.

(4) The Company does not have a retirement plan. In addition, the Company does not have a retirement policy for members of the Board of Directors.

Fees Earned

Members of the Board of Directors who are not employees or officers of the Company receive an annual fee for serving as director, as well as certain additional fees for attendance and committee membership, as applicable, and are reimbursed for their travel and out-of-pocket expenses. In 2014, the Company paid the following directors' fees:

- annual director's fee: \$85,000;
- additional fee for the Lead Director: \$30,000;
- Audit Committee Chairman fee: \$15,000;
- Audit Committee member fee (other than Chairman): \$5,000;
- Human Resources and Corporate Governance Committee Chairman fee: \$10,000;
- Human Resources and Corporate Governance Committee member fee (other than Chairman): \$3,000;
- Board of Directors and committee meeting fee: \$1,500 per meeting; and
- reimbursement of travel and out-of-pocket expenses.

Fees paid or earned by the independent directors during the fiscal year ended December 30, 2014 were as follows, excluding the dividend equivalents payable under the DSU Plan:

Name	Annual fee (\$)	Committee fees (\$)	Board attendance fees (\$)	Committee attendance fees (\$)	Total fees (\$)
Maurice Tousson	115,000	8,000	15,000	18,000	156,000
Harold "Sonny" Gordon	85,000	10,000	15,000	12,000	122,000
Dian Cohen	85,000	3,000	13,500	10,500	112,000
Alain Benedetti	85,000	15,000	12,000	6,000	118,000
Rupert Duchesne	85,000	5,000	10,500	6,000	106,500

Directors' Shareholding Requirements

The following table provides information as at December 30, 2014 on the number and value of the Class A Multiple Voting Shares and/or Class B Subordinate Voting Shares of the Company and/or DSUs held by the current independent directors of the Company:

Name	Number of Class A Shares	Number of Class B Shares	Total Value of Shares ⁽¹⁾ (\$)	Number of DSUs	Total Value of DSUs ⁽²⁾ (\$)	Total Number of Shares and DSUs	Total Value of Shares and DSUs (\$)	Share Ownership Threshold Met
Maurice Tousson	1,301	—	54,967	35,655	1,432,974	36,956	1,487,941	yes
Harold "Sonny" Gordon	—	—	—	32,055	1,288,290	32,055	1,288,290	yes
Dian Cohen	—	500	20,095	19,694	791,502	20,194	811,597	yes
Alain Benedetti	—	—	—	28,270	1,136,171	28,270	1,136,171	yes
Rupert Duchesne	—	—	—	14,231	571,944	14,231	571,944	yes

- (1) The Total Value of Shares is determined by multiplying the number of Class A Multiple Voting Shares held at fiscal year-end by the closing price (\$42.25) of the Class A Multiple Voting Shares and the number of Class B Subordinate Voting Shares held at fiscal year-end by the closing price (\$40.19) of the Class B Subordinate Voting Shares on the TSX on December 30, 2014, the last trading day in the fiscal year ended December 30, 2014, and adding the two products.
- (2) The Total Value of DSUs is determined by multiplying the number of DSUs held at fiscal year-end by the closing price (\$40.19) of the Class B Subordinate Voting Shares on the TSX on December 30, 2014, the last trading day in the fiscal year ended December 30, 2014.

The Board of Directors has determined that each director should hold a minimum number of shares of the Company, equivalent in value to four years of directors' annual fees. The minimum ownership threshold must be reached within five years of initial election to the Board of Directors. All of the members of the Board of Directors who have been members of the Board of Directors of the Company for at least five years currently comply with the minimum ownership requirement. The purpose of this requirement is to promote greater alignment of interests between eligible directors and the shareholders of the Company.

To facilitate the acquisition of the minimum number of shares, the Board of Directors established the DSU Plan for the Company's external directors. Under the DSU Plan, an external director of the Company may elect annually to have his or her director's fees and fees for attending meetings of the Board of Directors or committees thereof paid in the form of DSUs. A participant in the DSU Plan may also receive dividend equivalents. The number of DSUs received by a director is determined by dividing the amount of the fees to be paid in the form of DSUs on that date or dividends to be paid on a payment date (the "Award Date"), as the case may be, by the fair market value of the 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 in the case of fees and the date on which the dividends are payable in the case of dividends. The fair market value of the Class B Subordinate Voting Shares is equal to their average closing price on the TSX during the five trading days preceding the Award Date. DSUs are credited to an account maintained for each director by the Company.

Upon the termination of a director's service with the Company, the director will receive either:

- (a) a cash amount equal to the number of DSUs in the director's account multiplied by the fair market value of the Class B Subordinate Voting Shares on the date on which a notice of redemption is filed with the Company by the director. The fair market value of the Class B Subordinate Voting Shares will be equal to their average closing 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 director's account. Such Class B Subordinate Voting Shares will be purchased by the Company on the TSX or issued from treasury; or
- (c) a combination of cash and Class B Subordinate Voting Shares.

In the event of the death of a participant, provided that a notice of redemption is not filed with the Secretary of the Company in accordance with the terms of the DSU Plan, the Company will make a payment in cash, Class B Subordinate Voting Shares, or a combination thereof, as elected by the Board of Directors and calculated in accordance with the terms of the DSU Plan, within 15 days of the participant's death, in each case to or for the benefit of the beneficiary of the participant.

Subject to applicable law, a participant may designate in writing a person who is a dependent or relation as a beneficiary to receive any amount payable under the DSU Plan on the death of such participant, and may change such designation from time to time. Such designation must be in such form and executed and filed in such manner as the Board of Directors may from time to time determine. If no beneficiary is designated, the participant's legal representative will receive any amount payable under the DSU Plan.

The DSU Plan may be amended or terminated in whole or in part at any time by the Board of Directors, provided that no such amendment or termination will, unless required by law, adversely affect the rights of any participant with respect to DSUs to which the participant is then entitled under the DSU Plan without the consent of the affected participant and any amendment or termination must be such that the DSU Plan continuously meets the requirements of paragraph 6801(d) of the *Income Tax Regulations*.

The mode of payment will be determined by the Board of Directors in its discretion. All payments will be made net of applicable taxes. No financial assistance is provided by the Company to the external directors in connection with the DSU Plan.

On March 10, 2010, the Board of Directors approved an amendment to the DSU Plan to increase the number of Class B Subordinate Voting Shares which are available for issuance under the DSU Plan by an additional 100,000 Class B Subordinate Voting Shares, thereby bringing the maximum number of Class B Subordinate Voting Shares available for issuance from treasury under the DSU Plan to 175,000, representing 0.62% of the outstanding Class B Subordinate Voting Shares of the Company as at April 23, 2015. This amendment to the DSU Plan was ratified by shareholders at the annual and special meeting of the shareholders of the Company held on May 27, 2010.

In the fiscal year ended December 30, 2014, all external directors elected to receive all of their directors' fees in the form of DSUs, except for one director who elected to receive one-half of his director's fees in cash. The receipt of directors' fees in the form of DSUs has the effect of deferring receipt of directors' compensation until such time as the director's term expires or the director resigns, thereby aligning the interests of the directors with those of the shareholders of the Company.

DSUs earned by external directors and dividend equivalents paid in the form of DSUs in the fiscal year ended December 30, 2014 were as follows:

Name	Number of DSUs	Dividend Equivalents	Total Number of DSUs Earned
Maurice Tousson	2,063	1,202	3,265
Harold "Sonny" Gordon	3,223	1,052	4,275
Dian Cohen	2,960	625	3,585
Alain Benedetti	3,119	922	4,041
Rupert Duchesne	2,820	436	3,256
Total	14,185	4,237	18,422

Incentive Plan Awards - Value Vested or Earned During the Year

The following table provides details regarding the value of the share-based awards earned by the directors as at December 30, 2014:

Name	Share-based awards – value vested during the fiscal year ended December 30, 2014 ⁽¹⁾ (\$)	Share-based awards – market or payout value of vested share-based awards as at December 30, 2014 not paid out or distributed ⁽²⁾ (\$)
Maurice Tousson	131,220	1,432,974
Harold “Sonny” Gordon	171,812	1,288,290
Dian Cohen	144,081	791,502
Alain Benedetti	162,408	1,136,171
Rupert Duchesne	130,859	571,944

(1) The share-based awards represent remuneration in the form of DSUs paid to the directors as directors’ fees and fees for attending meetings of the Board of Directors or committees and as dividend equivalents. The DSUs vest at the date the remuneration or the dividends are to be paid. The payment date is at the end of every quarter for fees and at the date on which the dividends are payable in the case of dividends. Consequently, the vested amounts of the Share-based payments consist of the value of the fees and the dividends earned in the form of DSUs elected by the directors under the DSU Plan; the fees earned are set out in the table under the section “Fees Earned” above. This table represents the number of DSUs earned during the year multiplied by the closing price (\$40.19) of the Class B Subordinate Voting Shares on the TSX on December 30, 2014, the last trading day in the fiscal year ended December 30, 2014. The amounts disclosed in this column have not been paid out or distributed.

(2) The aggregate dollar value of the share-based awards is determined by multiplying the number of DSUs vested at fiscal year-end, including awards granted before the most recently-completed fiscal year, by the closing price (\$40.19) of the Class B Subordinate Voting Shares on the TSX on December 30, 2014, the last trading day in the fiscal year ended December 30, 2014.

There are no option-based awards or other non-equity incentive plans offered as compensation to the independent directors of the Company.

EXECUTIVE COMPENSATION

1. Compensation Discussion and Analysis

Human Resources and Corporate Governance Committee

The HRCG Committee of the Board of Directors is composed of three independent directors, namely Harold “Sonny” Gordon (Chairman), Maurice Tousson and Dian Cohen, each of whom is an “independent” director within the meaning of National Instrument 52-110 *Audit Committees*. The Board of Directors is of the view that the HRCG Committee collectively has the knowledge, experience and background to fulfill its mandate, and that each of the members of the HRCG Committee has direct experience relevant to his responsibilities regarding executive compensation. In particular, Mr. Gordon has extensive experience with public and private companies, and has been Vice Chairman and a director of Dundee Corporation since 2014, having previously served as its Chairman since November 2001. Mr. Gordon also serves as Chairman of the Board of Directors and a member of the executive committee and the compensation committee of Dundee Energy Limited; Mr. 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, 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, and sits on the Board of Directors of several privately-held companies; Ms. Cohen is a well-known economist with extensive experience with public companies, was a director of Norbord Inc. until last year and until 2011, was a trustee of Brookfield Renewable Power Fund. These collective skills and extensive experience enable the HRCG Committee to make decisions on the suitability of the Company’s compensation policies and practices.

The mandate of the HRCG Committee is to, among other things, annually review and make recommendations to the Board of Directors with respect to the Company’s compensation and benefit programs for the President and Chief Executive Officer, the three Executive Vice-Presidents (including the CFO and Secretary of the Company) and the Vice-President, Finance (collectively, the “**Named Executive Officers**” or “**NEOs**”), as well as other members of senior management of the Company, including base salary, bonuses, stock option grants, performance share units grants and share appreciation rights grants. Other responsibilities regarding compensation include:

- (i) monitoring and evaluating the performance of the NEOs and other members of senior management;
- (ii) reviewing and approving the annual incentive compensation performance metrics and payout targets for the NEOs and other members of senior management;
- (iii) reviewing and making recommendations to the Board of Directors with respect to the granting of Class B Subordinate Voting Shares that may be issued pursuant to the 2004 Stock Option Plan, (as defined below), amendments under the 2004 Stock Option Plan, share purchase plans, compensation and incentive plans and retirement plans. Further, the HRCG Committee has oversight over administration of the Company's existing share incentive plan;
- (iv) reviewing and making recommendations to the Board of Directors with respect to the granting of performance share units and share appreciation rights that may be issued under each respective plan (as defined below);
- (v) making recommendations to the Board of Directors with respect to any severance or similar termination payments proposed to be made to senior management;
- (vi) reviewing the DSU Plan and the Executive Deferred Share Unit Plan;
- (vii) reviewing the Executive Share Ownership Policy of the Company;
- (viii) reviewing the compensation paid to directors to ensure that it is competitive and aligns the interests of the directors with those of the shareholders; and
- (ix) from time to time, retaining an independent firm to advise on executive compensation, in order to ensure that it is competitive.

In the assessment of the annual compensation of the NEOs, the HRCG Committee consults with senior management to develop, recommend and implement compensation philosophy and policy. The HRCG Committee also takes into consideration the competitiveness of the compensation package offered to the NEOs. Compensation decisions are usually made in the first half of each fiscal year, in respect of performance achieved in the prior fiscal year.

Comparative Group and External Compensation Consultant

To ensure the competitiveness and the appropriateness of the compensation offered to the President and Chief Executive Officer, the three Executive Vice-Presidents, the Vice-President, Finance and other senior executives of the Company, the HRCG Committee retains, from time to time, the services of executive compensation consultants to provide advice on executive compensation. These services may include, but are not limited to, advice on base salary, annual incentives (bonus) and long-term incentive programs. In connection with these services, the executive compensation consultants may provide suggestions on choosing the companies forming part of the comparative groups, may make observations on the level of compensation compared to market and may make recommendations with regards to amendments where appropriate.

In 2013 and 2014, the Company retained the services of the external compensation consultant Mercer (Canada) Limited ("**Mercer**") to provide short-term and long-term compensation advice for various positions in the Company for which new compensation plans were implemented in 2014. During the fiscal year ended December 30, 2011, the Company retained the services of Hugessen Consulting ("**Hugessen**") for services relating to the compensation of senior management. The HRCG Committee considered that the executive compensation advice provided by Hugessen to still be relevant and reliable and was therefore used in the current year. The HRCG Committee also considers the executive compensation advice provided by Mercer and Hugessen to be independent as the executive compensation consultants report were sent directly to the HRCG Committee without management intervention. In addition, the HRCG Committee has adopted protocols governing if and when the consultants' advice and recommendations can be shared with management. Furthermore, the HRCG Committee evaluates the quality and objectivity of the services provided each year and determines whether to continue to retain the consultants.

Hugessen developed a proposed peer group and provided a benchmarking analysis relating to total direct compensation of the President and Chief Executive Officer, the three Executive Vice-Presidents and the Vice-President, Finance. Mercer provided short-term and long-term compensation advice for various positions throughout the Company for which new

compensation plans were implemented in 2014. As part of the review process, the HRCG Committee also conducted an analysis to examine and compare the Company's compensation programs with a group of comparable companies to ensure the competitiveness and reasonableness of the compensation offered. The HRCG Committee used this information to position the Company's compensation programs relative to the market. Although the HRCG Committee may rely on the information and advice obtained from consultants, all of the decisions with respect to executive compensation are made by the HRCG Committee and may reflect factors and considerations that differ from the information and recommendations provided by Mercer and Huggessen, such as merit and the need to retain high-performing executives. Other factors used in determining the compensation of the executives are their experience, their performance for the applicable period and their potential performance for future periods. When performing compensation reviews, the HRCG Committee does not specifically identify a median or percentile for total compensation of the President and Chief Executive Officer, the three Executive Vice-Presidents and the Vice-President, Finance.

As part of the benchmarking analysis, the group of comparable companies was reviewed by the HRCG Committee and approved by the Board of Directors. When selecting the group, a mix of Canadian companies and U.S. companies was chosen, given that a large portion of the Company's revenues are generated, and an important portion of the Company's assets are located, in the United States. In addition, consideration was given to the size of the Company (the majority of the comparable companies were required to have market capitalization and revenue that were between 0.5 times and 2.0 times that of the Company), location of the Company's main operations (the United States or Canada), the international focus of the Company, and companies operating in the same or similar industry as the Company (manufacturing and/or distribution of consumer products). Two companies operating in the same or similar industry as the Company and which exceeded one of the size criteria (market capitalization between 0.5 times to 2.0 times that of the Company) were nonetheless included in the group of comparable companies as their level of revenues was in line with the other size criterion (revenue between 0.5 times and 2.0 times that of the Company).

The comparative group used in the compensation benchmarking exercise of the President and Chief Executive Officer, the three Executive Vice-Presidents and the Vice-President, Finance for the fiscal year ended December 30, 2014 included the following companies:

Comparative Group		
American Axle & Manufacturing Holdings Inc.	Cott Corporation	Revlon Inc.
Brunswick Corporation	La-Z-Boy Inc.	Superior Plus Corp.
CAE Inc.	Linamar Corporation Inc.	Thor Industries Inc.
Cooper Tire & Rubber Co.	Martinrea International Inc.	Uni-Select Inc.

President and Chief Executive Officer and Three Executive Vice-Presidents

The compensation of the President and Chief Executive Officer and each of the three Executive Vice-Presidents is determined in accordance with Company's objectives and policies and is developed, reviewed and recommended to the Board of Directors for approval annually by the HRCG Committee. The Company relies on Board of Directors discussions based upon the recommendations from the HRCG Committee to determine the compensation package offered to these executives. See "Elements of Compensation" below for an explanation as to how base salary, annual incentives and long-term incentive levels are determined. It is important to note that the Company operates on a team structure, such that the four individuals are considered an executive group. It was agreed that any element of compensation be the same for each of the four individuals irrespective of their position. Huggessen took this into consideration in the benchmarking analysis it performed which focused on the aggregate compensation of the top four executives of the Company and its peers.

Vice-President, Finance

The President and Chief Executive Officer of the Company and the three Executive Vice-Presidents are involved in determining the compensation offered to the Vice-President, Finance of the Company because of their day-to-day involvement with him. The HRCG Committee believes that the foregoing executives are in the best position to assess this individual's performance and to provide valuable input to the HRCG Committee. They work jointly with the HRCG Committee in recommending any salary adjustments, levels of payments of annual incentives as well as levels of options grants, as applicable. The HRCG Committee will ultimately review and recommend to the Board of Directors the compensation recommended.

Compensation Objectives and Policies

The objective of the executive compensation program is intended to attract, motivate and retain high-performing senior executives, align the immediate and long-term interests of the executive team with the annual and long-term interests of the shareholders, and engage the leadership team by defining and rewarding performance for achieving a balance of Company-wide and business unit goals. The program is designed to reward and encourage individual and collective performance and motivate senior executives to achieve and surpass shorter and longer-term performance objectives set at the beginning of the year.

Elements of Compensation

The Company's total compensation program is comprised of a fixed and variable component with a particular emphasis on the use of at-risk pay in order to ensure the alignment of the interests of the senior executives with those of the shareholders. The total compensation program consists of four main components: (i) base salary determined in comparison with competitive benchmark positions; (ii) annual incentives linked to the financial performance of the Company and to objectives tied to the execution of certain strategic initiatives; (iii) long-term incentives including stock options; performance share units and share appreciation rights; and (iv) other perquisites.

In addition, when the HRCG Committee oversees the executive compensation program, risks associated with the Company's compensation objectives and policies are considered.

The table below shows the key elements of compensation and their respective form and performance period:

Elements	Components	Form	Performance Period
Base Salary	Fixed	Cash or DSUs	One year
Annual Incentives	Variable	Cash or DSUs	One year
Long-Term Incentive	Variable	Stock options	Five years
Long-Term Incentive	Variable	Performance share units (cash-settled)	Three years
Long-Term Incentive	Variable	Share appreciation right (cash-settled)	Four years

An important objective of the executive compensation program is to take into account the advantages and risks associated with different compensation components. The HRCG Committee has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The HRCG Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The HRCG Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The following table summarizes the applicable compensation components or policies and the relevant risk mitigation factors:

Compensation Component or Policy	Risk Mitigation Factor
Base Salary	<ul style="list-style-type: none"> Base salaries are a fixed amount so as to provide steady income regardless of share price and therefore do not encourage unnecessary or excessive risks.
Annual Incentives	<ul style="list-style-type: none"> The ability for short-term decisions to drive excessive compensation is limited because: <ul style="list-style-type: none"> the maximum amount that a senior executive can receive is capped at two times the target payout; a portion of the bonus is linked to the financial performance of the Company and is limited to predetermined percentages of return on capital ("ROC") and earnings per share ("EPS"); another portion of the payout is based on a variety of objectives, including those tied to the execution of certain strategic initiatives which cannot be disclosed considering they may be used by

Compensation Component or Policy	Risk Mitigation Factor
	<p>competitors and are not data that is publicly disclosed, thus diversifying the risk associated with any single objective; and</p> <ul style="list-style-type: none"> • Consistent objectives for all management employees at all levels within each operating group, which creates alignment and encourages decision-making that is in the best interest of the Company as a whole.
Long-Term Incentives Stock Option Plan ⁽¹⁾	<ul style="list-style-type: none"> • Options vest over a four-year period starting on the first anniversary of the grant date, which aligns long-term performance with shareholders' interests; and • Stock options represent an incentive to enhance shareholder value by providing the executives with compensation which is realized only if the Company's share price increases over time.
Long-Term Incentives Performance Share Units ("PSUs") – cash-settled	<ul style="list-style-type: none"> • PSUs vest over a three-year period starting on the grant date, which aligns long-term performance with shareholders' interests; • Performance objectives, based on the Company's target ROC and earnings before interest and taxes ("EBIT") as per strategic plans, are determined at the grant date by the HRCG Committee and if: <ul style="list-style-type: none"> - The result is lower than the threshold, the vesting percentage (multiplier) shall be nil; and - The target is exceeded, the vesting percentage is capped at 150%. • The PSUs are also based on a three-year share price performance: the ultimate value of the award is tied the Company's share price, which encourages behavior focused on long-term goals, while discouraging behavior focused on short-term risks; and • Annual grants with overlapping performance periods ensure that results in a single year impact currently-maturing grants as well as outstanding grants maturing in subsequent years, further encouraging continuous long-term performance improvement.
Long-Term Incentives Share Appreciation Rights ("SARs") – cash-settled	<ul style="list-style-type: none"> • SARs vest in whole after a four year period, which aligns long-term performance with shareholders' interests; and • SARs represent an incentive to achieve long-term growth of the Company and enhance shareholder value by providing the executives with compensation which is realized only if the Company's share price increases over time.
Executive Share Ownership Requirement ⁽¹⁾	<ul style="list-style-type: none"> • Since 2010, the senior executives of the Company are required to accumulate an appropriate level of share ownership in the Company; and • The share ownership requirement ensures that the interests of senior executives are aligned with the long-term interests of shareholders.
Pay Mix	<ul style="list-style-type: none"> • The Company offers various incentive plans which have variable compensation elements (short-term versus long-term) allowing risks to be spread over a broader time horizon; and • The variable compensation elements represent a percentage of overall compensation that is sufficient to motivate senior executives to produce superior short-term and long-term results while the fixed compensation element (base salary) is sufficient to discourage senior executives from taking unnecessary or excessive risks.

Compensation Component or Policy	Risk Mitigation Factor
Discretion of the HRCG Committee	<ul style="list-style-type: none"> The HRCG Committee retains the authority to recommend to the Board of Directors whether to reduce or increase incentive payouts, in its discretion, taking into consideration qualitative factors beyond the quantitative financial metrics.

- (1) The Policy on Trading Restrictions and Blackout Periods adopted by the Company prohibits senior executives, directors and all other insiders of the Company from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its senior executives, directors and all other insiders.

Base Salary

Base salary provides an immediate cash incentive for the Company's NEOs and is established through the recommendations of the HRCG Committee and discussions with the Board of Directors with regard to the President and Chief Executive Officer and each of the three Executive Vice-Presidents. For the fiscal year ended December 30, 2014, the HRCG Committee conducted a review of the compensation of the President and Chief Executive Officer and each of the three Executive Vice-Presidents and it was decided to increase their base salary to \$906,070. In making this decision, the HRCG Committee took into account the benchmarking analysis performed by Hugessen. The compensation of the President and Chief Executive Officer and each of the three Executive Vice-Presidents was set by reference to the results of the benchmarking analysis, but the HRCG Committee did not aim at any particular positioning against this data.

The base salary of the Vice-President, Finance is established based on a comparison with competitive benchmarking positions. The HRCG Committee uses the information obtained in the benchmarking analysis, but also assesses other factors in determining the reasonableness of the individual's base salary. Other factors that the HRCG Committee will consider include: the level of responsibilities and accountability, unique talents, capabilities and sustained performance, and the financial resources of the Company. Based upon the foregoing, the base salary of the Vice-President, Finance for 2014 was increased to \$472,456.

Annual Incentives

The objective of the annual incentive program is to motivate employees to achieve and surpass corporate financial goals which are set at the beginning of the year by senior management and approved by the HRCG Committee. The HRCG Committee also considers non-financial goals based on the executive's achievements when determining the payout of the annual incentive.

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. For the fiscal year ended December 30, 2014, the corporate financial measures to be achieved were target levels of ROC and EPS based on the annual budget, which represented 75% of the overall bonus. These measures are intended to ensure that management's incentive-based compensation reflects the success in achieving and surpassing targets for profitability and how effectively net assets are utilized to generate revenue. In addition, objectives tied to the execution of certain strategic initiatives represented 25% of the overall bonus. These strategic initiatives cannot be disclosed considering they may be used by competitors and are not data that is publicly disclosed. These combined objectives represent the total performance factor which is applied to the targeted annual bonus percentage set yearly to compute the annual incentive.

The Company has defined ROC as earnings before interest and taxes (EBIT), excluding restructuring charges and non-recurring costs adjustments, divided by total assets less non-interest bearing liabilities, accumulated other comprehensive income and other equity. These performance metrics are based on attaining specific EPS and ROC targets, based on the fiscal year's business strategies.

Incentive bonuses vary in proportion to base salary, depending on whether or not the specified EPS and ROC targets and/or objectives tied to the execution of certain strategic initiatives 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 HRCG 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.

The following tables illustrate the annual bonus payable at certain levels of performance versus target for fiscal 2014, expressed as a percentage of base salary:

Percentage of EPS Target Achieved	Bonus Payable as Percentage of Base Salary	
	President and Chief Executive Officer and the three Executive Vice-Presidents	Vice-President, Finance
	2014	2014
Lower than 85%	Nil	Nil
85%	25%	18.75%
100%	50%	37.50%
120% and higher	100%	75%

Percentage of ROC Target Achieved	Bonus Payable as Percentage of Base Salary	
	President and Chief Executive Officer and the three Executive Vice-Presidents	Vice-President, Finance
	2014	2014
Lower than 85%	Nil	Nil
85%	6.25%	4.7%
100%	25%	18.75%
115% and higher	50%	37.5%

The following table illustrates the respective weights given to each measure for all the NEOs. Weights are expressed as a percentage of the bonus target:

Function	EPS (%)	ROC (%)	Strategic Initiatives (%)
Named Executive Officers	50%	25%	25%

In fiscal 2014, the Company achieved more than 85% of its EPS and ROC performance target and the strategic initiatives were met. The bonus payout to the Named Executive Officers was therefore affected accordingly. See “Summary Compensation Table” for the breakdown of the bonus paid to each of the Named Executive Officers.

Long-Term Incentives

The objectives of the long-term incentive plan are to align the executive’s interests with those of the shareholders of the Company by providing a form of compensation tied to increases in market value, to attract and retain talented individuals and recognize and reward the impact of longer-term growth strategies taken by management. In order to meet these long-term objectives, the Company uses a stock option plan (the “**2004 Stock Option Plan**”) and implemented in 2014 long-term incentive plans comprised of a performance share unit plan (the “**PSU Plan**”) and a share appreciation rights plan (the “**SAR Plan**”) to reward its executives and certain employees.

1) 2004 Stock Option Plan

Option Grant Process

Option grants are a key component of the Company’s executive compensation package and serve to align executive interests with those of its shareholders, as grant recipients benefit only if shareholder value increases. Grant levels are reviewed and are approved by the Board of Directors based on recommendations of the HRCG Committee. Except as regards certain specified holding restrictions set out in the 2004 Stock Option Plan, the number of outstanding options held by an employee is not taken into account when determining if and how many new options are to be awarded in the particular year. In assessing the level of option grants for executives, the HRCG Committee will also take into account special achievements and/or the need for retention or motivation.

2004 Stock Option Plan

In April 2004, the Board of Directors of the Company established the 2004 Stock Option Plan, which was ratified by shareholders at the Company's Annual and Special General Meeting held on May 28, 2004. Initially, a maximum of 3,000,000 Class B Subordinate Voting Shares could be issued under the 2004 Stock Option Plan. On March 11, 2009, the Board of Directors approved a resolution increasing the number of Class B Subordinate Voting 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 as at December 30, 2008. This amendment to the 2004 Stock Option Plan was ratified by shareholders at the Company's Annual and Special General Meeting held on May 27, 2009.

The objective of the 2004 Stock Option Plan 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 2004 Stock Option Plan is 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.

As at April 23, 2015, since the establishment of the 2004 Stock Option Plan, a total of 1,270,000 Class B Subordinate Voting Shares have been issued upon the exercise of options, such that 4,730,000 Class B Subordinate Voting Shares are available for issue under the 2004 Stock Option Plan, representing 14.6% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company. As at April 23, 2015, there are options outstanding to purchase an aggregate of 137,000 Class B Subordinate Voting Shares, representing 0.4% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company, leaving 4,593,000 Class B Subordinate Voting Shares available for future grants of stock options, representing 14.2% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company.

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 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.

There were no options granted to the Named Executives Officers in fiscal 2014. Options that are currently granted are not exercisable during the first year following the date of grant and the holders may exercise only 25% of the total number of options held each successive year. All of the granted options are valid for a five-year period from the effective date of the grant.

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

- (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 price of the Class B Subordinate Voting Shares on the TSX on the trading day immediately preceding the date of the grant;
- (b) the maximum period during which an option is exercisable cannot, subject to the provisions of the 2004 Stock Option Plan, exceed ten years from the date the option is granted, after which the option will lapse. Unless otherwise determined by the Board of Directors, 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 will 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 aggregate number of issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares;
 - (f) 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;
 - (g) 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;
 - (h) the 2004 Stock Option Plan does not provide for financial assistance from the Company to option holders;
 - (i) subject to the exceptions set out in paragraph (j) below, the Board of Directors may amend, suspend or terminate the 2004 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 TSX);
 - (iii) amendments necessary in order for options to qualify for favourable treatment under applicable taxation laws;
 - (iv) amendments respecting administration of the 2004 Stock Option Plan;
 - (v) any amendment to the vesting provisions of the 2004 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 2004 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 2004 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 (including, without limitation, the rules, regulations and policies of the TSX);
- (j) 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 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 Period;
 - (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 TSX);
- (k) in the event of any conflict between item (i) and (j) above, the latter shall prevail; and
- (l) notwithstanding anything contained to the contrary in the 2004 Stock Option Plan or in any resolution of the Board of Directors in the 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 is made to all holders of Class B Subordinate Voting Shares of the Company (other than the offeror or offerors), the Company will have the right: (A) upon written notice thereof to each optionee holding options under the 2004 Stock Option Plan who has been an employee or director of the Company for at least three years as at the date of such notice (collectively, the “**Old Optionees**”), to determine, in the Company’s sole discretion, that all options held by Old Optionees may be exercised within the 20-day period next following the date of such notice, and that upon the expiry of such 20-day period, all rights of Old Optionees to options under the 2004 Stock Option Plan or to exercise same (to the extent not theretofore exercised) will terminate and that all such options will cease to have further force or effect whatsoever; and (B) upon written notice thereof to each optionee holding options under the 2004 Stock Option Plan who has not been an employee or director of the Company for at least three years as at the date of such notice (collectively, the “**New Optionees**”), to determine, in the Company’s sole discretion, that upon the expiry of such 20-day period, all rights of New Optionees to options under the 2004 Stock Option Plan or to exercise same (to the extent not

theretofore exercised) will terminate and that such all such options, whether then vested or unvested, will 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 will 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 of the 2004 Stock Option Plan concerning the effect of termination for cause of the optionee's employment will not apply for any reason acceptable to the Board of Directors.

2) PSU and SAR Plans

Overview of the PSU and SAR Plans

In 2014, the Company implemented a long-term incentive plan (“**LTIP Plan**”) comprised of a PSU Plan and a SAR Plan. This LTIP Plan represents a key component of the Company's compensation for senior executives and certain key employees. It is designed to:

- Align pay with performance;
- Clearly define what performance and accountability means for the Company; and
- Link the efforts of the Company's leadership with the achievement of the Company's and the segments' strategic business objectives.

The LTIP Plan provides leadership with the opportunity to share in the Company's long-term success and establishes a foundation for the Company to source and retain top talent to support the Company's continued growth and profitability.

Senior executives and key employees are assigned a long-term incentive (“**LTI**”) target, expressed as a percentage of their base salary. The LTI value is granted through the following two types of awards:

- Performance Share Units; and
- Share Appreciation Rights.

The LTI target and the weight of each award are determined based on the employee's responsibilities.

*Performance Share Units (“**PSUs**”)*

PSUs are notional shares that mirror the market value of the Company's Class B Subordinate Voting Shares. PSUs are granted at no purchase cost and provide immediate value upon vesting. The value of PSUs fluctuates with any change in the Class B Subordinate Voting Shares over the course of the vesting period. The payout ultimately received in cash from a PSU grant is tied to the Class B Subordinate Voting Shares' price, the amount of dividends paid on the stock, and a performance multiplier.

The percentage of PSUs that vest at the end of the vesting period is subject to the Company's or segment's performance on financial criteria. The table below presents the key financial criteria that act as performance multipliers. The criteria applicable to each senior executive or key employee as well as their weighting vary depending on the employee's position and responsibilities.

Financial Criteria	Scope
Return on Capital (“ ROC ”)	Company’s level
	segment’s level
Earnings before interest and taxes (“ EBIT ”)	Company’s level
Earnings from Operations	segment’s level

The Company has defined ROC as earnings before interest and taxes, excluding restructuring charges and non-recurring costs adjustments, divided by total assets less non-interest bearing liabilities, accumulated other comprehensive income and other equity. EBIT has been defined as earnings before interest and taxes, excluding restructuring charges and non-recurring costs adjustments. Earnings from Operations exclude restructuring charges and non-recurring costs adjustments. These financial criteria are based on attaining specific ROC, EBIT and Earning from Operations targets, based on the fiscal year’s business strategies.

The following table illustrates the respective weights given to each key financial criteria for all the NEOs:

Function	EBIT (%)	ROC (%)
Named Executive Officers	75%	25%

As illustrated in the table below, the level of achievement of the target can range from 0% to 125% and the performance multiplier can range from 0% to 150%.

Payout	% of financial objective achievement ⁽¹⁾	PSU performance multiplier ⁽²⁾
Maximum	125% of objective	150%
Target	100% of objective	100%
Threshold	80% of objective	50%
Below Threshold	< 80% of objective	0%

⁽¹⁾ Performance levels can range from 0% to 125% of the target objective. For illustrative purposes only, <80%/80%/100%/125% have been used to demonstrate the performance.

⁽²⁾ The PSU performance multiplier between the performance levels presented in the table is calculated on a straight-line basis.

Share Appreciation Rights (“SARs”)

SARs are similar to stock options. SARs provide an opportunity to receive the difference between the share price of the Class B Subordinate Voting Shares at the time of vesting and the exercise price set at the date of grant. SARs payouts will be in cash and will not be subject to the Company’s performance on specific measures as payouts are strictly based on share appreciation from grant price. SARs are used to reward shareholder-value creation.

LTIP Vesting Schedule

The awards made under the LTIP are made annually. PSUs vest after a three-year performance cycle contingent on the level of achievement of financial objectives. SARs vest in whole after four years. In order to provide payout opportunity as soon as 2015, the vesting of the first grant (June 25, 2014) will be progressive.

The following is an illustration of the timing of grants and payouts based on the PSUs and SARs 2014 vesting schedule (progressive vesting):

		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
PSUs	2014 Grant	20%	30%	50%	<i>Each year, the % of PSUs that vest is contingent on annual performance</i>
SARs	2014 Grant	10%	20%	30%	40% <i>Each year, a portion of SARs vest</i>

The following is an illustration of the timing of grants and payouts based on the PSU and SAR vesting schedule for grants made after 2014 (cliff vesting):

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
PSUs	2015 Grant	3-year performance period			<i>Vesting is contingent on 3-year cliff performance</i>
SARs	2015 Grant	Time-vested			<i>100% vest</i>

The following are descriptions of certain features of the two plans comprising the LTIP.

Performance Share Unit Plan

In 2014, the Board of Directors adopted the PSU Plan for the Company’s senior executives and certain key employees and those of its subsidiaries; the PSU Plan entitles them to a cash payment. The purpose of the PSU Plan is to provide these employees with an interest in the performance of the Company through the granting of PSUs. The PSU Plan is also intended to increase the interest in the Company’s welfare of those employees who share primary responsibility for the management, growth and protection of the business of the Company, to furnish an incentive to such 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.

Under the PSU Plan, the Board of Directors, in its sole discretion, may, at the time it approves the audited annual consolidated financial statements of the Company, approve the grant of PSUs to one or more employees, the number of PSUs to be granted and the terms and conditions of such PSUs.

The PSUs will be credited to an account maintained for the PSU participant by the Company. A PSU Plan participant may also receive dividend equivalents paid in the form of PSUs.

The PSUs vest based on non-market performance conditions. At the time of granting PSUs, the Board of Directors may, in its sole discretion, upon the recommendation of the HRCG Committee, establish vesting conditions in respect of any PSUs, which vesting conditions may be based on corporate, financial and/or business objectives of the Company. The level of attainment of the performance objective(s), the number of PSUs earned and eligible to vest and the number of Class B Subordinate Voting Shares underlying such PSUs is determined by the Board of Directors on the date on which it approves the Company’s consolidated financial statements for the financial year in respect of which the performance objective(s) have been set (or the last financial year in respect of which the performance objective(s) have been set in the case of objective(s) covering more than one financial year). Upon such determination by the Board of Directors, the Company delivers to the participant a letter (“**Grant Letter**”) confirming the number of PSUs granted to the participant and the number of Class B Subordinate Voting Shares underlying such PSUs. Any PSUs not earned in accordance with the terms and conditions of such PSUs will expire and the participant will not have any rights or entitlements whatsoever in respect of any such PSUs.

At the end of the third fiscal year of the Company following the fiscal year during which a PSU participant provided services to the Company in respect of which PSUs were granted to the PSU participant (a “**Performance Cycle**”), provided that termination of employment of such PSU participant has not occurred prior to the Settlement Period (as defined below), other than by reason of death or long-term disability, as defined in the PSU Plan, a PSU participant (or, if deceased, the participant’s estate, succession, heirs or legal representatives) will receive an amount in cash equal to the number of such vested PSUs multiplied by the fair market value of the Class B Subordinate Voting Shares calculated using the weighted average trading price on the TSX during the five trading days commencing two business days after the day on which the Company issues a press release announcing its financial results for its most recently-completed fiscal year. For the 2014 grant only, vesting will be progressive such as to provide long-term incentive value until the plan is fully implemented. For

the first grant of 2014, each year a portion of PSUs vest: 20% in 2015 based on 2014 performance measures, 30% in 2016 based on 2015 performance measures and 50% in 2017 based on 2016 performance measures.

Once a PSU is earned and has vested in accordance with the Grant Letter and the PSU Plan, it will be settled by the Company within one month of the day on which the Company first issues a press release announcing its financial results for its most recently-completed fiscal year (the “**Settlement Period**”), but in all cases not later than the business day preceding December 31 of the third calendar year following the first year in which the participant rendered services in respect of the grant of PSUs.

Any PSU which is earned and has vested in accordance with the terms and conditions and has not been settled at the date of termination of the Settlement Period will be automatically settled on such date.

In the event of the termination of employment of a PSU participant by resignation or voluntarily termination of employment with the Company or one of its subsidiaries, or if a participant’s employment with the Company or one of its subsidiaries is terminated for cause, all unvested PSUs are forfeited and all vested PSUs will be settled in accordance with the PSU Plan.

In the event a PSU participant’s employment with the Company or one of its subsidiaries is terminated other than for cause, or if a participant ceases to be an employee as a result of permanent disability, as such term is defined under the PSU Plan, or death, each grant of unvested PSUs outstanding on the date that is the participant’s last working day will be subject to prorated vesting (that is, vesting of a portion of each grant of unvested PSUs equal to the number of PSUs in such grant multiplied by a fraction, the numerator of which is the number of days elapsed from January 1 of the year of the grant to the last working day, and the denominator of which is 1,095, minus any vested PSUs in such grant, and forfeiture of remaining unvested PSUs) conditional upon subsequently being earned and eligible to vest in accordance with the level of attainment of the performance objective(s), the number of PSUs earned and eligible to vest and the number of Class B Subordinate Voting Shares underlying such PSUs, unless otherwise determined at the discretion of the Board of Directors, and will be settled in accordance with the PSU Plan.

No PSUs or any interest in the PSU Plan may be assignable or transferable by the participant other than by will or under the laws of succession.

In the event of a “Material Transaction”, defined as: (a) the sale by Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel, to one or more third parties dealing at arm’s length with each of them, of at least 75% of the aggregate number of Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company held by Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel immediately prior to such sale; (b) a merger, amalgamation, arrangement or other similar transaction between the Company and one or more other persons dealing at arm’s length with the Company, as a result of which the shareholders of the Company immediately prior thereto hold in the aggregate less than 50% of the issued and outstanding shares of the Company or other entity resulting from such merger, amalgamation, arrangement or other similar transaction; (c) the sale by the Company of all or substantially all of its assets to a third party dealing at arm’s length with the Company, or (d) the sale by the Company, to a third party dealing at arm’s length with the Company, of all of the assets of one or more of its segments, or a distinct business or geographical unit or units of any segment or segments, or of all of the shares of its subsidiary companies comprising any segment or segments or a distinct business or geographical unit or units. For greater certainty, “Material Transaction” does not include a sale, merger, amalgamation, arrangement or other similar transaction pursuant to or in connection with any reorganization of the Company or of any segment. In the event of a Material Transaction:

- (i) the Settlement Period of all vested PSUs will terminate on the closing date of the Material Transaction;
- (ii) as of the closing date of the Material Transaction, all unvested PSUs will be deemed to have attained 100% of the relevant performance objective(s) and to have vested on a pro rata basis (that is, vesting of a portion of each grant of unvested PSUs equal to the number of PSUs in such grant multiplied by a fraction, the numerator of which is the number of days elapsed from January 1 of the year of the grant to the closing date of the Material Transaction, and the denominator of which is 1,095, minus any vested PSUs in such grant, and forfeiture of remaining unvested PSUs); and
- (iii) in the case of (d) above, (i) and (ii) will apply *mutatis mutandis* to any participant who is an employee of such segment on the closing date of such sale, but not to any other participant.

In the event of any reorganization, change in the number of issued and outstanding Class B Subordinate Voting Shares by reason of any stock dividend, stock split, reverse stock split, recapitalization, merger, consolidation, combination or exchange

of shares or other similar corporate change, an equitable adjustment will be made by the Board of Directors, by adjusting (i) the number and/or kind of Class B Subordinate Voting Shares underlying outstanding PSUs, (ii) the factors and manner in which the settlement amount of a PSU is to be determined, or (iii) any other term and condition of the PSUs.

The PSU Plan is under the direction of the Board of Directors. The Board of Directors, in its sole discretion, has full and complete authority to administer and interpret the PSU Plan and to prescribe such rules and regulations and make such other determinations as it deems necessary or useful for the administration of the PSU Plan, including the power and authority:

- (a) to approve the employees to whom PSUs may be granted from time to time;
- (b) to determine the time or times of grant, the time or times of vesting and the Settlement Period of PSUs granted to participants;
- (c) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the PSU Plan, of any PSU, which terms and conditions may differ among individual PSU grants and participants, and to approve forms of Grant Letters under the PSU Plan;
- (d) to determine the level of attainment of the performance objective(s) which must be attained for PSUs to be earned, and to modify or waive such objective(s) in whole or in part;
- (e) to accelerate the vesting or settlement of any PSU; and
- (f) to make all determinations it deems advisable for the administration of the PSU Plan, to decide all disputes arising in connection with the PSU Plan and to otherwise supervise the administration of the PSU Plan.

All decisions and interpretations of the Board of Directors are binding on all persons, including the Company and participants.

Notwithstanding any provision of the PSU Plan to the contrary, in order to comply with the laws in other jurisdictions in which the Company and its Subsidiaries operate or have employees, the Board of Directors, in its sole discretion, has the power and authority to:

- (a) determine which subsidiaries of the Company are covered by the PSU Plan;
- (b) determine which employees outside of Canada are eligible to participate in the PSU Plan;
- (c) modify the terms and conditions of any PSU granted to participants outside of Canada to comply with applicable foreign laws;
- (d) establish sub-plans and modify settlement procedures and other terms and procedures, to the extent the Board of Directors determines such actions to be necessary or advisable; and
- (e) take any action before or after a grant of PSUs is made that the Board of Directors determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals.

On June 25, 2014, the Company granted an aggregate of 105,056 PSUs. These PSUs vest according to the following vesting schedule: 20% the first year, 30% the second year and 50% the third year. As at December 30, 2014, there were 102,270 PSUs outstanding, none of the outstanding PSUs were vested and the weighted average remaining contractual life of these PSUs was 1.55 years.

Share Appreciation Rights Plan

In 2014, the Board of Directors of the Company adopted a SAR Plan for its senior executives and certain key employees and those of its subsidiaries. The purpose of the SAR Plan is to provide these employees with an interest in the performance of the Company through the granting of SARs. The SAR Plan is also intended to increase the interest in the Company's welfare of those employees who share primary responsibility for the management, growth and protection of the business of the Company, to furnish an incentive to such 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. A SAR is a right to receive a cash payment based on the increase in the share price of the Class B Subordinate Voting Shares from the grant date to the vesting date. The SARs vest based on service conditions and are not subject to performance conditions.

The SAR Plan is under the direction of the Board of Directors. The Board of Directors, in its sole discretion, has full and complete authority to administer and interpret the SAR Plan and to prescribe rules and regulations and make other determinations as it deems necessary or useful for the administration of the SAR Plan, including the power and authority:

- (a) to approve the employees to whom SARs may be granted from time to time;
- (b) to determine the time or times of grant, and the time or times of vesting of SARs granted to participants (subject to a maximum term of five years);
- (c) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the SAR Plan, of any SAR, which terms and conditions may differ among individual grants and participants, and to approve forms of grant letters under the SAR Plan;
- (d) to accelerate the vesting of any SAR; and
- (e) to make all determinations it deems advisable for the administration of the SAR Plan, to decide all disputes arising in connection with the SAR Plan and to otherwise supervise the administration of the SAR Plan.

All decisions and interpretations of the Board of Directors are binding on all persons, including the Company and participants.

Notwithstanding any provision of the SAR Plan to the contrary, in order to comply with the laws in other jurisdictions in which the Company and its subsidiaries operate or have employees, the Board of Directors, in its sole discretion, has the power and authority to:

- (a) determine which subsidiaries of the Company are covered by the SAR Plan;
- (b) determine which employees outside of Canada are eligible to participate in the SAR Plan;
- (c) modify the terms and conditions of any SAR granted to participants outside of Canada to comply with applicable foreign laws;
- (d) establish sub-plans and modify settlement procedures and other terms and procedures, to the extent the Board of Directors determines such actions to be necessary or advisable; and
- (e) take any action, before or after a grant of SARs is made, that the Board of Directors determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals.

The following is a description of certain features of the SAR Plan:

- (a) the Board of Directors, in its sole discretion, at the time it approves the audited annual consolidated financial statements of the Company, approves the grant of SARs to one or more employees, the number of SARs to be granted and the terms and conditions of such SARs;
- (b) each grant of SARs is evidenced by a grant letter (the “**SAR Grant Letter**”) from the Company addressed to the participant setting out the date of grant, the number of SARs granted, the Grant Price, the vesting conditions and any other terms and conditions applicable to such SARs;
- (c) the grant price of each SAR (the “**Grant Price**”) is established by the Board of Directors at the time of grant, but cannot be less than the price of the Class B Subordinate Voting Shares Value as of the date of such grant, calculated using the weighted average trading price during the five trading days preceding such grant;

- (d) the vesting date share price is calculated using the weighted average trading price of the Class B Subordinate Voting Shares during the five trading days commencing two business days after the day the Company issues a press release announcing its financial results for its most recently-completed fiscal year;
- (e) if a participant resigns or voluntarily leaves his or her employment with the Company or a subsidiary, if a participant's employment with the Company or a subsidiary is terminated for any reason, or if a participant ceases to be an employee as a result of permanent disability or death, all unvested SARs will expire and be forfeited on the date that is the participant's last working day;
- (f) within 30 days following the vesting of a SAR as set out in the SAR Grant Letter, the Company will settle the SAR by paying to the participant (or, if deceased, the participant's estate, succession, heirs or legal representatives), an amount in cash based on the increase in the share price of the Class B Subordinate Voting Shares from the grant date to the vesting date. The vesting date share price is calculated using the weighted average trading price of the Class B Subordinate Voting Shares during the five trading days commencing two business days after the day the Company issues a press release announcing its financial results for its most recently-completed fiscal year; and
- (g) no SAR or any interest may be assignable or transferable by the participant other than by will or under the laws of succession.

In the event of a "Material Transaction", defined as: (a) the sale by Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel, to one or more third parties dealing at arm's length with each of them, of at least 75% of the aggregate number of Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company held by Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel immediately prior to such sale; (b) a merger, amalgamation, arrangement or other similar transaction between the Company and one or more other persons dealing at arm's length with the Company, as a result of which the shareholders of the Company immediately prior thereto hold in the aggregate less than 50% of the issued and outstanding shares of the Company or other entity resulting from such merger, amalgamation, arrangement or other similar transaction; (c) the sale by the Company of all or substantially all of its assets to a third party dealing at arm's length with the Company, or (d) the sale by the Company, to a third party dealing at arm's length with the Company, of all of the assets of one or more of its segments, or a distinct business or geographical unit or units of any segment or segments, or of all of the shares of its subsidiary companies comprising any segment or segments or a distinct business or geographical unit or units. For greater certainty, "Material Transaction" does not include a sale, merger, amalgamation, arrangement or other similar transaction pursuant to or in connection with any reorganization of the Company or of any segment. In the event of a Material Transaction:

- (a) the Board of Directors will accelerate vesting of all unvested SARs, with effect and settlement as of the closing date of the Material Transaction; and
- (b) in the case of (d) above, the Board of Directors will accelerate vesting of all unvested SARs, with effect and settlement as of the closing date of the Material Transaction *mutatis mutandis* to any participant who is an employee of such segment on the closing date of such sale, but not to any other participant.

In the event of any reorganization, change in the number of issued and outstanding Class B Subordinate Voting Shares of the Company by reason of any stock dividend, stock split, reverse stock split, recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, an equitable adjustment will be made by the Board of Directors, by adjusting (i) the number and/or kind of Class B Subordinate Voting Shares underlying outstanding SARs, (ii) the Grant Price of such SARs, or (iii) any other term and condition of the SARs. Such adjustment will be final and binding on all parties. No adjustment will be made for cash dividends.

The Board of Directors bears full responsibility with regard to the SAR Plan, which includes, but is not limited to, the power and authority to amend, suspend or terminate the SAR Plan, in whole or in part, or amend the terms and conditions of any outstanding SARs, provided that such amendment, suspension or termination does not adversely alter or impair any SAR previously granted (provided further that the Board of Directors may at its discretion accelerate the vesting or settlement of any SAR regardless of any adverse or potentially adverse tax consequences resulting from such acceleration).

On June 25, 2014, the Company granted an aggregate of 359,516 SARs. These SARs vest according to the following vesting schedule: 10% the first year, 20% the second year, 30% the third year and 40% the fourth year. The weighted average share price at the date the SARs were granted on June 25, 2014 was \$38.97. As at December 30, 2014, none of the outstanding SARs had vested.

Executive Deferred Share Unit Plan

On March 11, 2009, the Board of Directors adopted an Executive Deferred Share Unit Plan (the “**EDSU Plan**”) for certain of the Company’s executives, which was ratified by shareholders at the Company’s Annual and Special General Meeting held on May 27, 2009. The purpose of the EDSU Plan is to attract, retain and motivate qualified individuals to serve as executives of the Company and to promote a greater alignment of interests between the executives and shareholders of the Company. In addition, the EDSU Plan is designed to assist the executives in attaining prescribed levels of ownership of the Company’s shares.

Under the EDSU Plan, an executive of the Company may elect annually to have a portion of his or her annual salary and bonus paid in the form of DSUs. Under the EDSU Plan, a plan participant may also receive dividend equivalents paid in the form of DSUs. The number of DSUs received by an executive is determined by dividing the amount of the salary and bonus to be paid in the form of DSUs on that date or dividends to be paid on the payment date (the “**Award Date**”) by the fair market value of the Class B Subordinate Voting Shares on the Award Date. The Award Date is the last business day of each month of the Company’s fiscal year in the case of salary, the date on which the bonus is, or would otherwise be, paid to the participant in the case of bonus, and the date on which the dividends are payable in the case of dividends. The fair market value of the Class B Subordinate Voting Shares is equal to their weighted average trading price on the TSX during the five trading days preceding the Award Date. The DSUs are credited to an account maintained for the executive by the Company.

As at December 30, 2014, there were an aggregate of 52,129 DSUs issued under the EDSU Plan held by an aggregate of 13 of the Company’s executives. This number of outstanding DSUs represents 0.16% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company as at December 30, 2014.

Executive Share Ownership Policy

Under the Company’s Executive Share Ownership Policy, each executive is expected to own and maintain ownership of a minimum value of Class B Subordinate Voting Shares and/or DSUs under the EDSU Plan and attain share ownership value within five years (or such later date as may be determined at the discretion of the Board of Directors) from the effective date of becoming a participant. Under the EDSU Plan, the share ownership requirements began in 2010. The value of the required holding in Class B Subordinate Voting Shares and/or DSUs under the EDSU Plan represents three times the annual salary for the President and Chief Executive Officer and the three Executive Vice-Presidents, and one time the annual salary for the Vice-President, Finance. The Named Executive Officers currently comply with the minimum ownership requirement.

Termination of an Executive

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

- (i) a cash amount equal to the number of DSUs in the executive’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. The fair market value of the Class B Subordinate Voting Shares will be equal to their weighted average trading price on the TSX during the five trading days preceding the redemption date; or
- (ii) a number of Class B Subordinate Voting Shares equal to the number of DSUs in the executive’s account. Such Class B Subordinate Voting Shares will be purchased by the Company on the TSX or issued from treasury; or
- (iii) 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 2.3% of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares as at December 30, 2014.

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 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.

Changes to the EDSU Plan

Subject to the exceptions set out 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 TSX);
- (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 (including, without limitation, the rules, regulations and policies of the TSX).

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 TSX).

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

Other Benefits and Perquisites

Other benefits and perquisites to which the President and Chief Executive Officer and the three Executive Vice-Presidents are entitled include a \$25,000 taxable allowance for various expenses and a taxable benefit for travel expenditures, while the Vice-President, Finance is entitled to a car allowance and related expenses and a taxable benefit for travel expenditures. These benefits are designed to be competitive with what the market is offering and are reflected in the “Summary Compensation Table” below.

Deferred Profit Sharing Plan

The Vice-President, Finance is eligible to join the Deferred Profit Sharing Plan offered by the Company to certain of its employees. Under the plan, certain eligible employees can make contributions to the plan in an amount from 1% to 5% of earnings and the Company will contribute 50% of the employee contributions; however, these amounts may be reduced under the rules of the *Income Tax Act (Canada)*, which limit the amount of contributions to a tax-deferred retirement plan.

Executive Compensation-Related Fees

Executive Compensation-Related Fees

“Executive Compensation-Related Fees” consist of fees for professional services billed by each consultant or advisor, or any of its affiliates, that are related to determining compensation for any of the Company’s directors and executive officers. Mercer billed the Company \$79,740 for Executive Compensation-Related Fees during the fiscal year ended December 30, 2014 and \$44,950 for Executive Compensation-Related Fees during the fiscal year ended December 30, 2013.

All Other Fees

“All Other Fees” consist of fees for services that are billed by each consultant or advisor mentioned above and which are not reported under “Executive Compensation-Related Fees”. Mercer and Hugessen did not bill the Company for any other fees during the fiscal years ended December 30, 2014 and 2013.

2. Summary Compensation Table

The following table sets out all annual compensation for services in all capacities to the Company and its subsidiaries for the fiscal years ended December 30, 2014, 2013 and 2012 in respect of the NEOs:

Name and principal position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value ⁽⁶⁾ (\$)	Other annual compensation (\$)	Total compensation (\$)
					Annual incentive plans ⁽³⁾⁽⁴⁾	Long-term incentive plans ⁽⁵⁾			
Martin Schwartz President and Chief Executive Officer	2014	906,070	307,495	227,179	701,055	—	—	97,417 ⁽⁷⁾⁽⁹⁾	2,239,216
	2013	879,680	—	—	325,000	—	—	57,254 ⁽⁷⁾	1,261,934
	2012	854,155	—	—	812,771	—	—	93,929 ⁽⁷⁾	1,760,855
Jeff Segel Executive Vice-President, Sales and Marketing	2014	906,070	307,495	227,179	701,055	—	—	56,217 ⁽⁷⁾⁽⁹⁾	2,198,016
	2013	879,680	—	—	325,000	—	—	42,078 ⁽⁷⁾	1,246,758
	2012	854,155	—	—	812,771	—	—	41,003 ⁽⁷⁾	1,707,929
Alan Schwartz Executive Vice-President, Operations	2014	906,070	307,495	227,179	701,055	—	—	100,150 ⁽⁷⁾⁽⁹⁾	2,241,949
	2013	879,680	—	—	325,000	—	—	57,635 ⁽⁷⁾	1,262,315
	2012	854,155	—	—	812,771	—	—	54,371 ⁽⁷⁾	1,721,297

Name and principal position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value ⁽⁶⁾ (\$)	Other annual compensation (\$)	Total compensation (\$)
					Annual incentive plans ⁽³⁾⁽⁴⁾	Long-term incentive plans ⁽⁵⁾			
Jeffrey Schwartz Executive Vice-President and CFO	2014	906,070	307,495	227,179	701,055	—	—	48,750 ⁽⁷⁾⁽⁹⁾	2,190,549
	2013	879,680	—	—	325,000	—	—	32,998 ⁽⁷⁾	1,237,678
	2012	854,155	—	—	812,771	—	—	59,456 ⁽⁷⁾	1,726,382
Frank Rana Vice-President, Finance	2014	472,456	160,338	118,459	277,878	—	—	11,043 ⁽⁸⁾⁽⁹⁾	1,040,174
	2013	458,696	—	—	127,100	—	—	7,930 ⁽⁸⁾	593,726
	2012	445,386	—	—	312,619	—	—	7,638 ⁽⁸⁾	765,643

- (1) The Company granted PSUs pursuant to the PSU Plan during the fiscal year ended December 30, 2014. For more information, see the description of the PSU Plan above. The amounts represent the PSU grant date target value on June 25, 2014. It is equal to the number of PSUs granted multiplied by the weighted average trading price during the five trading days preceding the June 25, 2014 grant date (\$38.97) of the Class B Subordinate Voting Shares. These amounts do not reflect the current value of the PSUs or the value, if any, that may be received when the PSUs are vested. The Company did not grant any share-based awards during the fiscal years ended December 30, 2013 and 2012.
- (2) The Company granted SARs pursuant to the SAR Plan during the fiscal year ended December 30, 2014. For more information, see the description of the SAR Plan above. The amount shown for the option-based award is the grant date SARs target value on June 25, 2014. It is equal to the number of SARs granted multiplied by the fair value of the SARs as of the grant date. The fair value is determined using the Black-Scholes pricing model, a commonly-used methodology, with the following weighted average assumptions: risk-free interest rate of 1.40%; dividend yield of 3.30%; expected volatility of 27.17%; and expected life of 3.00 years. The weighted average fair value of the SARs on June 25, 2014 was \$5.51. These amounts do not reflect the current value of the SARs or the value, if any, that may be received when the SARs are vested. The Company did not grant any option-based awards during the fiscal years ended December 30, 2013 and 2012.
- (3) As part of the compensation for the fiscal years ended December 30, 2014, 2013 and 2012, none of the NEOs elected to be paid in the form of DSUs pursuant to the EDSU Plan. For more information, see the description of the EDSU Plan above.
- (4) In 2014, the Company achieved more than 85% of its EPS and ROC performance targets and the strategic initiatives were met. In 2013, the Company achieved less than 85% of its EPS and ROC performance targets. However, the strategic initiatives were met. In 2012, the Company achieved more than 85% of its EPS and ROC performance targets and the strategic initiatives were met.
- (5) The Company does not have non-equity long-term incentive plans.
- (6) The Company does not have a retirement plan.
- (7) The amount related to the President and Chief Executive Officer and the three Executive Vice-Presidents includes a \$25,000 taxable allowance for various expenses while the rest relates to a taxable benefit for travel expenditures. The amounts reflect market prices for equivalent travel expenditures.
- (8) The amount related to the Vice-President, Finance represents the Company's contribution to the Deferred Profit Sharing Plan. Perquisites and other personal benefits provided to this NEO, in aggregate, do not exceed the lesser of \$50,000 and 10% of his annual salary for the 2014, 2013 and 2012 fiscal years.
- (9) These amounts also include the value of the additional PSUs credited to each NEO to account for the issuance of dividends. This value is based on the weighted average trading price of the Class B Subordinate Voting Shares during the five trading days preceding the date on which the dividends were payable.

3. Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table sets out all stock options held by the NEOs as at December 30, 2014.

Option-based awards					Share-based awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date ⁽¹⁾	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽⁴⁾ (\$)
Martin Schwartz	4,127	38.97	2015	5,035	8,040	132,476	—
	8,254	38.97	2016	10,070			
	12,381	38.97	2017	15,105			
	16,507	38.97	2018	20,139			
Jeff Segel	4,127	38.97	2015	5,035	8,040	132,476	—
	8,254	38.97	2016	10,070			
	12,381	38.97	2017	15,105			
	16,507	38.97	2018	20,139			
Alan Schwartz	4,127	38.97	2015	5,035	8,040	132,476	—
	8,254	38.97	2016	10,070			
	12,381	38.97	2017	15,105			
	16,507	38.97	2018	20,139			
Jeffrey Schwartz	4,127	38.97	2015	5,035	8,040	132,476	—
	8,254	38.97	2016	10,070			
	12,381	38.97	2017	15,105			
	16,507	38.97	2018	20,139			
Frank Rana	2,152	38.97	2015	2,625	4,192	69,078	—
	4,304	38.97	2016	5,251			
	6,456	38.97	2017	7,876			
	8,607	38.97	2018	10,501			

(1) The expiration date is two business days after the day the Company issues a press release announcing its financial results for the specified financial year.

(2) The value of unexercised “in the money” options is calculated using the closing price (\$40.19) of the Class B Subordinate Voting Shares on the TSX on December 30, 2014, the last trading day in the fiscal year ended December 30, 2014, less the base price of the SARs (which is equal to the Option exercise price). This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the Class B Subordinate Voting Shares on the dates on which the SARs are vested.

- (3) This column sets out the market value of the unvested PSUs using the closing price (\$40.19) of the Class B Subordinate Voting Shares on the TSX on December 30, 2014, the last trading day in the fiscal year ended December 30, 2014. PSUs were valued based on the aggregate payout expected using a multiplier of 80% applied to the PSUs granted in 2014 and vesting in 2015, a multiplier of 0% applied to the PSUs granted in 2014 and vesting in 2016 and a multiplier of 50% applied to the PSUs granted in 2014 and vesting in 2017. The market value is based on all PSUs granted in 2014 including the PSUs credited as dividend equivalents.
- (4) None of the PSUs were vested as at December 30, 2014

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out, for each NEO, the value of options that vested during the fiscal year ended December 30, 2014 and the amount of bonus earned with respect to the performance achieved during fiscal 2014:

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards – Value vested during the year⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year⁽²⁾ (\$)
Martin Schwartz	—	—	701,055
Jeff Segel	—	—	701,055
Alan Schwartz	—	—	701,055
Jeffrey Schwartz	—	—	701,055
Frank Rana	—	—	277,878

(1) None of the SARs or PSUs vested during the fiscal year ended December 30, 2014.

(2) Corresponds to the same amounts as disclosed in the “Summary Compensation Table” above.

Pension Plan Benefits

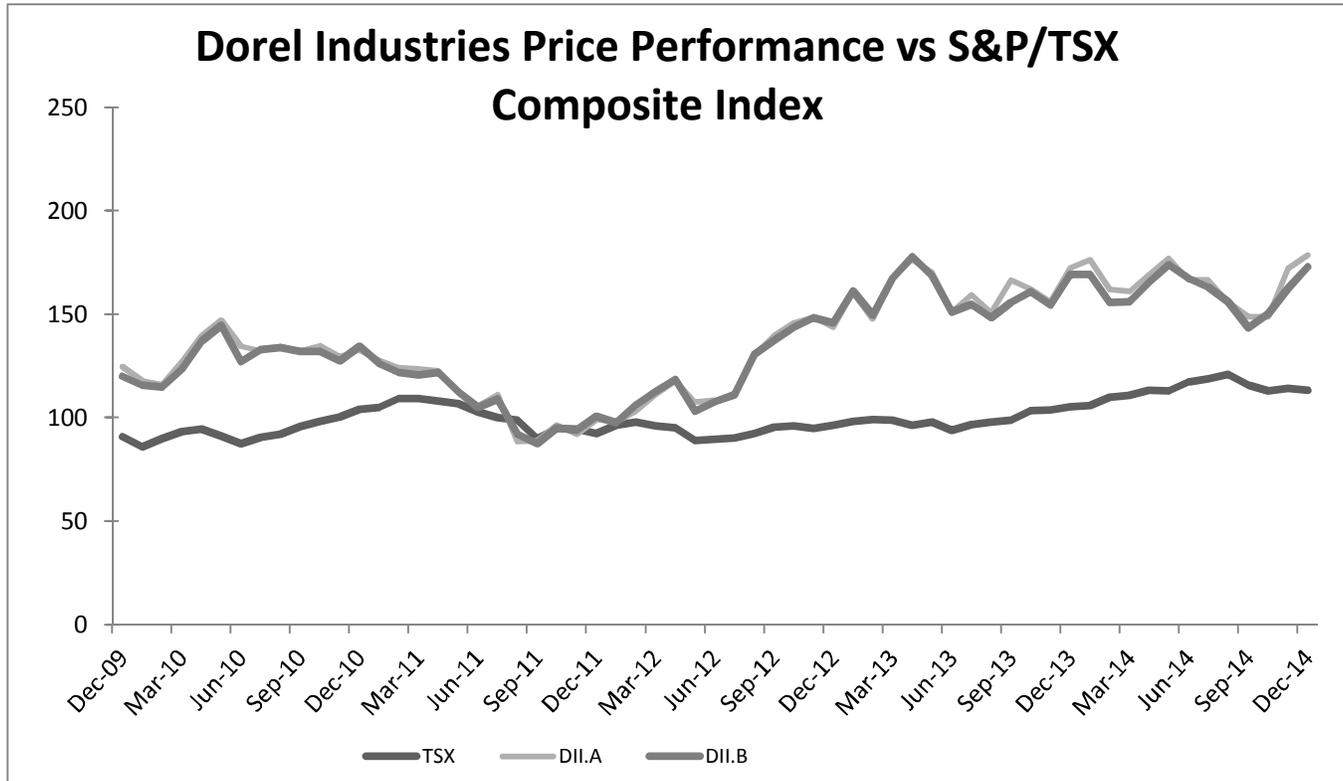
The Named Executive Officers are not participants in any defined benefit plan.

Termination and Change of Control Benefits

The Company has not entered into any employment, termination or severance agreement or arrangement, including a change-of-control arrangement, with any Named Executive Officer.

4. Performance Graph

The following graph compares the cumulative total shareholder return of a \$100 investment in the Class A Multiple Voting Shares and Class B Subordinate Voting Shares of the Company, respectively, made on December 31, 2009 with the cumulative return of the S&P/TSX Composite Index for the period from December 31, 2009 to December 30, 2014.



The above performance graph shows that the cumulative shareholder return for an investment in the shares of the Company has followed a similar trend to the broad index over the past five years. Fluctuations have not been drastic; however, there was an increase in the cumulative shareholder return from December 2009 to December 2010 followed by a decrease during 2011, an increase in 2012, a decrease in 2013 and then an increase in 2014. A comparison of the NEOs' compensation with the total return on the shares reflects this trend as there was an increase from 2009 to 2010 in their compensation mainly due to the equity component of their compensation followed by a decrease in 2011, an increase in 2012, a decrease in 2013 and then an increase in 2014. Since 2009, increases in base salaries have been limited so as to put more emphasis on variable compensation. Further, the annual incentives are based on the fiscal year's predetermined financial performance targets. In 2014, the Company achieved more than 85% of its EPS and ROC performance targets and the strategic initiatives were met. In 2013, the Company achieved less than 85% of its EPS and ROC performance targets. However, the strategic initiatives were met. In 2012, the Company achieved more than 85% of its EPS and ROC performance targets and the strategic initiatives were met. In 2011, the Company achieved more than 85% of its EPS performance target but did not achieve its ROC performance target. In addition, the strategic initiatives were met. In 2010, the Company exceeded its EPS target but did not achieve its ROC target. Finally, the value of the long-term incentives in the form of stock options, PSUs and SARs are tied to increases in market value.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 30, 2014, 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 (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 - Options	142,000	US\$28.60	4,588,000
Equity compensation plans previously approved by shareholders - Directors’ DSUs	129,905	\$32.38	45,095
Equity compensation plans previously approved by shareholders - Executive DSUs	52,129	\$28.64	697,871

The options referred to in the table above were granted under the 2004 Stock Option Plan. See “2004 Stock Option Plan” above for a description of the material features of the 2004 Stock Option Plan. The DSUs referred to in the table above were issued pursuant to the EDSU Plan and the DSU Plan. See “Executive Compensation – 1. Compensation Discussion and Analysis – Executive Deferred Share Unit Plan” and “Compensation of Directors – Directors’ Shareholding Requirements” above for a description of the material features of the EDSU Plan and DSU Plan.

INFORMATION ON THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is comprised of Alain Benedetti (Chairman), Rupert Duchesne and Maurice Tousson, each of whom is an “independent” director within the meaning of National Instrument 52-110 *Audit Committees*. Reference is made to the section entitled “Information on Audit Committee” of the Company’s Annual Information Form for the fiscal year ended December 30, 2014 for required disclosure relating to the Audit Committee. The Annual Information Form is available on SEDAR at www.sedar.com and a copy may be obtained upon request from the Company at 1255 Greene Ave, Suite 300, Westmount, Québec H3Z 2A4; telephone (514) 934-3034; fax (514) 934-9379; e-mail: info@dorel.com.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was at any time during the fiscal year ended December 30, 2014, a director, executive officer or senior officer of the Company or a subsidiary thereof, and no person who is a nominee for election as a director of the Company, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended December 30, 2014, indebted to the Company or a subsidiary of the Company, nor has any such person been indebted at any time since the beginning of the fiscal year ended December 30, 2014 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary of 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 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;
- matters requiring prior approval from the Board of Directors of the Company;
- ensuring that the Company’s 2004 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 the Board of Directors.

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, or exercises control or direction over, directly or indirectly, more than 10% of the Company’s outstanding voting shares; or (c) any director or executive officer of a person referred to in (a) above, or any proposed director or associate or affiliate of any “informed person” or proposed director of the Company, has any material interest, direct or indirect, in any transaction since December 31, 2013 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

SHAREHOLDER PROPOSALS

The *Business Corporations Act* (Québec) provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Company may submit to the Company notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Business Corporations Act* (Québec) further provides, in effect, that the Company must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Company will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Company at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Company. As the notice in connection

with the Meeting is dated April 23, 2015, the deadline for submitting a proposal to the Company in connection with the next annual meeting of shareholders is January 23, 2016.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Business Corporations Act* (Québec) relating to Proposals and consult with a legal advisor.

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.

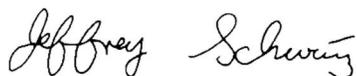
ADDITIONAL INFORMATION

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, 2014 and additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the annual comparative consolidated financial statements, Management's Discussion and Analysis and this Management Proxy Circular may be obtained upon request from the Company at 1255 Greene Ave., Suite 300, Westmount, Québec H3Z 2A4; telephone (514) 934-3034; fax (514) 934-9379; e-mail: info@dorel.com.

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

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, Québec
April 23, 2015

**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 Rupert Duchesne are independent within the meaning of National Instrument 52-110 *Audit Committees*.

In the event that Michelle Cormier is elected to the Board of Directors at the Meeting, the Board of Directors considers that Michelle Cormier will be independent within the meaning of National 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 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 does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The Board of Directors considers that five of the nine current directors are independent within the meaning of National Instrument 52-110 *Audit Committees*. Accordingly, a majority of the Board of Directors is independent.

In addition, all three members of the Audit Committee of the Board of Directors are independent directors. The members of the Audit Committee are Alain Benedetti (Chairman), Rupert Duchesne and Maurice Tousson.

If all 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 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 of Canada 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.
Harold “Sonny” Gordon, Q.C.	Dundee Corporation Dundee Energy Limited
Alain Benedetti	Russel Metals Inc. Discovery Air Inc.
Rupert Duchesne	Aimia Inc.

- (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.*

During each board meeting, the independent directors hold meetings at which the non-independent directors and members of management are not in attendance. Since December 31, 2013, the independent directors have held ten 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 of Directors, 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.*

During the fiscal year ended December 30, 2014, the Board of Directors held ten meetings, the Audit Committee held four meetings and the HRCG Committee held eight meetings. The Company does not have an Executive Committee. Attendance of directors at the meetings is indicated in the table below.

	Board Meetings	Committee Meetings
Martin Schwartz ⁽¹⁾	10 / 10	N / A
Jeff Segel ⁽¹⁾	7 / 10	N / A
Alan Schwartz ⁽¹⁾	9 / 10	N / A
Jeffrey Schwartz ⁽¹⁾	10 / 10	N / A
Maurice Tousson ⁽²⁾⁽³⁾	10 / 10	12 / 12
Harold “Sonny” Gordon, Q.C. ⁽³⁾	10 / 10	8 / 8
Dian Cohen ⁽³⁾	9 / 10	7 / 8
Alain Benedetti ⁽²⁾	8 / 10	4 / 4
Rupert Duchesne ⁽²⁾	7 / 10	4 / 4

- (1) Did not serve on any committees of the Board of Directors during the fiscal year ended on December 30, 2014.
(2) Member of the Audit Committee.
(3) Member of the HRCG Committee.

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 of Directors 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 of Directors' 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, HRCG Committee, Disclosure Committee and, if applicable, other committees of the Board of Directors 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. The following are certain matters which require approval of the Board of Directors under 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.*

Although Martin Schwartz, President and Chief Executive Officer of the Company, chairs meetings of the Board of Directors, the Company does not have a chairman of the Board of Directors. Rather, it has appointed a "Lead Director" as described above. The Board of Directors has not developed written position descriptions for the Lead Director or for the chairs of the committees of the Board of Directors.

The primary role and responsibility of the Lead Director is to provide leadership in ensuring Board effectiveness; the Lead Director is responsible for facilitating and encouraging open and effective communication between the management of the Company and the Board of Directors, 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 of Directors and the President and Chief Executive Officer have not developed a written position description for the President and Chief Executive Officer. The primary role and responsibility of the President and Chief Executive Officer is to direct, supervise, coordinate and assume overall management responsibility for all areas of the Company's business. In particular, the President and Chief Executive Officer 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 President and 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; and*

The Board of Directors, through its Audit Committee, has the responsibility to periodically review the Code, and monitors adherence thereto by an annual signed acknowledgment from employees, officers and directors. In 2014, the Company renewed the Code, which was reviewed and approved by the Board of Directors prior to distribution to employees, officers and directors. Additionally, the Board of Directors has approved the following policies, all of which provide direct contact with specific members of the Board of Directors:

- Policy on Incident Reporting;
- Policy on Whistle Blowing; and
- 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 of Directors ensures independent judgment through the enforcement of the Code, 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 actual, perceived or eventual conflicts 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 you or guarantees of your obligations and your 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 you to work for a competitor, customer or supplier. You should avoid any direct or indirect interest with the Company's customers, suppliers, contractors or competitors except as required on the Company's behalf.

Anything that could present a conflict of interest 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 you.

Common sense and good judgment must be exercised to avoid any perception of impropriety or conflict of interest.

If you believe that you may be affected by a conflict of interest, you must immediately disclose all relevant details to your supervisor who will then notify your President and/or Chief Financial Officer (or equivalents) in their role as certification officers for your division."

The Code 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 of Directors 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 of Directors, 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; and
- Policy on Financial Reporting.

The Board of Directors will continue to monitor these policies on an annual basis and revise them as necessary should the environment require such a change. Additionally, the Code stipulates the expectation that all consultants and suppliers of the Company comply therewith. 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 HRCG Committee has the responsibility of reviewing the qualifications of nominees for election or re-election as members of the Board of Directors, and 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 HRCG 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 HRCG Committee considers appropriate.

The HRCG 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 HRCG 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 HRCG Committee is composed entirely of independent directors. The members of the HRCG Committee are Harold "Sonny" Gordon, Q.C., (Chairman), Maurice Tousson and Dian Cohen.

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

The HRCG 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 HRCG 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 HRCG Committee considers time commitment, comparative fees and responsibilities in determining remuneration.

The Board of Directors has adopted a share ownership policy under which certain executives are expected to own and maintain ownership of a minimum value of Class B Subordinate Voting Shares and/or DSUs under the EDSU Plan, attain share ownership value within five years (or such later date as may be determined at the discretion of the Board of Directors) from the effective date of becoming a participant. Under the EDSU Plan, the share ownership requirements began in 2010. The value of the required holding in Class B Subordinate Voting Shares and/or DSUs under the EDSU Plan represents a multiple of annual salary which is a function of the position held.

- (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 HRCG Committee is composed entirely of independent directors. The members of the HRCG Committee are Harold "Sonny" Gordon, Q.C., Maurice Tousson and Dian Cohen.

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

The HRCG 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.*

In 2013 and 2014, the Company retained the services of the external compensation consultant Mercer to provide short term and long term compensation advice for various positions in the Company for which new compensation plans were implemented in 2014. The HRCG Committee did not retain a consultant to assist it in benchmarking the compensation of the Company's President and Chief Executive Officer, three Executive Vice-Presidents and Vice-President, Finance. In 2011, Hugessen assisted the HRCG Committee in developing a peer group for the benchmarking analyses and in benchmarking the compensation of the Company's President and Chief Executive Officer, three Executive Vice-Presidents and Vice-President, Finance. The HRCG Committee considered that the executive compensation advice provided by Hugessen to still be relevant and reliable and was therefore used in the current year.

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 HRCG Committee, the Board of Directors has a Disclosure Committee that ensures that all disclosure made by the Company to its security holders or the investment community is accurate and

complete and fairly presents the Company's financial condition and results of operations in all material respects, and is made on a timely basis as required by applicable laws, regulations and stock exchange requirements. The members of the Disclosure Committee are Martin Schwartz, Director, President and Chief Executive Officer of the Company; Jeffrey Schwartz, Director, Executive Vice-President and Chief Financial Officer of the Company; Frank Rana, Vice-President, Finance of the Company; Manon Desrosiers, CPA, CA, Director of Finance of the Company; and Brigitte Langevin, CPA, CA, Financial Information, Senior Manager of the Company. The Disclosure Committee was established 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 HRCG 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, comparing performance with requirements of the respective charters of the committees.

As part of this process, a Board of Directors 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 HRCG Committee to encourage full and frank commentary and are discussed at the next regular meeting of the HRCG Committee. The Chair of the HRCG 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 HRCG Committee reviews the results of the survey and the self-evaluation with 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
SHAREHOLDERS' RESOLUTION
APPROVAL OF BY-LAW NO. 2015-1

WHEREAS the Board of Directors adopted By-Law No. 2015-1 of the Company on April 23, 2015;

BE AND IT IS HEREBY RESOLVED:

THAT By-Law No. 2015-1 of the Company adopted by the Board of Directors on April 23, 2015, as described in the Management Proxy Circular of the Company dated April 23, 2015, is hereby ratified and approved, in replacement of the previous general by-laws of the Company; and

THAT the directors and officers of the Company be and they are hereby authorized, on behalf of the Company, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

SCHEDULE C
SHAREHOLDERS' SPECIAL RESOLUTION
AMENDMENT OF ARTICLES — APPOINTMENT OF ADDITIONAL DIRECTORS

BE AND IT IS HEREBY RESOLVED:

THAT the Company amend its articles so as to allow the directors of the Company to appoint at any time one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders meeting, subject to the condition that the total number of directors so appointed not exceed one third of the number of directors elected at the previous annual shareholders meeting;

THAT any director or officer of the Company be and is hereby authorized to do all things and sign all instruments and documents necessary or desirable to give effect to the foregoing; and

THAT the directors of the Company be and they are hereby authorized to revoke the present special resolution before it is acted on without further approval of the shareholders.