MATERIAL CHANGE REPORT

1. **Reporting Issuer**

Dorel Industries Inc.
1255 Greene Avenue
Suite 300
Westmount, Quebec
H3Z 2A4

2. **Date of Material Change**

January 12, 2004.

3. **Press Release**

Dorel Industries Inc. ("**Dorel**") issued a press release with respect to the material change described below on January 13, 2004.

4. **Summary of Material Change**

Dorel has entered into a purchase agreement to acquire all of the outstanding membership interests in Pacific Cycle, LLC, based in Madison, Wisconsin.

5. **Full Description of Material Change**

Dorel has entered into a purchase agreement to buy all of the outstanding membership interests in Pacific Cycle, LLC ("**Pacific Cycle**"), a designer and supplier of bicycles and other recreational products based in Madison, Wisconsin. The acquisition is being effected through 6173250 Canada Inc., a newly incorporated wholly owned subsidiary of Dorel. The membership interests of Pacific Cycle will be purchased from an investment group led by Wind Point Partners, a private equity investment firm based in the U.S. The total value of the acquisition is approximately US $310 million, subject to adjustment, to be paid in cash, and will be financed by Dorel through an amendment to its existing debt facilities. The acquisition is expected to close within three weeks, upon the receipt of regulatory approvals, including that of either the U.S. Federal Trade Commission or the Antitrust Division of the U.S. Department of Justice, as the case may be, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The closing of the acquisition is also subject to certain other standard conditions.

Pacific Cycle is a privately-held company established in 1977. It is a leader in the design, marketing and distribution of high quality, branded bicycles and other recreational products, with annual sales in excess of US$325 million. Its major brands are Schwinn, Mongoose, Mongoose Pro and GT. In addition, Pacific Cycle markets products under the Roadmaster, InStep, Pacific, Flexible Flyer, Powerlite, Murray and Dyno brand names. Pacific Cycle distributes its brands through its relationships with high volume retailers, particularly in the mass channel as well as sporting goods chains and speciality independent dealers. In addition, Pacific Cycle has long standing sourcing relationships, with more than 25 years of experience in developing and sourcing quality products, predominantly from third party manufacturers in Asia. Pacific Cycle also licenses its power brands domestically and internationally, thereby expanding the presence of the brands into additional product categories and markets.

Pacific Cycle has offices in Olney, Illinois and Lake Forest, California. It has distribution centres in Olney, Illinois and Vacaville, California, and a design/test centre in Longmont, Colorado.

As part of the transaction, Dorel has established financial arrangements with key Pacific Cycle executives, including Chris Hornung, Founder and Chief Executive Officer of Pacific Cycle. These arrangements are intended to ensure management continuity and provide incentives to management.

6. **Confidentiality of Material Change Report**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officers**

The senior officers who can answer questions regarding this report are Mr. Jeffrey Schwartz, Chief Financial Officer, and Mr. Frank Rana, Vice-President, Finance. Messrs. Schwartz and Rana can be reached at (514) 934-3034.

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

SIGNED the 22nd day of January, 2004 at Montreal, Quebec.

(signed) Frank Rana
Vice-President, Finance