

Form 51 – 102F3

Material Change Report

1. **Name and Address of Company**

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

2. **Date of Material Change**

September 17, 2014.

3. **News Release**

Dorel Industries Inc. (“**Dorel**”) issued a press release with respect to the material change described below on September 17, 2014 via Marketwired.

4. **Summary of Material Change**

Dorel entered into an agreement with a syndicate of underwriters co-led by RBC Capital Markets and BMO Capital Markets pursuant to which the underwriters have agreed to purchase, on a bought-deal basis, 5.5% extendible convertible unsecured subordinated debentures of Dorel in an aggregate principal amount of US\$105 million.

5. **Full Description of Material Change**

5.1. **Full Description of Material Change**

Dorel entered into an agreement with a syndicate of underwriters co-led by RBC Capital Markets and BMO Capital Markets pursuant to which the underwriters have agreed to purchase, on a bought-deal basis, 5.5% extendible convertible unsecured subordinated debentures (the “**Debentures**”) of Dorel in an aggregate principal amount of US\$105 million (the “**Offering**”).

Dorel has also granted the underwriters of the Offering an option to purchase up to an additional US\$15 million aggregate principal amount of Debentures, on the same terms and conditions, exercisable in whole or in part at any time not later than the earlier of the 30th day following the closing of the Offering and the occurrence of a Termination Event, as referred to below. The Offering is expected to close on or about October 7, 2014.

Dorel intends to use the net proceeds of the Offering to fund its previously-announced proposed acquisition of the juvenile business of Hong Kong-based Lerado Group, a juvenile product manufacturer in China specializing in the design and manufacture of a wide range of infant and juvenile products (the “**Lerado Acquisition**”).

The maturity date of the Debentures will initially be the date upon which a Termination Event (as defined below) occurs, which will be no later than December 31, 2014

(the **Initial Maturity Date**). If the Lerado Acquisition is completed prior to the occurrence of a Termination Event, the maturity date of the Debentures will be automatically extended to November 30, 2019. If a Termination Event occurs, the Debentures will mature on the Initial Maturity Date and Dorel will repay to holders the aggregate principal amount of outstanding Debentures together with accrued and unpaid interest thereon up to, but excluding, the Initial Maturity Date. In the circumstance where Dorel has not completed the Lerado Acquisition, the term "**Termination Event**" means the occurrence of either (i) 5:00 p.m. (Montreal time) on December 31, 2014; or (ii) 5:00 p.m. (Montreal time) on the third business day following the date of an announcement by Dorel to the public by way of press release that the agreement relating to the Lerado Acquisition has been terminated or that Dorel does not intend to proceed with the Lerado Acquisition.

The Debentures will be direct, subordinated, unsecured obligations of Dorel and will rank equally with one another and with all other existing and future unsecured indebtedness of Dorel (other than Senior Indebtedness, as that term will be defined in the trust indenture governing the Debentures).

The Debentures will bear interest at a rate of 5.5% per annum, payable in US dollars semi-annually on May 31 and November 30 each year, commencing on May 31, 2015. The Debentures will be convertible after the Initial Maturity Date at the holder's option into Dorel Class B Subordinate Voting Shares at a conversion price of US\$46.75 per share, representing a conversion rate of 21.3904 Dorel shares per US\$1,000 principal amount of Debentures. Upon conversion, holders will be entitled to receive accrued and unpaid interest up to, but excluding, the date of conversion.

The Debentures will not be redeemable prior to November 30, 2017. On and after November 30, 2017 and prior to November 30, 2018, the Debentures may be redeemed by Dorel, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided the simple average of the daily volume-weighted average trading price of the Class B Subordinate Voting Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 125% of the conversion price. On or after November 30, 2018 and prior to the maturity date, Dorel may, at its option, redeem the Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest.

In connection with the Offering, Dorel will file a preliminary short-form prospectus in all provinces of Canada. The Offering is subject to customary regulatory approvals, including the approval of the Toronto Stock Exchange. The Debentures being offered, and the Class B Subordinate Voting Shares issuable upon the conversion or redemption of the Debentures, have not been and will not be registered under the *United States Securities Act of 1933*, as amended, or any state securities laws of the United States. Accordingly, the Debentures may not be offered or sold to U.S. persons except pursuant to applicable exemptions from registration.

5.2. **Disclosure for Restructuring Transactions**

Not applicable.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

The senior officer who can answer questions regarding this report is Mr. Jeffrey Schwartz, Executive Vice-President and Chief Financial Officer of Dorel. Mr. Schwartz can be reached at (514) 934-3034.

9. **Date of Report**

September 18, 2014.