FORM 27

Securities Act

MATERIAL CHANGE REPORT

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

ITEM 1 Reporting Issuer:

AADCO Automotive Inc.

ITEM 2 Date of Material Change:

December 16, 2002

ITEM 3 News Release:

A news release reporting the material change was issued – please see attached.

ITEM 4 Summary of Material Change:

See item 5.

ITEM 5 Full Description of Material Change:

AADCO has received new interim bridge financing of $450,000 via short-term secured loans, and a proposal to arrange as Agent/Principal up to $2,000,000 via private placement of new secured Convertible Debentures from Hodgkinson Equities Corporation ("HEC") of Vancouver, B.C. This new financing arrangement requires that substantially all of AADCO's existing term debt in the form of three prior series of Convertible Debentures and a private Term Loan which combined amount to $6,850,000 must be converted to equity.

AADCO has secured commitments from its Convertible Debenture holders and other term lenders to convert their debt holdings into equity effective November 30, 2002. This results in the issuance of 19,896,300 new common shares debt into equity. In addition, AADCO has secured agreements from certain trade and other creditors to accept reduced settlements resulting in a further expected reduction of liabilities by December 31, 2002 of approximately $1,000,000. It is anticipated that the new issue of up to $2,000,000 Convertible Debentures being undertaken by HEC will be completed by January 31, 2003. These secured Convertible Debentures will have a term of 3 years with a call feature after 2 years, carry a 12% coupon, and are convertible at the holders' option into AADCO common shares at $0.10 which is consistent with both the re-capitalized book value.

Upon completion of these transactions, AADCO will be substantially re-capitalized with an equity base of about $2,900,000 with about 29 million common shares outstanding, total liabilities of approximately $4,000,000 and total assets of approximately $6,900,000 (pro forma) at December 31, 2002.

ITEM 6 Reliance on Section 146(2) of the Securities Act:

n/a

ITEM 7 Omitted Information:

None

ITEM 8 Senior Officers:

Gordon Hawke, Executive Vice President
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Alan Lipszyc, Vice President and Chief Financial Officer
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ITEM 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

DATED at the City of Brampton in the Province of Ontario this 8th day of November, 2002.

CORP.

Per: *"Gordon Hawke"*

IT IS AN OFFENCE UNDER THE SECURITIES ACT AND THE SECURITIES REGULATION FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.