



March 1, 2010

NOTICE TO ALL REGISTERED ACCOUNT HOLDERS

RE: Tire Pricing Program

A previous Notice was forwarded to Registered Account Holders advising that in order to provide consistent tire pricing, the Corporation's estimating staff was instructed to utilize Mitchell's Tire Database. This change came into effect December 15th, 2008 and tire pricing was based on the selling prices provided to Mitchell International by Tire Manufacturers. Repair facilities were able to purchase tires from the supplier of their choice; however the Corporation would only pay the price quoted on the estimate.

Although this program provided consistent tire pricing, it was found to be labour intensive for the Repair Trade as well as the Corporation's Alternate Parts Coordinator. Discussions were therefore held with the ATA/MMDA to determine whether a simpler process could be implemented in the pricing of tires. The noticeable lack of readily available computerized pricing by tire manufactures was a key factor, which lead to the agreement that effective immediately tires will be paid on a "cost-plus-20% basis".

The cost-plus-20% pricing structure simplifies the process for the Automotive Repair Industry and our Corporation. No longer will the Repair Trade be required to submit a cancellation fax sheet to the Alternate Parts Coordinator and wait for pricing approval.

In order for MPI to process payment of accounts, based on the above pricing structure, the repair facility must forward a copy of their tire invoice which shows the tires' cost. In future, as computerized pricing systems become readily available, we will revisit this matter and attempt to utilize these systems where feasible. Random price checks will be conducted by MPI to ensure that repair facilities are providing correct cost pricing.

Should you have any questions regarding tire pricing, you may contact our Alternate Parts Coordinator, Mr. Sid Van Oeveren at 985-7374.

W.C. Kukelko
Director
Physical Damage Management

WCK/bp