

May 16, 2012



Mr. George Shea and
Mr. Leo Feeleus
Direct Auto Parts
155 Highway 1
St. Francois Xavier MB R4L 5C7

Dear Mr. Shea and Mr. Feeleus:

Manitoba Public Insurance recently completed a detailed analysis of our Recycled Parts Program. The objectives were to identify opportunities to increase the use of recycled parts, improve the recycled parts program and address issues that were raised by the repair industry in the Collision Repair Industry Study.

After an extensive review, a decision was made for Manitoba Public Insurance to begin administering the recycled parts sourcing directly from auto parts recyclers, effective December 1, 2012. As a result, we will not be renewing our contract with the Recycler's Central Office (RCO) when it expires on November 30, 2012.

We did not arrive at this decision lightly. The Corporation consulted with the executive and members of the RCO, auto recyclers who are not members of the RCO, and members of the collision repair industry. We also conducted analysis on the use of recycled parts and industry trends.

We believe this operational change is the most fiscally responsible course of action at this time. It will allow us to provide more value to Manitobans through expanded participation by recyclers in the Recycled Parts Program, improved governance and other process improvements.

To support the business transition, two committees will be established. First, an internal committee, comprised of individuals from across Manitoba Public Insurance, will develop a detailed plan that outlines roles, responsibilities and timelines for implementation. The plan will also address requirements in terms of technology, staffing and operating policies and procedures.

In the longer term, a Recycled Parts Liaison Committee will be created with representatives from the recycling industry, the collision repair industry and Manitoba Public Insurance. This liaison committee will address issues to improve the Recycled Parts Program, including the development of an

May 16, 2012

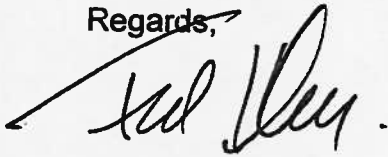
Page 2

accreditation program, implementation of process improvements, and identifying new technologies.

As the transition plans are further developed, we will keep all parties impacted, informed through postings on the Manitoba Public Insurance Partners website (mpipartners.ca).

We will be working closely with RCO executive and staff over the next six months and look forward to their full cooperation as we ensure a smooth transition that benefits recyclers, repair shops and our customers.

Regards,

A handwritten signature in black ink, appearing to read "Ted Hlynsky". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Ted Hlynsky
Vice-President, Service Operations