



March 19, 2012

Dear Parents,

IMPORTANT INFORMATION – PLEASE READ

Kids and Company is committed to providing families with reliable, flexible, and high-quality child care. We are delighted to have entered the Vancouver market, and we are grateful that you have entrusted your child in our care.

As you may know, Sue Purser, our Vice-President of Operations, was in Vancouver last week to visit the Vancouver centre, meet with parents, and review the operations of the Vancouver centre. Sue was very pleased with what she observed and is confident that we can and will continue to enhance the programs. If you have questions regarding the Vancouver centre, please do not hesitate to contact Sue at spurser@kidsandcompany.ca.

The key components to an excellent child care centre are the teachers, the programming, and the consistent operational approach. To ensure we continue to provide the highest level of care for your child, we hire teachers that are the best in the industry, and we offer high level care and programs. In order to attract and retain these high calibre teachers and expand our proprietary programs, we need to provide competitive salaries and benefits.

Due to a number of significant circumstances beyond our control, such as: the economic and business environment, Early Childhood Education Teachers' remuneration packages, and increased lease and food costs, we need to increase our infant and toddler fees in order to stay competitive and continue to offer high-quality services and care.

Another challenge that has affected this business decision has come from the re-licensing of the centre. We originally expected to have a higher operating capacity but in order to meet the needs of the families requesting care, we reconfigured the child care rooms. The centre we purchased was only licensed for 25 infant/toddlers and although we increased this capacity to 60, this resulted in the loss of several preschool spaces, which in turn decreased our overall operating capacity. Unfortunately, this change completely revises the centre's financial operating outlook.

Therefore, effective immediately FOR NEW PARENTS who have not yet registered with us, we must increase infant/toddler rates to match our rates in other major cities.

For our CURRENT PARENTS, we understand that this information requires some notice. As such, we are proposing a tiered-level increase over the next 5 months. The infant and toddler fees will increase to \$1650 a month (for full-time care) effective May 1, and then increase to \$1915 effective September 1.

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All of our other centres across Canada will have an additional 5 percent increase effective September 1, 2012. However, for the Vancouver centre, we commit to holding these revised fees, with no further increase, until September 2013.

We apologize for any inconvenience.

We want to ensure that we are able to continue to provide high-quality care and services in prime geographical locations for our families including: no late fees, proprietary programs, superior meals and snacks.

We understand that these increases may cause significant challenges for some. If this is the case, we will waive the notice period for any current parents that withdraw prior to June 30, 2012.

Again, please accept our sincerest apologies. I am planning to be in Vancouver in April and I will be available to meet parents, either individually or at a Kids & Company parent meeting.

Yours truly,

Victoria Sopik
CEO, Kids & Company