Form 27

SECURITIES ACT (Ontario)

MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE ACT

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

WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL——S.75"

ITEM 1 —— Reporting Issuer:

State the full name and address of the principal office in Canada of the reporting issuer.

NewKidCo International Inc. (the "Company")
131 Middlesex Turnpike
Burlington, MA, 01803

ITEM 2 —— Date of Material Change:

May 5, 2000

ITEM 3 —— Press Release:

State the date and place(s) of issuance of the press release issued pursuant to section 75(1) of the Act.

A press release in respect of the material change was disseminated on May 5, 2000 through Business Wire.

ITEM 4 —— Summary of Material Change:

Provide a brief but accurate summary of the nature and substance of the material change.

The material change is fully described in the Company's press release attached hereto as Schedule "A", which press release is incorporated herein.

ITEM 5 —— Full Description of Material Change:

Supplement the summary required under Item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclosure those facts in a meaningful manner. See also Item 7.

This description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely describes examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

The material change is fully described in the Company's press release attached hereto as Schedule "A", which press release is incorporated herein.

ITEM 6 —— Reliance on Section 75(3) of the Act:

If the report is being filed on a confidential basis in reliance on section 75(3) of the Act, state the reasons for such reliance.

The report is not being filed on a confidential basis.

INSTRUCTION:

Refer to section 75 of the Act and to the Regulation concerning continuing obligations in respect of reports filed pursuant to section 75(3) of the Act.

ITEM 7 —— Omitted Information:

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but section 75(3) of the Act will no longer or will not be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provide the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to section 140(2) of the Act.

The reasons for the omissions may be contained in a separate letter filed as provided in section 4 of the Regulation.

No information has been omitted.

ITEM 8 —— Senior Officers:

To facilitate any necessary follow-up by the Commission, give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom such senior officer may be contacted by the Commissions.

Richard Rabins - Chief Executive Officer

ITEM 9 —— Statement of Senior Officer:

Include a statement in the following form signed by a senior officer of the reporting issuer:—

The foregoing accurately discloses the material change referred to herein.

DATED at Burlington, MA, this 5th day of May, 2000.

"Richard Rabins"
Richard Rabins
Chief Executive Officer

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Schedule "A"

NEWKIDCO INTERNATIONAL ANNOUNCES NEW FINANCINGS

- Provides an Update on Recent Business Developments –

BURLINGTON, MA (May 5, 2000) - NewKidCo International Inc. (OTC BB: NKCIF; TSE: NKC), announces that it has obtained a US$1,500,000 principal amount secured credit facility. The credit facility has been fully drawn and amounts owing under the credit facility are due on October 18, 2000. Indebtedness under the facility bears interest at prime plus 2% per annum and is secured by certain of NewKidCo's assets. NewKidCo also announced it has completed a private placement of Cdn.$2,227,000 principal amount of convertible notes. The convertible notes are convertible into an aggregate of 818,750 special warrants at a conversion price of Cdn.$2.72 (subject to adjustments in certain circumstances) per special warrant. Each special warrant will entitle the holder to receive, for no additional consideration, one unit of NewKidCo. Each unit will consist of one common share and one common share purchase warrant. Each common share purchase warrant will be exercisable by the holder for one common share of NewKidCo at an exercise price of Cdn.$3.20 per share until April 20, 2003 (subject to adjustment in certain circumstances). The convertible notes are due on December 31, 2000. NewKidCo is required to make principal prepayments under both the secured facility and the convertible notes from any debt or equity financing funds received by NewKidCo. The proceeds from these financings have or will be used by NewKidCo for working capital purposes and to make certain payments to NewKidCo's licensors.

On the heels of the successful launch of it's first year 2000 product, *Winnie the Pooh: Adventures in the 100 Acre Wood* on *Game Boy Color*®, NewKidCo is ramping up to unveil the rest of it's all star line up for 2000 at the annual video game industry showcase – The Electronic Entertainment Expo (E3) in Los Angeles next week. NewKidCo will simultaneously demonstrate to the industry, for the first time, eleven video game titles based on NewKidCo's portfolio of all-time kid favorite characters like Children's Television Workshop's *Sesame Street*®, Disney's *Winnie the Pooh*®, Disney's *Doug*®, Disney's *Goofy*, Sony Pictures Consumer Products/Children's Television Workshop's *Dragon Tales*® and Warner Bros.' *Tom & Jerry*®. These games are all planned for shipment in the third and fourth quarters of 2000. *Winnie the Pooh: Adventures in the 100 Acre Wood* shipped in late March and has been in the top 10 selling portable video games for 3 consecutive weeks ending April 22 according to published industry retail sell through data.

NewKidCo's exclusive North American distributor, Mattel, Inc., publicly announced last month that it intends to sell its software business and that Mattel Interactive will be treated as a discontinued operation in its financial statements effective March 31, 2000. As a result of this announcement, NewKidCo has decided to set up a reserve of approximately US$4,000,000 to account for possible pricing offers that Mattel may choose to make to its customers. NewKidCo is currently evaluating a number of domestic distribution alternatives, which NewKidCo anticipates will be beneficial to The Company while retaining access to the retail channel. NewKidCo anticipates that new distribution arrangements will be in place during the second half of the year to coincide with the planned release of NewKidCo's new titles currently under development and the traditionally strong holiday selling season. NewKidCo has hired a representative to secure international distribution agreements, where appropriate, for distribution of its products outside of North America.

NewKidCo is in need of additional capital within the next few months, anticipated to be approximately US$10,000,000, to meet working capital and capital expenditure needs, including to satisfy all its commitments to licensors, and to allow NewKidCo to continue to carry on its operations and fully pursue its opportunities, as the cash expected to be generated from NewKidCo's operations will not be sufficient to meet its needs. NewKidCo has recently signed an engagement letter with two leading Canadian investment banks to raise equity funds for NewKidCo and is pursuing a number of debt financing initiatives to satisfy its capital requirements. Due to its current limited working capital, NewKidCo has been delayed in making certain minimum royalty and other payments owing to certain of its licensors, one of whom has requested the payment default be resolved. NewKidCo is in co-operative discussions with this licensor to address this matter. Such licensors have the right to terminate their licensing agreements as a result of such defaults. NewKidCo is continuing to work with all its licensors on ongoing marketing, distribution and product release plans.

NewKidCo is also finalizing a major new license, based on one of the most popular children's properties, to produce video games for multiple platforms including the "next generation" 128-bit systems recently announced by Sony, Nintendo and Microsoft. NewKidCo hopes to conclude this licensing arrangement in the coming weeks.

About NewKidCo International Inc.

NewKidCo International Inc. (OTC BB: NKCIF; TSE: NKC) publishes video games for young children on "next generation" game console systems. NewKidCo's mission is to become the leading provider in the children's video game category with such licensed properties as Sesame Street® from Children's Television Workshop®, Winnie The Pooh®, Doug, Disney Classic characters and Mulan from Disney, Dragon Tales from Sony Pictures Consumer Products/Children's Television Workshop, Tom & Jerry® from Warner Bros. and Hello Kitty® from Sanrio. NewKidCo's products are sold nationwide through the retail channel. To learn more, visit http://www.newkidco.com.

Investor Relations:

Richard Rabins, NewKidCo International Inc., (781) 229-2924 x103, richard@newkidco.com

Press material can be accessed at http://www.newkidco.com

Forward-looking statements in this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risk and uncertainties, including without limitation risks related to the Company 's ability to raise additional financing, risks of intellectual property rights and litigation, risks in technology development and commercialization, risks in product development and market acceptance of and demand for the Company's products, risks of downturns in economic conditions generally, risks associated with competition and competitive pricing pressures, risks associated with foreign sales, risks associated with the sell-through of products in the sales channels, risks associated with customer concentration and other risks detailed in the Company's filings with the Securities and Exchange Commission