SHARE PURCHASE AGREEMENT

Relating to the Acquisition of

KIK CORPORATION HOLDINGS INC.

by

KIK ACQUISITION COMPANY

August 22, 2002

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SHARE PURCHASE AGREEMENT

This Share Purchase Agreement (this "**Agreement**"), dated as of August 22, 2002, is made and entered into by and among KIK Acquisition Company, an unlimited liability company formed under the laws of Nova Scotia ("**Buyer**"), each of the persons listed on Schedule I (each individually is referred to herein as a "**Share Seller**" and collectively as the "**Share Sellers**"), each of the persons listed on Schedule II (each individually is referred to herein as a "**Warrant Seller**" and collectively as the "**Warrant Sellers**"), KIK Corporation Holdings Inc., Roy Pearce, Howard Brodie, Howard Brodie Holdings Limited and David Cynamon in his own right and in his capacity as seller representative (the "**Seller Representative**"). The Share Sellers and the Warrant Sellers are collectively referred to herein as the "**Sellers**."

WHEREAS, the Share Sellers own shares (the "**Shares**") of KIK Corporation Holdings Inc., a corporation continued under the laws of Nova Scotia ("**KIK**"), of the types and in the amounts listed opposite their respective names in Schedule I;

WHEREAS, the holders of all Class A and Class B preferred shares of KIK have converted such shares into common shares of KIK earlier today;

WHEREAS, the Warrant Sellers own warrants (the "**Warrants**") to acquire shares of KIK of the types and in the amounts listed in Schedule II;

WHEREAS, KIK intends to amalgamate with certain of its affiliates on the Closing Date but following the completion of the transactions contemplated by this Agreement and all references herein to "**KIK Corporation Holdings Inc.**" and "**KIK**" shall refer to KIK Corporation Holdings Inc. and its successors;

WHEREAS, the Share Sellers desire to sell, and Buyer desires to purchase, the number of Shares listed opposite each Share Seller's name on Schedule I (the "**Purchased Shares**"), representing all of the outstanding Shares, on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Warrant Sellers desire to sell, and Buyer desires to purchase, the Warrants (the Purchased Shares and Warrants being collectively referred to herein as the "**Purchased Securities**"), on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1 - SALE OF SECURITIES AND CLOSING

1.1 Purchase and Sale.

(a) The Share Sellers agree to sell to Buyer, and Buyer agrees to purchase from the Share Sellers, all of the right, title and interest of the Share Sellers in and to the Purchased Shares at the Share Closing (as defined in Section 1.5) on the terms and subject to the conditions set forth in this Agreement.

(b) The Warrant Sellers agree to sell to Buyer, and Buyer agrees to purchase from the Warrant Sellers, all of the right, title and interest of the Warrant Sellers in and to the Warrants at the Warrant Closing (as defined in Section 1.5) on the terms and conditions set forth in this Agreement.

1.2 Share Purchase Price.

The aggregate purchase price for the Purchased Shares is $251,156,765 (or $6.2126 per Purchased Share) (the "**Share Purchase Price**"), comprised of $189,446,174 principal amount of non-interest bearing demand promissory notes (the "**Shareholder Notes**") and 8,904,785 non-voting common shares in the capital of the Buyer ("**Buyer Shares**"), payable in the manner provided in Section 1.5. Each Share Seller shall receive that portion of the Share Purchase Price indicated on Schedule I for the purchase of the Purchased Shares, which amount shall be distributed to the Share Sellers by the Seller Representative. Buyer Shares shall be allocated among the Purchased Shares so as to ensure that the consideration received by each Share Seller (other than a Share Seller who receives no Buyer Shares as indicated in Schedule I) for each such Purchased Share includes at least one of the Buyer Shares (or a fraction thereof) for the purpose of subsection 85(1) of the *Income Tax Act* (Canada).

1.3 Warrant Purchase Price

The aggregate purchase price for the Warrants is $15,170,420 (or $6.2126 per common share for which such warrant is exercisable, less the exercise price therefor) (the "**Warrant Purchase Price**") comprised of $15,170,420 principal amount of non-interest bearing demand promissory notes (the "**Warrantholder Notes**"), payable in the manner provided in Section 1.5. Each Warrant Seller shall receive that portion of the Warrant Purchase Price indicated on Schedule II for the purchase of the Warrants, which amount shall be distributed to the Warrant Sellers by the Seller Representative.

1.4 Allocation

For the purposes of the allocation of the Share Purchase Price among the Share Sellers and the Warrant Purchase Price among the Warrant Sellers as contemplated hereby (i) the Buyer Shares shall be deemed to have a per share value of $10.00, (ii) the composition of the form of consideration (specifically, the mix of promissory notes and Buyer Shares) to be allocated to each Share Seller shall be as set forth on Schedule I, (iii) any amounts paid to the Share Sellers under the promissory notes shall be net of any deductions pursuant to Section 1.6(d)(ii) (solely for the Share Sellers which are represented by the Seller Representative) and any amounts that must be withheld as described in Section 1.7, and (iv) any amounts paid to the Warrant Sellers under the promissory notes shall be net of any deductions pursuant to Section 1.6(d)(ii) (solely for the Warrant Sellers which are represented by the Seller Representative), and any amounts that must be withheld as described in Section 1.7.

1.5 Closings.

(a) The closings of the transactions contemplated by this Agreement (the "**Closings**") will take place at the offices of Goodmans LLP, 250 Yonge Street, Suite 2400, Toronto, Ontario, at 1:00 p.m., in the case of the Purchased Shares (the "**Share Closing**"), and 1:15 p.m. in the case of the sale of the Warrants (the "**Warrant Closing**"), in each case on the date prior to the date (the "**Closing Date**") of closing of the initial public offering (the "**Offering**") of trust units of KCP Income Fund.

(b) Subject to the conditions set forth in this Agreement, the parties agree to consummate the following "**Closing Transactions**" on the Share Closing and the Warrant Closing, as applicable:

(i) Each of the Share Sellers will assign and transfer to Buyer good and valid title in and to the Purchased Shares owned by such Share Seller, free and clear of all Encumbrances (as defined in Section 2.1), by the Seller Representative, on behalf of the Share Sellers, and shall deliver to Buyer the share certificates representing the Purchased Shares, duly endorsed for transfer or accompanied by duly executed stock powers endorsed in blank;

(ii) Subject to Section 1.7, Buyer shall deliver to the Seller Representative the Share Purchase Price, by delivery to the Seller Representative of (i) certificates representing the Buyer Shares registered in the name of each of the Share Sellers representing the number of Buyer Shares set forth opposite such Share Seller's name on Schedule I; and (ii) demand non-interest bearing promissory notes in favour of the Share Sellers in the amounts set forth opposite each Share Seller's name on Schedule I;

(iii) Each of the Warrant Sellers will assign and transfer to Buyer good and valid title in and to the Warrants owned by such Warrant Seller, free and clear of all Encumbrances, by the Seller Representative, on behalf of the Warrant Sellers, and shall deliver to Buyer the Warrant certificates representing the Warrants, duly endorsed for transfer or accompanied by duly executed stock powers endorsed in blank;

(iv) Subject to Section 1.7, Buyer shall deliver to the Seller Representative the Warrant Purchase Price, by delivery to the Seller Representative of demand non-interest bearing promissory notes in favour of the Warrant Sellers in the amounts set forth opposite each Warrant Seller's name on Schedule II; and

(v) Each of the parties shall deliver the documents required to be delivered pursuant to this Agreement to the party or parties to whom such documents are to be delivered.

1.6 The Seller Representative.

(a) Each of the Share Sellers and the Warrant Sellers (other than the Share Sellers and Warrant Sellers signing this Agreement on their own behalf) hereby appoint David Cynamon as Seller Representative (or any person appointed as a successor Seller Representative pursuant to Section 1.6(b)) as their representative, agent and attorney in fact under this Agreement.

(b) Until all obligations under this Agreement have been discharged (including indemnification obligations under Article 8), Share Sellers and Warrant Sellers (other than the Share Sellers and Warrant Sellers signing this Agreement on their own behalf) who, immediately prior to the relevant Closing, are entitled to receive 50% or more of the aggregate of the Share Purchase Price or Warrant Purchase Price (as applicable) may, from time to time upon not less than 10 days prior written notice to the Seller Representative and Buyer, remove the Seller

Representative or appoint a new Seller Representative (as representative of the applicable group(s) of Sellers upon the death, incapacity, resignation or removal of the Seller Representative; provided, however, no such removal shall be effective until a new Seller Representative is appointed. The removal and appointment of a new Seller Representative in accordance with this Section 1.6(b) shall be binding on each Seller with the relevant group of Sellers.

(c) Each such Seller hereby authorizes the Seller Representative, on behalf of and as attorney in fact for the Seller, to take any action and to execute and deliver any agreement, certificate, notice, consent or instrument required or permitted to be made or delivered under this Agreement or under the other documents referred to in this Agreement that the Seller Representative determines in the Seller Representative’s sole and absolute discretion to be necessary, appropriate or advisable, including authority to collect and pay funds and dispute, settle, compromise and make all claims. The authority of the Seller Representative includes the right to hire or retain, at the sole expense of such Sellers, such counsel, investment bankers, accountants, representatives and other professional advisors as the Seller Representative determines in the Seller Representative’s sole and absolute discretion to be necessary, appropriate or advisable in order to perform this Agreement. Any person, including the Buyer, will have the right to rely upon any action taken by the Seller Representative, and to act in accordance with such action without independent investigation.

(d) Without limiting the authority granted to the Seller Representative under Section 1.6(c), each such Seller hereby expressly agrees that the Seller Representative shall have the following specific rights and powers:

(i) to receive on behalf of such Seller its portion of the Share Purchase Price or Warrant Purchase Price, as applicable;

(ii) to receive the funds payable on the repayment of the Buyer promissory notes and to pay from such funds all fees and expenses payable by the relevant group of Sellers in connection with the transactions contemplated by this Agreement;

(iii) to hold and deliver to the Buyer at the Closing all warrants, stock certificates, stock powers, and other agreements delivered by such Seller to the Seller Representative;

(iv) to execute and deliver such amendments or supplements to, and to grant such waivers and consents under, this Agreement as the Seller Representative in its sole discretion shall deem advisable;

(v) in connection with any claim for indemnification made under Article 8 to serve as the Notifying Party for such Sellers, to take any and all actions required or authorized to be taken by such Sellers as the Indemnifying Party pursuant to Article 8 and to defend, compromise or settle any claim for indemnification made by Buyer against such Seller under Article 8, or, in accordance with Article 8, any third-party claim which has given rise to an indemnity matter under Article 8;

(vi) to receive and give receipt for all notices and other communications required or permitted to be given to such Seller under this Agreement, including all notices under Article 8 relating to any indemnity matter; and

(vii) employ legal counsel to represent such Seller in connection with any indemnity matter arising under Article 8.

(e) Each such Seller hereby acknowledges that the powers and authority granted in this Section 1.6 shall be irrevocable, shall be coupled with an interest and shall not be terminated by any act of such Seller (including the bankruptcy, insolvency, death or incapacity of such Seller). The Seller Representative shall incur no liability for any action taken by the Seller Representative, or any omission to take action, in good faith and in accordance with this Section 1.6, and shall be jointly and severally indemnified and saved harmless by the Sellers from and against any losses incurred by the Seller Representative in the performance of his duties as such in the absence of bad faith, gross negligence or wilful misconduct on the part of the Seller Representative. Each such Seller hereby authorizes Buyer, to rely on any action taken by the Seller Representative as having been fully and properly authorized by each such Seller, and the Buyer shall have no obligation to investigate whether the Seller Representative's actions fall within the power of attorney granted in this Agreement.

(f) Buyer shall have no liability to any such Seller or otherwise arising out of the acts or omissions of the Seller Representative or any disputes among such Sellers or with the Seller Representative. Buyer may rely entirely on its dealings with, and notice to and from the Seller Representative to satisfy any obligations it might have under this Agreement or any other agreements referred to in this Agreement or otherwise to such Sellers.

(g) The Seller Representative accepts the appointments made by this Section 1.6 and agrees to abide by the provisions of this Section 1.6.

1.7 Withholding Under Section 116 of the Tax Act

(a) If any of Prudential Securities Incorporated, Centre Capital Investors II, L.P., Centre Capital Tax-Exempt Investors II, L.P., Centre Capital Offshore Investors II, L.P., Centre Parallel Management Partners, L.P., Centre Partners Coinvestment, L.P., State Board of Administration of Florida, The Roman Arch Fund L.P., The Roman Arch Fund II L.P., Lazard Freres & Co. LLC, KKIK Investors (Barbados) SRL, Sankaty KIK Investors (Barbados) SRL, GATX Financial Corporation, Bruce Pollack and Scott Perekslis (in its capacity as a Share Seller) and each Warrant Seller (each, a "**Non-Resident Seller**") fails to deliver to Buyer a clearance certificate (a "**Certificate**") issued pursuant to subsection 116(2) or 116(4) of the *Income Tax Act* (Canada), on or before the Closing, having a certificate limit equal to or greater than that portion of the Share Purchase Price and Warrant Purchase Price allocated to such Non-Resident Seller under Schedule I or II, as applicable, Buyer shall be entitled to withhold from any amounts to be paid to such Non-Resident Seller an amount equal to one-quarter of the amount by which the portion of the Purchase Price allocated to such Non-Resident Seller under Schedules I or II exceeds the certificate limit provided for in such Non-Resident Seller's Certificate (the "**Withheld Amount**"). For greater certainty, the Withheld Amount shall be 25% of that portion of the Purchase Price allocated to any Non-Resident Seller who fails to deliver a Certificate on or before Closing or, in the case of a Non-Resident Seller who has delivered a Certificate, the Withheld Amount shall be 25% of the amount (if any) by which the Purchase Price allocated to such Non-Resident Seller under Schedules I and/or II exceeds the certificate limit provided for in such Non-Resident Seller's Certificate. The Withheld Amount shall be held in trust by Buyer's solicitors on the conditions set out in sections (b) to (e) below. The Withheld Amount shall be withheld by Buyer (i) retaining demand promissory notes having a principal amount equal to the Withheld Amount, which promissory notes would otherwise be delivered to the Non-Resident Seller pursuant to Section 1.5(b)(ii) hereof; and (ii) delivering those notes to the Buyer's solicitors together with an assignment. Any amounts received by the Buyer's solicitors in repayment of such notes shall be considered to be part of the Withheld Amount.

(b) Buyer agrees that the Withheld Amount shall be held in trust by its solicitors until the earliest of (i) the day on which a Non-Resident Seller furnishes Buyer with a Certificate having a certificate limit equal to or greater than that portion of the Share Purchase Price and the Warrant Purchase Price allocated to such Non-Resident Seller under Schedule I or II; or (ii) the day that is 28 days following the last day of the month during which the Closing occurs (the "**Remittance Date**").

(c) If, on or before the Remittance Date, a Non-Resident Seller provides Buyer with a Certificate having a certificate limit equal to or greater than that portion of the Share Purchase Price and the Warrant Purchase Price allocated to such Non-Resident Seller under Schedule I or II, Buyer shall direct its solicitors to release and pay the Withheld Amount to such Non-Resident Seller (together with any interest earned thereon, net of any applicable taxes).

(d) If, on or before the Remittance Date, a Non-Resident Seller provides Buyer with a Certificate having a certificate limit that is less than that portion of the Share Purchase Price and the Warrant Purchase Price allocated to such Non-Resident Seller under Schedule I or II, Buyer shall direct its solicitors to release and pay to such Non-Resident Seller the Withheld Amount (together with any interest earned thereon, net of any applicable taxes) less one-quarter of the amount by which that portion of the Share Purchase Price and the Warrant Purchase Price allocated to such Non-Resident Seller under Schedule I or II exceeds the certificate limit provided for in such Certificate.

(e) If, on or before the Remittance Date, a Non-Resident Seller has failed to provide Buyer with a Certificate or has delivered a Certificate with a certificate limit less than that portion of the Share Purchase Price and Warrant Purchase Price allocated to such Non-Resident Seller, Buyer shall instruct its solicitors to release and pay (i) the Withheld Amount (or any remaining portion of the Withheld Amount then held in trust by Buyer's solicitors) to the Receiver General for Canada on account of the Non-Resident Seller's Canadian income tax liability under the *Income Tax Act* (Canada) and (ii) any interest earned on the Withheld Amount (net of any applicable taxes) to the Non-Resident Seller, and shall furnish such Non-Resident Seller with a receipt confirming that such remittance has been made; provided, however, that if the Canada Customs and Revenue Agency confirms in writing on or before the Remittance Date that the Non-Resident Seller may continue to hold the Withheld Amount until a later date without adverse consequences to the Buyer, then Buyer shall continue to hold such amount on the terms and conditions of this Section 1.7, and the Remittance Date shall be deemed to have been extended until such later date.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF THE KIK SELLERS

Each Share Seller and David Cynamon represents and warrants (subject to the recovery limitations in Article 8), separately and not jointly or jointly and severally, only in respect of itself and only in respect of the securities owned by such Share Seller (provided that David Cynamon and DSHC KIK Holdings Inc. shall be jointly and severally liable for any breaches of the representations and warranties contained in this agreement made by either of them, and except that Howard Brodie and Howard Brodie Holdings Limited shall be jointly and severally liable for any breaches of the representations and warranties contained in this agreement made by either of them) to Buyer that, as to such Share Seller:

2.1 Title to Purchased Shares.

As of the Share Closing, such Share Seller will beneficially own the number of Purchased Shares listed opposite such Share Seller's name on Schedule I, free and clear of any Encumbrance. There are no restrictions on the ability of such Share Seller to transfer to the Buyer such Purchased Shares other than pursuant to agreements which the Share Seller party thereto has agreed shall terminate. Upon completion of the transactions contemplated by this Agreement, the Buyer will have good and valid title to the Purchased Shares currently held by such Share Seller, free and clear of all Encumbrances other than (i) those restrictions on transfer, if any, contained in the articles of Buyer or KIK and (ii) Liens granted by Buyer. For purposes of this Agreement, "**Encumbrance**" means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

2.2 Incorporation; Power and Authority.

If such Share Seller is not a natural person, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Such Share Seller has all necessary capacity, power and authority to execute, deliver and perform this Agreement.

2.3 Residence

Such Share Seller (with the exception of Prudential Securities Incorporated, Centre Capital Investors II, L.P., Centre Capital Tax-Exempt Investors II, L.P., Centre Capital Offshore Investors II, L.P., Centre Parallel Management Partners, L.P., Centre Partners Coinvestment, L.P., State Board of Administration of Florida, The Roman Arch Fund L.P., The Roman Arch Fund II L.P., Lazard Freres & Co. LLC, KKIK Investors (Barbados) SRL, Sankaty KIK Investors (Barbados) SRL, GATX Financial Corporation, Bruce Pollack and Scott Perekslis) is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

2.4 Validity of Agreement.

The execution, delivery and performance by such Share Seller of this Agreement:

(a) have been authorized by all necessary action, partnership action or corporate action on the part of such Share Seller, as applicable;

(b) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with or result in a default under, or allow any other person to exercise any rights under, any of the terms or provisions of the constating or other organizational documents, partnership agreement or by-laws or resolutions of the board of directors (or any committee thereof), partners or securityholders of the Share Seller (as applicable) or any judgement, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Share Seller, or any material agreement, license or permit to which the Share Seller is a party or by which its assets or property may be affected;

(c) do not require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, securities commission or other securities regulatory authority or other third party, except those which have been obtained other than pursuant to agreements which the Share Seller party thereto has agreed shall terminate; and

(d) will not result in the violation of any law, statute, rule or regulation (a "**Law**") to which such Share Seller is subject.

2.5 Execution and Binding Obligation.

This Agreement has been duly executed and delivered by such Share Seller and constitutes a legal, valid and binding obligation of such Share Seller, enforceable against such Share Seller in accordance with its terms, subject only to (i) the fact that enforceability may be limited by bankruptcy, winding-up, insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

2.6 No Other Agreements to Purchase.

Except for the Buyer's rights under this Agreement, no person has any written or oral agreement, option or warrant or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition from such Share Seller such Share Seller's Purchased Shares other than pursuant to agreements which the the Share Seller party thereto has agreed shall terminate.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES OF THE WARRANT SELLERS

Each Warrant Seller represents and warrants (subject to the recovery limitations in Article 8), separately and not jointly or jointly and severally, only in respect of itself and only in respect of the securities owned by such Warrant Seller to Buyer that, as to such Warrant Seller:

3.1 Title to Warrants.

As of the Warrant Closing, such Warrant Seller will beneficially own the number of Warrants listed opposite such Warrant Seller's name on Schedule II, free and clear of any Encumbrance. Upon completion of the transactions contemplated by this Agreement, the Buyer will have good and valid title to the Purchased Warrants currently held by such Warrant Seller, free and clear of all Encumbrances other than (i) those restrictions or transfer, if any, contained in the articles of Buyer or KIK and (ii) Liens granted by Buyer. There are no restrictions on the ability of such Warrant Seller to transfer to the Buyer such Warrants other than pursuant to agreements which the Warrant Seller party thereto has agreed shall terminate.

3.2 Incorporation; Power and Authority.

If such Warrant Seller is not a natural person, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Such Warrant Seller has all necessary capacity, power and authority to execute, deliver and perform this Agreement.

3.3 Residence.

Such Warrant Seller is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

3.4 Validity of Agreement.

The execution, delivery and performance by such Warrant Seller of this Agreement:

(a) have been authorized by all necessary action, partnership action or corporate action on the part of such Warrant Seller, as applicable;

(b) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with or result in a default under, or allow any other person to exercise any rights under, any of the terms or provisions of the constating or other organizational documents, partnership agreement or by-laws or resolutions of the board of directors (or any committee thereof), partners or securityholders of the Warrant Seller (as applicable) or any judgement, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Warrant Seller, or any material agreement, license or permit to which the Warrant Seller is a party or by which its assets or property maybe affected;

(c) do not require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, securities commission or other securities regulatory authority or other third party, except those which have been obtained other than pursuant to agreements which the Warrant Seller party thereto has agreed shall terminate; and

(d) will not result in the violation of any Law.

3.5 Execution and Binding Obligation.

This Agreement has been duly executed and delivered by such Warrant Seller and constitutes a legal, valid and binding obligation of such Warrant Seller, enforceable against such Warrant Seller in accordance with its terms, subject only to (i) the fact that enforceability may be limited by bankruptcy, winding-up, insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

3.6 No Other Agreements to Purchase.

Except for the Buyer's rights under this Agreement, no person has any written or oral agreement, option or warrant or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition from such Warrant Seller such Warrant Seller's Warrants other than agreements, options or warrants that terminate on completion of the transactions contemplated by this Agreement and other than pursuant to agreements which the parties have agreed shall terminate.

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES REGARDING THE KIK ENTITIES

Each of David Cynamon, DSHC KIK Holdings Inc., Howard Brodie Holdings Limited, Howard Brodie and Roy Pearce (the "**Management Shareholders**") hereby represents and warrants, separately and not jointly or jointly and severally (except that David Cynamon and DSHC KIK Holdings Inc. shall be jointly and severally liable for any breaches of representations and warranties contained in this Agreement made by either of them and Howard Brodie and Howard Brodie Holdings Limited shall be jointly and severally liable for any breaches of the representations and warranties contained in this agreement made by either of them) (subject to the recovery limitations in Article 8):

4.1 Incorporation and Corporate Power.

(a) KIK is a corporation duly incorporated, validly existing and in good standing under the laws of the Province of Ontario (and, at the Time of Closing, will be duly continued under the laws of Nova Scotia), and has the corporate power and authority and all authorizations, licenses, permits and certifications necessary to own and lease and operate its properties and to carry on its business as now conducted and to enter into this Agreement and perform its obligations hereunder. KIK is qualified to do business as a foreign or extra-provincial corporation in every jurisdiction in which the nature of its business or its ownership or leasing of property requires it to be so qualified except for those jurisdictions in which the failure to be so qualified could not, individually or in the aggregate, have a material adverse effect on KIK.

(b) KIK has no Subsidiaries (as defined below) other than those direct and indirect Subsidiaries of KIK listed on Section 4.1 of the Disclosure Schedule (collectively, the "**KIK Subsidiaries**"). Section 4.1 of the Disclosure Schedule sets out the following information about each KIK Subsidiary: (a) the type of entity; (b) the jurisdiction of incorporation or formation; (c) the number of shares (or other interests) authorized, issued and outstanding; and (d) the ownership thereof. Other than as described on the Disclosure Schedule, neither KIK nor any KIK Subsidiary is a 10% or more joint venturer or partner in any project or a 10% or more shareholder in any corporation, a 10% or more member of any limited liability company or otherwise a 10% or more investor in any for-profit entity. Each KIK Subsidiary has been duly incorporated, organized or formed, is validly existing and is in good standing under the laws of the jurisdiction of its incorporation or formation. Each KIK Subsidiary has the corporate or equivalent power and authority to own and lease its properties and to carry on its business as now being conducted. Each KIK Subsidiary is qualified to do business as a foreign or extra-provincial corporation in every jurisdiction in which the nature of its business or its ownership or leasing of property requires it to be so qualified except for those jurisdictions in which the failure to be so qualified could not, individually or in the aggregate, have a material adverse effect on such KIK Subsidiary.

For purposes of this Agreement, the term "**Subsidiary**" shall mean, with respect to any entity, (a) any corporation, partnership, limited liability company, joint venture or other business association or entity in which at least a majority of the voting securities and economic interests are directly or indirectly owned by such entity or (b) any limited partnership (a "**General Partner Subsidiary**") in which such entity or any entity described in clause (a) is a general partner.

(c) The outstanding shares of capital stock or other ownership interests of each KIK Subsidiary are duly authorized, validly issued, fully paid and nonassessable. Except as indicated on the Disclosure Schedule, KIK or another KIK Subsidiary owns beneficially and of record its shares of capital stock or other ownership interests of each KIK Subsidiary, free and clear of any Encumbrance. Except as indicated on Section 4.1 of the Disclosure Schedule, there are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls, debentures or other rights obligating any KIK Subsidiary to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire any shares of its capital stock. No dividends have been declared with respect to the capital stock of any KIK Subsidiary that are unpaid.

4.2 Execution and Binding Obligation.

This Agreement has been duly executed and delivered by KIK and constitutes a legal, valid and binding obligation of KIK, enforceable against KIK in accordance with its terms, subject only to (i) the fact that enforceability may be limited by bankruptcy, winding-up, insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

4.3 No Breach; Consents.

The execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby will not (a) contravene any provision of the constating or other organizational documents, partnership agreement or by-laws ("**Organizational Documents**") or resolutions of the directors, partners or shareholders of KIK or any KIK Subsidiary (as applicable) (collectively, the "**KIK Entities**"), (b) except as listed on Section 4.3 of the Disclosure Schedule, require any authorization, consent, approval, exemption or other action or notice to any court or other governmental body, under the provisions of the Organizational Documents or any indenture, mortgage, lease, loan agreement or other agreement or instrument by which any KIK Entity is bound or affected, or any law, statute, rule or regulation or order, judgment or decree to which any KIK Entity is subject, (c) result in the creation of any Encumbrance upon any Purchased Securities, KIK Entity or any asset of the KIK Entities, or (d) result in the breach of any Material Contract, Law or judgement binding the KIK Entities.

4.4 Capital Stock.

The authorized capital of KIK consists of an unlimited number of common shares (the "**Common Shares**"), an unlimited number of Class A preferred shares (the "**Class A Shares**") and an unlimited number of Class B preferred shares (the "**Class B Shares**" and, collectively with the Common Shares and the Class A Shares, the "**Shares**"). As of the date hereof, 41,438,507 Common Shares are issued and outstanding, no Class A Shares are issued and outstanding and no Class B Shares are issued and outstanding. All of the issued and outstanding Shares have been duly authorized and are validly issued, fully paid and nonassessable. Except as indicated on Section 4.4 of the Disclosure Schedule and with respect to options (the "**Options**") to acquire approximately 3,565,000 Common Shares of KIK and warrants (the "**Warrants**") to acquire approximately 2,527,062 Common Shares, there are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls, debentures or other rights obligating KIK to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire any shares of its capital stock. No dividends have been declared with respect to the capital stock of KIK that are unpaid.

4.5 Financial Statements.

KIK has delivered to Buyer copies of (a) the unaudited consolidated balance sheet, as of May 25 2002, of KIK (the "**Latest Balance Sheet**") and the unaudited consolidated statements of earnings, shareholders' equity and cash flows of KIK for the five-month period ended May 25, 2002 (such statements and the Latest Balance Sheet being herein referred to as the "**Latest Financial Statements**") and (b) the audited consolidated balance sheets, as of December 31, 2001, 2000 and 1999, of KIK and the audited consolidated statements of earnings, shareholders' equity and cash flows of KIK for each of the fiscal years then ended (collectively, the "**Annual Financial Statements**"). The Latest Financial Statements and the Annual Financial Statements are based upon the information contained in the books and records of the KIK Entities and fairly present, in all material respects, the assets, liabilities and financial condition of the KIK Entities as of the dates thereof and results of operations for the periods referred to therein. The Annual Financial Statements have been prepared in accordance with generally accepted accounting principles, consistently applied throughout the periods indicated. The Latest Financial Statements have been prepared in accordance with generally accepted accounting principles applicable to unaudited interim financial statements (and thus may not contain all notes and may not contain prior period comparative data which are required to be prepared in accordance with generally accepted accounting principles) consistently with the Annual Financial Statements and reflect all adjustments necessary to be a fair statement of the results for the interim period(s) presented.

4.6 Absence of Undisclosed Liabilities.

Except as disclosed on Section 4.6 of the Disclosure Schedule, none of the KIK Entities has any liabilities of any nature, absolute or contingent, due or to become due (a) which are not disclosed in the Latest Financial Statements and which were required to be disclosed in the Latest Financial Statements by generally accepted accounting principles, or (b) which have arisen other than in the usual and ordinary course of business of any KIK Entity since the date of the Latest Financial Statements and which exceed US$1,500,000 individually or US$2,500,000 in the aggregate.

4.7 Accounts Receivable.

The accounts receivable reflected on the Latest Balance Sheet are valid receivables, are not subject to valid counterclaims or setoffs, and, to the knowledge of the Management Shareholders, are collectible in accordance with their terms, except as otherwise described in

Section 4.7 of the Disclosure Schedule, and except to the extent of the bad debt reserve reflected on the Latest Balance Sheet.

4.8 No Material Adverse Changes.

Since December 31, 2001 (the "**Balance Sheet Date**"), there has been no material adverse change with respect to the KIK Entities.

4.9 Absence of Certain Developments.

Except as disclosed on Section 4.9 of the Disclosure Schedule or as disclosed in the Prospectus (as herein defined), since the Balance Sheet Date, none of the KIK Entities has:

(a) borrowed any amount or incurred or become subject to any liability, except (i) current liabilities incurred in the ordinary course of business, (ii) liabilities under contracts entered into in the ordinary course of business, and (iii) intercompany indebtedness among the KIK Entities;

(b) mortgaged, pledged or subjected, any of its assets to an Encumbrance except (i) liens for taxes and other governmental charges and assessments not yet due or delinquent or being contested in good faith by appropriate proceedings, (ii) liens identified in Section 4.9 of the Disclosure Schedule, (iii) liens imposed by law and incurred in the ordinary course of business for obligations not yet due or delinquent, (iv) liens in respect of pledges or deposits under workers' compensation, social security or similar laws, (v) easements, restrictions and reservations of record, if any, (vi) building and zoning by-laws, laws, ordinances and regulations, (vii) liens securing indebtedness reflected in the Latest Financial Statements, (viii) liens for intercompany indebtedness among the KIK Entities, and (ix) other liens, encumbrances or imperfections on property which are not material in amount and do not materially detract from the value of or materially impair the existing use of the property affected by such lien, encumbrance or imperfections (collectively, "**Permitted Encumbrances**").

(c) sold, assigned or transferred (including, without limitation, transfers to any employees, affiliates or shareholders) any tangible assets, or cancelled any debts or claims, in each case, except in the ordinary course of business;

(d) sold, assigned or transferred (including, without limitation, transfers to any employees, affiliates or shareholders) any patents, trademarks, trade names, copyrights, trade secrets or other intangible assets;

(e) waived any rights of material value or suffered any extraordinary losses;

(f) declared or paid any dividends or other distributions with respect to any shares of such KIK Entity or redeemed or purchased, directly or indirectly, any shares of such KIK Entity or any options or warrants;

(g) issued, sold or transferred any of its equity securities, securities convertible into or exchangeable for its equity securities or warrants, options or other rights to acquire its equity securities, or any bonds or debt securities;

(h) taken any other action or entered into any other transaction other than in the ordinary course of business and in accordance with past custom and practice, other than the transactions contemplated by this Agreement;

(i) suffered any material theft, damage, destruction or loss of or to any property or properties owned or used by it, whether or not covered by insurance;

(j) made or granted any increase in any employee benefit plan or arrangement, or amended or terminated any existing employee benefit plan or arrangement, or adopted any new employee benefit plan or arrangement or made any commitment or incurred any liability to any labor organization;

(k) made any single capital expenditure or commitment therefor in excess of US$1,500,000; or

(l) made any change in accounting principles or practices from those utilized in the preparation of the Annual Financial Statements.

4.10 Inventory.

Each KIK Entity's inventory of raw materials, work in process and finished goods (collectively, the "**Inventory**") consists of items of a quality and quantity usable and, with respect to finished goods only, saleable at normal profit levels, subject to customary allowances for spoilage, damage and outdated items, in each case, in the ordinary course of such KIK Entity's business. The KIK Entities own the Inventory free and clear of all Encumbrances, except Permitted Encumbrances. As of the date of the Latest Balance Sheet, the values at which the Inventory is carried on the Latest Balance Sheet are in accordance with generally accepted accounting principles.

4.11 Title to Properties.

(a) The real property owned by the KIK Entities or demised by the leases described in Section 4.11 of the Disclosure Schedule (the "**Leases**") constitutes all of the real property owned, used or occupied by the KIK Entities (the "**Real Property**"). The Real Property has access, sufficient for the conduct of the business of the KIK Entities as now conducted or as presently proposed to be conducted, to public roads and to all utilities, including electricity, sanitary and storm sewer, potable water, natural gas and other utilities, used in the operation of the business of the KIK Entity at that location.

(b) The Leases are in full force and effect, and the respective KIK Entity holds a valid and existing leasehold interest under each such Lease for the term set forth in Section 4.11 of the Disclosure Schedule. The KIK Entities are not in default, and, to the knowledge of the Management Shareholders, no circumstances exist which, if unremedied, would, either with or without notice or the passage of time or both, result in such default under any of the Leases.

(c) The KIK Entities own good and marketable title to each parcel of Real Property identified in Section 4.11 of the Disclosure Schedule as being owned by a KIK Entity, free and clear of all Encumbrances, except for (i) Encumbrances identified in Section 4.11 of the Disclosure Schedule or (ii) Permitted Encumbrances.

(d) To the knowledge of the Management Shareholders, the buildings, equipment and other tangible assets used by the KIK Entities in the conduct of its business are, in all material respects, in good condition and repair, ordinary wear and tear excepted, and are adequate and suitable for the purposes for which they are currently being used.

(e) All buildings, structures, improvements and appurtenances situated on the Real Property are in good operating condition and in a state of good maintenance and repair, reasonable wear and tear excepted, are adequate and suitable for the purposes for which they are currently being used and KIK or one of the KIK Entities has adequate rights of ingress and egress for the operation of the business of the KIK Entities in the ordinary course. None of such buildings, structures, improvements or appurtenances (or any equipment therein), nor the operation or maintenance thereof, violates any restrictive covenant or, in any material respect, any provision of any federal, provincial or municipal law, ordinance, rule or regulation, or encroaches on any property owned by others. Without limiting the generality of the foregoing:

(i) the Real Property, the current uses thereof and the conduct of the business of the KIK Entities comply in all material respects with all regulations, statutes, enactments, laws and by-laws including, without limitation, those dealing with zoning, parking, access, loading facilities, landscaped areas, building construction, fire and public health and safety and Environmental Laws;

(ii) all accounts for work and services performed and materials placed or furnished upon or in respect of the Real Property at the request of KIK or one of the KIK Entities have been fully paid and satisfied, and no person is entitled to claim a lien under the *Construction Lien Act* (Ontario) or similar legislation in any other jurisdiction against the Real Property or any part thereof, other than current accounts in respect of which the payment due date has not yet passed;

(iii) there is nothing owing in respect of the Real Property by any of the KIK Entities to any municipal corporation or to any other corporation or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water, or for the use thereof, other than current accounts in respect of which the payment due date has not yet passed; and

(iv) no part of the Real Property has been taken or expropriated by any federal, provincial, state, municipal or other competent authority nor has any notice or proceeding in respect thereof been given or commenced.

(f) Except as disclosed on Section 4.11 of the Disclosure Schedule, the KIK Entities have good and marketable title to all of their personal property, including the personal property reflected on the Latest Balance Sheet (except Inventory sold or used after the most recent Balance Sheet Date in the ordinary course of business, obsolete or unusable assets sold since the Balance Sheet Date and personal property that is leased and described in Section 4.11 of the Disclosure Schedule). No Person has any agreement, option, understanding, commitment or right or any right or privilege capable of becoming a right to purchase any personal property from the KIK Entities, other than Inventory in the ordinary course of business. Except as disclosed on Section 4.11 of the Disclosure Schedule, none of the personal property that is owned by any of the KIK Entities is subject to any Lien. Neither any of the Sellers nor any Person who is an associate or affiliate (as defined in the *Securities Act* (Ontario) of any of them owns any Property that is used by or useful to the KIK Entities in the conduct of the business of the KIK Entities. All of the personal property that is used in the operation of the business of the KIK Entities is either owned by or leased or licensed to the KIK Entities.

4.12 Tax Matters.

(a) Each KIK Entity and any affiliated, combined or unitary group of which KIK is or was a member, as the case may be (each, a "**Tax Affiliate**" and, collectively, the "**Tax Affiliates**"), has: (i) timely filed (or has had timely filed on behalf of KIK) or shall file within the time required by the applicable legislation all returns, declarations, reports, estimates, information returns, elections, and statements ("**Returns**") required to be filed or sent by it in respect of any "**Taxes**" (as defined in subsection (e) below) or required to be filed or sent by it by any taxing authority having jurisdiction since incorporation to and including the filing period ending on or before the Closings and all such Returns have been or will be prepared in accordance with the provisions of the applicable legislation, and, fairly and correctly represent or will represent for the purposes of the legislation which is applicable to the particular Return all information contained therein for the period reflected in such Return; (ii) timely and properly paid (or has had paid on its behalf) or shall pay all Taxes shown to be due and payable on such Returns; (iii) established on the Latest Balance Sheet, in accordance with Canadian or U.S. generally accepted accounting principles, as applicable, reserves that are adequate for the payment of any Taxes in respect of any period to the date of the Latest Balance Sheet not yet due and payable; and (iv) has withheld or collected and remitted all amounts required to be withheld or collected and remitted by it in respect of any Taxes.

(b) There are no Encumbrances for Taxes upon any assets of any of the KIK Entities or of any Tax Affiliate, except Encumbrances for Taxes not yet due.

(c) No deficiency for any Taxes has been proposed, asserted or assessed against any of the KIK Entities or the Tax Affiliates that has not been resolved and paid in full. No waiver, extension or comparable consent given by any of the KIK Entities or the Tax Affiliates regarding the application of the statute of limitations with respect to any Taxes or Returns is outstanding, nor is any request for any such waiver or consent pending.

(d) None of the KIK Entities nor any Tax Affiliate has requested any extension of time within which to file any Return, which Return has not since been filed within such extension time.

(e) For purposes of this Agreement, the term "**Taxes**" means all taxes, charges, fees, levies, or other assessments, including, without limitation, all net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding, payroll, employment, social security, unemployment, excise, estimated, severance, stamp, occupation, property, or other taxes, customs duties, fees, assessments, or charges of any kind whatsoever, including, without limitation, all interest and penalties thereon, and additions to tax or additional amounts imposed by any taxing authority, domestic or foreign, upon any of the KIK Entities or any Tax Affiliate.

4.13 Contracts and Commitments.

(a) Section 4.13 of the Disclosure Schedule sets forth a complete and accurate list of each contract having a value per item or aggregate annual payment of US$5,000,000 to which the KIK Entities are a party (individually, a "**Material Contract**" and collectively, the "**Material Contracts**"), and the Buyer has been provided with copies of the following written agreements to which any KIK Entity is a party, which are currently in effect, and which relate to the operation of the business of the KIK Entities:

(i) collective bargaining agreements or contracts with any labor union;

(ii) bonus, pension, profit sharing, retirement or other form of deferred compensation plans;

(iii) hospitalization insurance or other welfare benefit plans or practice, whether formal or informal;

(iv) share purchase or share option plans;

(v) contracts for the employment of any officer or relating to severance pay for any such person, in any case, involving payments exceeding US$150,000 per year;

(vi) contracts, agreements or understandings relating to the voting of the shares or the election of directors of any KIK Entity;

(vii) agreements or indentures relating to the borrowing of money or to mortgaging, pledging or otherwise placing a lien on any of the assets of a KIK Entity;

(viii) guarantees of any obligations for borrowed money or otherwise;

(ix) leases or agreements under which it is lessee of, or holds or operates any property, real or personal, owned by any other party, for which the annual rental exceeds US$500,000;

(x) leases or agreements under which it is lessor of, or permits any third party to hold or operate, any property, real or personal, for which the annual rental exceeds US$500,000;

(xi) contracts or group of related contracts with the same party for the purchase of products or services under which the undelivered balance of such products or services is in excess of US$2,000,000;

(xii) contracts or group of related contracts with the same party (other than any contract or group of related contracts for the purchase or sale of products or services) continuing over a period of more than six months from the date or dates thereof, not terminable by it on 30 days' or less notice without penalty and involving more than US$2,000,000;

(xiii) contracts which prohibit a KIK Entity from freely engaging in business anywhere in the world;

(xiv) contracts for the distribution of the KIK Entities' products (including any distributor, sales and original equipment manufacturer contract);

(xv) franchise agreements;

(xvi) license agreements or agreements providing for the payment or receipt of royalties or other compensation by a KIK Entity in connection with the intellectual property rights listed in the Disclosure Schedule;

(xvii) contracts or commitment for capital expenditures in excess of US$1,500,000 annually;

(xviii) agreements for the sale of any material capital asset;

(xix) settlements, conciliation or similar agreements; or

(xx) other agreements which are either material to the business of the KIK Entities or were not entered into in the ordinary course of business.

(b) The KIK Entities have materially performed all obligations required to be performed by them in connection with the foregoing contracts or commitments, are entitled to all benefits thereunder and are not in default or alleged to be in default under any Material Contract, and are not aware of any material breaches of any Material Contract by any party thereto.

4.14 Intellectual Property Rights.

Section 4.14 of the Disclosure Schedule describes all rights in patents, patent applications, trademarks, service marks, trade names, corporate names, copyrights or other intellectual property rights owned by, licensed to or otherwise controlled by the KIK Entities or used in, developed for use in or necessary to the conduct of the KIK Entities' business which are, individually or in the aggregate with such other intellectual property rights, material to the business of the KIK Entities. Section 4.14 of the Disclosure Schedule specifies the following: (a) the nature of the intellectual property (e.g. patent, trademark or license) and the termination date, if any, thereof, (b) whether such item is owned or licensed by the applicable KIK Entity; (c) the jurisdictions by or in which such intellectual property has been issued or registered or in which an application for such issuance or registration has been filed, including the respective registration or application numbers; and (d) any contract pursuant to which any of the KIK Entities or any other person is authorized to use such intellectual property, including the identity of all parties thereto, a description of the nature and subject matter thereof, the applicable royalty and term thereof and whether such contract grants exclusive or non-exclusive rights in any particular geographic region. The respective KIK Entity indicated on Section 4.14 of the Disclosure Schedule owns and possesses all right, title and interest, or holds a valid license, in and to the rights set forth under such section. No KIK Entity has received any notice of, any infringement or misappropriation by, or conflict from, any third party with respect to the intellectual property rights which are listed in Section 4.14 of the Disclosure Schedule; no claim by any third party contesting the validity of any intellectual property rights listed in Section 4.14

of the Disclosure Schedule has been made, is currently outstanding or, to the knowledge of Sellers, is threatened; no KIK Entity has infringed, misappropriated or violated any intellectual property rights of any third parties, or received any notice of any infringement, misappropriation or violation by it of any intellectual property rights of any third parties.

4.15 Litigation.

Except as set forth in Section 4.15 of the Disclosure Schedule, there are no actions, suits, material grievances, arbitration proceedings or other proceedings, orders or investigations pending or, to the knowledge of the Management Shareholders, threatened against any KIK Entity, or its officers, directors or employees in their official capacities for such KIK Entity and not personally, which could have a material adverse effect on the KIK Entities.

4.16 Employees.

(a) Except as set forth in Section 4.16 of the Disclosure Schedule, with respect to the KIK Entities: (i) there is no collective bargaining agreement or relationship with any labor organization; (ii) to the knowledge of the Management Shareholders, no executive or manager has indicated to any of the chief executive officer, chief financial officer or chief operating officer any present intention to terminate their employment; (iii) no labor organization or group of employees has filed any representation petition or made any written or oral demand for recognition; (iv) no union organizing or decertification efforts are underway or, to our knowledge, threatened; (v) no labor strike, work stoppage, slowdown, or other material labor dispute has occurred, and none exists or, to the knowledge of the Company and any of its Subsidiaries, threatened; (vi) there is no workman's compensation liability, experience or matter that could have a material adverse effect on the KIK Entities; (vii) there is no employment-related charge, complaint, grievance, investigation, inquiry of any kind, pending or, to our knowledge, threatened in any court or other tribunal having jurisdiction over the KIK Entities, relating to an alleged violation or breach by the KIK Entities (or their officers or directors) of any law, regulation or contract; and, (viii) to our knowledge, no employee or agent of the KIK Entities has committed any act or omission giving rise to material liability for any violation or breach identified in subsection (vii) above.

(b) Except as set forth in Section 4.16 of the Disclosure Schedule, (i) there are no employment contracts or severance agreements with any employees of the KIK Entities, and, (ii) there are no written personnel policies, rules or procedures applicable to employees of the KIK Entities.

(c) With respect to this transaction, each notice required under any law or collective bargaining agreement has been given, and all then existing bargaining obligations with any employee representative have been, or prior to the Closings will be, satisfied. Within the past three years, none of the KIK Entities has implemented any plant closing or layoff of employees that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state or local law, regulation or ordinance (jointly, the "**WARN Act**"), and no such action will be implemented prior to Closing without advance notification to Buyer.

4.17 Employee Benefit Plans.

(a) Except as set forth in the Disclosure Schedule, with respect to all employees and former employees of the KIK Entities and all dependents and beneficiaries of such employees and former employees, (i) the KIK Entities do not maintain or contribute to any nonqualified deferred compensation or retirement plans, contracts or arrangements; (ii) the KIK Entities do not maintain or contribute to any qualified defined contribution plans (as defined in Section 3(34) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or Section 414(i) of the Code (as defined below)); (iii) the KIK Entities do not maintain or contribute to any qualified defined benefit plans (as defined in Section 3(35) of ERISA or Section 414(j) of the Code); and (iv) the KIK Entities do not maintain or contribute to any employee welfare benefit plans (as defined in Section 3(1) of ERISA).

(b) All employee benefit plans (as defined in Section 3(3) of ERISA) which the KIK Entities maintain or to which they contribute (collectively, the "**Plans**") comply with the requirements of ERISA and the Internal Revenue Code of 1986, as amended (the "**Code**").

(c) Buyer has received true and complete copies of (i) the most recent determination letter, if any, received by the KIK Entities from the Internal Revenue Service regarding the Plans which any KIK Entity maintains or to which it contributes and any amendment to any Plan made subsequent to any Plan amendments covered by any such determination letter; and (ii) the most recent financial statements and annual report or return for the Plans.

(d) Except as set forth on Section 4.17 of the Disclosure Schedule, no KIK Entity contributes (and has not ever contributed) to any multi-employer plan, as defined in Section 3(37) of ERISA. No KIK Entity has any actual or potential liabilities under Section 4201 of ERISA for any complete or partial withdrawal from a multi-employer plan. No KIK Entity has any actual or potential liability for death or medical benefits after separation from employment, other than (i) death benefits under the employee benefit plans or programs (whether or not subject to ERISA) set forth under the caption referencing this Section in the Disclosure Schedule and (ii) health care continuation benefits described in Section 4980B of the Code.

(e) No KIK Entity nor any of its directors, officers, employees or other "fiduciaries", as such term is defined in Section 3(21) of ERISA, has committed any breach of fiduciary responsibility imposed by ERISA or any other applicable law with respect to the Plans which would subject the KIK Entities, Buyer, Buyer's subsidiaries or any of their respective directors, officers or employees to any liability under ERISA or any applicable law.

(f) No KIK Entity has incurred any liability for any tax or civil penalty or any disqualification of any employee benefit plan (as defined in Section 3(3) of ERISA) imposed by Sections 4980B and 4975 of the Code and Part 6 of Title I and Section 502(i) of ERISA.

4.18 Insurance.

Section 4.18 of the Disclosure Schedule sets forth a true and complete list of all policies, binders and insurance contracts under which any of the KIK Entities or any of the properties or assets of the KIK Entities are insured. With respect to each such insurance policy, Section 4.18 of the Disclosure Schedule includes a description of (a) the scope of coverage, (b) the limits of liability thereunder and available coverage (if less than the aggregate limits), (c) deductibles and other similar amounts, (d) whether such policy is written on a “claims made” or “occurrence” basis, and (e) the name of the insurer, the name of the policyholder and the name of each covered insured. All of such insurance policies are in full force and are in amounts, with regard to deductibles and co-insurance clauses, as are adequate to fully insure the KIK Entities, their assets and the businesses thereof.

4.19 Customers and Suppliers.

None of the 10 largest customers and suppliers of the KIK Entities for the years ended December 31, 2001 and for the six-month period ended June 30, 2002 has notified any of the KIK Entities, in writing, and KIK has no reason to believe, that such customer or supplier does not intend to continue dealing with the KIK Entities on substantially the same terms and conditions as are currently in effect, subject to changes in pricing and volume in the ordinary course other than as set out in Section 4.19 of the Disclosure Schedule.

4.20 Compliance with Laws; Permits.

(a) The KIK Entities are not in violation of or default under any law, regulation or order applicable to it, the effect of which, individually or in the aggregate with such other violations and defaults, could reasonably be expected to have a material adverse effect on the KIK Entities.

(b) The KIK Entities have, in full force and effect, all licenses, permits and certificates, from federal, state, provincial, local and foreign authorities used, necessary in and, individually or in the aggregate, material to the KIK Entities (collectively, the “**Permits**”) other than as set out in Section 4.20 of the Disclosure Schedule. The KIK Entities have conducted their business in substantial compliance with all material terms and conditions of the Permits.

4.21 Environmental Matters.

(a) As used in this Section 4.21, the following terms shall have the following meanings:

(i) “**Hazardous Materials**” means any substance, material or waste which is regulated by any Environmental Laws relating to such substance or otherwise relating to the environment or human health or safety, including any substance which is defined as “**hazardous waste**”, “**hazardous material**”, “**hazardous substance**”, “**pollutant**” or “**contaminant**” under any provision of Environmental Law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 6901 et seq., and including petroleum, petroleum products, asbestos, asbestos-containing material, urea formaldehyde and polychlorinated biphenyls.

(ii) “**Environmental Laws**” means all applicable federal, state, provincial and local statutes (including common law), rules, regulations, codes, ordinances, orders, decrees, directives, policies, guidelines, permits, licenses and judgments, all to the extent having the force of law, relating to pollution, contamination, Hazardous Materials or protection of the environment in effect as of the date of this Agreement.

(iii) **"Governmental Authority"** for the purposes of this Section 4.21 means any federal, state local administrative or regulatory agency, board, committee, commission or entity with jurisdiction to implement Environmental Laws.

(iv) "**Release**" means the spilling, leaking, pumping, pouring, injecting, emptying, dumping, disposing, discharging, emitting, depositing, ejecting, leaching, escaping or any other release or threatened release, however defined, whether intentional or unintentional, of any Hazardous Material that is in violation of any Environmental Law.

(b) Except as set out in Section 4.21 of the Disclosure Schedule, the KIK Entities and the Real Property are in material compliance with all applicable Environmental Laws. Except as set forth in Section 4.21(b) of the Disclosure Schedule, to the knowledge of the KIK Entities, the KIK Entities have been in material compliance with all applicable Environmental Laws during the 10 years prior to the Closing Date, except for any non-compliance that has been resolved and addressed in all material respects as required by applicable Environmental Laws.

(c) Except as set out in Section 4.21 of the Disclosure Schedule, each KIK Entity has obtained, and maintained in full force and effect, all material environmental permits, licenses, certificates of compliance, approvals and other governmental authorizations under any Environmental Laws required for the lawful conduct of its business and the ownership or operation of the Real Property (collectively, the "**Environmental Permits**") and has conducted its business in compliance in all material respects with all terms and conditions of the Environmental Permits.

(d) Except as set forth in Section 4.21 of the Disclosure Schedule: (i) no Release of Hazardous Materials has occurred on, under or at any part of the Real Property or any other property or facility owned or operated by any of the KIK Entities, which Release has not been resolved and addressed as required in all material respects by any applicable Environmental Law, and (ii) no aboveground or underground storage tanks or impoundments or land-disposal units containing Hazardous Materials the location, design, construction or operation of which is regulated under Environmental Laws, are located on, under or at the Real Property, or have been located on, under or at the Real Property and then subsequently been removed or filled, provided, however, that any representation in this Section 4.21(d) relating to Releases at the Real Property or any other property or facility that first occurred prior to the period of ownership by any KIK Entity shall be limited to the knowledge of the KIK Entities.

(e) Except as set forth in Section 4.21 of the Disclosure Schedule, no KIK Entity has received any written notice within the past five years alleging in any manner that such KIK Entity is responsible, or potentially responsible for any Release of Hazardous Materials, any penalties arising under any Environmental Laws or any violation of Environmental Laws.

(f) Except as set forth in Section 4.21 of the Disclosure Schedule, the KIK Entities and the Real Property are not listed on the United States Environmental Protection Agency National Priorities List of Hazardous Waste Sites, or any other equivalent list of hazardous or solid waste sites maintained by any federal, state, provincial or local agency.

(g) Except as set forth in Section 4.21 of the Disclosure Schedule, no KIK Entity has or reasonably could have a liability (including for any investigation, corrective action or remediation) arising under applicable Environmental Laws (i) related to any property or facility other than the Real Property; and (ii) arising from or relating to the operations of any KIK Entity during the period of ownership by any KIK Entity or, to the knowledge of the Management Shareholders, prior to the period of ownership of those operations by any KIK Entity;

(h) Each KIK Entity, except as disclosed in Section 4.21 of the Disclosure Schedule, has never had conducted an Environmental Audit. For purposes of this Section 4.21, an "**Environmental Audit**" shall be limited to any evaluation, assessment or study performed at the request of or on behalf of a Governmental Authority. The Management Shareholders are not aware of any Environmental Audit or other material environmental documents that are in their possession other than those listed in Section 4.21 of the Disclosure Schedule.

The representations set forth in this Section 4.21 are the exclusive representations relating to environmental matters.

4.22 Affiliate Transactions.

Except as disclosed in Section 4.22 of the Disclosure Schedule, and other than pursuant to this Agreement, no officer, director or employee of any KIK Entity or any member of the immediate family of any such officer, director or employee, or any entity in which any of such persons owns any beneficial interest (other than any publicly-held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than one percent of the stock of which is beneficially owned by any of such persons) (collectively "**insiders**"), has any agreement with any KIK Entity (other than normal employment arrangements), any loan to or from any KIK Entity or any interest in any property, real, personal or mixed, tangible or intangible, used in or pertaining to the business of the KIK Entities (other than ownership of capital stock of the KIK Entities). None of the insiders has any direct or indirect interest (other than the beneficial or record ownership of less than one percent of the outstanding shares of capital stock of a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market) in any competitor, supplier or customer of the KIK Entities or in any person, firm or entity from whom or to whom the KIK Entities lease any property, or in any other person, firm or entity with whom the KIK Entities transact business of any nature. For purposes of this Section, the members of the immediate family of an officer, director or employee shall consist of the spouse, parents, children, siblings and family trust of such officer, director or employee.

4.23 True, Full and Plain Disclosure.

The Prospectus constitutes full, true and plain disclosure of all material facts relating to the business of the KIK Entities and does not contain any Misrepresentation with respect to the business of the KIK Entities in the context of the Offering.

4.24 Regulatory Matters

(a) The KIK Entities have made or caused to be made all filings and submissions under any laws or regulations applicable to the KIK Entities for the consummation of the transactions contemplated herein.

(b) All material governmental filings, authorizations and approvals that are required for the consummation of the transactions contemplated hereby have been duly made and obtained.

(c) There is not threatened, instituted or pending any action or proceeding, before any court or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, or to delay or otherwise directly or indirectly restrain or prohibit, the consummation of the transactions contemplated hereby or seeking to obtain material damages in connection with such transactions, (ii) seeking to invalidate or render unenforceable any material provision of this Agreement, or (iii) otherwise relating to and materially adversely affecting the transactions contemplated hereby; and

(d) There is not any action taken, or any statute, rule, regulation, judgement, order in injunction, enacted, entered, enforced, promulgated, issued or deemed applicable to the transactions contemplated hereby by any federal, state or foreign court, government or governmental authority or agency, which would reasonably be expected to result, directly or indirectly, in any of the consequences referred to in (c) above.

4.25 Preferred Shares

Each Share Seller who held Class A Shares or Class B Share has converted such shares into common shares of KIK.

ARTICLE 5 - REPRESENTATIONS OF CENTRE PARTNERS

5.1 KCP Income Fund Offering Documents.

Centre Capital Investors II, L.P, Centre Capital Tax-Exempt Investors II, L.P., Centre Capital Offshore Investors II, L.P., Centre Parallel Management Partners, L.P., Centre Partners Coinvestment, L.P. and the State Board of Administration of Florida (collectively, "**Centre Partners**") represent and warrant (subject to the recovery limitations in Article 8) that, to the actual knowledge of Centre Partners, the preliminary prospectus of KCP Income Fund dated July 10, 2002, the amended and restated preliminary prospectus of KCP Income Fund dated August 2, 2002 and the final prospectus of KCP Income Fund dated August 13, 2002 (collectively, the "**Offering Documents**") do not contain any material misstatement of a material fact which would result in the information set forth in the Offering Documents, taken as a whole and in light of the circumstances under which such information was provided, being materially misleading, provided that (i) for purposes hereof, the "actual knowledge of Centre Partners" means the conscious awareness of facts by Bruce Pollack, and (ii) Centre Partners has not made, and is under no obligation to make, any inquiry or investigation whatsoever as to the accuracy or veracity of any information set forth in the Offering Documents.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Sellers that:

6.1 Incorporation and Corporate Power.

Buyer is an unlimited liability company duly created, validly existing and in good standing under the laws of the Province of Nova Scotia, with the necessary corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder.

6.2 Execution, Delivery; Valid and Binding Agreement.

The execution, delivery and performance of this Agreement by Buyer and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate or equivalent action, and no other corporate or equivalent proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been duly executed and delivered by the Buyer and constitutes the valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights or by general principles of equity.

6.3 No Breach; Consents.

The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby do not (a) contravene any provision of the Organizational Documents of Buyer or (b) require any authorization, consent, approval, exemption or other action or notice to any court or other governmental body, under the provisions of the Organizational Documents of Buyer or any indenture, mortgage, lease, loan agreement or other agreement or instrument by which Buyer is bound or affected, or any law, statute, rule or regulation or order, judgment or decree to which Buyer is subject.

6.4 Brokerage.

No third party shall be entitled to receive any brokerage commissions, finder's fees, fees for financial advisory services or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Buyer.

6.5 Regulatory Matters.

Buyer has made or caused to be made all filings and submissions under any laws or regulations applicable to Buyer for the consummation of the transactions contemplated herein, in cooperation with KIK.

ARTICLE 7 - COVENANTS OF KIK

7.1 No Action.

None of the KIK Entities shall take, and the Management Shareholders agree to cause the KIK Entities not to take, any action of any nature prior to the completion of both the Share Closing and the Warrant Closing, it being the intention to effect such closings immediately following execution and delivery hereof in accordance with Article 1.

ARTICLE 8 - INDEMNIFICATION

8.1 Indemnification of the Buyer by the Sellers, David Cynamon, Howard Brodie, Howard Brodie Holdings Limited and Roy Pearce

Each of the Sellers, David Cynamon, Howard Brodie, Howard Brodie Holdings Limited and Roy Pearce (collectively, the "**Indemnifying Parties**") shall, separately, and not jointly or jointly and severally, indemnify and hold harmless the Buyer in respect of any and all claims, losses, diminutions in value, damages, liabilities, whether or not currently due, and expenses (including, without limitation, settlement costs and any legal or other expenses for investigating or defending any actions or threatened actions, including with respect to enforcement of such indemnity) (collectively, a "**Loss**") incurred by the Buyer in connection with any misrepresentation made by such Indemnifying Party in this Agreement (including the Disclosure Schedules hereto) or the breach of any other covenant, agreement or obligation of such Indemnifying Party contained in this Agreement or any document contemplated by this Agreement. Notwithstanding the foregoing, DSHC KIK Holdings Inc. and David Cynamon shall be jointly and severally liable to indemnify and hold harmless the Buyer in respect of all Losses arising out of any such misrepresentation that was made by either of them or the breach of any other covenant, agreement or obligation of either of them contained in this Agreement or any document contemplated by this Agreement, and Howard Brodie Holdings Limited and Howard Brodie shall be jointly and severally liable to indemnify and hold harmless the Buyer in respect of all Losses arising out of any such misrepresentation that was made by either of them or the breach of any other covenant, agreement or obligation of either of them contained in this Agreement or any document contemplated by this Agreement.

8.2 Limitation on Indemnification

(a) Subject to the limitations on the indemnification amounts set forth in Sections 8.2(c) and (d), as applicable, the obligations of each Indemnifying Party (other than David Cynamon, DSHC KIK Holdings Inc., Howard Brodie and Howard Brodie Holdings Limited) pursuant to Section 8.1 and any other document, instrument or agreement entered into by such Indemnifying Party in connection with the transactions contemplated in the Prospectus under the heading "Funding, Acquisition and Related Transactions" (including the underwriting agreement (the "Underwriting Agreement") dated August 13, 2002 described in the Prospectus, as amended) will be limited to a maximum aggregate amount equal to the purchase price received by such Indemnifying Party for its securities of KIK in accordance with the transactions summarized in the Prospectus under the heading "Funding, Acquisition and Related Transactions" (including, without limitation, promissory notes, cash and units of KIK Holdings Limited Partnership and options to acquire any such units).

(b) The obligations of DSHC KIK Holdings Inc. and David Cynamon pursuant to Section 8.1 and any other document, instrument or agreement entered into by either of them in connection with the transactions contemplated in the Prospectus under the heading “Funding, Acquisition and Related Transactions” (including the Underwriting Agreement) will be limited to a maximum aggregate amount equal to the aggregate purchase price received by them for their securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions” (including, without limitation, promissory notes, cash and units of KIK Holdings Limited Partnership and options to acquire any such units) and 53% of the purchase price received by 961284 Ontario Ltd. for its securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions” (including, without limitation, promissory notes, cash and units of KIK Holdings Limited Partnership and options to acquire any such units), and the obligations of Howard Brodie and Howard Brodie Holdings Limited pursuant to Section 8.1 and any other document, instrument or agreement entered into by either of them in connection with the transactions contemplated in the Prospectus under the heading “Funding, Acquisition and Related Transactions” (including the Underwriting Agreement) will be limited to a maximum aggregate amount equal to the aggregate purchase price received by them for their securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions” (including, without limitation, promissory notes, cash and units of KIK Holdings Limited Partnership and options to acquire any such units).

(c) Further, the obligations of each Management Shareholder to indemnify the Buyer in respect of any misrepresentation made in Section 4.1 or the Indemnified Parties (as defined in the Underwriting Agreement) in respect of any misrepresentation made in Section 9.3 of the Underwriting Agreement shall be limited to a maximum aggregate amount (i) in the case of David Cynamon and DSHC KIK Holdings Inc., equal to the aggregate of the cash received, directly or indirectly, by them for their securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions” and 53% of the cash received, directly or indirectly, by 961284 Ontario Ltd. for its securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions”, (ii) in the case of Howard Brodie and Howard Brodie Holdings Limited, equal to the aggregate of the cash received, directly or indirectly, by them for their securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions”, and (iii) in the case of Roy Pearce, equal to the aggregate of the cash received, directly or indirectly, by him for his securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions”, net of income tax.

(d) Further, the obligations of Centre Partners to indemnify the Buyer in respect of any misrepresentation made in Section 5.1 and the Indemnified Parties (as defined in the Underwriting Agreement) in respect of any misrepresentation made in Section 9.4 of the Underwriting Agreement shall be limited to a maximum aggregate amount equal to 20% of the purchase price received by it for its securities of KIK in accordance with the transactions summarized in the Prospectus under the heading “Funding, Acquisition and Related Transactions” (including, without limitation, promissory notes, cash and units of KIK Holdings Limited Partnership and options to acquire any such units).

8.3 Indemnification of the Sellers by the Buyer.

Subject to the provisions of this Article 8, the Buyer shall indemnify and hold harmless the Sellers in respect of any and all Losses incurred by the Sellers in connection with any misrepresentation made by the Buyer in Article 6 of this Agreement.

8.4 Survival of Claims.

(a) The representations and warranties shall survive the Closing for a period of three years from the date of the Closings except that (i) the representations and warranties in Sections 2.1 and 3.1 shall survive indefinitely; (ii) the representations and warranties in Section 4.12 will terminate on the expiration of the last to expire of any time within which an assessment, reassessment or similar document or proceeding may be issued under applicable Tax Laws; and (iii) a claim for any breach of any of the representations and warranties contained in this agreement involving fraud or fraudulent misrepresentation may be made at any time following the Closings. Any claim for indemnification shall survive the applicable termination date if a party, prior to such termination date, shall have advised the party from which indemnification is sought in writing of facts that constitute or may give rise to an alleged claim for indemnification, specifying in reasonable detail the basis under this Agreement for such claim and the amount of such claim.

(b) Notwithstanding paragraph (a), except in the circumstances described in subparagraph (iii) thereof, the representations and warranties made by Centre Partners in Section 5.1 of this Agreement will survive in full force and effect until, but not beyond, the date which is 45 days following the date of release of the audited consolidated financial statements of the Fund for the year ended December 31, 2002.

8.5 Defense by the Indemnifying Party.

As used herein, an "**Indemnified Party**" shall refer to a party making a claim for indemnification under Section 8.1 or 8.3, as applicable, the "**Notifying Party**" shall refer to the party hereto whose Indemnified Parties are entitled to indemnification hereunder, and the "**Indemnifying Party**" shall refer to the party hereto obligated to indemnify such Notifying Party's Indemnified Parties.

In the event that any of the Indemnified Parties is made a defendant in or party to any action or proceeding, judicial or administrative, instituted by any third party for the liability or the costs or expenses of which are Losses (any such third party action or proceeding being referred to as a "**Claim**"), the Notifying Party shall give the Indemnifying Party prompt notice thereof. The failure to give such notice shall not affect any Indemnified Party's ability to seek reimbursement unless such failure has materially and adversely affected the Indemnifying Party's ability to defend successfully a Claim. The Indemnifying Party shall be entitled to contest and defend such Claim; provided, that the Indemnifying Party (i) has a reasonable basis for concluding that such defense may be successful and (ii) diligently contests and defends such Claim. Notice of the intention so to contest and defend shall be given by the Indemnifying Party to the Notifying Party within 20 business days after the Notifying Party's notice of such Claim (but, in all events, at least five business days prior to the date that an answer to such Claim is due to be filed). Such contest and defense shall be conducted by reputable attorneys employed by the Indemnifying Party. The Notifying Party shall be entitled at any time, at its own cost and expense (which expense shall not constitute a Loss unless the Notifying Party reasonably determines that the Indemnifying Party is not adequately representing or, because of a conflict of interest, may not adequately represent, any interests of the Indemnified Parties, and only to the extent that such expenses are reasonable), to participate in such contest and defense and to be represented by attorneys of its or their own choosing. If the Notifying Party elects to participate in such defense, the Notifying Party will cooperate with the Indemnifying Party in the conduct of such defense. Neither the Notifying Party nor the Indemnifying Party may concede, settle or compromise any Claim without the consent of the other party.

8.6 Waiver.

The Indemnified Party agrees that it will not waive any statute of limitations or defense that would increase the liability of the Indemnifying Party hereunder without (except in connection with pending litigation in which the Indemnifying Party has not assumed the defense) the consent of the Indemnifying Party.

8.7 General Provisions.

(a) The parties hereby agree that the remedies provided in this Article 8, as limited, constitute the sole and exclusive remedies of the parties with respect to this Agreement and any claims arising hereunder or otherwise relating to the subject matter hereof including, without limitation, claims arising from any breach of representation or warranty or covenant by any party; provided that Buyer and Sellers do not waive any rights it or they may have to specific performance or injunctive relief to the extent available under applicable law.

(b) No Indemnifying Party shall be liable for punitive, special or consequential damages.

(c) The amount of any Losses from and against which any party is liable to indemnify, reimburse, defend and hold harmless the other party or any other person pursuant to this Article shall be reduced by any insurance or other recoveries (and no right of subrogation shall accrue hereunder to any insurer) and any tax benefit that such Indemnified Party realizes or may realize as a result of or in connection with such Losses and increased by any taxes such Indemnified Party realizes or may realize in respect of indemnification for such Losses.

(d) No party shall have the right to offset, or to argue for the offset, of any payments, claims or amounts due hereunder or arising as a result of this Agreement against any payments, claims or amounts claimed or due from the another party hereunder or otherwise, nor to offset against any such payments, claims or amounts due hereunder. No party shall withhold payment of any amounts claimed or otherwise due hereunder when and as due even if relating to an item under dispute except for the incremental portion subject to such dispute (for instance, if a payment is due and the Parties are in dispute whether the amount due is $90 or $100, the parties agree that, notwithstanding such dispute, $90 shall be paid as and when otherwise required). The parties shall use commercially reasonable efforts to mitigate Losses otherwise recoverable under this Article 8

(e) Any indemnification payment by Sellers under this Article 8 shall be, to the extent permitted by law, an adjustment to the Purchase Price.

ARTICLE 9 - TAX INDEMNITY

The Management Shareholders shall jointly and severally indemnify, defend and hold harmless, subject to the limitations in Section 8.4, the Buyer, and its shareholders from and against any and all loss, claim, liability, damage, cost and expense (including solicitors' fees and expenses) asserted against, resulting from, imposed upon or incurred or suffered by Buyer as a result of or arising out of any federal or provincial income taxes (including any interest or penalties thereon) required to be paid by KIK directly as a result of the transfer of assets by KIK to KIK Operating Partnership ("**KOP**"), which transfer shall have occurred one day prior to the Closing Date but only to the extent that the income tax liability arose:

(a) with respect to the taxation year of KIK in which the transfer occurs: and

(b) as a direct result of the elected amount in the subsection 97(2) election (the "**Election**") filed in respect of the asset transfer being in excess of the minimum amount required under the *Income Tax Act* (Canada).

However, the amount of any such indemnity shall be reduced by the present value (to be agreed on by the parties) of any tax shelter of KOP created because KOP will acquire the transferred assets with a higher tax cost as a result of the elected amount in the Election exceeding the minimum amount required under the *Income Tax Act* (Canada).

ARTICLE 10 - MISCELLANEOUS

10.1 Further Assurances.

The Sellers agree that, on and after the Closing Date, they shall execute any documents, instruments or conveyances of any kind prepared by KIK which may be reasonably necessary to effect the transactions contemplated by this Agreement and for the Share Sellers who are to receive Buyer Shares to effectively transfer their Purchased Shares of KIK on a tax-deferred basis (to the maximum extent possible) in accordance with the rules set out in subsection 85(1) of the *Income Tax Act* (Canada). In particular, the parties who will receive Buyer Shares agree to file and execute all such agreements, elections and other documents as may be necessary or advisable in order that the sale of the Purchased Shares shall be completed on an income tax deferred basis (to the maximum extent possible) in accordance with the rules set out in section 85(1) of the *Income Tax Act* (Canada) or under any equivalent provincial legislation.

10.2 Amendment and Waiver.

This Agreement may not be amended except in a writing executed by the party against which such amendment is sought to be enforced. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify or amend any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement unless such dealing is reduced to writing and executed by the Seller Representative and Buyer.

10.3 Notices.

All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given (i) when personally delivered by hand (with written confirmation of receipt), (ii) when received if sent by a nationally recognized overnight courier service (receipt requested), (iii) five business days after being mailed if sent by first class mail, return receipt requested, or (iv) when receipt is acknowledged by an affirmative act of the party receiving notice, if sent by facsimile, telecopy or other electronic transmission device (provided that such an acknowledgement does not include an acknowledgement generated automatically by a facsimile or telecopy machine or other electronic transmission device). Notices, demands and communications to Buyer and the Seller Representative will, unless another address is specified in writing, be sent to the address indicated below:

Notices to Buyer:

KIK Corporation Holdings Inc.
33 MacIntosh Blvd.
Concord, Ontario
L4K 4L5
Attn: David Cynamon
Facsimile No. (905) 660-7333

With a copy to:

Goodmans LLP
Suite 2400, 250 Yonge Street
Toronto, Ontario M5B 2A6
Attn: Stephen H. Halperin
Facsimile No. (416) 979-1234

Notices to the Sellers represented by Seller Representative:

c/o KIK Corporation Holdings Inc.
33 MacIntosh Blvd.
Concord, Ontario
L4K 4L5
Attn: David Cynamon, Sellers Representative
Facsimile No. (905) 660-7333

With a copy to:

Goodmans LLP
Suite 2400, 250 Yonge Street
Toronto, Ontario M5B 2A6
Attn: Stephen H. Halperin
Facsimile No. (416) 979-1234

Notices to Sellers executing this Agreement on their own behalf:

As set out in Schedule 10.3 hereto.

10.4 Assignment.

This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any party hereto without the prior written consent of the other parties hereto, provided that, it is acknowledged and confirmed that Buyer shall be entitled to assign its right and interests under the representations, warranties and indemnities under this Agreement to one or more financial institutions from which KIK or any KIK Entity may borrow as security for the payment and performance by KIK Holdings Limited Partnership of its obligations under any guarantee provided by it in respect of such borrowing.

10.5 Severability.

Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.6 Complete Agreement.

This Agreement contains the complete agreement between the parties and supersede any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

10.7 Counterparts.

This Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. A facsimile signature shall be considered an original signature.

10.8 Governing Law.

The law of the Province of Ontario will govern all questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement. The courts of the Province of Ontario shall have non-exclusive jurisdiction over any dispute arising under this Agreement. The parties consent to the personal jurisdiction of such courts and waive any objection they may have to venue in such courts or to the convenience of such forum.

10.9 Definition of "Knowledge".

Except as provided in Section 5.1, references herein to the "**knowledge of**," "**best knowledge of**," "**know**" and "**awareness of**" and variations thereof, mean the actual knowledge and/or awareness of the person or persons to whom the reference relates after such person has made due inquiry with respect to the subject matter of the representation.

10.10 Construction.

Currency amounts referenced herein, unless otherwise specified are in Canadian dollars. All references to generally accepted accounting principles or GAAP shall mean, unless otherwise specified, Canadian generally accepted accounting principles. All accounting terms not specifically defined herein shall be construed in accordance with Canadian generally accepted accounting principles applied on a consistent basis.

10.11 Material Adverse Change or Effect.

For purposes of this Agreement, "**material adverse change**" or "**material adverse effect**" means, with respect to one or more KIK Entities, any change or effect that is both material and adverse in respect of the assets, properties, financial condition or results of operations of the relevant KIK Entity or Entities; provided, however, that in determining whether a material adverse change or effect has occurred, any change or effect shall not be considered to the extent it is attributable to (a) this Agreement, the transactions contemplated hereby or the announcement thereof, (b) the effects of (i) changes of general scope in the economy of the United States or Canada or U.S. or Canadian capital markets, (ii) changes in generally accepted accounting principles or (iii) general conditions affecting companies in the household cleaning and laundry products industry, or (c) any act or omission of Buyer.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

KIK ACQUISITION COMPANY

By: *"Roy Pearce"*
Name: Roy Pearce
Title: Chief Financial Officer

KIK CORPORATION HOLDINGS INC.

By: *"Howard Brodie"*
Name: Howard Brodie
Title: Chief Operating Officer

"Meredith Roth"
Witness

"David Cynamon"
SELLER REPRESENTATIVE, as representative and attorney on behalf of the Sellers (except those signing on their own behalf), Howard Brodie, Howard Brodie Holdings Limited and Roy Pearce

"Meredith Roth"
Witness

"David Cynamon"
DAVID CYNAMON, on his own behalf

CENTRE CAPITAL INVESTORS II, L.P.
CENTRE CAPITAL TAX-EXEMPT INVESTORS II, L.P.
CENTRE CAPITAL OFFSHORE INVESTORS II, L.P.

By: CENTRE PARTNERS II, L.P., General Partner

By: CENTRE PARTNERS MANAGEMENT LLC, Attorney-in-fact

By: *"Scott Perekslis"*
Name: Scott Perekslis
Title Managing Director

STATE BOARD OF ADMINISTRATION OF FLORIDA

By: CENTRE PARALLEL MANAGEMENT PARTNERS, L.P., MANAGER

By: CENTRE PARTNERS MANAGEMENT LLC, Attorney-in-fact

By: *"Scott Perekslis"*
Name: Scott Perekslis
Title Managing Director

CENTRE PARALLEL MANAGEMENT PARTNERS, L.P.
CENTRE PARTNERS COINVESTMENT, L.P.

By: CENTRE PARTNERS II, LLC, General Partner

By: *"Scott Perekslis"*
Name: Scott Perekslis
Title Managing Director

PRUDENTIAL SECURITIES INCORPORATED

By: *"William J. Horan"*

Name: William J. Horan
Title Executive Vice President & Chief Financial Officer

THE ROMAN ARCH FUND L.P.

By: *"Robert W. Willard"*

Name: Robert W. Willard
Title Managing Director

THE ROMAN ARCH FUND II, L.P.

By: *"Robert W. Willard"*

Name: Robert W. Willard
Title Managing Director

KKIK INVESTORS (BARBADOS) SRL

By: *"Leland J. Lewis"*

Name: Leland J. Lewis
Title President

SANKATY KIK INVESTORS (BARBADOS) SRL

By: *"Alyson Allen"*

Name: Alyson Allen
Title Manager

GATX FINANCIAL CORPORATION

By: *"Diana M. Knigge"*

Name: Diana M. Knigge
Title Senior Vice President

LAZARD FRERES & CO. LLC EMPLOYEES' SAVINGS PLAN & TRUST F/B/O BRUCE POLLACK, DAVID B. GOLUB, SCOTT PEREKSLIS, SAMUEL L. SHIMER, ROBERT BERGMANN AND GREGORY FISCHER

By: *"Mathew J. Davis"*

Name: Mathew J. Davis
Title Trustee

Witness	*"Roy Pearce"* Roy Pearce

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SCHEDULE I

PURCHASED SHARES (Canadian residents)

Shareholder	Number of Purchased Shares Held (Before Conversion of Preferred Shares)	Number of Purchased Shares Held (Following Conversion of Preferred Shares)	Promissory Notes ($)	Buyer Shares	Share Purchase Price ($)
DSHC KIK Holdings Inc.	11,341,239 Common 250,000 Series B Preferred	11,591,239	17,200,967	4,773,832	64,939,287
Aunt Martha’s Chocolate Chip Cookie Company Inc.	4,768,701 Common 461,444 Series B Preferred	5,230,145	13,361,396	1,913,140	32,492,796
961284 Ontario Limited*	1,621,843 Common	1,621,843	9,586,762	48,910	10,075,862
3258149 Canada Inc.*	1,312,500 Common	1,312,500	1,958,879	619,516	8,154,039
Douglas Lunau Trust*	1,277,391 Common 123,607 Series B Preferred	1,400,998	3,579,115	512,473	8,703,845
151797 Canada Inc.*	354,270 Common	354,270	Nil	220,094	2,200,940
AMIP Holdco Ltd. *	331,578 Common 32,085 Series B Preferred	363,663	929,043	133,025	2,259,293
Ewout Heersink*	255,000 Common	255,000	651,446	93,277	1,584,216
Fraser Latta Trust*	232,561 Common 42,306 Series B Preferred	274,867	Nil	170,764	1,707,640
TMIP Investments Ltd. *	116,281 Common 11,252 Series B Preferred	127,533	325,807	46,651	792,317
Stephen Halperin*	116,281 Common 11,252 Series B Preferred	127,533	325,807	46,651	792,317

Shareholder	Number of Purchased Shares Held (Before Conversion of Preferred Shares)	Number of Purchased Shares Held (Following Conversion of Preferred Shares)	Promissory Notes ($)	Buyer Shares	Share Purchase Price ($)
LHIP Holdco Ltd. *	76,578 Common 32,085 Series B Preferred	108,663	277,600	39,748	675,080
MHIP Holdco Ltd. *	37,218 Common	37,218	95,080	13,614	231,220
DLIP Holdco Ltd. *	27,031 Common	27,031	69,056	9,888	167,936
MHON Canadian Investments Ltd.*	16,843 Common	16,843	43,029	6,161	104,639
Richard Williams*	640,841	640,841	1,618,860	236,243	3,981,290
Warwick-Williams Inc. *	26,471 Common	26,471	67,625	9,683	164,455
Richard Williams a/c 09-2514-9*	5,000 (assumes conversion of shares in KIK holdings (Canada) Inc.)	5,000	31,063	Nil	31,063
Jones Gable & Company Limited, in trust for James Matthews Account #09-1270-0*	2,500 (assumes conversion of shares in KIK holdings (Canada) Inc.)	2,500	15,532	Nil	15,532
James Matthews*	27,886 (assumes conversion of shares in KIK holdings (Canada) Inc.)	27,886	62,095	11,115	173,245

*Each of these shareholders is a party to a voting trust agreement with DSHC KIK Holdings Inc. in connection with shares owned in KIK Corporation Holdings Inc., or its successors.

PURCHASED SHARES (non-residents)

Shareholder	Number of Purchased Shares Held (Before Conversion of Preferred Shares)	Number of Purchased Shares Held (Following Conversion of Preferred Shares)	Promissory Notes ($)	Promissory Notes (S.116)$	Buyer Shares	Share Purchase Price
Prudential Securities Incorporated	832,271 Common	832,271	3,877,921	1,292,640	Nil	5,170,561
Centre Capital Investors II, L.P.	4,489 Series A Preferred 651,321 Series B Preferred	5,043,431	23,503,675	7,834,559	Nil	31,338,234
Centre Capital Tax-Exempt Investors II, L.P.	1,458 Series A Preferred 211,545 Series B Preferred	1,638,076	7,632,533	2,544,178	Nil	10,176,711
Centre Capital Offshore Investors II, L.P.	899 Series A Preferred 130,438 Series B Preferred	1,010,034	4,706,203	1,568,734	Nil	6,274,937
Centre Parallel Management Partners, L.P.	69 Series A Preferred 10,011 Series B Preferred	77,522	361,210	120,403	Nil	481,613
Centre Partners Coinvestment, L.P.	810 Series A Preferred 117,525 Series B Preferred	910,042	4,240,295	1,413,432	Nil	5,653,727
State Board Administration of Florida	6,805 Series A Preferred 987,356 Series B Preferred	7,645,478	35,623,723	11,874,574	Nil	47,498,297
The Roman Arch Fund L.P.	240 Series A Preferred 35,148 Series B Preferred	269,968	1,257,902	419,301	Nil	1,677,203

Shareholder	Number of Purchased Shares Held (Before Conversion of Preferred Shares)	Number of Purchased Shares Held (Following Conversion of Preferred Shares)	Promissory Notes ($)	Promissory Notes (S.116)$	Buyer Shares	Share Purchase Price
The Roman Arch Fund II L.P.	160 Series A Preferred 23,432 Series B Preferred	179,978	838,598	279,533	Nil	1,118,131
Lazard Freres & Co. LLC Employees' Savings Plan & Trust F/B/O Bruce Pollack, David B. Golub, Scott Perekslis, Samuel L. Shimer, Robert Bergmann and Gregory Fischer	70 Series A Preferred 10,155 Series B Preferred	78,644	366,438	122,146	Nil	488,584
KKIK Investors (Barbados) SRL	126,019 Series B Preferred	126,019	587,179	195,726	Nil	782,905
Sankaty KIK Investors (Barbados) SRL	126,019 Series B Preferred	126,019	587,179	195,726	Nil	782,905
GATX Financial Corporation	75,000 Series B Preferred	75,000	349,459	116,486	Nil	465,945

SCHEDULE II

WARRANTS

Warrant No.	Exercise Price per Share	Number of Common Shares	Promissory Notes ($)	Promissory Notes ($)	Name of Holder
WB-7- WB-12	$1.20 (U.S.)	1,197	3,879	1,293	Lazard & Freres Co. LLC Employees' Savings Plan & Trust F/B/O Bruce Pollack, David B. Golub, Scott Perekslis, Samuel L. Shimer, Robert Bergmann and Gregory Fischer
WA-13	$0.01 (U.S.)	92,240	428,697	142,899	Centre Capital Investors II, L.P.
WA-14	$0.01 (U.S.)	29,959	139,238	46,413	Centre Capital Tax-Exempt Investors II, L.P.
WA-15	$0.01 (U.S.)	18,473	85,856	28,619	Centre Capital Offshore Investors II, L.P.
WA-16	$0.01 (U.S.)	1,418	6,590	2,197	Centre Parallel Management Partners, L.P.
WA-17	$0.01 (U.S.)	16,644	77,355	25,785	Centre Partners Coinvestment, L.P.
WA-18	$0.01 (U.S.)	139,829	649,873	216,624	State Board Administration of Florida
WA-6	$0.01 (U.S.)	116,376	540,872	180,291	State Board Administration of Florida
WA-7-WA-12 WA-19-WA-24	$0.01 (U.S.)	2,634	12,241	4,081	Lazard & Freres Co. LLC Employees' Savings Plan & Trust F/B/O Bruce Pollack, David B. Golub, Scott Perekslis, Samuel L. Shimer, Robert Bergmann and Gregory Fischer
WA-5	$0.01 (U.S.)	13,852	64,379	21,460	Centre Partners Coinvestment, L.P.
WA-4	$0.01 (U.S.)	1,180	5,484	1,828	Centre Parallel Management Partners, L.P.
WA-3	$0.01 (U.S.)	15,374	71,453	23,818	Centre Capital Offshore Investors II, L.P.
WA-2	$0.01 (U.S.)	24,934	115,884	38,628	Centre Capital Tax-Exempt Investors II, L.P.

Warrant No.	Exercise Price per Share	Number of Common Shares	Promissory Notes ($)	Promissory Notes ($)	Name of Holder
WA-1	$0.01 (U.S.)	76,768	356,789	118,930	Centre Capital Investors II, L.P.
WB-6	$1.20 (U.S.)	116,375	377,125	125,708	State Board Administration of Florida
WB-5	$1.20 (U.S.)	13,852	44,889	14,963	Centre Partners Coinvestment, L.P.
WB-4	$1.20 (U.S.)	1,180	3,824	1,275	Centre Parallel Management Partners, L.P.
WB-3	$1.20 (U.S.)	15,374	49,821	16,607	Centre Capital Offshore Investors II, L.P.
WB-2	$1.20 (U.S.)	24,934	80,801	26,934	Centre Capital Tax-Exempt Investors II, L.P.
WB-1	$1.20 (U.S.)	76,769	248,777	82,926	Centre Capital Investors II, L.P.
3	$0.01 (U.S.)	622,670	2,893,937	964,646	KKIK Investors (Barbados) SRL
2	$0.01 (U.S.)	622,670	2,893,937	964,646	Sankaty KIK Investors (Barbados) SRL
1	$0.01 (U.S.)	478,978	2,226,111	742,037	GATX Financial Corporation

SCHEDULE 10.3

NOTICES

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30 Rockefeller Plaza
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The Roman Arch Fund L.P.
The Roman Arch Fund II, L.P.
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10292

Sankaty KIK Investors (Barbados) SRL
%% Bain Capital, LL
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10292

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