

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

Kaboose Inc. (the "**Issuer**")
505 University Avenue, Suite 1400
Toronto, ON M5G 1X3

Item 2. Date of Material Change

State the date of the material change.

May 1, 2006.

Item 3. News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

May 1, 2006.

The news release was disseminated through CNW and SEDAR.

Item 4. Summary of Material Change

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

Announcement with respect to acquisition of BabyZone.com, Inc.

Item 5. Full Description of Material Change

The Issuer announced that it has signed a definitive agreement to acquire BabyZone.com, Inc. ("**BabyZone**"), the largest independent online destination focusing on pregnancy and parenting in the United States.

Under the terms of the BabyZone transaction, Kaboose will acquire all of the outstanding shares of BabyZone for US\$22 million plus 2 million Kaboose warrants. In addition, BabyZone shareholders may receive further proceeds payable on an earn-out arrangement based on BabyZone meeting pre-determined operating targets in 2006 and 2007.

Item 6. Reliance on Section 75(3) of the Act

If this report is being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102, state the reasons for such reliance.

Not Applicable.

Item 7. Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

No information has been omitted from this material change report.

Item 8. Senior Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

The following senior office of the Issuer is knowledgeable about the material change and the Report and may be contacted by the Commission as follows:

Jonathan Pollack, Chief Financial Officer
Telephone: 416-593-3000
Facsimile: 416-593-4658
Internet: www.apielectronics.com

Item 9. Date of Report

Date the Report.

May 4, 2006