



November 25, 2010

RE: CAR SEAT CERTIFICATION UNDER NEW AND OLD REGULATIONS

In recent days, there has been media coverage concerning new car seat regulations which as of today, are scheduled to be implemented on January 1, 2011. The media coverage has caused much confusion among retailers, and Canadian consumers. With this letter, we hope to give you certain information which will allay any concerns you or your customers may have concerning this issue.

The following are the key points:

1. Transport Canada was instructed to more closely harmonize Canadian car seat testing regulations with those in the U.S., to allow for a broader range of seats to be available to Canadian consumers, at lower costs. There was no suggestion that the current inventory of car seats were in any way unsafe. Under the regulations, the application of a National Safety Mark (NSM) label signifies a car seat which is approved for sale in Canada. All of the inventory you have purchased from us, and will continue to purchase from us, will have the NSM label. A sample of the NSM label is shown below.



NSM Sample – The unique number assigned to a company is to appear in the centre of the NSM

2. When the new testing regulations were released to the manufacturers, it was evident that instead of harmonizing the testing protocols with the U.S., the exact opposite occurred. The manufacturers pointed this out to the Government, and asked for a one year delay in implementation. The Government refused, but granted a delay to December 31, 2010. The manufacturers have been trying diligently to explain to the government that this was too short a delay, especially since there was only one compliance testing lab that had ever done testing, and it was booked until next year. JPMA, the manufacturers' trade organization has issued a press release a few days ago. It can be found at www.jpma.org.
3. We have been advised, unequivocally, by Transport Canada officials, which is confirmed by the regulations, that any car seats manufactured and imported into Canada by December 31, 2010, which comply with the testing regulations previously in effect, can have the NSM label affixed. Because of our concerns about possible shortages, we have purchased additional stock to ensure that Canadian consumers are able to buy tested and safe car seats.

4. We have also been advised by Health Canada officials, who have the responsibility to ensure that all products (including car seats) sold in Canada are safe, that they would not be taking any steps to prevent the sale of any car seats having the NSM label affixed, even though some people within the Government believe that there might possibly be some legal basis for so doing.
5. As of this date, all car seats manufactured or imported into Canada after December 31, 2010, must comply with the new testing requirements. The industry has repeatedly warned Transport Canada that shortages could arise next spring. Apparently, discussions about a further extension are ongoing. The companies whose products we distribute are working diligently to make the necessary modifications to their current sku's, to ensure Canadians have the broadest selection possible under this non-harmonized regime. When available, they too will have the NSM label attached.
6. Any car seats manufactured and tested to the new regulations, although potentially different from current seats, may have relatively non-noticeable minor variations from car seats currently being sold. We are unaware of any evidence that such variations will make the new car seats any safer than the car seats currently sold in Canada.

Sincerely,
Elfe Juvenile Products

A handwritten signature in black ink, appearing to read "Shell Bern". The signature is fluid and cursive, with a long horizontal stroke at the end.

Shell Bern
President