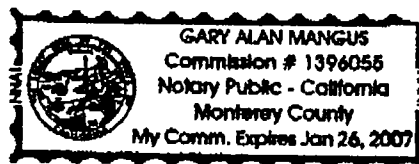


This is Exhibit " D "
Referred to in the Affidavit
of ROBERT HOPKINS
Sworn before me this 23
day of April A.D. 2004

 Gary Alan Mangus
Notary Public in and for the
State of CALIFORNIA



EVANS CONSOLES INC.

and

EVANS CONSOLES INCORPORATED

\$12,800,000 Senior Secured Tranche A Notes due March 1, 2005
\$5,000,000 Senior Secured Revolving Credit Notes due March 1, 2005
\$3,500,000 11.75% Senior Secured Tranche B Notes due March 1, 2006

Warrants for 173,913 shares of Common Stock

SECURITIES PURCHASE AGREEMENT

March 3, 1998

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Schedule I

Schedule of Purchasers

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| Exhibit 1(a)(i)(A) | Form of Fixed Rate A Note |
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| Exhibit 1(a)(ii) | Form of Tranche B Note |
| Exhibit 1(a)(iii) | Form of Warrant |
| Exhibit 1(b) | Form of Revolving Credit Note |
| Exhibit 1(d)(i) | Form of Security Agreement |
| Exhibit 1(d)(iii) | Form of Note Guarantee |
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| Exhibit 3 | Wire Instructions |
| Exhibit 4.3(a) | Form of Seller Note Subordination Agreement |
| Exhibit 4.3(e) | Form of Stockholders Agreement |
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| Exhibit 4.6 | Form of Opinion of Paul, Weiss, Rifkind, Wharton & Garrison, Osler, Hoskin & Harcourt and Holland & Hart |
| Exhibit 4.7 | Form of Opinion of Choate, Hall & Stewart and Blake, Cassels & Graydon |
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| Exhibit 5.12 | Valid and Binding Obligations; Compliance with Other Instruments; Absence of Restrictions, etc. |
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| Exhibit 6 | Schedule of Sources and Uses |
| Exhibit 7(c)(v) | Information as to New Subsidiaries |
| Exhibit 12.2(b) | Form of Certificate (re: Revolving Credit Loans) |

EVANS Consoles Inc.
1930 Maynard Road SE
Calgary, Alberta
CANADA T2E 6J8

EVANS Consoles Incorporated
c/o Corporation Company
1600 Broadway
Denver, CO USA

March __, 1998

To each of the Purchasers
named on Schedule I attached hereto

Ladies and Gentlemen:

EVANS CONSOLES INC., an Alberta corporation (the "Company") (continuing as a result of the amalgamation of 772917 Alberta Inc. ("772917") and 561382 Alberta Inc. and the amalgamation of 772917 and Evans Consoles Inc. ("E-A"), under the name Evans Consoles Inc. (collectively, the "Amalgamation")) and EVANS CONSOLES INCORPORATED, a Colorado corporation (the "US Subsidiary"), jointly and severally agree with you as follows. Certain other terms used herein are defined in section 15.

1. Authorization of Securities, Security for the Notes, Note Guarantees, Other Purchasers, etc.

(a) The Company has authorized the issue and sale of:

(i) its Senior Secured Tranche A Notes due March 1, 2005 (herein, together with any notes issued in exchange therefor or replacement thereof, called the "Tranche A Notes") in the aggregate principal amount of \$12,800,000. The Tranche A Notes shall bear interest at a per annum rate equal to the Applicable Tranche A Note Rate. The Tranche A Notes are to be substantially in the form of Exhibit 1(a)(i)(A) attached hereto (in the case of Fixed Rate A Notes) and Exhibit 1(a)(i)(B) attached hereto (in the case of Floating Rate A Notes);

(ii) its 11.75% Senior Secured Tranche B Notes due March 1, 2006 (herein, together with any notes issued in exchange therefor or replacement thereof, called the "Tranche B Notes") in the aggregate principal amount of \$3,500,000. The Tranche B Notes are to be substantially in the form of Exhibit 1(a)(ii) attached hereto; and

(iii) its warrants (herein, together with any warrants issued in exchange therefor or replacement thereof, called the "Warrants")

evidencing rights to purchase in the aggregate 173,913 shares of non-voting Common Stock. The Warrants shall be exercisable for nominal consideration, shall expire on March 1, 2008 and shall be substantially in the form of Exhibit 1(a)(iii) attached hereto.

see bottom
of page 3

(b) The US Subsidiary has authorized the issue and sale of its Senior Secured Revolving Credit Notes due March 1, 2005 (herein, together with any notes issued in exchange therefor or replacement thereof, called the "Revolving Credit Notes") in the aggregate principal amount not to exceed \$5,000,000. The Revolving Credit Notes shall bear interest at a per annum rate equal to the Adjusted LIBOR Rate as in effect from time to time. The Revolving Credit Notes are to be substantially in the form of Exhibit 1(b) attached hereto.

(c) Interest on the Notes is payable quarterly on the first day of each March, June, September and December (each, an "Interest Payment Date"), commencing June 1, 1998, and at maturity. At the time of making each payment of interest on the Notes, the Issuers shall deliver to the holders of the Notes a spreadsheet setting forth in reasonable detail the amount (and the applicable rate or rates) (and all calculations made in determining the same) of interest accrued and paid on each Note and each Revolving Credit Loan outstanding during the applicable quarter (all such amounts being subject to review and approval by the holders of the Notes). Interest on the Notes shall be calculated on the basis of the actual number of days elapsed over a 360-day year. For the purposes of the *Interest Act* (Canada) and disclosure under such act, whenever interest to be paid under this Agreement is to be calculated on the basis of a year of 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 360 or such other period of time, as the case may be. In no event shall the amount paid or agreed to be paid as interest and premium on any Note exceed the highest lawful rate permissible under any law applicable thereto.

(d) The Notes shall be secured by and entitled to the benefits of the following:

(i) first priority perfected security interests in all presently owned and after acquired tangible and intangible personal property and fixtures of the Company and each of its Subsidiaries (whether now existing or hereafter acquired or organized), subject only to Permitted Liens, pursuant to one or more security agreements substantially in the form of Exhibit 1(d)(i) attached hereto (each, a "Security Agreement", collectively, the "Security Agreements");

(ii) first priority mortgages, demand debentures or deeds of trust on all real estate (and appurtenant interests) hereafter owned by the Company and each of its Subsidiaries (whether now existing or hereafter acquired or organized), subject only to Permitted Liens;

(iii) unconditional guarantees from each of the Subsidiaries of the Company (whether now existing or hereafter organized or acquired) and, in the case of the Revolving Credit Notes, from the Company, pursuant to one or more note guarantees substantially in the form of Exhibit 1(d)(iii) attached hereto (each, a "Note Guarantee", collectively, the "Note Guarantees");

(iv) a trust agreement among the Company, each of its Subsidiaries (whether now existing or hereafter acquired or organized) and CIBC Mellon Trust Company, as trustee for the holders of the Notes (together with its successors and assigns, the "Trustee"), substantially in the form of Exhibit 1(d)(iv) attached hereto (the "Trust Agreement").

The Security Agreements, Note Guarantees and Trust Agreement, together with any and all other agreements, documents and instruments heretofore or hereafter securing the Notes and/or any other obligations of the Company and its Subsidiaries under the Operative Documents, as amended, modified or supplemented from time to time, are sometimes hereinafter referred to collectively as the "Security Documents" and each, individually, as a "Security Document." All personal property and fixtures and interests in real property described in the foregoing clauses (i) through (ii) of this section 1(d), together with any additions thereto or replacements or proceeds thereof, all as further described in the Security Documents, are sometimes referred to collectively as the "Collateral."

(e) The Securities are to be issued under this Agreement and separate Securities Purchase Agreements (the "Other Securities Purchase Agreements") identical herewith (except as to the name and address of each of the other purchasers) being entered into concurrently by the Issuers with each of the other purchasers (the "Other Purchasers") named in Schedule I attached hereto. The issue of Securities to you and the issues of Securities to each of the Other Purchasers are separate transactions and you shall not be liable or responsible for the acts or defaults of the Other Purchasers.

2. Sale and Purchase of Securities. The Issuers will issue and sell to you and, subject to the terms and conditions hereof and in reliance upon the representations and warranties of the Issuers contained herein and in the other Operative Documents, you will purchase from the Issuers, at the Closing, as specified in section 3, such Securities as are specified on that portion of Schedule I attached hereto as is applicable to you. The aggregate purchase price of (a) the Tranche A Notes shall be \$12,800,000 and (b) the Tranche B Notes and the Warrants shall be \$3,500,000, of which (i) \$2,940,000 shall be

Warrants

allocated to the Tranche B Notes and (ii) \$560,000 shall be allocated to the Warrants. The Revolving Credit Notes, in an aggregate principal amount of \$5,000,000, shall be issued by the US Subsidiary at the Closing against the disbursement of the Revolving Credit Loans, if any, to be made to the US Subsidiary at the Closing, provided that the US Subsidiary shall have specified the aggregate principal amount of such Revolving Credit Loans by written notice delivered to you at least two Business Days prior to the date of the Closing. The Issuers, you and each of the Other Purchasers agree that the values ascribed to the Securities (which values shall be used by the Issuers, you and the Other Purchasers, as well as any subsequent holder of any of the Securities, for all purposes, including the preparation of tax returns) shall be determined in accordance with the foregoing.

3. Closing. The closing of the sale and purchase of the Notes hereunder (the "Closing") shall take place at the office of Messrs. Choate, Hall & Stewart, Exchange Place, 53 State Street, Boston, Massachusetts 02109, on March 3, 1998 (or on such other date (not later than March 31, 1998) as may be agreed to in writing by the Issuers, you and each of the Other Purchasers) (the "Closing Date") not later than 11:00 A.M. Boston time (your reinvestment deadline). At the Closing, the Issuers will deliver to you the Securities to be purchased by you at the Closing against payment of the purchase price thereof (or, in the case of the Revolving Credit Notes, against disbursement of the Revolving Credit Loans to be made to the US Subsidiary at the Closing, if any) to (or for the benefit of) the Company (or, in the case of the Revolving Credit Loans, the US Subsidiary) in immediately available funds (in U.S. dollars) in accordance with the wire instructions set forth on Exhibit 3 attached hereto. Delivery of the Securities to be purchased by you at the Closing shall be made in the form of one or more Notes and Warrants, in such denominations and registered in such names as are specified on Schedule I attached hereto and in each case dated and, in the case of the Notes, bearing interest from the Closing Date. If at the Closing the Issuers shall fail to tender the Securities to be delivered to you thereat as provided herein, or if at the Closing any of the conditions specified in section 4 shall not have been fulfilled to your reasonable satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any other rights you may have by reason of such failure or such non-fulfillment.

4. Conditions to Closing. Your obligation to purchase and pay for the Securities to be purchased by you hereunder at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties Correct. The representations and warranties made by the Company and its Subsidiaries herein and in the other Operative Documents shall have been correct when made and shall be correct at and as of the time of the Closing (after giving effect to the transactions consummated at the Closing).

4.2. Performance; No Default. The Company and its Subsidiaries shall have performed in all material respects all agreements and complied in all material respects

with all conditions contained herein and in the other Operative Documents required to be performed or complied with by them prior to or at the Closing, including, without limitation, the conditions set forth in section 4.3, and at the time of the Closing, no Default or Event of Default shall exist and no condition shall exist which has resulted in, or could reasonably be expected to result in, a Material Adverse Change.

4.3. Related Transactions.

(a) Pursuant to and in accordance with the terms of the Share Purchase Agreement dated as of March 3, 1998 by and among 772917, CMEP and the Sellers (the "Acquisition Agreement"), 772917 shall have purchased (directly or indirectly) all of the outstanding capital stock of E-A, and immediately thereafter 772917 and 561382 Alberta Inc. shall have amalgamated and 772917 and E-A shall have amalgamated (such purchase of stock, amalgamation and the other transactions contemplated by the Acquisition Documents being hereinafter referred to as the "Acquisition"). None of the holders of the outstanding capital stock of E-A shall have delivered written demands for the appraisal of their shares or shall have otherwise elected to exercise dissenter rights in connection with the Acquisition, and all provisions of relevant law with respect to the Acquisition, including, without limitation, appraisal rights, shall have been complied with and all consents and filings necessary to effectuate the Acquisition shall have been obtained and made. The aggregate purchase price to be paid to the shareholders of E-A, excluding all transaction fees and expenses, shall consist of (i) the payment of C\$4,340,000 in cash at the Closing (which amount shall be subject to adjustment as provided in the Acquisition Agreement), (ii) the issuance by 772917 of 460,000 shares of Common Stock to certain of the Sellers against payment of not less than C\$2,300,000 in cash and notes therefor by such Sellers, (iii) the issuance by 772917 to 3263878 Canada Inc. and David Catta of the Seller Subordinated Notes in the aggregate principal amount of C\$2,000,000 and (iv) the issuance of certain interim notes to 3263878 Canada Inc. and David Catta in the aggregate principal amount of C\$15,824,716. Pursuant to and in accordance with the terms of the Acquisition Agreement, the Acquisition shall have been consummated in a manner reasonably satisfactory to you in all material respects. No material condition under any of the Acquisition Documents for the benefit of CMEP shall have been waived. The terms of the Acquisition Documents, shall be satisfactory to you in all material respects. You, the Company, each of the Other Purchasers and 3263878 Canada Inc. and David Catta shall have executed the Seller Note Subordination Agreement in the form of Exhibit 4.3(a) attached hereto (the "Seller Note Subordination Agreement"). The closing of the Acquisition and the amalgamation will be consummated prior to the closing of the Securities Purchase Agreement.

(b) The capitalization of the Company and each of its Subsidiaries shall be in all respects satisfactory to you. Without limiting the foregoing, the Persons indicated on Exhibit 5.5 attached hereto shall hold the number of common shares

specified therein. CMEP, you and the Other Purchasers and certain of the Sellers shall have purchased 1,960,000 common shares of the Company for not less than C\$9,800,000 in the aggregate, upon terms and conditions reasonably satisfactory to you. After giving effect to the Closing, neither the Company nor any of its Subsidiaries shall have any Funded Debt or Current Debt other than that evidenced by the Notes and the Note Guarantees and that which is specified on Exhibit 5.9 attached hereto.

(c) You shall have received a copy of that certain shareholders agreement dated March 3, 1998 among the Company, CMEP, the Sellers and others (the "CMEP Shareholders Agreement"), and such agreement shall be in full force and effect.

(d) The Organizational Documents of the Company and each of its Subsidiaries (including those to become its Subsidiaries at Closing) shall be in form and substance satisfactory to you in all material respects.

(e) You, each of the Other Purchasers, the Company and CMEP shall have entered into a stockholders agreement substantially in the form of Exhibit 4.3(e) attached hereto (the "Stockholders Agreement") and such agreement shall be in full force and effect.

(f) The Company shall have entered into an employment agreement with Ross Evans (the "Evans Employment Agreement") which shall be in form and substance satisfactory to you in all material respects.

(g) The Company shall have entered into a management consulting agreement (the "CMLS Consulting Agreement") with CMLS, which shall be in form and substance satisfactory to you in all material respects. CMLS shall have executed and delivered to you a side letter (the "CMLS Side Letter") which shall provide that all payments under the CMLS Consulting Agreement are subject to the provisions of section 14.6.

(h) The Company shall have executed a lease amendment relating to its lease for the real property located at 2080 21st Street N.E., Calgary Canada (the "21st Street Property"). Such amendment shall be in the form attached hereto as Exhibit 4.3(h).

(i) If the Company shall have elected to have any of the Tranche A Notes bear interest at the Adjusted Fixed Rate, then it shall have notified you and each of the Other Purchasers to such effect not less than three full Business Days prior to the Closing Date. Such notice shall specify the aggregate principal amount of the Tranche A Notes that shall bear interest at the Adjusted Fixed Rate, provided that not more than fifty percent (50%) of the aggregate principal amount of the Tranche A Notes shall accrue interest at the Adjusted Fixed Rate. In the

event the Company elects to have any amount of the Tranche A Notes accrue interest at the Adjusted Fixed Rate, then such election shall be deemed to have been made with respect to each Tranche A Note specified on Schedule I attached hereto in proportion to the respective principal amounts thereof.

4.4. Compliance Certificate. You shall have received an Officers' Certificate, dated the Closing Date, certifying that the conditions specified in sections 4.1 and 4.2 have been fulfilled.

4.5. Security Documents; Collateral.

(a) The Security Documents shall have been duly authorized, executed and delivered by each of the parties thereto and shall be in full force and effect and all agreements, documents and instruments required to be executed, delivered, filed and/or recorded in connection therewith shall have been so executed, delivered, filed and/or recorded so as to perfect the Liens created by the Security Documents.

(b) You and your special counsel shall be reasonably satisfied in all material respects as to: (i) the insurance coverages applicable to any portion of the Collateral; (ii) compliance by the Company and each of its Subsidiaries with all laws, statutes, rules and regulations applicable to any portion or all of the Collateral (including those relating to permitting, zoning and/or to environmental matters); (iii) the title to the Collateral (and the absence of any Liens (other than those permitted under section 14.9) or any outstanding claims); and (iv) the condition and value of the Collateral.

(c) In connection with the foregoing, at or prior to the Closing, you and/or the Trustee shall have received the following items, each of which shall be in a form and substance satisfactory to you in all material respects:

(i) a certificate or certificates of insurance evidencing the insurance coverages maintained by the Company and its Subsidiaries, which certificates shall name the Trustee (for purposes of security only) as additional insured and loss payee, as applicable, and shall demonstrate that the insurance policies evidenced thereby comply in all material respects with the terms of this Agreement, the Security Documents and the other Operative Documents relating to insurance matters;

(ii) evidence of the recording, registration, filing, validity and priority of the all Canadian Personal Property Security Act financing statements, UCC-1 financing statements and other instruments related to the Liens created by the Security Documents (and the payment of all related fees and taxes);

(iii) lien searches (performed as of a recent date) from the applicable offices in each jurisdiction in which any of the assets and properties of the Company or its Subsidiaries shall be located at or after the Closing, which searches shall not reveal any prior financing statement covering any portion or all of the Collateral (other than financing statements to be terminated at or prior to the Closing and those evidencing Permitted Liens);

(iv) consents and waivers from each of the Persons named on Exhibit 5.14 attached hereto, including, without limitation, consents from all applicable licensors, landlords, mortgagees, warehousemen, bailees and other similar persons; and

(v) certificates evidencing all outstanding shares of the capital stock of the US Subsidiary, together with stock powers executed in blank.

4.6. Opinions of Counsel. At the Closing, you shall have received an opinion, each dated the Closing Date, from Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, counsel to CMEP and Messrs. Osler, Hoskin & Harcourt, Canadian counsel to CMEP and Holland & Hart, counsel to the U.S. Subsidiary, addressing the matters set forth on Exhibit 4.6 attached hereto and such other matters as you may reasonably request.

4.7. Opinions of Your Special Counsel. At the Closing, you shall have received an opinion, each dated the Closing Date, from your special counsel, Messrs. Choate, Hall & Stewart, and from your special Canadian counsel, Messrs. Blake, Cassels & Graydon addressing the matters set forth on Exhibit 4.7 attached hereto and such other matters as you may reasonably request.

4.8. Certain Additional Documents to be Delivered at or Prior to the Closing. You shall have received the items specified on Exhibit 4.8 attached hereto, each of which shall be in form and substance reasonably satisfactory to you in all material respects.

4.9. Sale of Securities to Other Purchasers. At the Closing, the Company and the U.S. Subsidiary shall sell to the Other Purchasers the Securities to be purchased at the Closing by the Other Purchasers pursuant to the Other Securities Purchase Agreements and shall receive payment in full of the purchase price thereof.

4.10. Legal Investment Certificate. At the time of the Closing, your purchase of the Securities to be issued pursuant hereto shall be permitted under the laws and regulations of any jurisdiction to which you are subject (without resort to any provision of any such law permitting limited investments by you without restriction as to the character of the particular investment), and you shall, if requested by you, have received an Officers' Certificate, dated the Closing Date, certifying as to such matters as you may request to enable you to determine whether your purchase is so permitted.

4.11. Sale and Purchase Not Forbidden by Law. The offer, issue, sale and delivery by the Company of the Securities to be issued pursuant hereto and your purchase of such Securities at the Closing shall not be prohibited by and shall not subject you to any tax, penalty, liability or other onerous condition under or pursuant to any law, statute, rule or regulation.

4.12. Payment of Commitment Fee and Transaction Costs. The Company shall have paid in immediately available funds (in U.S. dollars) (a) a nonrefundable commitment fee to you and the Other Purchasers in the aggregate amount of \$128,000 (1% of the aggregate principal amount of the Tranche A Notes that you and the Other Purchasers have committed to purchase), which fee shall be allocated among you and the Other Purchasers in proportion to the aggregate principal amount of the such Notes committed to be purchased by each, and (b) all reasonable fees, expenses and disbursements incurred by you and the Other Purchasers at or prior to the time of the Closing in connection with the transactions contemplated by the Operative Documents, including, without limitation, the reasonable fees, expenses and disbursements of your special counsel and special Canadian counsel. The U.S. Subsidiary shall have paid in immediately available funds (in U.S. dollars) (a) a non-refundable commitment fee to you and the Other Purchasers in the aggregate amount of \$50,000 (1% of the aggregate principal amount of the Revolving Credit Notes that you and the Other Purchasers have committed to purchase) and (b) a nonrefundable usage fee to you and the Other Purchasers in the aggregate amount of \$12,500 (.25% of the aggregate amount of the Revolving Credit Notes that you and the Other Purchasers have committed to purchase), which fees shall be allocated among you and the Other Purchasers in proportion to the aggregate principal amount of the Revolving Credit Notes committed to be purchased by each.

4.13. Proceedings and Documents. All proceedings in connection with the transactions contemplated by the Operative Documents and all agreements, documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form in all material respects to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or copies thereof as you or they may reasonably request.

5. Representations and Warranties. The Issuers jointly and severally represent and warrant at the Closing that (after giving effect to the Acquisition and the other transactions consummated at the Closing):

5.1. Organization, Standing, etc. of the Company. Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties, to carry on its business as now conducted, and now proposed to be conducted as described in the Disclosure Document referred to in section 5.4, to execute, deliver and perform each of the Operative Documents to which it is (or is to be) a party and to consummate the

transactions contemplated by the Operative Documents and no approval of the stockholders of the Company or any of its Subsidiaries or any class thereof is required in connection therewith which has not been obtained.

5.2. Names; Jurisdiction of Incorporation, Subsidiaries, etc. Exhibit 5.2 attached hereto correctly sets forth for the Company and each of its Subsidiaries (a) its legal name (and any other names used by it during the preceding five years), (b) its jurisdiction of incorporation, and (c) each jurisdiction (other than its jurisdiction of incorporation) in which it is qualified to do business.

5.3. Qualification. Each of the Company and its Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased or the nature of the activities conducted makes such qualification or licensing necessary, except for those jurisdictions in which the failure to be so qualified or licensed or to be in good standing has not resulted in, and could not reasonably be expected to result in, a Material Adverse Change.

5.4. Business, etc. Prior to and after the Closing, each of the Company and its Subsidiaries shall be engaged in the business (the "Business") of designing, manufacturing, marketing and selling consoles, control centers, information kiosks and other technical systems, and manufacturing modular furniture for mass markets as further described in the Investment Overview-Information Memorandum dated January, 1998 and the "Responses to MassMutual's Due Diligence List" dated January, 1998 (collectively, the "Disclosure Document") prepared by the Company with the assistance of CMEP, a true, correct and complete copy of which has been furnished to you. Prior to the Closing, 772917 has not conducted any operations, owned any assets or incurred any liabilities other than those arising in connection with its organization and its entering into the Operative Documents and the Acquisition Documents.

5.5. Capital Stock.

(a) Exhibit 5.5 attached hereto correctly specifies (both immediately prior to and immediately after giving effect to the consummation of the Acquisition and the other transactions consummated at the Closing), with respect to the Company and each of its Subsidiaries (i) its authorized capital stock, (ii) the number of shares thereof issued and outstanding (including treasury shares) and (iii) the name of each record owner of such outstanding shares and, for each such record owner, the number (and percentage) of shares held by each.

(b) All of the outstanding shares of capital stock of the Company and of each of its Subsidiaries, are, and all Warrant Shares issued upon exercise of the Warrants in accordance with the terms thereof will be, duly authorized, validly issued, fully paid and non-assessable and have (or will have) been issued in accordance with all applicable laws. Except for the Stockholders Agreement or as otherwise set forth on Exhibit 5.5, none of such shares are subject to (i) any

preemptive or similar rights on the part of any other Person or (ii) any Lien, proxy, voting agreement, voting trust, shareholders agreement or similar agreement or restriction.

(c) Except for the Warrants, the Stockholders Agreement and the Acquisition Documents or as otherwise set forth on Exhibit 5.5, (i) there are no outstanding rights, options, warrants or agreements for the purchase from, or sale or issuance by, the Company or any of its Subsidiaries of any of its capital stock or securities convertible into or exercisable or exchangeable for such stock; (ii) there are no agreements on the part of the Company or any of its Subsidiaries to issue, sell or distribute any of its shares, securities or assets; (iii) neither the Company nor any of its Subsidiaries has any obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any of its shares, securities or any interest therein or to pay any dividend or make any distribution in respect thereof; and (iv) no Person is entitled to any rights with respect to the registration or qualification of any shares or securities of the Company or any of its Subsidiaries under applicable securities laws.

(d) The aggregate number of shares of Common Stock issuable upon exercise in full of the Warrants immediately after the Closing is 173,913, which, if then issued, would constitute not less than 8% of the Company's Common Stock (calculated on a Fully-Diluted Basis). The Company has reserved 173,913 shares of Common Stock solely for issuance upon exercise of the Warrants.

(e) Except as set forth on Exhibit 5.5 attached hereto, neither the Organizational Documents nor any other agreement, document or instrument binding on or applicable to the Company or any of its shareholders contains any provision requiring a higher voting requirement with respect to action taken (and/or to be taken) by its board of directors or the holders of the capital stock of the Company than that which would apply in the absence of such provision.

5.6. Financial Statements. You have been furnished with:

(a) the financial statements referred to on Exhibit 5.6(a) attached hereto, which financial statements are complete and correct in all material respects (subject, in the case of any unaudited financial statements, to normal year-end and audit adjustments), have been prepared in accordance with Canadian GAAP (except as may be indicated in the notes thereto) applied on a consistent basis throughout the periods covered thereby and present fairly in all material respects the financial position and the results of operations and cash flows of the Person(s) purported to be covered thereby as at the respective dates and for the respective periods indicated in conformity with Canadian GAAP (subject, in the case of any unaudited financial statements, to normal year-end and audit adjustments and the absence of footnotes);

(b) the projections attached as Exhibit 5.6(b) hereto, which projections were prepared in good faith, are based upon assumptions that the Company believes are reasonable and, to the best of the Company's knowledge, take into account all known material information regarding the matters set forth therein; and

(c) the pro forma unaudited consolidated balance sheet of the Company referred to on Exhibit 5.6(c) hereto, which balance sheet fairly presents in all material respects the consolidated financial position of the Company as at February 28, 1998, adjusted on a pro forma basis to give effect to the consummation of the Acquisition and the other transactions contemplated by the Operative Documents, and reflects all known liabilities of the Company and/or any of its Subsidiaries, contingent or otherwise, as at the Closing Date, required by Canadian GAAP to be reflected therein.

5.7. Changes; Solvency, etc.

(a) Since August 31, 1997 (i) there has been no change in the assets, liabilities or financial condition of the Company or any of its Subsidiaries from that set forth in the balance sheet as at such date referred to on Exhibit 5.6(a) attached hereto, other than changes which have not been, either in any case or in the aggregate, materially adverse; (ii) no condition or event has occurred which has resulted in, or could reasonably be expected to result in, a Material Adverse Change; and (iii) except as set forth on Exhibit 5.7 attached hereto, no Restricted Payment or Restricted Investment has been, directly or indirectly, declared, ordered, paid or made.

(b) Each of the Company and its Subsidiaries is and, after giving effect to the transactions contemplated by the Operative Documents, will be Solvent and will not be insolvent within the meaning of any applicable law, statute, rule or regulation, including, without limitation, the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada).

5.8. Tax Returns and Payments.

(a) Each of the Company and its Subsidiaries has filed all tax returns required by law to be filed and has paid all taxes and assessments shown to be due and payable on such returns and all other governmental charges levied upon any of its properties, assets, income, franchises or sales other than those not yet delinquent. The income and capital tax liability of the Company and its Subsidiaries has been finally determined by all applicable foreign and domestic, federal, provincial, state, municipal and local governmental authorities, and satisfied, or the time for audit has expired, for all fiscal years through the fiscal year specified as applicable on Exhibit 5.8 attached hereto. Neither the Company nor any of its Subsidiaries has executed any waiver or waivers that would have the effect of extending the applicable statute of limitations in respect of income and

capital tax liabilities. The charges, accruals and reserves in the financial statements of the Company and its Subsidiaries referred to on Exhibit 5.6(a) attached hereto in respect of taxes for all fiscal periods are adequate, and there are no known unpaid assessments for additional taxes for the Company or any of its Subsidiaries for any fiscal period or of any basis therefor.

(b) Except as set forth on Exhibit 5.8 attached hereto, no liability for any tax (whether income, documentary, sales, stamp, registration, issue, capital, property, excise or otherwise), duty, levy, impost, fee, charge or withholding, directly or indirectly, imposed, assessed, levied or collected by or for the account of any governmental authority of or in any jurisdiction, including, without limitation, Canada, will be incurred by the Company or any of its Subsidiaries or any holder of any of the Securities as a result of the execution or delivery of any of the Operative Documents, and no such liability will be imposed on the Company or any of its Subsidiaries or any holders of any of the Securities with respect to or on account of any payment (or other performance) by the Company or any of its Subsidiaries under any of the Operative Documents, provided that the Company agrees that payments due under the Operative Documents shall not be reduced as a result of any such liability, whether or not the same is specified on Exhibit 5.8 attached hereto, as further provided in sections 21 and 22 hereof. Under applicable laws, regulations and rulings currently in effect in the jurisdictions in which the Company or any of its Subsidiaries is incorporated or does business, there is no limit on the conversion of any currency owned by the Company or any of its Subsidiaries into U.S. dollars, or the export or use of such U.S. dollars and any other U.S. dollars owned by the Company or any of its Subsidiaries, at the times and in the amounts necessary to permit the Company and its Subsidiaries to discharge their obligations under the Operative Documents. If any exchange control or similar limitations are instituted, the Company will, and will cause each of its Subsidiaries to, take all requisite action to obtain any consent, approval or other governmental action necessary to permit timely discharge of such obligations in U.S. dollars.

5.9. Funded Debt, Current Debt, Liens, Investments, Transactions with Affiliates, Leases, Derivative Transactions and Material Agreements. Exhibit 5.9 attached hereto correctly describes (after giving effect to the Acquisition and the other transactions consummated at the Closing):

(a) all Funded Debt and Current Debt of the Company and its Subsidiaries to be outstanding immediately following the Closing and/or all agreements pursuant to which the Company and/or any of its Subsidiaries has the right to incur the same, including a general description of any collateral which secures (or will secure) the same;

(b) all Liens to which any of the properties and assets of the Company and/or any of its Subsidiaries will be subject immediately following the Closing (other than Permitted Liens);

(c) all Investments of the Company and/or any of its Subsidiaries to be owned or held immediately following the Closing (other than Investments of the character described in clauses (b) through (e), inclusive, of the definition of Permitted Investments);

(d) all transactions with Affiliates of the Company and/or any of its Subsidiaries which the Company and/or any of its Subsidiaries consummated during the 12-month period ended on the Closing Date or which the Company and/or any of its Subsidiaries is now obligated or now intends to consummate at any time in the future;

(e) each material lease, other than Capital Leases, under which the Company and/or any of its Subsidiaries is lessee or sublessee and, with respect to each such lease, the name of the lessor, the lessee or sublessee, the property leased, the annual Rental Obligations payable thereunder and the term thereof;

(f) all Derivative Transactions to which the Company and/or any of its Subsidiaries is a party or is liable (contingently or otherwise); and

(g) each other material agreement, document or instrument to or by which the Company or any of its Subsidiaries is a party or is bound.

5.10. Title to Properties; Liens; Leases; Locations of Collateral. Each of the Company and its Subsidiaries has and, upon consummation of the transactions contemplated by the Operative Documents, will have, good and marketable title to all of their respective properties and assets, including, without limitation, the properties and assets reflected in the final audited balance sheet, dated August 31, 1997, referred to on Exhibit 5.6(a) attached hereto, except for properties and assets disposed of since August 31, 1997 in the ordinary course of business, free and clear of all Liens (other than Permitted Liens). Neither the Company nor any of its Subsidiaries owns or leases any real property, or any interest in real property, except for the leases specified in Exhibit 5.10 attached hereto. The Company and its Subsidiaries enjoy peaceful and undisturbed possession under all such leases, and all of such leases are valid, subsisting and in full force and effect. A lease, leases or other space of substantially comparable utility and value to all currently existing leases can be promptly obtained by the Company at substantially the same cost (except for the Maynard Lease), and in all cases, without material interruption of its business and operations. There are currently no subtenants or licensees of such leased properties. Exhibit 5.10 attached hereto fully and correctly sets forth (a) the address of each location at which any properties and assets of the Company and/or any of its Subsidiaries are to be located (immediately following the Closing and after giving effect to the Acquisition and the other transactions consummated at the

