

IN THE MATTER OF THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
O ACQUISITION CORP.

AND

IN THE MATTER OF
OSF INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from O Acquisition Corp. (the "Offeror") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

- (i) in connection with the offer (the "Cash Offer") by the Offeror to purchase all of the issued and outstanding common shares (the "OSF Shares") of OSF Inc. ("OSF"), and
- (ii) despite the provision in the Legislation that prohibits an offeror who makes or intends to make a take-over bid or issuer bid and any person or company acting jointly or in concert with the offeror from entering into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the "Prohibition on Collateral Agreements"),

the following agreements are made for reasons other than to increase the value of the consideration paid to Royal Laser Tech Corporation ("Royal Laser") for the OSF Shares held by Royal Laser and may be entered into:

(1) an asset purchase agreement (the "Asset Purchase Agreement") entered into between O Holdings Corp. ("O Holdings") and Royal Laser providing for the purchase by O Holdings of the assets of Royal Laser's store fixtures division (the "Assets"); and

(2) certain other agreements, including a supply agreement (the "Supply Agreement"), a shareholders' agreement (the "Shareholders Agreement"), a registration rights agreement (the "Registration Rights Agreement", a warrant (the "Warrant") and a non-competition and non-solicitation agreement (the "Non-Competition Agreement" and, collectively with the Supply Agreement, Shareholders Agreement, Registration Rights Agreement and Warrant, the "Scheduled Agreements"), which the Asset Purchase Agreement contemplates will be entered into by Royal Laser and either OSF or O Holdings on the closing date for the purchase of the Assets (the "Closing Date");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS the Offeror has represented to the Decision Makers as follows:

1. The Offeror is an indirect wholly-owned subsidiary of Centre Partners Management LLC ("Centre Partners"), a Delaware limited liability company. The Offeror was incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") for the purpose of making the Cash Offer.
2. The Offeror is not a reporting issuer in any of the Jurisdictions.
3. O Holdings is a wholly-owned subsidiary of Centre Partners. O Holdings was incorporated under the OBCA for the purpose of holding directly all of the Offeror's outstanding securities.
4. O Holdings is not a reporting issuer in any of the Jurisdictions.
5. Royal Laser is governed by the OBCA and its common shares (the "Royal Laser Shares") are listed and posted for trading on The Toronto Stock Exchange (the "TSE"). To the knowledge of the Offeror, O Holdings and Centre Partners, Royal Laser is a reporting issuer not in default of the Legislation in each of the Jurisdictions.
6. OSF is governed by the OBCA and the OSF Shares are listed and posted for trading on the TSE. To the knowledge of the Offeror, O Holdings and Centre Partners, OSF is a reporting issuer not in default of the Legislation in each of the Jurisdictions.
7. In May 1999, OSF's board of directors (the "Board") established an independent committee (the "Special Committee") and authorized it to consider proposals regarding a sale of OSF and make recommendations regarding such proposals to the Board.

8. Pursuant to an engagement letter dated November 15, 1999, the Special Committee retained HSBC Securities (Canada) Inc. ("HSBC") to provide it with financial advice with respect to OSF.
9. On November 24, 1999, Royal Laser made an offer to acquire all of the outstanding OSF Shares on the basis of one Royal Laser Share for each OSF Share (the "Royal Laser Offer"). The Royal Laser Offer has been extended from time to time and is scheduled to expire on February 8, 2000. Royal Laser has not taken up any OSF Shares under the Royal Laser Offer.
10. Royal Laser owns 1,579,800 OSF Shares representing approximately 8.9% of the outstanding OSF Shares.
11. On December 10, 1999, the Offeror and OSF entered into a support agreement (the "Support Agreement") pursuant to which the Offeror and OSF agreed that, among other things, the Offeror would make the Cash Offer for consideration equal to \$7.10 in cash per OSF Share and the Board would recommend that holders of OSF Shares (the "OSF Shareholders") accept the Offer.
12. The Cash Offer was made on December 10, 1999, has been extended from time to time and currently is scheduled to expire on February 2, 2000.
13. After the Cash Offer was made, representatives of the Offeror, O Holdings and Royal Laser engaged in discussions regarding the desirability of combining the store fixtures businesses of Royal Laser and OSF. As a result of these discussions, O Holdings and Royal Laser entered into the Asset Purchase Agreement and the Offeror and Royal Laser entered into the Standstill Agreement.
14. Concurrently with their negotiations relating to the Asset Purchase Agreement, the Scheduled Agreements and the Standstill Agreement (collectively, the "Agreements"), the Offeror and Royal Laser presented the following proposal (the "Proposal") to the Special Committee:
 - A. Royal Laser, O Holdings, the Offeror and OSF would enter into the Agreements;
 - B. provided that the relief requested in this decision was granted. Royal Laser would allow the Royal Laser Offer to expire and the Offeror would extend the Cash Offer and increase the consideration offered to \$7.25 per OSF Share (the "Amended Cash Offer");
 - C. OSF would confirm that the Support Agreement would continue to apply to the Amended Cash Offer; and
 - D. the Board would recommend that OSF Shareholders accept the Amended Cash Offer.
15. The Asset Purchase Agreement provides, among other things, for:

A. the purchase by O Holdings of the Assets from Royal Laser for aggregate consideration (the "Consideration") consisting of:

I. the payment to Royal Laser on the Closing Date of \$31.15 million in cash, subject to a holdback of \$3 million and reduction for certain adjustments;

II. the issuance by O Holdings to Royal Laser on the Closing Date of common shares (the "O Holdings Common Shares") having an aggregate value of \$16.5 million;

III. the issuance of the Warrant, which will consist of a right permitting Royal Laser to acquire additional O Holdings Common Shares at any time within 21 months of the date the Warrant is issued;

IV. a deferred payment to Royal Laser of \$10 million in cash, payable over two years and subject to decrease to the extent that certain predetermined sales targets from the purchased and combined businesses, which targets are significantly higher than the historical and current sales of the purchases and combined businesses, are not met; and

V. a deferred payment to Royal Laser of up to \$10 million in cash, representing an "earn out" amount, payable if sales from the purchased and combined businesses exceed predetermined levels, which levels are significantly higher than historical and current levels;

B. the execution on the Closing Date of the Supply Agreement, pursuant to which OSF will have the right to require Royal Laser to manufacture certain metal products for OSF at the lower of (i) the most competitive price offered by Royal Laser to its customers; and (ii) Royal Laser's cost, plus 20%;

C. the execution on the Closing Date of the Shareholders Agreement, which will govern the relationship between Royal Laser and the other holders of O Holdings Common Shares after consummation of the transactions contemplated by the Asset Purchase Agreement and which provides, among other things, that:

I. if certain conditions are satisfied, Royal Laser may appoint two directors to O Holdings' board of directors (the "Royal Laser Designees");

II. annual directors' fees of \$30,000 in the aggregate will be paid to Royal Laser in respect of the Royal Laser Designees' services; and

III. O Holdings' founding shareholders (the "Founding Shareholders"), including Royal Laser, will have rights to acquire additional O Holdings securities in specified circumstances, including rights of first refusal, pre-emptive rights and rights to acquire O Holdings securities at the lesser of their fair value and their cost from certain individuals whose employment with O Holdings is terminated for cause; and

D. the execution on the Closing Date of the Registration Rights Agreement, which confers upon Royal Laser, among others, the right in certain circumstances to have its O Holdings Common Shares qualified for distribution under a prospectus in Ontario or in a registration statement filed under United States securities laws; and

E. the execution on the Closing Date of the Non-Competition Agreement to protect the goodwill of the business being acquired from Royal Laser.

16. The O Holdings Common Shares to be issued to Royal Laser on the Closing Date will be issued at the same price per share (the "Initial Subscription Price") as the O Holdings Common Shares to be issued to the other Founding Shareholders. It is intended that, upon the issuance of the O Holdings Common Shares to Royal Laser on the Closing Date, Royal Laser will hold approximately 15% of the equity of O Holdings.

17. The O Holdings Common Shares to be issued to Royal Laser if it exercises the Warrant will be issued at a price per O Holdings Common Share equal to 150% of the Initial Subscription Price. If Royal Laser exercises the Warrant, Royal Laser will acquire an additional 5% of the equity of O Holdings.

18. The Standstill Agreement governs the conduct of the Offeror and Royal Laser with respect to the Royal Laser Offer, the Cash Offer and the making of the Application and, in effect provides for their acting jointly or in concert with respect to the Offeror's acquisition of the OSF Shares.

19. The Special Committee has recommended that the Proposal and, in particular, the proposed increase in the consideration per OSF Share, is in the best interests of the OSF Shareholders.

20. The Board of Directors has confirmed that the Support Agreement applies and will apply to the Amended Cash Offer and has indicated that it will recommend that OSF Shareholders accept the Amended Cash Offer.

21. The Offeror considers the acquisition of the Assets and the entering into of the Scheduled Agreements pursuant to the Asset Purchase Agreement to be desirable in the context of the complementary nature of the store fixtures businesses of OSF and the rapid consolidation of the store fixture industry.

22. The Asset Purchase Agreement and the Scheduled Agreements have been, or will be entered into, for business purposes unrelated to Royal Laser's ownership of OSF Shares and not for the

purpose of providing Royal Laser with greater consideration for its OSF Shares than the consideration to be received by OSF Shareholders other than Royal Laser.

23. HSBC has provided a letter to the Decision Makers stating that, as more fully described in that letter and after taking into account the Asset Purchase Agreement and Scheduled Agreements, it is of the view that the Consideration to be received by Royal Laser represents no more than fair value for the Assets being sold.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the Decision of each of the Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers in the Jurisdictions pursuant to the Legislation is that the Asset Purchase Agreement and the Scheduled Agreements are being entered into for reasons other than to increase the value of the consideration paid to Royal Laser in respect of its OSF Shares and may be entered into notwithstanding the Prohibition on Collateral Agreements.

DATED this "2nd" day of "February", 2000.