Seller, free and clear of all Encumbrances (except for Encumbrances that will be released at or prior to Closing), and are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. Schedule 3.2 lists all Encumbrances on the Canadian Shares which will be released at or prior to Closing. At the Closing, Seller will transfer to Buyer good title to the Canadian Shares, free and clear of all Encumbrances. Except pursuant to this Agreement, there are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or contracts or commitments of any kind that could require Seller or the Canadian Subsidiary to issue, sell, or otherwise cause to become outstanding any of the Canadian Subsidiary's capital stock or other equity interests in the Canadian Subsidiary. Except as set out on Schedule 3.2 or as provided in the Canadian Subsidiary's certificate of incorporation or by-laws, there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the capital stock of the Canadian Subsidiary.

Section 3.3 Financial Statements. Seller has previously delivered to Buyer the balance sheet of the Division at December 31, 1993, and the income statement and statement of cash flows of the Division for the year then ended, together with the audit report of Arthur Andersen & Co. thereon (the "Financial Statements"). Such Financial Statements (x) have