

RAINBOW GROUP OF COMPANIES INCORPORATED
17724 – 102 Avenue
Edmonton, Alberta
T5S 1H5

November 27, 2001

Alberta Securities Commission
19th Floor, 10025 Jasper Avenue
Edmonton, Alberta
T5K 3Z5

Attention: Executive Director

British Columbia Securities Commission
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2

Attention: Executive Director

Dear Sir:

Re: Rainbow Group of Companies Incorporated
Material Change Report Under Section 118(1) of the *Securities Act* (Alberta)

This letter is intended as a statement setting forth certain matters that may be a material change in the affairs of Rainbow Group of Companies Incorporated (the "Corporation"). For convenience, this letter is itemized in the same manner as Form 27 of the Securities Act (Alberta). Concurrent with this filing, this letter is being filed with the Canadian Venture Exchange.

Item 1 - Reporting Issuer

RAINBOW GROUP OF COMPANIES INCORPORATED
17724 – 102 Avenue
Edmonton, Alberta
T5S 1H5

Item 2 - Date of Material Change

The material change occurred on November 21, 2001.

Item 3 - News Release

A Press Release was issued on November 23, 2001.

Item 4 - Summary of Material Change

The Corporation announced that it completed its fourth and final closing of the Private Placement of Special Warrants on November 21, 2001 with the issuance of 500,556 Special Warrants for gross proceeds of Cdn.\$225,250. A fee of \$2,565 was paid in connection with this final closing of the Private Placement. Including the Special Warrants issued at this final closing, Rainbow sold a total of 1,911,832 Special Warrants under the Private Placement for proceeds of \$860,325.

Item 5 - Full Description of Material Change

The Corporation announced that it completed its fourth and final closing of the Private Placement of Special Warrants on November 21, 2001 with the issuance of 500,556 Special Warrants for gross proceeds of Cdn.\$225,250. A fee of \$2,565 was paid in connection with this final closing of the Private Placement. Including the Special Warrants issued at this final closing, Rainbow sold a total of 1,911,832 Special Warrants under the Private Placement for proceeds of \$860,325.

The proposed Prospectus Offering most recently described in Rainbow's news release of October 22, 2001, wherein Yorkton Securities Inc. will be acting as agent, is intended to qualify the distribution of the Common Shares and Purchase Warrants, which underlie the Special Warrants in the Provinces of Alberta, British Columbia and Saskatchewan. No commission was paid to Yorkton Securities Inc. in connection with the sale of the Special Warrants. However, Yorkton Securities Inc. will be paid a corporate finance fee equal to 4% of the gross proceeds of the sale of the Special Warrants for its services in connection with the distribution of the Common shares and Purchase Warrants issuable on exercise of the Special Warrants.

The net proceeds of both the Prospectus Offering and the Private Placement of Special Warrants will be used to meet the final requirements for the completion of the proposed transaction with QWIP Technologies, LLC as most recently described in Rainbow's news release of October 22, 2001. The funds will be allocated to the commencement of commercial production and marketing of QWIP Technologies' products, to examine and acquire new technologies, as well as to provide working capital for operations.

Item 6 - Reliance on Section 118(2) of the Securities Act

Not applicable.

Item 7 - Omitted Information

No omitted information.

Item 8 - Senior Officer

The name of a Senior Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Margo Kaufmann, Chief Financial Officer - Telephone number (780) 408-3853

Item 9 - Statement of a Senior Officer

The foregoing accurately discloses the material change referred to in this report.

DATED this 27th day of November, 2001.

Yours truly,

RAINBOW GROUP OF COMPANIES INCORPORATED

Per: "Margo Kaufmann"

Margo Kaufmann
Chief Financial Officer

cc Canadian Venture Exchange