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File # D 5328-475-2

Form **BCA-5.10**
NFP-105.10

(Rev. Jan. 1995)

SANGAMON COUNTY
RECORDER'S OFFICE
JUL 15 1997
DOC # 97-27132

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-3647

10,000

SUBMIT IN DUPLICATE

STATEMENT OF CHANGE OF REGISTERED AGENT AND/OR REGISTERED OFFICE

FILED

MAY 02 1997

GEORGE H. RYAN
SECRETARY OF STATE

This space for use by
Secretary of State

Date 5/2/97
Filing Fee \$ 5
Approved: [Signature]

Remit payment in check or money order,
payable to "Secretary of State."

DEPT-01 RECORDING \$395.00
T#0004 TRAN 5381 08/29/97 15:23:00
#1193 # SA #-97-639859
COOK COUNTY RECORDER

- CORPORATE NAME: Alliance Systems, Inc.
- STATE OR COUNTRY OF INCORPORATION: Illinois
- Name and address of the registered agent and registered office as they appear on the records of the office of the Secretary of State (before change):
 Registered Agent Corporation Associates of Illinois

First Name	Middle Name	Last Name
700 South Second Street		
Number	Street	Suite No. (A P.O. Box alone is not acceptable)
Springfield		62704
City	Zip Code	County
		Sangamon
- Name and address of the registered agent and registered office shall be (after all changes herein reported):
 Registered Agent Gary W Howell

First Name	Middle Name	Last Name
321 N Clark Street, Suite 3400		
Number	Street	Suite No. (A P.O. Box alone is not acceptable)
Chicago		60610
City	Zip Code	County
		Cook

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5. The address of the registered office and the address of the business office of the registered agent, as changed, will be identical.
6. The above change was authorized by: ("X" one box only)
- a. By resolution duly adopted by the board of directors. (Note 5)
- b. By action of the registered agent. (Note 6)

NOTE: When the registered agent changes, the signatures of both president and secretary are required.

7. (If authorized by the board of directors, sign here. See Note 5)

The undersigned corporation has caused this statement to be signed by its duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true.

Dated March 31 19, 97 Alliance Systems, Inc.
 (Exact Name of Corporation)

attested by Geoffrey Engerman by: Geoffrey Engerman
 (Signature of Secretary or Assistant Secretary) (Signature of President)
Geoffrey Engerman, Secretary Geoffrey Engerman, President
 (Type or Print Name and Title) (Type or Print Name and Title)

(If change of registered office by registered agent, sign here. See Note 6)

The undersigned, under penalties of perjury, affirms that the facts stated herein are true.

Dated _____ 19, _____
 (Signature of Registered Agent of Record)

NOTES

- The registered office may, but need not be the same as the principal office of the corporation. However, the registered office and the office address of the registered agent must be the same.
- The registered office must include a street or road address; a post office box number alone is not acceptable.
- A corporation cannot act as its own registered agent.
- If the registered office is changed from one county to another, then the corporation must file with the recorder of deeds of the new county a certified copy of the articles of incorporation and a certified copy of the statement of change of registered office. Such certified copies may be obtained ONLY from the Secretary of State.
- Any change of registered agent must be by resolution adopted by the board of directors. This statement must then be signed by the president (or vice-president) and by the secretary (or an assistant secretary).
- The registered agent may report a change of the registered office of the corporation for which he or she is registered agent. When the agent reports such a change, this statement must be signed by the registered agent.

6586976
 97639859

Box 128
 T. Ramirez

97639859

SEAL OF THE OFFICE OF THE SECRETARY OF STATE

OFFICE OF THE SECRETARY OF STATE



To all to whom these presents shall come, Greeting:

Whereas, ARTICLES OF INCORPORATION OF ALLIANCE SYSTEMS, INC. INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 13, A.D. 1933.

Now Therefore, I, Jim Edgar, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois.

at the City of Springfield, this 5TH

day of DECEMBER AD 1933 and

of the Independence of the United States

the two hundred and 8TH

(SEAL)

Jim Edgar
SECRETARY OF STATE

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ARTICLES OF INCORPORATION

Filing Requirements - Present 2 originally signed and fully executed copies in exact duplicate

For Inserts - Use White Paper - Size 8 1/2 x 11

(Do not write in this space)

Date Paid 12-5-83
 Initial License Fee \$ 50
 Franchise Tax \$ 21.00
 Filing Fee \$ 21.00
 Clerk CD 10 2.50

TO: JIM EDGAR, Secretary of State

I/We, the incorporator(s), being one or more natural persons of the age of twenty-one years or more or a corporation for the purpose of forming a corporation under "The Business Corporation Act" of the State of Illinois, do hereby adopt the following Articles of Incorporation:

ARTICLE ONE The name of the corporation is: Alliance Systems, Inc.

ARTICLE TWO The name and address of the initial registered agent and registered office are:

Registered Agent	<u>Robert</u>	<u>H.</u>	<u>Glorch</u>
	First Name	Middle Name	Last Name
Registered Office	<u>616</u>	<u>N. Court Street</u>	
	Number	Street	(Do not use P. O. Box)
	<u>Palatine</u>	<u>60067</u>	<u>Cook</u>
	City	Zip Code	County

ARTICLE THREE The duration of the corporation is perpetual OR _____ years. 14

ARTICLE FOUR The purposes for which the corporation is organized are: To design, develop, maintain, manage, evaluate, market and sell computer hardware and software.

ARTICLE FIVE Paragraph 1: The class, number of shares, the par value, if any, of each class which the corporation is authorized to issue, the number the corporation proposes to issue without further report to the Secretary of State, and the consideration (expressed in dollars) to be received by the corporation therefor, are:

Class	Series	*Par Value per share	Number of shares authorized	Number of shares to be issued	Total consideration to be received therefor
Common		\$ NPV	10,000	1,000	\$ 1000.00

*Use NPV if no Par Value

Total \$ 1000.00

Paragraph 2: The preferences, qualifications, limitations, restrictions and the special or relative rights in respect of the shares of each class are: none

ARTICLE SIX The corporation will not commence business until at least one thousand dollars has been received as consideration for the issuance of shares.

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ARTICLE SEVEN The number of directors to be elected at the first meeting of the shareholders is 2

ARTICLE EIGHT (Complete EITHER A or B)

A. All the property of the corporation is to be located in this State and all of its business is to be transacted at or from places of business in this State, or the incorporator(s) elect to pay the initial franchise tax on the basis of the entire consideration to be received for the issuance of shares.

B. Paragraph 1: it is estimated that the value of all property to be owned by the corporation for the following year wherever located will be \$ _____

Paragraph 2: It is estimated that the value of the property to be located within the State of Illinois during the following year will be: \$ _____

Paragraph 3: It is estimated that the gross amount of business which will be transacted by the corporation during the following year will be \$ _____

Paragraph 4: It is estimated that the gross amount of business which will be transacted at or from places of business in the State of Illinois during the following year will be: \$ _____

I/we the incorporator(s) declare that I/we have examined the foregoing Articles of Incorporation and that the statements contained therein are, to the best of my/our knowledge and belief, true, correct and complete. Executed this And day of December, 19 83.

(Signatures must be in ink. Carbon copy, xerox or rubber stamp signatures are not acceptable.)

NOTE: If a corporation acts as incorporator the name of the corporation and the state of incorporation shall be shown and the execution must be by its President or Vice-President and verified by him, and the corporate seal shall be affixed and attested by its Secretary or an Assistant Secretary.

1. Brian D. Alonso
Signature
Brian D. Alonso
Name (please print)

2. Geoffrey Engerman
Signature
Geoffrey Engerman
Name (please print)

3. Geoffrey Engerman
Signature
Geoffrey Engerman
Name (please print)

Post Office Address

1. 98 Cypress Court
Street
Palatine IL 60067
City/Town State Zip

2. 1030 E. Willow
Street
Wheaton IL 60187
City/Town State Zip

3. _____
Street
_____ IL _____
City/Town State Zip

P A I D

DEC 16 1983

FILED

DEC - 5 1983

JIM EDGAR
Secretary of State

RETURN TO:

Corporation Department
Secretary of State
Springfield, Illinois 62756
Telephone (217) 782-6961

FORM BCA-47

ARTICLES OF INCORPORATION

under the

BUSINESS CORPORATION ACT

For determination of proper fees please consult The Business Corporation Act.

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STATE OF ILLINOIS

DEPARTMENT OF REVENUE



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Whereas, ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF ALLIANCE SYSTEMS, INC. INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, George H. Ryan, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I have set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of Springfield, this 27TH day of MAY A.D. 19 94 and of the Independence of the United States the two hundred and 18TH

George H. Ryan

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Form **BCA-10.39** ARTICLES OF AMENDMENT

(Rev. Jan. 1991)

File # 6338-475-2

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-1832

FILED

SUBMIT IN DUPLICATE

This space for use by
Secretary of State

MAY 27 1994

PAID

Date 5/27/94

Remit payment in check or money
order, payable to "Secretary of State."

GEORGE H. RYAN
SECRETARY OF STATE

MAY 27 1994

Franchise Tax \$
Filing Fee \$ 25.00
Penalty \$

Approved: [Signature]

1. CORPORATE NAME: ALLIANCE SYSTEMS, INC. (Note 1)

2. MANNER OF ADOPTION: May 27

The following amendment of the Articles of Incorporation was adopted on May 27
19 94 in the manner indicated below. ("X" one box only)

By a majority of the incorporators, provided no directors were named in the articles of incorporation and no directors have been elected; or by a majority of the board of directors, in accordance with Section 10.10, the corporation having issued no shares as of the time of adoption of this amendment. (Note 2)

By a majority of the board of directors, in accordance with Section 10.15, shares having been issued by shareholder action not being required for the adoption of the amendment. (Note 3)

By the shareholders, in accordance with Section 10.20, a resolution of the board of directors having been duly adopted and submitted to the shareholders. At a meeting of shareholders, not less than the minimum number of votes required by statute and by the articles of incorporation were voted in favor of the amendment. (Note 4)

By the shareholders, in accordance with Sections 10.20 and 7.10, a resolution of the board of directors having been duly adopted and submitted to the shareholders. A consent in writing has been signed by shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with Section 7.10. (Note 4)

By the shareholders, in accordance with Sections 10.20 and 7.10, a resolution of the board of directors having been duly adopted and submitted to the shareholders. A consent in writing has been signed by all the shareholders entitled to vote on this amendment. (Note 4)

(INSERT AMENDMENT)

(Any article being amended is required to be set forth in its entirety.) (Suggested language for an amendment to change the corporate name is RESOLVED, that the Articles of Incorporation be amended to read as follows.)

(NEW NAME)

MAY 27 1994

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Resolutions

RESOLVED, that Article 5, Paragraph 1 of the Corporation's Articles of Incorporation is hereby amended to state that the Corporation shall be authorized to issue up to 2,000,000 shares of common stock, with no par value;

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3. The manner in which any exchange, reclassification or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for or effected by this amendment, is as follows: (If not applicable, insert "No change")

No change.

4. (a) The manner in which said amendment effects a change in the amount of paid-in capital (Paid-in capital replaces the terms Stated Capital and Paid-in Surplus and is equal to the total of these accounts) is as follows: (If not applicable, insert "No change")

No change.

(b) The amount of paid-in capital (Paid-in Capital replaces the terms Stated Capital and Paid-in Surplus and is equal to the total of these accounts) as changed by this amendment is as follows: (If not applicable, insert "No change")

No change.

	Before Amendment	After Amendment
Paid-in Capital	\$ _____	\$ _____

(Complete either Item 5 or 6 below)

5. The undersigned corporation has caused this statement to be signed by its duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true.

Dated May 27, 19 94 ALLIANCE SYSTEMS, INC.
(Exact Name of Corporation)

attested by *Geoffrey Engerman* by *Geoffrey Engerman*
(Signature of Secretary or Assistant Secretary) (Signature of President or Vice President)
Geoffrey Engerman, Secretary Geoffrey Engerman, Vice President
(Type or Print Name and Title) (Type or Print Name and Title)

6. If amendment is authorized by the incorporators, the incorporators must sign below.

OR

If amendment is authorized by the directors and there are no officers, then a majority of the directors or such directors as may be designated by the board, must sign below.

The undersigned affirms, under the penalties of perjury, that the facts stated herein are true.

Dated _____, 19 _____

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NOTES and INSTRUCTIONS

NOTE 1: State the true exact corporate name as it appears on the records of the office of the Secretary of State, BEFORE any amendments herein reported.

NOTE 2: Incorporators are permitted to adopt amendments ONLY before any shares have been issued and before any directors have been named or elected. (§ 10.10)

NOTE 3: Directors may adopt amendments without shareholder approval in only six instances, as follows:

- (a) to remove the names and addresses of directors named in the articles of incorporation;
- (b) to remove the name and address of the initial registered agent and registered office, provided a statement pursuant to § 5.10 is also filed;
- (c) to split the issued whole shares and unissued authorized shares by multiplying them by a whole number, so long as no class or series is adversely affected thereby;
- (d) to change the corporate name by substituting the word "corporation", "incorporated", "company", "limited" or the abbreviation "corp.", "inc.", "co.", or "ltd." for a similar word or abbreviation in the name, or by adding a geographical attribution to the name;
- (e) to reduce the authorized shares of any class pursuant to a cancellation statement filed in accordance with § 9.05;
- (f) to restate the articles of incorporation as currently amended. (§ 10.15)

NOTE 4: All amendments not adopted under § 10.10 or § 10.15 require (1) that the board of directors adopt a resolution setting forth the proposed amendment and (2) that the shareholders approve the amendment.

Shareholder approval may be (1) by vote at a shareholders' meeting (either annual or special) or (2) by consent, in writing, without a meeting.

To be adopted, the amendment must receive the affirmative vote or consent of the holders of at least 2/3 of the outstanding shares entitled to vote on the amendment (but if class voting applies, then also at least a 2/3 vote within each class is required).

The articles of incorporation may supercede the 2/3 vote requirement by specifying any smaller or larger vote requirement not less than a majority of the outstanding shares entitled to vote and not less than a majority within each class when class voting applies. (§ 10.20)

NOTE 5: When shareholder approval is by consent, all shareholders must be given notice of the proposed amendment at least 5 days before the consent is signed. If the amendment is adopted, shareholders who have not signed the consent must be promptly notified of the passage of the amendment. (§§ 7.10 & 10.20)

The filing fee for articles of amendment - \$25.00

The filing fee for restated articles - \$100.00.

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File Number

5328-475-2

State of Illinois Office of The Secretary of State

Whereas,

ARTICLES OF MERGER OF
ALLIANCE SYSTEMS, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN
FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE
BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, George H. Ryan, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of Springfield, this 1ST day of JULY A.D. 19 97 and of the Independence of the United States the two hundred and 21ST



George H. Ryan

Secretary of State

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Form **BCA-11.25**

ARTICLES OF MERGER
CONSOLIDATION OR EXCHANGE

File # 5328-475-2

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-6961

SUBMIT IN DUPLICATE

FILED

JUL 1 1997

GEORGE H. RYAN
SECRETARY OF STATE

PAID

JUL 2 1997

This space for use by
Secretary of State

Date 7/1/97

Filing Fee \$ 100.00

Approved 

DO NOT SEND CASH!
Permit payment in check or money
order, payable to "Secretary of State."
Filing Fee is \$100, but if merger or
consolidation of more than 2 corpo-
rations, \$50 for each additional cor-
poration.

1. Names of the corporations proposing to merge consolidate exchange shares, and the state or country of their incorporation:

Name of Corporation	State or Country Of Incorporation	Corporation File No.
<u>MDSI Acquisition Corporation</u>	<u>Washington</u>	<u>601782110 NR</u>
<u>Alliance Systems, Inc.</u>	<u>Illinois</u>	<u>5328-475-2</u>

2. The laws of the state or country under which each corporation is incorporated permit such merger, consolidation or exchange.

3. (a) Name of the surviving new corporation: Alliance Systems, Inc.
acquiring

(b) it shall be governed by the laws of: Illinois

4. Plan of merger consolidation is as follows: See Attached
exchange

If not sufficient space to cover this point, add one or more sheets of this size.

EXPEDITED

JUL 1 1997

SECRETARY OF STATE

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merger

5. Plan of consolidation was approved, as to each corporation not organized in Illinois, in compliance with the exchange laws of the state under which it is organized, and (b) as to each Illinois corporation, as follows:

(The following items are not applicable to mergers under §11.30 —90% owned subsidiary provisions. See Article 7.)

(Only "X" one box for each corporation)

By the shareholders, a resolution of the board of directors having been duly adopted and submitted to a vote at a meeting of shareholders. Not less than the minimum number of votes required by statute and by the articles of incorporation voted in favor of the action taken.

(\$ 11.20)

By written consent of the shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with § 7.10 (§ 11.220)

By written consent of ALL the shareholders entitled to vote on the action, in accordance with § 7.10 & § 11.20

Name of Corporation

Alliance Systems, Inc.

6. *(Not applicable if surviving, new or acquiring corporation is an Illinois corporation)*

It is agreed that, upon and after the issuance of a certificate of merger, consolidation or exchange by the Secretary of State of the State of Illinois:

- a. The surviving, new or acquiring corporation may be served with process in the State of Illinois in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Illinois against the surviving, new or acquiring corporation.
- b. The Secretary of State of the State of Illinois shall be and hereby is irrevocably appointed as the agent of the surviving, new or acquiring corporation to accept service of process in any such proceedings, and
- c. The surviving, new, or acquiring corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange the amount, if any, to which they shall be entitled under the provisions of "The Business Corporation Act of 1983" of the State of Illinois with respect to the rights of dissenting shareholders.

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7. (Complete this item if reporting a merger under § 11.30--90% owned subsidiary provisions.)

- a. The number of outstanding shares of each class of each merging subsidiary corporation and the number of such shares of each class owned immediately prior to the adoption of the plan of merger by the parent corporation, are:

Name of Corporation	Total Number of Shares Outstanding of Each Class	Number of Shares of Each Class Owned Immediately Prior to Merger by the Parent Corporation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- b. (Not applicable to 100% owned subsidiaries)
The date of mailing a copy of the plan of merger and notice of the right to dissent to the shareholders of each merging subsidiary corporation was _____, 19 _____.

Was written consent for the merger or written waiver of the 30-day period by the holders of all the outstanding shares of all subsidiary corporations received? Yes No

(If the answer is "No," the duplicate copies of the Articles of Merger may not be delivered to the Secretary of State until after 30 days following the mailing of a copy of the plan of merger and of the notice of the right to dissent to the shareholders of each merging subsidiary corporation.)

8. The undersigned corporations have caused these articles to be signed by their duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true. (All signatures must be in **BLACK INK**.)

Dated June 29, 19 97

Alliance Systems, Inc.
(Exact Name of Corporation)

attested by *Geoffrey Engerman*
(Signature of Secretary or Assistant Secretary)
Geoffrey Engerman, Secretary
(Type or Print Name and Title)

by *Geoffrey Engerman*
(Signature of President or Vice President)
Geoffrey Engerman, President
(Type or Print Name and Title)

Dated June 29, 19 97

MDSI Acquisition Corporation
(Exact Name of Corporation)

attested by *Jesse H. Ruiz*
(Signature of Secretary or Assistant Secretary)
by power of attorney for
Kenneth R. Miller, Secretary
(Type or Print Name and Title)

by *Jesse H. Ruiz*
(Signature of President or Vice President)
by power of attorney for
Kenneth R. Miller, President
(Type or Print Name and Title)

Dated _____, 19 _____

(Exact Name of Corporation)

attested by _____
(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

by _____
(Signature of President or Vice President)

(Type or Print Name and Title)

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Mobile Data Solutions Inc.

10551 Shelbridge Way
Suite 135
Richmond, BC
Canada V6X 2W9

Telephone 604 270 9939
Facsimile 604 270 1310
www.mdsi-advantex.com

POWER OF ATTORNEY

WHEREAS, MDSI MOBILE DATA SOLUTIONS INC., a Canadian corporation ("MDSI"), MDSI ACQUISITION CORPORATION, a Washington corporation ("Merger Sub"), ALLIANCE SYSTEMS, INC., an Illinois corporation ("Alliance"), and GEOFFREY ENGERMAN and DOUGLAS ENGERMAN (collectively, the "Engermans"), entered into an AGREEMENT AND PLAN OF MERGER dated as of April 17, 1997, (the "Agreement");

WHEREAS, the boards of directors of Merger Sub and Alliance have authorized and directed their officers to take all such action and execute and/or file all such documents as any officer may deem necessary or appropriate for the consummation of the transaction contemplated in the Agreement.

NOW THEREFORE, the undersigned hereby constitutes and appoints, JESSE H. RUIZ, his attorney, with full power to act for him and in his name, place and stead, to sign his name in the capacity or capacities set forth below to such Articles of Merger (Form BCA-11.25) relating to the Agreement, and to the First Amendment to Agreement and Plan of Merger dated as of June 27, 1997 (the "First Amendment") and hereby ratifies and confirms that said attorney may or shall lawfully sign the Articles of Merger and cause them to be filed with the Illinois Secretary of State.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this day 26th June 1997.

Kenneth R. Miller
President and Secretary
MDSI Acquisition Corporation

M. Aug BT
Notary Public

My Commission expires:
N/A, 19

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Box 128
T. Konigs

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AGREEMENT AND PLAN OF MERGER

Dated as of April 17, 1997

among

MDSI MOBILE DATA SOLUTIONS INC.,

MDSI ACQUISITION CORPORATION,

ALLIANCE SYSTEMS, INC.

GEOFFREY ENGERMAN

and

DOUGLAS ENGERMAN

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Exhibit E	Indemnification and Escrow Agreement
Exhibit F	Opinion of Gardner, Carton & Douglas
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Exhibit H	Opinion of Reid & Company
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Exhibit J	Affiliate Agreement

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "Agreement") dated as of April 17, 1997, is among MDSI MOBILE DATA SOLUTIONS INC., a Canadian corporation ("MDSI"), MDSI ACQUISITION CORPORATION, a Washington corporation ("Merger Sub"), ALLIANCE SYSTEMS, INC., an Illinois corporation ("Alliance"), and GEOFFREY ENGERMAN and DOUGLAS ENGERMAN (collectively, the "Engermans"), with respect to the following facts:

RECITALS

A. The Engermans own, in the aggregate, 499,950 shares of the issued and outstanding capital stock of Alliance (the "Alliance Shares").

B. The balance of the Alliance Shares are owned as of the date of this Agreement by Tom Lawdensky, Robert Lyon, Brian D. Alonso and Greatbanc Trust Company, as trustee of the Alliance Systems, Inc. Employee Stock Ownership Plan (the "ESOP").

C. The respective Boards of Directors of MDSI, Merger Sub and Alliance have determined that it is in the best interests of their respective shareholders for Merger Sub to merge with and into Alliance pursuant to the provisions of Section 11.05 of the Illinois Business Corporation Act of 1983 (the "IBCA") in accordance with the terms and conditions set forth in this Agreement.

D. The parties desire to make certain representations, warranties, covenants and agreements in connection with the Merger (as defined in Section 2.01).

E. The parties intend that the Merger qualify as a "reorganization" within the meaning of Section 368(a) of the Code (as defined herein).

NOW, THEREFORE, in consideration for the mutual covenants and understandings set forth herein, MDSI, Merger Sub, Alliance and the Engermans agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Certain Definitions. As used in this Agreement, the following terms shall have the meanings specified below:

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"Affiliate" shall mean, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified.

As used in this Agreement, any reference to any event, change or effect having an "Alliance Material Adverse Effect" shall mean that such event, change or effect is, individually or in the aggregate, materially adverse to the business, operations, prospects, properties, assets (including intangible assets), liabilities (including contingent liabilities), condition (financial or other) or results of operations of Alliance or the ability of Alliance to consummate the Merger and the other transactions contemplated by this Agreement.

"Articles of Merger": The articles of merger with respect to the Merger containing the provisions required by, and executed in accordance with, Section 11.25 of the IBCA and Section 23B.11.050 of the WBCA.

A Person shall be deemed the "beneficial owner" of, and shall be deemed to "beneficially own", any securities (a) which such Person or any of its Affiliates is deemed to "beneficially own" within the meaning of Rule 13d-3 under the Exchange Act or (b) which such Person or any of its Affiliates has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of any right of conversion or exchange, warrant, option or otherwise.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Washington) on which banks are open for business in Seattle, Washington.

"Capital Lease Obligations" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under United States generally accepted accounting principles.

"Cash Amount" shall mean U.S.\$1,282,070.00 (or U.S.\$1,310,445.00 in the event that the Schneider Option is exercised prior to Closing) less the product of \$8.3456958 multiplied by the number of Alliance Shares held by Alliance Shareholders who have perfected dissenter's rights under the IBCA.

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"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time (and any successor statute), and the rules and regulations thereunder.

As used in this Agreement, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Disclosure Statement" shall mean the disclosure statement of Alliance and the Engermans dated the date hereof and delivered pursuant to Section 3.31 hereof.

"Employment Agreements" shall mean the Employment Agreements to be dated as of the Closing Date between Alliance and each of Geoffrey Engerman, Douglas Engerman, Thomas Lawdensky and Robert Lyon, respectively, in substantially the forms of Exhibit A, B, C and D attached hereto.

"Escrow Agent" shall mean First Trust National Association, as escrow agent under the Escrow Agreement.

"Escrow Agreement" shall mean the Indemnification and Escrow Agreement to be dated as of the Closing Date among MDSI, the Engermans, Thomas Lawdensky, Robert Lyon and the Escrow Agent in substantially the form of Exhibit E attached hereto.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Governmental Authority" shall mean any court, administrative agency or commission or other governmental agency or instrumentality, domestic or foreign, of competent jurisdiction.

"Guarantee" of or by any Person shall mean any obligation, contingent or otherwise, of such Person guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the

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term Guarantee shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Indebtedness" of any Person shall mean, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations of such Person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (j) all obligations of such Person as an account party in respect of letters of credit and bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any entity which is a Subsidiary of such Person.

"IP Assets" shall mean any and all intellectual property assets including, but not limited, to copyrights, patents, trademarks, trade names, service marks, trade secrets, and any rights and licenses pertaining thereto, that have been created by or used by any predecessor entity of Alliance or have been or were being used by or for Alliance or in connection with its business, as presently conducted or as proposed to be conducted, its products, its services, its marketing or its sales.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Materials" shall mean any work of authorship, including literary works (including computer programs), pictorial works, graphic works (including logos and designs), motion pictures, sound recordings and audiovisual works, regardless of the nature of the material objects such as courseware, documents, manuscripts, periodicals, disks, memory storage devices, tapes, film, phonorecords and compact disks in which the works are

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embodied, that has been created by or used by a predecessor entity of Alliance or has been or is being used by or for Alliance or in connection with its business, as presently conducted or as proposed to be conducted, its products, its services, its marketing or its sales.

"MDSI Common Shares" shall mean common shares of MDSI bearing a right to vote for directors and all other matters coming before the Alliance Shareholders.

As used in this Agreement, any reference to any event, change or effect having an "MDSI Material Adverse Effect" shall mean that such event, change or effect is, individually or in the aggregate, materially adverse to the business, operations, prospects, properties, assets (including intangible assets), liabilities (including contingent liabilities), condition (financial or other) or results of operations of MDSI and its Subsidiaries taken as a whole or the ability of MDSI to consummate the Merger and the other transactions contemplated by this Agreement.

"Permitted Liens" shall mean:

(a) mechanics', carriers', workmen's, repairmen's or other like Liens arising from or incurred in the ordinary course of business and securing obligations which are not due or which are being contested in good faith by Alliance (provided that Alliance has set up adequate reserves therefor), Liens for Taxes which are not due and payable or which may thereafter be paid without penalty or which are being contested in good faith by Alliance (provided that Alliance has set up adequate reserves for the payment of such Taxes) and other imperfections of title or encumbrances, if any, which imperfections of title or other encumbrances do not materially impair the use of the assets to which they relate in the business of Alliance as presently conducted and as proposed to be conducted;

(b) easements, covenants, rights-of-way and other encumbrances or restrictions of record;

(c) zoning, building and other similar restrictions; provided that the same are not violated in any material respect by any improvements of Alliance or by the use thereof for the conduct of Alliance's business; and

(d) unrecorded easements, covenants, rights-of-way or other encumbrances or restrictions, and other Liens that are not material in character or amount, none of which unrecorded items or other Liens

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materially impairs the use of the property to which they relate in the business of Alliance as presently conducted and as proposed to be conducted.

"Person" shall mean any individual, firm, corporation, partnership, trust, joint venture, Governmental Authority or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Pre-Closing Tax Period" shall mean all Taxable periods ending on or before the Closing Date and the portion ending on the Closing Date of any Taxable period that includes (but does not end on) such day.

"SEC" shall mean the Securities and Exchange Commission or any successor commission or agency having similar powers.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Subsidiary" of any Person shall mean a corporation, company or other entity (a) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are now or hereafter owned or controlled, directly or indirectly, by such Person, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists, or (b) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50% of whose ownership interest representing the right to make decisions for such other entity is, now or hereafter owned or controlled, directly or indirectly, by such Person, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

"Tax" or "Taxes" (including, with correlative meaning, "Taxable") shall mean all Federal, state, local and foreign taxes, assessments, levies, duties, impositions, withholdings and other governmental charges (including taxes based upon or measured by gross receipts, income, profits, sales, use or occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, social security, employment, excise and property taxes), together with all interest, penalties and additions imposed with respect to such amounts and any obligations under any agreements or arrangements with any other Person with respect to such amounts.

"Tax Returns" shall mean all Tax returns, reports and forms (including withholding tax returns) for a Taxable period required to be filed by applicable Federal, state, local or foreign Tax laws.

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"Trustee" shall mean GreatBanc Trust Company, as trustee of the ESOP.

"WBCA" shall mean the Washington Business Corporation Act.

SECTION 1.02. Additional Definitions.

<u>Defined Term</u>	<u>Section Defined in</u>
"Affiliated Group"	3.10
"Agreement"	Recitals
"Alliance"	Recitals
"Alliance Options"	2.02
"Alliance Shareholders"	3.01
"Alliance Shareholders Meeting"	8.09
"Alliance Shares"	Recitals
"Alliance Sub"	3.07
"Alonso Shares"	8.11
"Benefit Plans"	3.21
"Canadian Exchanges"	4.03
"Closing"	2.06
"Closing Date"	2.06
"Closing Financial Statements"	6.11
"Consideration"	2.02
"Contracts"	3.24
"Effective Time"	2.01
"Engermans"	Recitals
"ERISA"	3.21
"ESOP"	Recitals
"Financial Statements"	3.08
"Gardner, Carton"	2.06
"IBCA"	Recitals
"MDSI"	Recitals
"MDSI Certificate"	7.09
"MDSI Contract"	4.03
"MDSI Options"	4.03
"MDSI SEC Reports"	4.04
"MDSI Shares"	2.02
"Merger"	2.01
"NASD"	4.03
"Notes"	2.05
"Registration Statement"	9.01
"Schneider Option"	3.06
"Surviving Corporation"	2.01
"Trust"	3.21

SECTION 1.03. Terms Generally. The definitions in Sections 1.01 and 1.02 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine,

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feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, paragraphs and Exhibits shall be deemed references to Articles, paragraphs and Sections of, and Exhibits to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with United States generally accepted accounting principles, as in effect from time to time. The terms and conditions of this Agreement shall be deemed to apply to any Subsidiary of Alliance as though such entity were Alliance, except where such application would be manifestly inappropriate.

ARTICLE II

The Merger; Escrow; Closing; The Surviving Corporation

SECTION 2.01. The Merger. (a) At the Effective Time (as defined in Subsection 2.01(b)), Merger Sub shall be merged with and into Alliance in accordance with the IBCA and the WBCA (the "Merger"), whereupon the separate existence of Merger Sub shall cease, and Alliance shall be the surviving corporation (the "Surviving Corporation"). At the Effective Time, the single share of common stock of Merger Sub outstanding immediately prior to the Effective Time shall, by operation of the Merger and without any action by the sole shareholder of Merger Sub, automatically convert to one share of common stock of Alliance. At the Effective Time, MDSI, as sole shareholder of Merger Sub, shall deliver to Alliance the certificate representing its single share of Merger Sub Common Stock converted pursuant to this Subsection 2.01(a), and Alliance shall deliver a certificate representing one share of common stock of Alliance to MDSI.

(b) On the Closing Date (as defined in Section 2.06), Alliance and Merger Sub shall file the Articles of Merger with the Secretaries of State of Illinois and Washington and make all other filings or recordings required by the IBCA and the WBCA in connection with the Merger. The Merger shall become effective at such time as the Articles of Merger are duly filed with the Secretary of State of Illinois (the "Effective Time").

(c) From and after the Effective Time, the Surviving Corporation shall possess all the rights, privileges, powers and franchises and be subject to all of the restrictions, disabilities and duties of Alliance and Merger Sub, all as provided under the IBCA and the WBCA.*

SECTION 2.02. Consideration; Conversion of Shares and Options. (a) Subject to the provisions of this Agreement, at the Effective Time, by virtue of the Merger and without any

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action by holders thereof and assuming that no Alliance Shareholder exercises his or her dissenter's rights pursuant to the IBCA, each Alliance Share issued and outstanding on the Effective Date shall be converted into the right to receive 0.3848293 MDSI Common Shares and U.S.\$1.4187683, such that the total Merger consideration shall be 347,751 MDSI Common Shares (subject to increase to 355,448 MDSI Common Shares in the event that the Schneider Option is exercised prior to Closing) (the "MDSI Shares") and the Cash Amount. The MDSI Shares and the Cash Amount (subject to adjustment as set forth in Subsection 2.02(b) below) are referred to in this Agreement as the "Consideration."

(b) In the event that any Alliance Shareholder exercises his or her dissenter's rights, each Alliance Share issued and outstanding on the Effective Date and with respect to which the Alliance Shareholder holding such shares has not exercised his or her dissenter's rights, shall be converted into the right to receive (i) a number of MDSI Common Shares equal to 347,751 (subject to increase to 355,448 MDSI Common Shares in the event that the Schneider Option is exercised prior to Closing) (or in MDSI's sole discretion, such higher number of MDSI Common Shares as set forth in the immediately succeeding sentence) divided by the number of all Alliance Shares with respect to which Alliance Shareholders have not exercised their dissenters' rights and (ii) an amount of cash in U.S. dollars equal to the Cash Amount divided by the number of all Alliance Shares with respect to which Alliance Shareholders have not exercised their dissenters' rights. In order to satisfy the condition set forth in Section 7.04, MDSI may, in its sole discretion, elect to issue additional MDSI Common Shares to the Alliance Shareholders.

(c) Subject to the provisions of this Agreement, at the Effective Time, by virtue of the Merger and without any action by holders thereof, all outstanding options to purchase Alliance Shares (the "Alliance Options") shall be converted into the right to receive options to purchase MDSI Common Shares in the ratio of 0.46365 MDSI Common Shares for one share of common stock of Alliance. Subject to all necessary regulatory approvals, such options to purchase MDSI Common Shares shall be on the same terms and conditions as the Alliance Options; provided that the exercise price per share of MDSI Common Shares for each such MDSI option shall be U.S.\$8.39.

(d) At the Closing (as defined in Section 2.06), the Alliance Shareholders shall deliver to MDSI the certificates representing all of the Alliance Shares, and MDSI shall deliver certificates representing the MDSI Shares and certified cashier's checks in the Cash Amount to the Alliance Shareholders based upon their respective pro rata interests (subject to adjustment as provided in Subsection 2.05(b)) and the Notes, if any.

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(e) With respect to each Alliance Shareholder, the Consideration received by such Shareholder pursuant to Section 2.02(a) or 2.02(b) above (as the case may be) shall be allocated as follows: the MDSI Stock received by such Alliance Shareholder in the Merger shall constitute consideration for that fraction of such Alliance Shareholder's Alliance Shares equal to the value of such MDSI Stock as of the Effective Time divided by the value of all Consideration received by such Alliance Shareholder in the Merger, and shall be exchanged therefor, and the cash received by such Alliance Shareholder in the Merger shall constitute consideration for the remainder of such Alliance Shareholder's Alliance Shares, and shall be exchanged therefor.

SECTION 2.03. Fractional Shares. No fractional MDSI Common Shares shall be issued in the Merger. In lieu of any such fractional securities, an Alliance Shareholder, upon surrender of certificates pursuant to this Article II, will be paid an amount in cash (without interest) equal to \$18.00 multiplied by such fraction.

SECTION 2.04. Transfer of Shares After the Effective Time. No transfers of shares of Alliance Common Stock shall be made on the stock transfer books of Alliance after the close of business on the day prior to the date of the Effective Time.

SECTION 2.05. Indemnification and Escrow; Election to Receive a Note.

(a) Notwithstanding the foregoing, at the Closing, twenty-five percent (25%) of the MDSI Shares and twenty-five percent (25%) of the Cash Amount, in each case from those amounts to be received by the Engermans, Thomas Lawdewsky and Robert Lyon, shall be deposited in escrow, to be held and administered in accordance with the terms and conditions of the Escrow Agreement.

(b) By written notice to MDSI at least five Business Days prior to Closing, any of the Engermans, Thomas Lawdewsky and Robert Lyon may elect to receive his portion of the Cash Amount to be placed in escrow pursuant to Subsection 2.05(a) in the form of a promissory note of MDSI in lieu of cash. Such promissory note shall (i) be in a principal amount equal to such shareholder's portion of the Cash Amount to be placed in escrow, (ii) bear interest at the minimum rate necessary to avoid the imputation of interest under the Code, (iii) mature on the later of eighteen months after the Closing Date or January 15, 1999 and (iv) be unsecured. Such promissory note or notes shall be deposited in escrow, to be held and administered in accordance with the terms and conditions of the Escrow Agreement. A promissory note or notes delivered pursuant to this Subsection 2.05(b) shall be referred to herein as the "Notes." By electing to receive a Note in lieu of cash, the Engermans, Thomas

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Lawdensky or Robert Lyon, as the case may be, agrees that he shall be responsible and liable for any taxes due as a result of the receipt of interest paid on the Note.

SECTION 2.06. Closing. Subject to the fulfillment or waiver of the conditions set forth in Articles VI and VII, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at 10:00 a.m., local time, at the offices of Gardner, Carton & Douglas ("Gardner, Carton"), Quaker Tower, 321 N. Clark Street, Suite 3400, Chicago, Illinois, as soon as possible following compliance with all conditions of Closing set forth herein, but in any event no later than the later of (i) July 31, 1997 or (ii) the date on which Alliance Shareholders (subject to Section 6.13) have perfected their dissenter's rights and been paid in full pursuant to the IBCA, unless extended by mutual agreement of the parties hereto. Such date is herein referred to as the "Closing Date."

SECTION 2.07. The Surviving Corporation.

* (a) **Articles of Incorporation.** The Articles of Incorporation of Alliance as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation, until duly amended in accordance with the terms thereof and the IBCA; provided that Article Four of the Articles of Incorporation shall be amended to read henceforth in its entirety as follows:

"ARTICLE FOUR The purposes for which the corporation is organized are: to design, develop, maintain, manage, evaluate, market and sell computer hardware and software, and any other lawful purpose or purposes."

(b) **By-laws.** The By-laws of Alliance in effect at the Effective Time shall be the By-laws of the Surviving Corporation, until duly amended in accordance with the terms thereof, the Articles of Incorporation of the Surviving Corporation and the IBCA.

(c) **Directors.** Kenneth R. Miller, Erik Dysthe and Geoffrey Engerman shall, from and after the Effective Time, be the directors of the Surviving Corporation, until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Articles of Incorporation and By-laws.

(d) **Officers.** The officers of Alliance at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their

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earlier death, resignation or removal in accordance with the Surviving Corporation's Articles of Incorporation and By-laws.

ARTICLE III

Representations and Warranties of Alliance and the Engermans

Alliance and each of the Engermans jointly and severally represent and warrant to MDSI as follows:

SECTION 3.01. Title to Shares. The shareholders of Alliance set forth in Section 3.01 of the Disclosure Statement (the "Alliance Shareholders") are the record owners of the Alliance Shares and each has good and marketable title to the number of Alliance Shares indicated, free and clear of all Liens.

SECTION 3.02. Organization and Standing of Alliance. Alliance is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Alliance is duly qualified to do business as a foreign corporation in each jurisdiction in which the failure so to qualify would have an Alliance Material Adverse Effect. Attached to the Disclosure Statement are true and complete copies of the Articles of Incorporation and the By-laws, as in effect on the date hereof, of Alliance. The share certificate and transfer books and the minute books of Alliance which have been made available for inspection by MDSI and its representatives are true and complete.

SECTION 3.03. Authority of Alliance and the Engermans. Alliance has all requisite corporate power and authority to execute this Agreement and to consummate the transactions contemplated hereby and thereby, and possesses all franchises, licenses, permits, authorizations and approvals from Governmental Authorities necessary to enable it to use its corporate name and to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted and proposed to be conducted. The Engermans have all requisite power and authority to enter into this Agreement and the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Alliance and the Engermans and this Agreement is a legal, valid and binding obligation of each of such Persons, enforceable against each of them in accordance with its terms. Except as set forth in Section 3.03 of the Disclosure Statement, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or compliance by Alliance or the Engermans with any of the provisions hereof will (i) violate any provision of Alliance's Articles of Incorporation or Bylaws, (ii) violate any order, writ, injunction, judgment, decree, law or statute applicable to Alliance or either of the Engermans or any of their respective

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properties or assets or (iii) violate any ordinance, rule or regulation applicable to Alliance or either of the Engermans or any of their respective properties or assets or result in any conflict with, breach of, or default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture or warrant or any license, permit, agreement or other instrument or obligation to which Alliance or either of the Engermans is a party or by which Alliance or either of the Engermans or any of their respective properties or assets may be bound except, in the case of clause (ii) and (iii), for any such violations, conflicts, breaches and defaults that individually or in the aggregate would not have an Alliance Material Adverse Effect.

SECTION 3.04. No Bankruptcy, etc. There has not been filed any petition or application, or any proceedings commenced which have not been discharged, by or against Alliance or either of the Engermans with respect to any of the Alliance Shares or any assets under any law, domestic or foreign, relating to bankruptcy, reorganization, compromise arrangements, insolvency, readjustment of debt or creditors rights, and no assignment or proposal for the benefit of creditors has been made by Alliance or either of the Engermans.

SECTION 3.05. Litigation. Except as set forth in Section 3.05 of the Disclosure Statement, there is no claim, action, suit, proceeding, arbitration, or other proceeding or investigation pending or, to the knowledge of Alliance, threatened against or relating to Alliance or either of the Engermans which could have an Alliance Material Adverse Effect or could adversely affect the ability of either of the Engermans to consummate the transactions contemplated by this Agreement.

SECTION 3.06. Capital Stock of Alliance. (a) The authorized capital stock of Alliance consists of 2,000,000 shares of common stock, no par value, of which 905,650 shares are issued and outstanding on the date hereof and will be outstanding on the record date for the Alliance Shareholders Meeting; and there are no other capital shares of Alliance issued, or reserved for issuance, or authorized or outstanding. The Alliance Shares are duly authorized, validly issued, fully paid and non-assessable and are not subject to any preemptive or subscription rights.

(b) Except for an option to purchase 20,000 shares of Alliance common stock held by Joseph Schneider (the "Schneider Option"), there are no outstanding warrants, options, rights, securities, agreements, subscriptions or other commitments pursuant to which Alliance is or may become obligated to issue, deliver or sell any additional shares of capital stock of Alliance or any Affiliate thereof or to issue, grant, extend or enter into any such warrant, option, right, security, agreement,

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subscription or other commitment. Except as set forth in Section 3.06 of the Disclosure Statement, there are no outstanding options, rights, securities, agreements or other commitments pursuant to which Alliance is or may become obligated to redeem, repurchase or otherwise acquire or retire any shares of capital stock of Alliance or any Affiliate thereof which are presently outstanding or may be issued in the future. Joseph Schneider has agreed to the terms and conditions of the conversion of the Schneider Option into MDSI Common Shares as set forth herein.

(c) All securities of Alliance (including the Alliance Shares) heretofore issued and sold by Alliance were issued and sold in compliance with all applicable Federal and state securities laws.

SECTION 3.07. Equity Interests. (a) All the issued and outstanding shares of the capital stock of Alliance Limited, a United States Virgin Islands corporation (the "Alliance Sub"), are duly and validly issued and outstanding, fully paid and nonassessable and are owned of record and beneficially by Alliance, free and clear of any Liens. None of the outstanding capital stock of the Alliance Sub has been issued in violation of, or is subject to, any preemptive or subscription rights. There are no outstanding warrants, options, rights, securities, agreements, subscriptions or other commitments pursuant to which the Alliance Sub is or may become obligated to issue, deliver or sell any additional capital stock of the Alliance Sub or to issue, grant, extend or enter into any such warrant, option, right, security, agreement, subscription or other commitment. There are no outstanding options, rights, securities, agreements or other commitments pursuant to which the Alliance Sub is or may become obligated to redeem, repurchase or otherwise acquire or retire any shares of capital stock of the Alliance Sub which are presently outstanding or may be issued in the future.

(b) Except for the Alliance Sub, Alliance does not have any Subsidiaries and does not directly or indirectly own any capital stock of or other equity interests in any corporation, partnership or other entity, and Alliance is not a member of or participant in any partnership, joint venture or similar entity and is not obligated to become such a member or participant.

SECTION 3.08. Financial Statements. Alliance has delivered to MDSI the audited balance sheets of Alliance as of the years ended December 31, 1992, 1993, 1994, 1995 and 1996, and the related audited statements of income, stockholders' equity and cash flows for the year then ended, accompanied by the report thereon of Gerald Bauman & Company, independent certified public accountants to Alliance (the "Financial Statements"). The Financial Statements are correct and complete, are in accordance with the books and records of Alliance, have been prepared in conformity with United States generally accepted accounting

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principles consistently applied (subject to normal, recurring, year-end audit adjustments) and fairly present the financial condition of Alliance as of the date thereof and the results of its operations for the period then ended. Alliance has delivered to MDSI the forecast financial statements of Alliance for the year ended December 31, 1997. To the knowledge of Alliance and the Engermans, as of April 9, 1997 such forecast financial statements were not materially false or misleading, it being acknowledged by MDSI that because such forecasts include a number of risks and assumptions, actual results may differ materially from those expressed in or implied by such forecasts.

SECTION 3.09. Liabilities. (a) Alliance does not have any liabilities or obligations of any nature (whether accrued, absolute, contingent, unasserted or otherwise) except (i) as set forth or reflected on the Financial Statements (or described in the notes thereto), (ii) for purchase contracts and orders for supplies and equipment in the ordinary course of business (none of which is reflected on the Financial Statements), (iii) for liabilities and obligations incurred in the ordinary course of business consistent with past practice since the date of the Financial Statements and not in violation of this Agreement and (iv) for liabilities disclosed in Section 3.09 of the Disclosure Statement.

(b) Any liabilities Alliance may incur for warranty, product liability, breach of contract, customer rebate, refund, misrepresentation, fraud or comparable claims arising out of the conduct of Alliance's business prior to the Closing Date will not exceed, in the aggregate, the amounts reserved therefor on the Financial Statements.

SECTION 3.10. Taxes. (a) Except as set forth in Section 3.10 of the Disclosure Statement, (1) Alliance and all members of any affiliated group within the meaning of Section 1504 of the Code (an "Affiliated Group") of which Alliance is or has been a member have filed or caused to be filed in a timely manner (within any applicable extension periods) all Tax Returns for the Pre-Closing Tax Period with respect to Alliance and have paid all Taxes due thereon; (2) each such Tax Return is true, complete and correct in all material respects; (3) all Taxes of Alliance arising under applicable law in respect of the Pre-Closing Tax Period have been paid in full to the proper authorities (or adequate reserves for the payment thereof have been established on the Financial Statements); (4) no Tax Liens have been filed and no material claims are being asserted or might be asserted with respect to any Taxes of Alliance; (5) neither Alliance nor any member of any Affiliated Group of which Alliance is or has been a member is delinquent in the payment of any Taxes for which Alliance may be liable; (6) no restrictions on assessment or collection of Taxes have been waived with respect to Alliance or any member of any Affiliated Group of

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which Alliance is a member and neither Alliance nor any other Person has consented to the extension of any statute of limitations with respect to Alliance or any member of any Affiliated Group of which Alliance is or has been a member relating to Taxes for which Alliance may be liable; (7) there is no action, suit, proceeding, investigation or claim now pending or, to the knowledge of Alliance, impending or threatened against Alliance with respect to any Tax for the Pre-Closing Tax Period; (8) Alliance and each of its Affiliates has neither agreed nor is required by law to make any adjustment by reason of a change in accounting method or otherwise that will affect the Taxable income or deductions of Alliance for any period ending after the Closing Date, except for such adjustments as are contemplated by this Agreement and the transactions contemplated hereby; and (9) no returns, reports or forms filed by or on behalf of Alliance with respect to Taxes are currently being audited or examined, nor has notice been received by Alliance of any audit or examination. Section 3.10 of the Disclosure Statement also sets forth Alliance's best estimate of all unpaid taxes to be accrued in respect of the Pre-Closing Tax Period (other than accrued and unpaid Taxes reflected on the Financial Statements).

(b) Except as disclosed in Section 3.10 of the Disclosure Statement, (1) Alliance has not made with respect to itself, or any property held by it, any consent under Section 341 of the Code, (2) no property of Alliance is "tax exempt use property" within the meaning of Section 168(h) of the Code, (3) Alliance is not a party to any lease made pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954, (4) there are not now and never have been any Tax sharing agreements or arrangements with any Person under which Alliance could have any obligation or liability on or after the Closing Date, (5) Alliance is not and has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code and MDSI is not required to withhold tax with respect to the Merger by reason of Section 1445 of the Code, (6) Alliance has not entered into any compensatory agreements with respect to the performance of services which payment thereunder would result in a nondeductible expense to Alliance pursuant to Section 280G of the Code or an excise tax to the recipient of such payment pursuant to Section 4999 of the Code, (7) Alliance has not participated in an international boycott as defined in Section 999 of the Code, and (8) Alliance has no net operating or other tax attributes presently subject to limitation under Code Sections 382, 383 or 384 except as such limitations may be imposed by reason of the transaction contemplated herein.

SECTION 3.11. Assets Other than Real Property.

Alliance has good and marketable title to all tangible assets reflected on the Financial Statements or acquired after the date

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thereof, except those since sold or otherwise disposed of for fair value in the ordinary course of business consistent with past practice, in each case free and clear of all Liens except Permitted Liens. All the tangible personal property owned by Alliance is in all material respects in good operating condition and repair, ordinary wear and tear excepted, and all personal property leased by Alliance is in all material respects in the condition required of such property by the terms of the lease applicable thereto during the term of such lease and upon the expiration thereof. This Section 3.11 does not relate to real property or interests in real property; such items are covered under Section 3.12.

SECTION 3.12. Real Property. Section 3.12 of the Disclosure Statement sets forth a complete list of all real property and interests in real property leased by Alliance. Alliance does not own any interests in real property in fee. Alliance has a good and valid leasehold interest in all real property and interests in real property shown in Section 3.12 of the Disclosure Statement to be leased by it, in each case free and clear of all Liens except Permitted Liens. Except as disclosed in Section 3.12 of the Disclosure Statement, Alliance has never owned, leased or used, or controlled any other Person which has owned, leased or used, any real property or interests in real property, other than as now owned, leased or used by Alliance.

SECTION 3.13. Intellectual Property. (a) Any intellectual property interests and rights of any other Person in the IP Assets or Materials, or any portions thereof, have been identified in Section 3.13B of the Disclosure Statement. Section 3.13B of the Disclosure Statement sets forth a true and complete list of all such interests and rights. Except as disclosed in Section 3.13B of the Disclosure Statement, all IP Assets and Materials, including those disclosed in Section 3.13A of the Disclosure Statement, are owned by Alliance. Except as identified in Section 3.13B of the Disclosure Statement, Alliance owns or has the right to use, without payment to any other Person, all IP Assets and Materials, or portions thereof, free and clear of all Liens. The conduct of Alliance's business, as presently conducted and to Alliance's knowledge, as proposed to be conducted (including the use, preparation, and design of the Materials), and the Materials themselves, do not violate, conflict or infringe any contract, license, patent, copyright, trademark, trade secret, or other intellectual property rights, or privacy, publicity or similar rights of any other Person. None of Alliance or either of the Engermans has notice or knowledge of any objection or claim being asserted by any Person with respect to the ownership, validity, enforceability or use of any such IP Assets or the Materials or challenging or questioning the validity or effectiveness of any license relating thereto. Except as disclosed in Section 3.13C of the Disclosure Statement,

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there are no unresolved conflicts with, or pending claims of, any other Person, whether in litigation or otherwise, involving the IP Assets or Materials, and there are no Liens or rights of any other Person, including moral rights, which would prevent Alliance from fulfilling its obligations under this Agreement. No activity of any employee of Alliance as or while an employee of Alliance has caused a violation of any trade secret of Alliance.

(b) Any options, rights, licenses or interests of any kind relating to the IP Assets or Materials, or any portions thereof granted to any other Person have been identified in Section 3.13D of the Disclosure Statement. Section 3.13D of the Disclosure Statement sets forth a true and complete list of all such options, rights, licenses or interests. Except as disclosed in Section 3.13D of the Disclosure Statement, Alliance has not granted any options, rights, licenses, or interests of any kind relating to the IP Assets or Materials, or any portions thereof.

(c) Except as disclosed in Section 3.13E of the Disclosure Statement, the IP Assets fulfill the existing customer agreements to which Alliance is a party or under which Alliance is obligated to provide services or products. Section 3.13E of the Disclosure Statement discloses future product features or future developments that Alliance is required to fulfill according to the existing contracts with the listed customers.

(d) None of the interests set forth in Section 3.13D of the Disclosure Statement (i) affects Alliance's right to grant further object or source code licenses of the "baseline" RM Software or the baseline Access 2000 software, (ii) includes a right to receive any royalty payments from Alliance or (iii) includes a right of the customer to grant further object or source code licenses of the baseline RM Software or the baseline Access 2000 software other than the right of certain customers to permit access to such software under a service bureau or similar agreement. No party listed in Section 3.13D of the Disclosure Statement owns any interest in any modifications of the RM Software which would affect Alliance's sole ownership of the baseline RM Software described in the product specification dated March 1997. The term "baseline" means Alliance's standard product that it makes available to its customers generally.

SECTION 3.14. Contracts. Except as set forth in Section 3.14 of the Disclosure Statement, Alliance is not a party to or bound by any written or oral:

(a) material agreement or contract not made in the ordinary course of business;

(b) employment agreement or employment contract that is not terminable at will by Alliance;

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(c) (i) employee collective bargaining agreement or other contract with any labor union, (ii) plan, program, arrangement or agreement that provides for the payment of severance, termination or similar type of compensation or benefits upon the termination or resignation of any employee of Alliance or (iii) plan, program, arrangement or agreement that provides for medical or life insurance benefits for former employees of Alliance or for current employees of Alliance upon their retirement from, or termination of employment with, Alliance;

(d) covenant not to compete;

(e) agreement, contract or other arrangement with (i) any Alliance Shareholder, (ii) any Affiliate of Alliance or any Alliance Shareholder or (iii) any officer, director or employee of Alliance or any Affiliate of Alliance (other than employment agreements covered by clause (b) above);

(f) license or other agreement relating in whole or in part to patents, trademarks, trade names, service marks, copyrights or other intellectual property rights (including, but not limited to, any license or other agreement under which Alliance has the right to use any of the same owned or held by any other Person);

(g) license or franchise granted by Alliance pursuant to which Alliance has agreed to refrain from granting license or franchise rights to any other Person;

(h) agreement or contract under which Alliance has (i) incurred any Indebtedness or (ii) given any Guarantee;

(i) mortgage, pledge, security agreement, deed of trust or other document granting a Lien or security interest (including Liens upon properties acquired under conditional sales, capital leases or other title retention or security devices); or

(j) other agreement, contract, lease, license, commitment or instrument to which Alliance is a party or by or to which it or any of its properties or assets or businesses is bound or subject which (i) has an aggregate future liability in excess of \$50,000 and is not terminable by Alliance for a cost of less than \$50,000 or (ii) is otherwise material to the business

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of Alliance as presently conducted or as proposed to be conducted.

Each agreement, contract, lease, license, commitment or instrument of Alliance set forth in Section 3.14 of the Disclosure Statement or one of the other sections of the Disclosure Statement (collectively, the "Contracts") is in full force and effect and is a legal, valid and binding agreement of Alliance and of each other party thereto, enforceable in accordance with its terms; Alliance has performed or is performing all material obligations required to be performed by it under the Contracts and is not (with or without notice or lapse of time or both) in breach or default in thereunder other than any such breach or default which would not have an Alliance Material Adverse Effect; and, to Alliance's knowledge, no other party to any of the Contracts is (with or without notice or lapse of time or both) in breach or default in any material respect thereunder. After due inquiry, none of Alliance or either of the Engermans knows of any circumstances that can reasonably be expected to materially adversely affect Alliance's ability to perform its obligations under any Contract.

SECTION 3.15. Accounts Receivable. All the accounts receivable of Alliance as shown on or reflected in the Financial Statements constituted at the date of the Financial Statements actual and bona fide receivables representing obligations for the amount thereof shown on the books of Alliance and are collectible in the ordinary course of business in such amounts, subject to any reserves therefor. All such accounts receivable resulted from the conduct of Alliance's business in the ordinary course. The reserve for doubtful accounts with respect to accounts receivable as shown on or reflected in the Financial Statements has been determined in accordance with United States generally accepted accounting principles applied on a consistent basis and gives effect to Alliance's practices with regard to the collection of accounts receivable. The reserve for doubtful accounts will be adequate to cover the accounts receivable that Alliance will not be able to collect through Alliance's collection practices in the ordinary course of business.

SECTION 3.16. Litigation; Decrees. Except as set forth in Section 3.16 of the Disclosure Statement, there are no claims, actions, suits, arbitrations or other proceedings or investigations (a) pending or, to the knowledge of Alliance, threatened by or against or affecting Alliance or any of its properties or assets or (b) pending or, to the knowledge of Alliance, threatened by or against any of the officers or employees of Alliance which relate to or involve the termination by such person of his employment with any of such person's former employers. To the knowledge of Alliance, there is no basis for any such lawsuit, claim, arbitration or other proceeding or investigation. Except as set forth in Section 3.16 of the

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Disclosure Statement, neither Alliance nor either of the Engermans has received any notice of any claim or threatened claim and does not know of any basis for any claim arising as a result of the sale, licensing or delivery by Alliance of defective products or the provision of inadequate or incomplete services. There is no outstanding judgment, order or decree of any Governmental Authority or arbitrator applicable to Alliance or any of its properties, assets or business having, or which, in so far as can be reasonably foreseen, in the future may have, an Alliance Material Adverse Effect.

SECTION 3.17. Absence of Changes or Events. (a)

Except as set forth in Section 3.17 of the Disclosure Statement, since the date of the Financial Statements, the business of Alliance has been conducted in the ordinary course consistent with past practice and there has not been any material adverse change with respect to Alliance.

(b) Except as set forth in Section 3.17 of the Disclosure Statement and as required by Section 8.11, since the date of the Financial Statements, Alliance has not (i) declared or paid or made, or agreed to declare or pay or make, any dividends or other distributions in cash or property to the Alliance Shareholders, purchased or redeemed any securities issued by Alliance or issued any equity securities, warrants, rights, options or convertible, exchangeable or redeemable securities, (ii) made any material expenditures or investments, or acquired any entity or entered into any joint venture, or entered into any contract to do any of the foregoing, (iii) paid, loaned or advanced money to or transferred property to Alliance Shareholders or to Affiliates of Alliance or entered into any contract to do any of the foregoing, (iv) sold, licensed, assigned or otherwise transferred any assets (other than in the ordinary course of business), or entered into any contract to do any of the foregoing or to be acquired by another entity, (v) canceled any indebtedness owed to Alliance or waived any claims of any kind or (vi) failed to pay all payroll or other taxes when due or failed to pay all other obligations of Alliance consistent with past practice.

(c) Except as disclosed in Section 3.17 of the Disclosure Statement, (i) Alliance is not engaged in any disputes with any of its customers or suppliers, whether for breach of warranty or otherwise, and (ii) no customer or supplier is considering termination, nonrenewal or any adverse modification of its arrangements with Alliance.

SECTION 3.18. Compliance with Applicable Laws.

(a) Alliance and its properties, assets, operations and business have been operated and are in compliance in all material respects with all applicable statutes, laws, ordinances, administrative orders, rules and regulations of any Governmental Authority and

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any filing requirements relating thereto, including laws and regulations relating to environmental requirements (including requirements with respect to air, water and noise pollution), except where failure to comply would not have an Alliance Material Adverse Effect.

(b) Alliance has obtained all permits, licenses and other authorizations which are required with respect to the operation of its business and the ownership of its assets under federal, state, local and foreign laws, including laws relating to pollution or protection of the environment, other than any permits, licenses or authorizations the failure to obtain would not have an Alliance Material Adverse Effect. Alliance is in compliance in all material respects with all terms and conditions of such permits, licenses and authorizations, except where failure to comply would not have an Alliance Material Adverse Effect.

SECTION 3.19. Certain Employee Matters. (a) No officer or director of Alliance is, and no other employee of Alliance is, to the knowledge of Alliance, a party to or bound by any contract (including licenses, covenants or agreements of any nature) or other commitment or obligation, or subject to any judgment, decree or order of any Governmental Authority, that may interfere with the use of such director's, officer's or other employee's best efforts to promote the interests of Alliance, conflict with the business of Alliance (as now conducted or as proposed to be conducted) or have a material adverse effect on Alliance. No activity of any employee of Alliance as or while an employee of Alliance has caused a violation of any employment contract, confidentiality agreement, patent disclosure agreement or other contract or agreement. Neither the execution and delivery of the Employment Agreements, nor the conduct of the business of Alliance as presently conducted, or as proposed to be conducted, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employees are now obligated, except for any conflict, breach or default which would not have an Alliance Material Adverse Effect.

(b) Except as disclosed in Section 3.19(b) of the Disclosure Statement, all current and former members of management and key personnel (including all employees involved in the development of software) of and consultants to Alliance have executed and delivered to Alliance a confidential information agreement restricting such person's right to disclose confidential information of Alliance. Except as disclosed in Section 3.19(b) of the Disclosure Statement, all such members of management and key personnel of and consultants to Alliance have been party to a "work-for-hire" arrangement or proprietary rights agreement with Alliance pursuant to which either (i), in accordance with applicable Federal and state law, Alliance has

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full, effective, exclusive and original ownership of all tangible and intangible property thereby arising or (ii) there has been conveyed to Alliance by appropriately executed instruments of assignment full, effective and exclusive ownership of all tangible and intangible property thereby arising. No employee, agent, consultant or contractor associated with any of the members of management or key personnel of Alliance who has contributed to or participated in the conception and development of software or other proprietary rights of Alliance has asserted or threatened any claim against Alliance, including any claim of moral rights, in connection with such person's involvement in the conception and development of the software or other proprietary rights of Alliance and no such person has a reasonable basis for any such claim.

(c) Neither Alliance nor any of its officers or employees have any patents or copyrights issued or applications pending for any device, process, design or invention of any kind now used or needed by Alliance in the furtherance of its business operations as presently conducted or as proposed to be conducted, which patents, copyrights or applications have not been assigned to Alliance with such assignment duly recorded in the United States Patent and Trademark Office or with the United States Department of Commerce, Library of Congress, as the case may be.

(d) Since the date of its incorporation, Alliance has not experienced any labor disputes, union organization attempts or work stoppage due to labor disagreements. Alliance is in compliance in all material respects with all applicable laws respecting employment and employment practices, occupational safety and health standards, terms and conditions of employment and wages and hours, and is not engaged in any unfair labor practice or any other unlawful practice that may give rise to a claim. There is no unfair labor practice charge or complaint against Alliance pending or threatened before the National Labor Relations Board or any comparable state agency or authority. There is no labor strike, dispute, request for representation, slowdown or stoppage actually pending or threatened against or affecting Alliance. Alliance is not subject to any discrimination claims or affirmative action obligations. No question concerning representation has been raised or is threatened respecting the employees of Alliance. No grievance which might have a material adverse effect on Alliance, nor any arbitration proceeding arising out of collective bargaining agreements, is pending or threatened against Alliance.

SECTION 3.20. Insurance. Section 3.20 of the Disclosure Statement sets forth a complete and accurate list and description, including, but not limited to, annual premiums and deductibles, of all policies of fire, liability, product liability, workmen's compensation, health, directors and officers, keyman, employees and officers and other forms of

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insurance presently in effect with respect to Alliance's business, true copies of which have been delivered to, or made available for review by, MDSI. All such policies are valid, outstanding and enforceable policies and provide insurance coverage for the properties, assets and operations of Alliance, of the kinds, in the amounts and against the risks required to comply with applicable law. Alliance has not been refused any insurance with respect to any aspect of the operations of its business nor has its coverage been limited by any insurance carrier to which it has applied for insurance or with which it has carried insurance. No notice of cancellation or termination has been received with respect to any such policy. The activities and operations of Alliance have been conducted in a manner so as to conform in all material respects to all applicable provisions of such insurance policies. Section 3.20 of the Disclosure Statement also sets forth a complete and accurate list of all performance and surety bonds currently posted by Alliance.

SECTION 3.21. Benefit Plans. (a) Section 3.21 of the Disclosure Statement sets forth a list and brief description of all "employee pension benefit plans" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), "employee welfare benefit plans" (as defined in Section 3(1) of ERISA), bonus, deferred compensation plans or arrangements, and other employee fringe benefit plans (all the foregoing being herein called "Benefit Plans") maintained, or contributed to, by Alliance for the benefit of any officers or employees of Alliance, whether of a legally binding nature or in the nature of informal understandings. Alliance has delivered to MDSI true, complete and correct copies of (i) each Benefit Plan (or, in the case of any unwritten Benefit Plan, a brief description thereof), (ii) the most recent annual report on Form 5500 filed with the Internal Revenue Service with respect to any Benefit Plan (if any such report was required) and (iii) each trust agreement and group annuity contract relating to any Benefit Plan.

(b) Alliance is in compliance in all material respects with the provisions of ERISA and the Code and the regulations and published interpretations thereunder.

(c) To the best knowledge of Alliance and the Engermans, no transaction has occurred with respect to any Benefit Plan that could subject Alliance to a tax or penalty imposed by either Section 4975 of the Code or Section 502 of ERISA. No Benefit Plans (other than such plans intended to be qualified under Section 401(a) of the Code) provide benefits to retired employees, except as required by Section 601 of ERISA.

(d) All contributions required under applicable law or the terms of any Benefit Plan or other agreement relating to a

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Benefit Plan to be paid by Alliance have been completely and timely made to each such Plan when due, and Alliance has established adequate reserves on its books to meet liabilities for contributions accrued but that have not been made because they are not yet due and payable.

SECTION 3.22. Effect of Transaction. No creditor, supplier, employee, client or other customer or other Person having a material business relationship with Alliance has informed Alliance that such Person intends to change the relationship because of the transactions contemplated by this Agreement, and since the date of the Financial Statements, there has been no material adverse change to any such relationship.

SECTION 3.23. Disclosure. None of Alliance nor either of the Engermans has knowingly failed to disclose to MDSI any facts which would constitute an Alliance Material Adverse Effect. No representation or warranty of Alliance or either of the Engermans contained in this Agreement contains or will contain and no information provided by Alliance pursuant to Section 8.06 will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading or necessary in order to fully and fairly provide the information required to be provided by this Agreement.

SECTION 3.24. Confidentiality Obligations. Except as disclosed in Section 3.24 of the Disclosure Statement, Alliance is not in possession of any information, documents or material under an obligation of confidentiality to any other Person. The conduct of Alliance's business as presently conducted and as proposed to be conducted (including the use, preparation, and design of the Materials), will not violate or conflict with the obligations of confidentiality to any such other Person.

SECTION 3.25. Depositories; Powers of Attorney. Section 3.25 of the Disclosure Statement sets forth: (i) the name of each bank or similar entity in which Alliance has an account, lockbox or safe deposit box and the names of all persons authorized to draw thereon or to have access thereto and (ii) the name of each person, corporation, firm or other entity holding a general or special power of attorney from Alliance and a description of the terms thereof.

SECTION 3.26. Consents and Approvals. Except as set forth in Section 3.26 of the Disclosure Statement, no consent, approval, authorization, license, permit, certification, waiver or other action by, no exemption from, no filing, recording or registration with, and no notice to, any Governmental Authority or any other person is required for the execution and delivery by Alliance or the Engermans of, or the performance by Alliance or

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the Engermans of, their respective obligations under this Agreement or for the consummation by Alliance or the Engermans of the transactions contemplated by this Agreement.

SECTION 3.27. Canadian Residency Status. To the best knowledge of Alliance and the Engermans, (a) none of the Alliance Shareholders other than the Engermans are residents of Canada and (b) the Alliance Shareholders will acquire the MDSI Shares for investment and not for resale in Canada. Neither of the Engermans is a resident of Canada. The Engermans will be acquiring the MDSI Shares allocated to them for investment and not for resale in Canada.

SECTION 3.28. Brokers' or Finders' Fees. Other than U.S.\$166,250.00 owed to Prairie Street Partners, at the Effective Time, no agent, broker, investment banker or other person or firm acting on behalf of Alliance or any of its directors or executive officers or the Engermans, or under the authority of any of them will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from Alliance or the Engermans in connection with any of the transactions contemplated hereby.

SECTION 3.29. Continuity of Interest. Neither of the Engermans has any current plan or intention to sell, exchange or otherwise dispose of any of the MDSI Shares received in the Merger.

SECTION 3.30. Substantially All Assets. Following the Merger, Alliance will hold at least 90% of the fair market value of its net assets and at least 70% of the fair market value of its gross assets held immediately prior to the Merger. For purposes of this Section 3.30, amounts paid by Alliance to dissenters, amounts used by Alliance to pay reorganization expenses and all redemptions and distributions (except for regular, normal dividends) made by Alliance will be included as assets of Alliance immediately prior to the Merger. Alliance is not an investment company as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.

SECTION 3.31. Disclosure Statement. Alliance and the Engermans have delivered the Disclosure Statement to MDSI as of the date hereof.

SECTION 3.32. Tax Representations. The representations and statements of Alliance and the Engermans contained in the certificates, letters and other documents delivered by Alliance and the Engermans to Gardner, Carton in support of the tax opinion of Gardner, Carton described in Section 7.04 are incorporated herein by reference.

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SECTION 3.33. Boston Edison. The work performed by Alliance pursuant to the Active Software Maintenance Service Agreement between Alliance and Boston Edison was not used in any way in connection with the Pilgrim Nuclear Power Station.

ARTICLE IV

Representations and Warranties of MDSI

MDSI represents and warrants to Alliance and the Engermans as follows:

SECTION 4.01. Organization and Authority. MDSI is a corporation duly organized, validly existing and in good standing under the laws of Canada. MDSI has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by MDSI of this Agreement and the consummation by MDSI of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of MDSI. This Agreement constitutes a valid and binding obligation of MDSI enforceable against MDSI in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and by general equitable principles.

SECTION 4.02. Capitalization. As of March 26, 1997, the authorized capital stock of MDSI consists of unlimited Common Shares with no par value ("MDSI Common Shares") of which 5,994,256 shares are issued and outstanding. As of March 26, 1997, options to acquire 633,915 MDSI Common Shares (the "MDSI Options") are outstanding under all stock option plans of MDSI; up to 1,150,000 MDSI Common Shares may be reserved for issuance pursuant to the MDSI stock option plans and all other employee benefit plans or agreements of MDSI. Except as disclosed in MDSI SEC Reports (as hereinafter defined), (i) there is no outstanding right, subscription, warrant, call, unsatisfied preemptive right, option or other agreement or arrangement of any kind to purchase or otherwise to receive from, MDSI any of the outstanding authorized but unissued or treasury shares of the capital stock or any other security of MDSI, (ii) there is no outstanding security of any kind convertible into or exchangeable for such capital stock, and (iii) there is no voting trust or other agreement or understanding to which MDSI is a party or is bound with respect to the voting of the capital stock of MDSI. Except for qualifying shares required by certain foreign jurisdictions, all of the issued and outstanding capital stock of all of the Subsidiaries of MDSI has been validly issued, is fully paid and non-assessable and is owned of record and beneficially, directly or indirectly, by MDSI, free of any Liens, preemptive rights or other restrictions with respect thereto.

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SECTION 4.03. Consents and Approvals; No Violations.

Neither the execution, delivery and performance of this Agreement by, nor the consummation by MDSI of the transactions contemplated hereby, will (i) conflict with or result in any breach of any provisions of the charter, by-laws or other organizational documents of MDSI, (ii) require a filing with, or a permit, authorization, consent or approval of, any Governmental Authority, except in connection with the filing of the Registration Statement, filings or approvals required under state securities or "blue sky" laws, the By-Laws of the National Association of Securities Dealers (the "NASD"), filings or approvals required by Canadian securities regulatory authorities, including The Toronto Stock Exchange and The Montreal Exchange (the "Canadian Exchanges"), and the filing and recordation of Articles of Merger as required by the IBCA, (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any Lien on any property or asset of MDSI pursuant to, any of the terms, conditions, or provisions of any material note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation (collectively, an "MDSI Contract") to which MDSI is a party or by which it or any of its properties or assets may be bound or (iv) violate any law, order, writ, injunction, decree, statute, rule or regulation of any Governmental Authority applicable to MDSI or any of its properties or assets, except, in the case of clauses (ii), (iii) and (iv), where failures to make such filing or obtain such authorization, consent or approval would not have, or where such violations, breaches or defaults of Liens would not have, in the aggregate, an MDSI Material Adverse Effect.

SECTION 4.04. Absence of Certain Charges or Events;

Material Agreements. Except as set forth in the reports required to be filed by MDSI with the SEC pursuant to the Exchange Act or the Securities Act since January 1, 1996 (collectively, the "MDSI SEC Reports"), since December 31, 1995, (i) MDSI has not conducted its business and operations other than in the ordinary course of business and consistent with past practices and (ii) there has not been any fact, event, circumstance or change affecting or relating to MDSI which has had or is reasonably likely to have an MDSI Material Adverse Effect.

SECTION 4.05. Absence of Undisclosed Liabilities.

Except for liabilities or obligations which are accrued or reserved against in MDSI's financial statements (or reflected in the notes thereto) included in the MDSI SEC Reports or which were incurred after December 31, 1996 in the ordinary course of business and consistent with past practice, MDSI has no liabilities or obligations (whether absolute, accrued, contingent or otherwise) of a nature required by GAAP to be reflected in a

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balance sheet (or reflected in the notes thereto) or which could reasonably be expected to have an MDSI Material Adverse Effect.

SECTION 4.06. No Default. MDSI is not in breach or violation of, or in default under (and no event has occurred which with notice or lapse of time or both would constitute such a breach, violation or default), any term, condition or provision of (a) MDSI's Articles of Incorporation or By-Laws, or (b) (x) any order, writ, decree, statute, rule or regulation of any Governmental Authority applicable to MDSI or any of its properties or assets or (y) any MDSI Contract to which MDSI is a party or by which MDSI or any of its properties or assets may be bound, except in the case of this clause (b), which breaches, violations or defaults, individually or in the aggregate, would not have an MDSI Material Adverse Effect.

SECTION 4.07. No Vote Required. No vote of the holders of any class or series of capital stock of MDSI is necessary to approve the issuance of the MDSI Shares pursuant to the Merger.

SECTION 4.08. Reports. MDSI has filed all MDSI SEC Reports, each of which complied, at the time such form, report or document was filed, in all material respects with the then applicable requirements of the Securities Act and the Exchange Act, and the rules and regulations thereunder. None of the MDSI SEC Reports, including without limitation any financial statements or schedules included therein, at the time filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited interim financial statements of MDSI included in the MDSI SEC Reports (the "MDSI Financial Statements") were prepared from MDSI's books and records in accordance with generally accepted accounting principles applied on a consistent basis (except as may be indicated therein or in the notes thereto) and fairly present the financial position of MDSI and its consolidated subsidiaries as at the dates thereof and the results of their operations and their cash flows for the periods then ended, subject, in the case of the unaudited interim financial statements, to normal, recurring year-end adjustments and any other adjustments described therein.

SECTION 4.09. Consents. Except in connection with the Securities Act, the Exchange Act and approvals and notifications required by Canadian securities regulatory authorities, including the Canadian Exchanges, and The NASDAQ National Market, the execution, delivery and performance of this Agreement by MDSI and the consummation of the transactions contemplated hereby will not require any notice to, action of, filing with or consent,

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authorization, order or approval from any court, administrative agency or other governmental authority or agency, or any individual, corporation, partnership, joint venture, association, firm, organization, group or any other entity or enterprise.

SECTION 4.10. Due Authorization of Shares. The MDSI Shares will, when issued, be duly authorized common shares of MDSI and, when delivered, will be duly and validly issued, fully paid and nonassessable and approved for quotation on The Nasdaq National Market subject to notice of issuance.

SECTION 4.11. Brokers' or Finders' Fees. No agent, broker, investment banker or other person or firm acting on behalf of MDSI or any of its directors or executive officers, or under the authority of any of them is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from MDSI in connection with any of the transactions contemplated hereby.

ARTICLE V

Representations and Warranties of Merger Sub and MDSI

Merger Sub and MDSI jointly and severally represent and warrant to Alliance and the Engermans as follows:

SECTION 5.01. Organization and Authority. Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Merger Sub has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by Merger Sub of this Agreement and the consummation by Merger Sub of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Merger Sub. This Agreement constitutes a valid and binding obligation of Merger Sub enforceable against Merger Sub in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and by general equitable principles.

SECTION 5.02. Capitalization. As of the date of this Agreement, the authorized capital stock of Merger Sub consists of 100 Common Shares with no par value of which one share is issued and outstanding. All of the issued and outstanding capital stock of Merger Sub has been validly issued, is fully paid and non-assessable and is owned of record and beneficially, directly or indirectly, by MDSI, free of any Liens, preemptive rights or other restrictions with respect thereto.

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SECTION 5.03. Consents and Approvals; No Violations.

Neither the execution, delivery and performance of this Agreement by, nor the consummation by Merger Sub of the transactions contemplated hereby, will (i) conflict with or result in any breach of any provisions of the charter, by-laws or other organizational documents of Merger Sub, or (ii) require a filing with, or a permit, authorization, consent or approval of, any Governmental Authority, except in connection with the filing of the Registration Statement, filings or approvals required under state securities or "blue sky" laws, the By-Laws of the National Association of Securities Dealers (the "NASD") and the filing and recordation of Articles of Merger as required by the IBCA.

SECTION 5.04. Tax Representations. The representations of MDSI and Merger Sub contained in paragraphs 1, 2, 3, 4, 5, 7, 8, 9, 10, 16, 17, 19 (first two sentences only), 21, 23 and 24 of the MDSI Certificate are incorporated herein by reference.

ARTICLE VI

Conditions of MDSI's Obligations

The obligations of MDSI hereunder are subject to the satisfaction (or waiver by MDSI) as of the Closing Date of the following conditions:

SECTION 6.01. Representations, Warranties and Covenants. The representations and warranties of Alliance and the Engermans made in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date with the same effect as if made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier time, and Alliance and the Engermans shall have delivered to MDSI certifications dated as of the Closing Date to that effect and including the representation and warranty set forth in Section 6.11. Alliance and the Engermans shall have performed in all material respects their respective covenants and agreements contained in this Agreement required to be performed at or prior to the Closing and Alliance and the Engermans shall have delivered to MDSI certifications dated as of the Closing Date to that effect.

SECTION 6.02. Consents and Approvals. (a) Alliance and the Engermans shall have obtained or made all consents, approvals, orders, licenses, permits and authorizations of, and registrations, declarations and filings with, any Governmental Authority or any other Person required to be obtained or made by or with respect to Alliance or the Engermans, as the case may be, in connection with the execution and delivery of this Agreement

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and the consummation of the transactions contemplated hereby and thereby.

(b) No action or proceeding by any Governmental Authority challenging the transactions contemplated by this Agreement shall be pending or threatened against any party.

(c) The Canadian Exchanges shall have conditionally accepted the Merger, including the issuance of the MDSI Shares in connection therewith, subject to the fulfillment of all requirements of the Canadian Exchanges.

SECTION 6.03. Employment Agreements; Escrow Agreement.

The Engermans, Thomas Lawdensky and Robert Lyon shall have executed and delivered the Employment Agreements in form and substance satisfactory to MDSI and the Employment Agreements shall be in full force and effect. The Engermans, Thomas Lawdensky, Robert Lyon and the Escrow Agent shall have executed and delivered the Escrow Agreement.

SECTION 6.04. Injunctions, etc. No injunction, order or decree of any Governmental Authority shall be in effect as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority as of the Closing, which would restrain, prohibit or make unlawful the Merger or the consummation of any of the other transactions contemplated by this Agreement or invalidate or suspend any provision of this Agreement.

SECTION 6.05. Resignation of Directors. All directors of Alliance that MDSI shall have requested to tender their resignations shall have tendered their resignations, which resignations shall be effective at the Closing.

SECTION 6.06. Closing Documents. Alliance shall have delivered to MDSI the following:

(a) a certificate of the Secretary or Assistant Secretary of Alliance, dated the Closing Date, as to the continued existence of Alliance, certifying the attached copy of the By-laws of Alliance, the authorization of the execution, delivery and performance of this Agreement, the resolutions adopted by the Board of Directors of Alliance authorizing the actions to be taken by Alliance under this Agreement and the approval of the Merger by the Alliance Shareholders, including the information required by Section 6.13;

(b) a certificate of the Secretary of State of the State of Illinois, dated not more than three (3) days prior to the Closing Date, to the effect that

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Alliance is in good standing in the State of Illinois and that all annual reports, if any, have been filed as required and that all fees have been paid in connection therewith;

(c) certificates of the Secretaries of State of the States of California and Florida, dated a recent date, certifying that Alliance is duly qualified to transact business in, respectively, the States of California and Florida as a foreign corporation; and

(d) a certification that all of the Alliance Shareholders are U.S. residents.

SECTION 6.07. Opinion of Counsel. MDSI shall have received (i) an opinion dated the Closing Date of Gardner, Carton addressed to MDSI and substantially in the form of Exhibit F, and (ii) the written consent of Gardner, Carton to the inclusion of the opinion described in Section 7.04 in the Registration Statement.

SECTION 6.08. Retention of Employees. Alliance shall have entered into employment agreements reasonably satisfactory to MDSI with all employees of Alliance identified by MDSI.

SECTION 6.09. Merger. All corporate and other proceedings with respect to the Merger shall have been duly and validly taken, including the filing of any certificates or documents in the office of the Secretary of State of the States of Illinois and Washington and the actions, consents, and approvals and filings required to be obtained or made by Alliance and Merger Sub pursuant to the IBCA and the WBCA shall have been made or obtained and Alliance shall have executed and delivered to MDSI the Articles of Merger and a plan of merger required by the IBCA and the WBCA.

SECTION 6.10. Closing Financial Statements. Alliance shall have provided to MDSI an unaudited balance sheet and the related unaudited statements of income, stockholders' equity and cash flows for the period from the date of the Financial Statements through the end of the most recent month ending at least 30 days prior to the Closing Date (the "Closing Financial Statements"), accompanied by the unqualified certification of the Chief Executive Officer, General Manager or equivalent officer of Alliance and the Chief Financial Officer of Alliance to the effect that the Closing Financial Statements are correct and complete and are in accordance with the books and records of Alliance, have been prepared in conformity with United States generally accepted accounting principles consistently applied and fairly present the financial condition of Alliance as of the date thereof and the results of its operations for the period then ended, and there shall have been no material adverse change in

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the financial condition of Alliance from the date of the Financial Statements to the date of the Closing Financial Statements which would have an Alliance Material Adverse Effect. The certificate to be delivered by Alliance pursuant to Section 6.01 shall include a representation and warranty of Alliance to the effect that there has been no material adverse change in the financial condition of Alliance since the date of the Closing Financial Statements through the Closing Date which would have an Alliance Material Adverse Effect.

SECTION 6.11. Proceedings. All corporate and legal proceedings taken by Alliance and the Alliance Shareholders in connection with the transactions contemplated by this Agreement and all documents and papers relating to such transactions shall be reasonably satisfactory in form and substance to MDSI and its counsel, and MDSI shall have received all such certified or other copies of all such documents, including any third party or stockholder consents, as it shall have reasonably requested.

SECTION 6.12. Audited Financial Statements. MDSI shall have received from Alliance audited financial statements prepared in accordance with United States generally accepted accounting principles for such periods and in such form as may be required under the rules and regulations of the SEC. Such financial statements shall be satisfactory to MDSI and its independent public accountant. MDSI shall have received satisfactory assurances from Alliance's independent public accountants that such accountants will timely deliver all accountant's consents as may be required in connection with any filing required to be made by MDSI with the SEC or any similar regulatory authority.

SECTION 6.13. Approval of Alliance Shareholders. The holders of at least ninety percent (90%) of the Alliance Shares shall have voted in favor of the Merger and the holders of less than one percent (1%) of the Alliance Shares shall have perfected dissenter's rights under the IBCA. In both cases, the certificate of the Secretary of Alliance referenced in Section 6.06(a) shall include a reference to that effect.

SECTION 6.14. Registration Statement. The Registration Statement shall have become effective under the Securities Act and the MDSI Shares shall be exempt from qualification or registration under comparable state securities laws, and at or prior to the Effective Time no stop order suspending the effectiveness of the Registration Statement or the qualification or registration of the MDSI Shares under the Blue Sky laws of any jurisdiction shall have been issued and no proceeding for that purpose shall have been initiated or shall be threatened or contemplated by the SEC or the authorities of any such jurisdictions, and the MDSI Shares shall be authorized for quotation on the Nasdaq National Market upon notice of issuance.

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SECTION 6.15. Motorola. On or before thirty (30) days after the date of this Agreement, Alliance shall have entered into a settlement agreement with Motorola, Inc. with respect to the indebtedness owed by Alliance to Motorola, Inc., which settlement agreement shall be in a form and on terms satisfactory to MDSI in its sole discretion and contingent upon the Closing.

ARTICLE VII

Conditions of Alliance and the Engermans' Obligations

The obligations of Alliance and the Engermans hereunder are subject to the satisfaction (or waiver by Alliance) as of the Closing Date of the following conditions:

SECTION 7.01. Representations, Warranties and Covenants. The representations and warranties of MDSI and Merger Sub made in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing with the same effect as if made at and as of the Closing and MDSI and Merger Sub shall have delivered to Alliance and the Engermans a certification dated as of the Closing Date to that effect. MDSI and Merger Sub shall have performed in all material respects their respective covenants and agreements contained in this Agreement required to be performed at or prior to the Closing and MDSI and Merger Sub shall have delivered to Alliance and the Engermans a certification dated as of the Closing Date to that effect.

SECTION 7.02. Injunctions, etc. (a) No injunction or order of any Governmental Authority shall be in effect with respect to MDSI as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority with respect to MDSI as of the Closing, which would restrain or prohibit the Merger or the consummation of any of the other transactions contemplated by this Agreement or invalidate or suspend any provision of this Agreement.

(b) No action or proceeding by any Governmental Authority challenging the transactions contemplated by this Agreement shall be pending or threatened against any party.

SECTION 7.03. Employment Agreements; Escrow Agreement. Alliance shall have executed and delivered the Employment Agreements in form and substance satisfactory to the Engermans, Thomas Lawdensky and Robert Lyon, respectively. MDSI and the Escrow Agent shall have executed and delivered the Escrow Agreement.

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SECTION 7.04. Tax Opinion of Counsel. Alliance and the Alliance Shareholders shall have received an opinion of Gardner, Carton dated on or about the date that is two business days prior to the date the proxy statement-prospectus is first mailed to the Alliance Shareholders to the effect that the Merger will constitute a reorganization for federal income tax purposes within the meaning of Section 368(a) of the Code and which opines on the tax consequences to Alliance and the Alliance Shareholders as a result of the transactions contemplated by this Agreement and the Exhibits hereto, which opinion shall not have been withdrawn or modified in any material respect.

In rendering such opinion, Gardner, Carton may reasonably require and rely upon factual representations contained in certificates of officers of MDSI and Alliance, certain Alliance Shareholders and others dated on or before the date of such opinion and which certificates shall not have been withdrawn or modified in any material respect; provided, however, that the condition set forth in this Section 7.04 shall be deemed to be satisfied if Gardner, Carton is unable to render such opinion solely by reason of Alliance or any of the Alliance Shareholders refusing or failing to provide Gardner, Carton with requested representations. The specific provisions of each such certificate and representation described in this paragraph shall be in form and substance reasonably satisfactory to Gardner, Carton.

SECTION 7.05. Registration Statement. The Registration Statement shall have become effective under the Securities Act and the MDSI Shares shall be exempt from qualification or registration under comparable state securities laws, and at or prior to the Effective Time no stop order suspending the effectiveness of the Registration Statement or the qualification or registration of the MDSI Shares under the Blue Sky laws of any jurisdiction shall have been issued and no proceeding for that purpose shall have been initiated or shall be threatened or contemplated by the SEC or the authorities of any such jurisdictions, and the MDSI Shares shall be authorized for quotation on the Nasdaq National Market upon notice of issuance.

SECTION 7.06. Opinions of Counsel. Alliance and the Engermans shall have received opinions dated the Closing Date of Bogle & Gates P.L.L.C., U.S. counsel to MDSI, and Reid & Company, Canadian counsel to MDSI, addressed to Alliance and the Engermans and substantially in the forms of Exhibits G and H.

SECTION 7.07. Release of Guaranty. On or before the Closing Date, First Chicago NBD shall have agreed to release the personal guarantee of Geoffrey Engerman with respect to any indebtedness of Alliance owed to First Chicago NBD.

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Section 7.08. Delivery of Fairness Opinion. On or before the date of mailing of notice of the Alliance Shareholders Meeting, the ESOP shall have received the opinion of Comstock Valuation Partners to the effect that, as of such date, the Consideration is fair to the Alliance Shareholders.

Section 7.09. MDSI Certificate. MDSI shall have delivered to Gardner, Carton the certificate in the form of Exhibit I attached hereto (the "MDSI Certificate").

ARTICLE VIII

Covenants of Alliance and the Engermans

SECTION 8.01. Investigation. Prior to the Closing, Alliance shall furnish promptly to MDSI and its advisors access at Alliance's premises to such documents, reports, financial data and other information as MDSI may reasonably request. Alliance shall make available to MDSI or its representatives or designees for inspection at Alliance's premises all properties, assets, books of accounts, corporate records and contracts of Alliance, and any other material reasonably requested by MDSI, for inspection and shall cause Alliance to make available to MDSI the directors, officers, employees, customers, independent accountants and suppliers of Alliance for interviews to verify all information furnished and otherwise to become familiar with Alliance and its business, operations, properties and assets. In all other respects, Alliance shall use its best efforts to assist MDSI in becoming familiar with Alliance and its business, including intellectual property and other investigations.

SECTION 8.02. Conduct of Business. (a) Alliance and the Engermans acknowledge that MDSI intends that the business of Alliance be operated after the Closing much as such business is operated as of the date hereof. Therefore, except as may be approved by MDSI in writing, until the Closing or the termination of this Agreement, Alliance (a) shall operate in the ordinary course of business, (b) shall not create, incur, assume or suffer to exist any long-term debt other than the long-term debt reflected in the balance sheet of Alliance as at December 31, 1996, (c) shall not sell, lease, transfer or otherwise dispose of any of its fixed assets, (d) shall not make any payments or distributions of any kind to its officers, directors and/or employees in connection with the Merger, or otherwise outside the ordinary course of its business, and (e) shall not amend its articles of incorporation or by-laws. Alliance shall use its best efforts to continue to employ all of its employees and to preserve and maintain all of its rights, privileges, customer relationships and supplier relationships. Further, except as may be approved by MDSI in writing, Alliance shall and the Engermans shall cause Alliance to refrain from taking any action prior to

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the Closing that would result in a breach of the representations contained in Section 3.17.

(b) Further, until the earlier of the Closing or the termination of this Agreement, neither Alliance nor the Engermans shall (i) sell, offer to sell or solicit offers to purchase any of the assets of Alliance (other than sales or licenses of products in the ordinary course of business), (ii) sell, offer to sell or exchange or solicit offers to purchase or exchange, any capital stock of Alliance from any other party or enter into any merger, consolidation, liquidation or similar transaction involving Alliance and any other party (other than MDSI) and neither Alliance nor either of the Engermans shall negotiate with or provide financial, technical or other information to any person (other than MDSI) in connection with any such proposed purchase or transaction, (iii) issue any capital stock of Alliance to any party or offer, sell or grant to any party any option, warrant or right to purchase any security of Alliance or (iv) alter the existing allocation of Alliance Shares under the ESOP or modify the terms or conditions of the ESOP without the prior written consent of MDSI.

SECTION 8.03. Confidentiality. Alliance and the Engermans covenant and agree that they shall and shall cause Alliance's Affiliates to use their best efforts and take all necessary precautions to maintain the confidentiality of all trade secrets, specifications, technology, know-how, customer information and other confidential and proprietary information relating to Alliance, except to the extent information relating to any such confidential and proprietary information is currently public knowledge or becomes public knowledge (otherwise than through the fault of Alliance or any of its Affiliates) or to the extent such duty as to confidentiality is waived by MDSI, or except as may be required by any Governmental Authority or any applicable law or regulation.

SECTION 8.04. Tax Matters. (a) (i) The Engermans shall on behalf of Alliance and at Alliance's expense (A) timely prepare (or cause to be prepared) all Tax Returns for Alliance for the Pre-Closing Tax Period and (B) timely prepare and file (or cause to be prepared and filed) with the appropriate Tax authorities all Tax Returns for Alliance that, in the case of both Subsections 8.04(a)(i)(A) and (B), are required to be filed on or before the Closing Date; and the Engermans shall cause Alliance to pay all Taxes due prior to the Closing Date with respect to all such Tax Returns. All Tax Returns filed (or caused to be filed) by the Engermans pursuant to the preceding sentence shall be prepared using accounting methods that were used in preparing the relevant Tax Returns for prior Taxable periods and in a manner which does not have the effect of distorting Taxes due for any such period. All such Tax Returns

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shall be made available to MDSI for review a reasonable period of time prior to filing.

(ii) To the extent not prepared and filed by the Engermans, MDSI shall timely prepare and file (or cause to be prepared and filed) with the appropriate Tax authorities all Tax Returns for Alliance for any Taxable period of Alliance that includes (but does not end on) the Closing Date and, to the extent not required to be paid prior to the Closing Date as described in Section 8.04(a)(i), shall cause Alliance to pay all Taxes due with respect thereto.

(b) Provided that the Engermans assume the defense of any Tax claim under Section 2.05 of the Escrow Agreement, without the prior written consent of the Engermans, not to be unreasonably withheld, Alliance, MDSI, any subsidiary or any Affiliate of MDSI shall not with respect to such Tax claim make or change any tax selection, change any annual tax accounting period, adopt or change any method of tax accounting, file any amended Return, enter into any closing agreement, settle such Tax claim or assessment, surrender any right to claim a Tax refund, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or take or omit to take any other action, if any such action or omission would have the effect of increasing the Tax liability or indemnification obligation of any of the Alliance Shareholders or any of their Affiliates.

(c) As soon as practicable, but in any event within 15 days after a request of a party to this Agreement (the Requesting Party), from and after the Closing Date, the other parties shall provide the Requesting Party with such cooperation and shall deliver to the Requesting Party such information and data concerning the Pre-Closing operations of Alliance as it shall have and make available such knowledgeable persons as may be requested in order to enable the Requesting Party to complete and file all Returns which it may be required to file or to respond to audits by any taxing authorities with respect to such period. Such cooperation and information shall include provision of powers of attorney for the purpose of signing Returns and defending audits and promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any taxing authority which relate to Alliance and providing copies of all relevant Returns, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by any taxing authority and records concerning the ownership and tax basis of property of Alliance.

(d) For a period of ten years after the Closing Date or such longer period as may be required by law (including any period during which any applicable statute of limitations for the assessment or collection of any Taxes arising from a Pre-Closing

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Tax Period remain open, whether by waiver or otherwise), MDSI shall, and shall cause Alliance to, retain, and neither destroy nor dispose of, all Returns, books and records (including computer files) of, or with respect to the activities of, Alliance for all Pre-Closing Tax Periods and to make such books and records available to the Engermans on a reasonable basis. Thereafter, MDSI and Alliance shall not destroy or dispose of any such Returns, books or records unless it first offers such Returns, books and records to the Engermans in writing and the Engermans fail to accept such offer within 60 days of its being made.

(e) Any stock transfer tax under the laws of the United States (including any penalties, interest and additions to Tax) incurred in connection with the Merger and the other transactions contemplated hereby shall be paid by the Engermans. The Engermans shall be entitled to any rebate in respect of any such stock transfer tax.

(f) All Tax sharing or Tax indemnity agreements to which Alliance is a party shall be terminated prior to the Closing Date.

(g) The Engermans shall have taken, or shall have caused to be taken, all actions necessary to satisfy Section 280G(b)(5) of the Code such that no payment made under, contemplated by, or otherwise with respect to, this Agreement shall be a "parachute payment" within the meaning of Section 280G of the Code.

(h) Any MDSI Shares or cash returned to MDSI pursuant to the Escrow Agreement or any payments among the parties pursuant to this Section shall be treated as an adjustment to the purchase price for Tax purposes.

SECTION 8.05. Employee Agreements. Following the Closing, Alliance will have agreements with respect to each of its own employees, agents and consultants providing for (1) protection of confidential and proprietary information, (2) patent and copyright assignment, (3) invention disclosure, (4) business conduct guidelines, (5) a waiver of all moral rights to intellectual property of Alliance, and (6) and all other provisions necessary to enable Alliance to meet its obligations hereunder. As a Subsidiary of MDSI, Alliance will use agreements conforming to MDSI's standard employee agreements except with respect to the Employment Agreements.

SECTION 8.06. Registration Statement. The Engermans and Alliance agree to cooperate with MDSI in connection with the preparation of the Registration Statement and any related filings and to take such steps as may be deemed reasonably necessary by MDSI to facilitate the preparation and filing of the Registration

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Statement. None of the information supplied or to be supplied by Alliance or the Engermans for inclusion or incorporation by reference in the Registration Statement will, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If at any time prior to the Effective Time any event with respect to Alliance or its officers and directors shall occur that is required to be described in the Registration Statement, Alliance shall notify MDSI thereof by reference to this Section and cooperate with MDSI in preparing and filing with the SEC and, as required by law, disseminating to the Alliance Shareholders an amendment or supplement which accurately describes such event or events in compliance with all provisions of applicable law.

SECTION 8.07. Confidential Information Regarding MDSI. Alliance (and its staff, attorneys, accountants, consultants and other representatives who have a need to know), the Alliance Shareholders and the Trustee shall hold all information and written documents received from MDSI in confidence except for information or documents (i) available generally to the public, (ii) in the lawful possession of Alliance, the Alliance Shareholders or the Trustee prior to receipt from MDSI, provided that the source of such information was not known by Alliance or the Engermans to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to MDSI with respect to such information; or (iii) obtained by Alliance, the Alliance Shareholders or the Trustee from a third party who has an independent right to such information or documents. All such information in written form and all such documents shall be returned by Alliance, the Alliance Shareholders and the Trustee to the party from whom they were originally obtained in the event the transactions contemplated herein are not completed.

SECTION 8.08. Cooperation. Alliance and the Engermans agree to cooperate with MDSI and to proceed, as promptly as is reasonably practicable, to (i) effect such transactions and take such steps as may be deemed reasonably necessary by MDSI to facilitate the Merger, including, but not limited to, executing and delivering the Articles of Merger and a plan of merger as required by the IBCA and the WBCA, (ii) seek to obtain all necessary consents and approvals from lenders, landlords or other third parties for the Merger and any other transaction contemplated by this Agreement, and (iii) endeavor to comply with all other legal, regulatory or contractual requirements for or preconditions to the Closing. Alliance and the Engermans

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acknowledge that the MDSI Shares may be subject to hold periods or other transfer restrictions (including legending of share certificates) under applicable Canadian laws and regulatory requirements. Specifically, Alliance and the Engermans acknowledge that, in order for the Merger to meet the requirements of Ontario Securities Commission Interpretation Note No. 1.5, the share certificates for the MDSI Shares may bear a legend to the effect that such shares may not be resold for a period of up to 90 days from Closing (the "Restricted Period"), with such legend to be removable after the end of such Restricted Period by submitting such share certificates to MDSI's transfer agent, and Alliance and the Engermans hereby covenant and agree not to resell any of their MDSI Shares during the Restricted Period.

SECTION 8.09. Shareholders Meeting. Alliance shall cause a meeting of the Alliance Shareholders (the "Alliance Shareholders Meeting") to be duly called and held as soon as practicable following the effectiveness of the Registration Statement (but not earlier than 20 business days after the date of such effectiveness) for the purpose of voting on the approval and adoption of this Agreement and the Merger. Each of the Engermans agrees to vote all Alliance Shares owned by him or to which he has the right to vote in favor of approval of the Merger at the Alliance Shareholders Meeting. The Board of Directors of Alliance shall recommend approval and adoption of this Agreement and the Merger by the Alliance Shareholders. In connection with such meeting, Alliance and the Engermans:

- (a) will cooperate with MDSI in the prompt preparation of the Registration Statement and use its best efforts to have the Registration Statement declared effective by the SEC, and will thereafter mail to the Alliance Shareholders as promptly as practicable the Prospectus/Proxy Statement and all other solicitation materials for use in connection with the meeting of Alliance Shareholders;
- (b) will use its best efforts to obtain the necessary approvals by the Alliance Shareholders of this Agreement and the Merger; and
- (c) will otherwise comply with all legal requirements applicable to such meeting.

SECTION 8.10. Compliance with the Securities Act: Affiliates. Each of Alliance and the Engermans shall use its best efforts to cause each person who is an "affiliate," as that term is used in paragraphs (c) and (d) of Rule 145 under the Securities Act, of such Person to deliver to such Person at or prior to the Effective Time a written agreement to the effect that such person will not offer to sell, sell or otherwise

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dispose of any MDSI Shares except, in each case, pursuant to an effective registration statement or in compliance with Rule 145, as amended from time to time, or in a transaction that, in the opinion of legal counsel satisfactory to MDSI, is exempt from the registration requirements of the Securities Act, such agreement to be in substantially the form of the Affiliate Agreement attached hereto as Exhibit J.

SECTION 8.11. Repurchase of Shares. Alliance shall repurchase all Alliance Shares owned, whether directly or indirectly, by Brian D. Alonso (the "Alonso Shares") prior to the record date for the Alliance Shareholders Meeting. Notwithstanding anything in this Agreement to the contrary, the repurchase of the Alonso Shares pursuant to this Section shall not cause a breach of any representation or warranty of Alliance or the Engermans contained herein.

SECTION 9.12. ESOP Matters. (a) Alliance and the Engermans will use their best efforts to ensure that the transactions that are contemplated hereby as they relate to the ESOP (including, but not limited to, the exchange of shares) will not result in a prohibited transaction under ERISA or the Code, or otherwise violate applicable law, nor will they result in the imposition of any state, federal or local excise tax on Alliance or any other person.

(b) As soon as is practicable after the date of this Agreement, but not later than the record date for the Alliance Shareholders Meeting and to the extent permitted under the Code and ERISA, (i) Alliance shall amend the ESOP (a) to change the eligibility requirements to include as participants all Alliance employees who were hired before January 1, 1997, (b) to provide for a special interim valuation date for 1997 for allocation of the Alliance 1997 plan year ESOP contribution by no later than the record date for the Alliance Shareholders Meeting, and (c) to freeze participation in the ESOP as of the date of this Agreement, and (ii) Alliance shall have made contributions (including by debt cancellation) to the ESOP for the 1996 and 1997 ESOP plan years which are sufficient, in the aggregate, to permit the ESOP to fully repay its indebtedness to Alliance under the ESOP loan and to allow the Trustee to fully allocate the Alliance Shares held in the unallocated ESOP suspense account to the accounts of ESOP participants as of the special interim valuation date.

ARTICLE IX

Covenants of MDSI

SECTION 9.01. Registration Statement. MDSI will, promptly after the date hereof, prepare and file with the SEC a

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registration statement on Form S-4 (the "Registration Statement"), containing a proxy statement/prospectus, in connection with the registration under the Securities Act of the MDSI Shares issuable upon the Merger and the other transactions contemplated hereby. If at any time prior to the Effective Time any event relating to or affecting MDSI shall occur as a result of which it is necessary, in the opinion of counsel for MDSI, to supplement or amend the Registration Statement in order to make such document not misleading, MDSI will forthwith prepare and file with the SEC an amendment or supplement to the Registration Statement so that such document, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading.

SECTION 9.02. Confidential Information Regarding Alliance. Unless and until the transactions contemplated herein have been completed, MDSI (and its staff, attorneys, accountants, consultants and other representatives who have a need to know) shall hold all information and written documents received from Alliance or the Engermans in confidence except for information or documents (i) available generally to the public, (ii) in the possession of MDSI prior to its receipt from Alliance or the Engermans, provided that the source of such information was not known by MDSI to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to Alliance with respect to such information; or (iii) obtained by MDSI from a third party who has an independent right to such information or documents. All such information in written form and all such documents shall be returned by MDSI to the party from whom they were originally obtained in the event the transactions contemplated herein are not completed.

SECTION 9.03. Tax Covenant. Following the Merger, MDSI will cause Alliance to report the Merger as a reorganization under Section 368(a) of the Code and to comply with the information reporting requirements set forth in Section 1.367(a)-3(c)(6) of the U.S. Treasury Regulations issued pursuant to the Code (the "Regulations"), and MDSI and Merger Sub will (and MDSI will cause Alliance to) comply with the information reporting and document retention requirements set forth in Section 1.368-3 of the Regulations.

ARTICLE X

Post-Closing Operations of Alliance and Other Matters

SECTION 10.01. Intellectual Property Matters. To the extent that either of the Engermans has any rights, licenses, or other interests in the Materials or any IP Assets, such rights,

licenses, and interests are hereby assigned to MDSI. To the extent that either of the Engermans has any moral rights in the Materials or the IP Assets, he hereby waives such rights. To the extent that any employee, consultant or independent contractor of Alliance has any rights, licenses, or other interests in any Materials or any IP Assets, other than those IP Assets or Materials licensed by Alliance from a third party, Alliance shall use its best efforts to obtain an assignment to Alliance of such rights, licenses, and interests from such employees. Alliance and the Engermans will cooperate, provide all reasonable assistance, and will use their best efforts to cause to be executed all assignments and other instruments and documents necessary or appropriate to carry out the intent of this Section, including any patent, copyright or trademark registrations or assignments.

SECTION 10.02. Directors' and Officers' Indemnification. All rights to indemnification, advancement of litigation expenses and limitation of personal liability existing in favor of the directors and officers of Alliance under the provisions existing on the date hereof in Alliance's Articles of Incorporation or By-Laws shall, with respect to any matter existing or occurring at or prior to the Effective Time survive the Effective Time indefinitely.

ARTICLE XI

Termination

SECTION 11.01. Termination of Agreement. (a) This Agreement and the transactions contemplated hereby may be terminated upon written notice to the other parties hereto (except such notice requirement shall not apply to clause (v) below) at any time before the Closing Date as follows:

- (i) by mutual agreement of the parties;
- (ii) by MDSI on the one hand, or by Alliance and the Engermans jointly, on the other hand, if the Closing shall not have occurred on or before July 31, 1997 or such later date as may be determined by mutual agreement of the parties hereto;
- (iii) by MDSI, at any time prior to Closing, if there has been a breach of any of the representations, warranties or covenants of Alliance or either of the Engermans; or
- (iv) by Alliance and the Engermans jointly, at any time prior to Closing, if there has been a breach of any of the representations, warranties or covenants of MDSI;

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in which case this Agreement and all obligations of the parties hereunder, except obligations under Sections 12.02, 12.11, 12.12 and 12.15, shall terminate, unless the parties otherwise mutually agree.

(b) Notwithstanding the provisions of this Section, termination of this Agreement shall not relieve any party of its liability for breach of any of the provisions of this Agreement or its obligations under Sections 12.02, 12.11, 12.12 or 12.15.

ARTICLE XII

Miscellaneous

SECTION 12.01. Entire Agreement. This Agreement (including the Exhibits hereto) contain the entire agreement of the parties hereto with respect to the subject matter hereof, and supersede any prior written or oral agreements between them concerning the subject matter hereof or thereof. Each Exhibit attached to this Agreement or delivered pursuant to this Agreement is incorporated herein by reference and constitutes a part of this Agreement.

SECTION 12.02. News Releases; Public Announcements. No news releases or public announcements of the Merger or the transactions contemplated by this Agreement shall be made without the prior, written approval of MDSI and Alliance, except as otherwise provided herein. Each of MDSI, Alliance and the Engermans agrees that the financial terms of this Agreement and the related documents shall be maintained as confidential, proprietary information of MDSI and Alliance and shall not be disclosed publicly (other than to the Alliance Shareholders and the participants in the ESOP following execution and delivery of this Agreement by all parties thereto) unless disclosure is required under applicable securities laws and regulations. In the event that, prior to the Closing, MDSI is required to disclose under applicable securities laws or regulations any terms of this Agreement, MDSI agrees to provide to Alliance a copy of such disclosure prior to its public dissemination.

SECTION 12.03. Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall taken together constitute but one and the same instrument, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties. Delivery by facsimile transmission of a signed signature page of this Agreement will be effective as delivery of a manually executed counterpart of this Agreement.

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SECTION 12.04. Descriptive Headings. The Article and Section headings and the Table of Contents used herein are for convenience of reference only and shall not affect the meanings, interpretation or construction of any provision of this Agreement.

SECTION 12.05. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service or sent by mail, as follows:

(a) if to MDSI or Merger Sub,

MDSI Mobile Data Solutions Inc.
Suite 100, 8717 West 110th Street
Overland Park, Kansas 66210
Telephone: (913) 661-0190
Telecopier: (913) 661-0220
Attention: Kenneth R. Miller, President

with a copy to:

Bogle & Gates P.L.L.C.
Two Union Square
601 Union Street
Seattle, WA 98101-2346
Telephone: (206) 682-5151
Telecopier: (206) 621-2660
Attention: Randal R. Jones

(b) if to Alliance:

One Pierce Place, Suite 100W
Itasca, IL 60143
Telephone: (630) 773-8200
Telecopier: (630) 775-1552
Attention: Geoffrey Engerman

with a copy to:

Gardner, Carton & Douglas
Quaker Tower, Suite 3400
321 North Clark St.
Chicago, Illinois 60610-4795
Telephone: (312) 644-3000
Telecopier: (312) 644-3381
Attention: Glenn W. Reed

(c) if to Geoffrey Engerman:

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c/o Gardner, Carton & Douglas
Quaker Tower, Suite 3400
321 North Clark St.
Chicago, Illinois 60610-4795
Telephone: (312) 644-3000
Telecopier: (312) 644-3381
Attention: Glenn W. Reed

(d) if to Douglas Engerman:

c/o Gardner, Carton & Douglas
Quaker Tower, Suite 3400
321 North Clark St.
Chicago, Illinois 60610-4795
Telephone: (312) 644-3000
Telecopier: (312) 644-3381
Attention: Glenn W. Reed

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service, or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered or mailed (properly addressed) to such party as provided in this Section or in accordance with the latest unrevised direction from such party given in accordance with this Section. Any address or addressee specified above may be changed by notice to the other parties in accordance with this Section.

SECTION 12.06. Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Washington applicable to agreements to be made and performed entirely within such State, without regard to the conflicts of law principles of such State.

SECTION 12.07. Survival of Agreement. All covenants, agreements, representations and warranties made by Alliance and the Engermans herein and in the certificates or other documents prepared or delivered in connection with the Closing shall be considered to have been relied upon by MDSI and shall survive the execution and delivery of this Agreement or such certificate or other document, the Merger and any disposition thereof, regardless of any investigation made by MDSI or on its behalf.

SECTION 12.08. Assignment. This Agreement and the rights hereunder shall not be assignable or transferable by any party (except by operation of law in connection with a merger, consolidation or sale of substantially all the assets of such party) without the prior written consent of the other parties hereto; provided that MDSI may assign, in its sole discretion,

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any or all of its rights and interests under this Agreement to any of its Affiliates. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

SECTION 12.09. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and any such assigns, any legal or equitable rights hereunder.

SECTION 12.10. Waiver and Amendment. (a) No failure or delay of MDSI in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of MDSI hereunder are cumulative and are not exclusive of any rights or remedies which MDSI would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any party therefrom shall in any event be effective unless the same shall be expressly permitted hereby, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any party in any case shall entitle any party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing, expressly identified as a waiver, amendment or modification hereof, entered into by the parties hereto. To be effective, any consent, approval, notice, waiver or demand required or permitted under this Agreement must refer specifically to this Agreement and the provision to which it relates, describe with particularity any right or obligation consented to, approved, waived or purported to be violated, demonstrate knowledge of the consequences of the action so taken and be signed by an authorized signatory of the party making or giving such consent, approval, notice, waiver or demand.

SECTION 12.11. Expenses. Each party to this Agreement shall pay any and all fees and expenses incurred by it in connection with the investigation of Alliance (including, but not limited to, any investigation of intellectual property rights) and the negotiation and preparation of this Agreement, including all Exhibits hereto, including, without limitation, all legal, accounting, consulting, brokers, advisory, travel, communications and other similar fees and expenses.

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SECTION 12.12. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with any of this Agreement. Each party hereto (a) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that the other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section.

SECTION 12.13. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 12.14. Construction. This Agreement has been negotiated by the parties and their respective counsel and will be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either party.

SECTION 12.15. Arbitration. Disputes arising from this Agreement or the transactions contemplated hereby are to be resolved by and shall be submitted for binding arbitration in Denver, Colorado, in an arbitration proceeding that, except as may otherwise be provided herein, shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association before a single arbitrator chosen in accordance with such rules. All evidentiary and discovery matters shall be conducted in accordance with and governed by the applicable laws of the State of Colorado as they relate to arbitration proceedings, including without limitation those sections of the Colorado Code of Civil Procedure relating to rights of discovery, procedure and enforcement. No later than 10 calendar days after the arbitrator is appointed, the arbitrator shall schedule the arbitration for a hearing to commence on a mutually convenient date. All discovery shall be completed no later than the commencement of the arbitration hearing or 90 calendar days after the date that a proper demand for arbitration is served, whichever occurs first, unless, upon a showing of good cause, the arbitrator extends such period. The hearing shall commence no later than 90 calendar days after the arbitrator is appointed and shall continue until completed. The arbitrator shall issue his or her award in writing no later than

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20 calendar days after the conclusion of the hearing. The parties to this Agreement agree that, in rendering an award, the arbitrator shall have no jurisdiction to consider evidence with respect to or render any award of judgment for punitive, exemplary or consequential damages or any other amount awarded for purposes of imposing a penalty. The arbitrator shall not have the power to amend this Agreement in any respect. The arbitrator's decision shall be binding and conclusive upon the parties.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

MDSI MOBILE DATA SOLUTIONS INC.

By: _____
Name: _____
Title: _____

MDSI ACQUISITION CORPORATION

By: _____
Name: _____
Title: _____

ALLIANCE SYSTEMS, INC.

By: _____
Name: _____
Title: _____

Geoffrey Engerman


Douglas Engerman

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20 calendar days after the conclusion of the hearing. The parties to this Agreement agree that, in rendering an award, the arbitrator shall have no jurisdiction to consider evidence with respect to or render any award of judgment for punitive, exemplary or consequential damages or any other amount awarded for purposes of imposing a penalty. The arbitrator shall not have the power to amend this Agreement in any respect. The arbitrator's decision shall be binding and conclusive upon the parties.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.


MDSI MOBILE DATA SOLUTIONS INC.

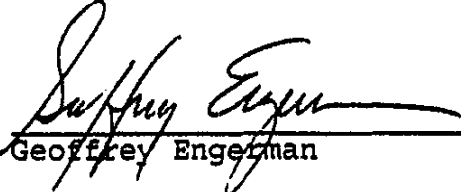
By: 
Name: Kenneth R. Miller
Title: President

MDSI ACQUISITION CORPORATION

By: 
Name: Kenneth R. Miller
Title: Director

ALLIANCE SYSTEMS, INC.

By: 
Name: GEORGEY ENGERMAN
Title: PRESIDENT


Geoffrey Engerman


Douglas Engerman

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EXHIBIT A

EMPLOYMENT AGREEMENT WITH GEOFFREY ENGERMAN

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EXHIBIT B

EMPLOYMENT AGREEMENT WITH DOUGLAS ENGERMAN

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EXHIBIT C

EMPLOYMENT AGREEMENT WITH THOMAS LAWDENSKY

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