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THE COMPETITION TRIBUNAL

In the Matter of an Application by Barcode Systems Inc.
for an Order pursuant to section 103.1
of the Competition Act, RSC 1985 c. C-35, as amended
granting leave to bring an application pursuant to
section 75 of the Competition Act

BETWEEN:

Barcode Systems Inc.

Applicant

AND:

Symbol Technologies Canada ULC

Respondent

COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE	
FILED / PRODUIT September 2, 2003 CT-2003-008	
Jos LaRose for / pour REGISTRAR / REGISTRAIRE	
OTTAWA, ONT	# 0004b

AFFIDAVIT of TODD ABBOTT
Sworn the 26th day of November, 2003

ALKINS, MacAULAY & THORVALDSON
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BETWEEN:

Barcode Systems Inc.

Applicant

AND:

Symbol Technologies Canada ULC

Respondent

I, TODD ABBOTT, of the City of Holtsville, in the State of New York, in the
United States of America, Executive,
MAKE OATH AND SAY THAT:

1. I am employed by Symbol Technologies, Inc. as Senior VicePresident of
Worldwide Sales and Marketing and, as such, have personal knowledge of the facts
and matters herein deposed to by me, except where stated to be based on
information and belief, in which case I verily believe it to be true.
2. I have read the affidavit of David Sokolow, sworn October 23, 2003, and
filed in this matter with the Competition Tribunal on November 4, 2003, and make
this affidavit in response thereto.
3. Symbol Technologies, Inc. (hereinafter "Symbol US") is a corporation
incorporated under the laws of the State of Delaware and has its principle
executive office in the City of Holtsville, in the State of New York, USA.
4. Symbol US is a manufacturer, distributor, seller and servicer of portable
data terminals, barcode scanners and wireless LANS (wireless LANS are wireless
local area networks for transmitting voice and data).
5. The three types of equipment (hereinafter the "product") manufactured by
Symbol US are intended to provide customers with a complete line of equipment to
retrieve barcode data and to convey the information to client's databases.
Product is marketed to customers in warehousing distribution, parcel delivery
and postal service, retail, transportation, industrial and health care
industries, as well as education and government markets.
6. Symbol US has affiliate or subsidiary corporations in a number of
countries including Canada where Symbol Technologies Canada, ULC (hereinafter

"Symbol Canada"), is a corporation incorporated under the laws of the Province of Nova Scotia.

7. Symbol Canada is a warehouse, distributor, seller and servicer of the product manufactured by Symbol US.

8. In this, my affidavit, I will refer to Symbol US and Symbol Canada collectively as Symbol.

9. Symbol markets its products directly and through distributors and resellers (also known as value-added resellers or VAR's or integrators) to end-user customers. The market in which Symbol operates is very competitive for each of the products that are manufactured by Symbol US. The competitors of Symbol include the following: Casio, Inc., Cisco Systems, Inc., Datalogic S.P.A., Fujitsu, Ltd., Hand Held Products, Inc., Hewlett-Packard Company, Intermec Technologies Corporation, LXE Inc., Matsushita Electric Industrial Co., Ltd., Metrologic Instruments, Inc., Motorola, Inc., NCR Corporation, NipponDenso Co., Opticon, Inc., Proxim, Inc., PSC, Inc. and Psion Teklogix, Inc.

10. While Symbol believes it is a world leader in its business, it does not dominate the market in either the United States or Canada. Symbol's global market share for all of its products ranges from less than 1% to a maximum of 48%, as reflected in Exhibit "A" attached to this, my affidavit, produced by three independent sources, VDC, IDC and the Nilson Report. In each of these product lines, Symbol has multiple competitors.

11. Barcode Systems, Inc. (hereinafter "Barcode") was one of the resellers that contracted with Symbol to sell Symbol products. I note that David Sokolow attached as Exhibit "D" to his affidavit sworn October 23, 2003, the Value-Added Reseller Agreement which was entered into in the year 1993. In fact, there were a series of agreements entered into between Symbol and Barcode commencing as early as November, 1991 through to January 30, 2001, the earlier agreements having been superceded and replaced by the latter agreement.

12. The most recent agreement governing the business relationship between Symbol and Barcode is the Agreement with Integrator (hereinafter "Integrator Agreement") entered into on January 1, 2001. Attached hereto and marked as Exhibit "B" to this, my affidavit, is a copy of the said Integrator Agreement. Symbol also was party with Barcode to a Distribution Agreement, dated as of April 4, 2001 (the "Distribution Agreement") and a Reseller Agreement, dated as of September 7, 2001 (the "Reseller Agreement"), whereby Symbol agreed to distribute and resell certain software referred to as "RF Supernet" provided by Barcode. By letter dated March 25, 2003, the Distribution Agreement and the Reseller Agreement were terminated by Symbol, effective April 25, 2003, for Barcode's failure to supply the RF Supernet software pursuant to its obligations under both agreements. Attached hereto and marked as Exhibit "C" to this, my affidavit, is a copy of the termination letter in connection with the Distribution Agreement and the Reseller Agreement.

13. As is apparent from reading the first paragraph of page 1 of the Integrator Agreement, it was entered into between Symbol US and Barcode, which had its principle address in Bellevue, Washington. By 2001, David Sokolow had expanded the operations of Barcode into the United States and Barcode operated through 2 corporate entities, one in Canada and one in the United States, both having the same name Barcode Systems Inc. with the exception that the corporation incorporated in the United States has a "," between the word "Systems" and the word "Inc."

14. After the Integrator Agreement was executed, the business that was conducted between Symbol and Barcode was pursuant to the terms and conditions of the Integrator Agreement regardless of whether product was supplied to Barcode from Symbol Canada or Symbol US.

15. On November 8, 2002, Barcode was notified, in accordance with the terms therein, that Symbol was terminating the "Stock Rotation Program" for all of its Integrators, as governed by the Stock Rotation Addendum, dated as of January 30, 2001, to the Integrator Agreement, such termination to be effective as of December 10, 2002. Furthermore, in the same letter, Barcode was specifically notified of Symbol's plans to institute the Partner Select Program and certain actions that all resellers would be required to take in connection with the Partner Select Program were specified. Attached hereto as Exhibit "D" to this, my affidavit, is a copy of said letter.

16. In late 2002 and early 2003, Symbol determined that it would introduce the Partner Select Program.

17. David Sokolow, on behalf of Barcode Systems Inc., which is the Canadian corporation, after receipt of the notice of termination of the Stock Rotation Program, as set forth in clause 15 above, via an email to Tom Zix, Director of Worldwide Channel Operations & Alliances, dated November 19, 2002, took the position that the termination did not apply to it. Although Symbol maintains that Barcode Systems Inc. was bound by the terms and conditions of the Integrator Agreement, Symbol, by letter dated December 2, 2002, a copy of which is attached hereto and marked as Exhibit "E" to this, my affidavit, terminated the last agreement between it and Barcode wherein Barcode provided its address in Canada. Attached hereto and marked as Exhibit "F" to this, my affidavit, is a copy of the Master VAR Agreement entered into between Symbol and Barcode Systems Inc. dated August 20, 1997.

18. I first spoke with David Sokolow in January 2003 in response to a complaint Sokolow initiated with one of my colleagues, and for the purpose of attempting to resolve with him the issues that he raised. I informed Sokolow that I would take a fresh, objective look at his complaints, investigate the facts, and get back to Sokolow with my findings and Symbol's position. In this conversation, I assured Sokolow of Symbol's commitment to dealing with its business partners with integrity and in a consistent manner, and therefore each reseller, whether in Canada or the United States, would have the same terms and conditions governing that reseller's legal relationship with Symbol. Barcode insisted that it was entitled to more favorable terms and conditions than Symbol offered its other resellers, including a higher rebate, based on his understanding of purported agreements between Barcode and Symbol. I reiterated to David Sokolow that Symbol would not enter into any agreement with Barcode on more favorable terms and conditions than it extended to its other resellers.

19. At that time, Barcode was also improperly using the Symbol trademark. Barcode was indebted to Symbol in the amount of \$ 1,302,098.24 and refused to meet the normal trade terms by which Symbol supplied product to Barcode.

20. The terms of payment for product that was supplied by Symbol to Barcode are set out in paragraph 13 of the Integrator Agreement that required Barcode to make payment for product within 45 days from the date of shipment.

21. Following my conversation with Sokolow, I investigated his complaints. I, and Symbol, concluded that Sokolow's assertion that he was entitled to uniquely favorable claims was, and remains, without merit and, on more than one occasion in late 2002 and early 2003, I communicated Symbol's position in telephone conversations to Sokolow.

22. At various times from January 2003 until March of 2003, Symbol attempted to negotiate a settlement with Barcode whereby Barcode would, in exchange for a one time rebate credit of \$100,000: (a) pay the full amount owed to Symbol that was in arrears, (b) cease the unauthorized use of Symbol trademarks and logos, including Sokolow's personal use of the Symbol logo on his yacht (see Exhibit "G", attached to this, my affidavit), (c) otherwise agree to comply with the terms of Symbol's Partner Select Program applicable to all other resellers, including without limitation, executing a new agreement that superceded and replaced any and all prior agreements with Symbol, and (d) release Barcode's claims against Symbol. Barcode refused to accept these terms. Symbol continues to be willing to sell its product to Barcode, provided it agrees to these terms. My attempts to resolve the differences between Symbol and Barcode broke down because Barcode continued to maintain its position that the terms and conditions under which it would operate as a reseller would be more favorable than other resellers and because he was unwilling to relinquish his purported right to use Symbol's logo for unauthorized business and personal use.

23. The position maintained by Barcode was not acceptable to Symbol and, as a result, by letter dated March 20, 2003, Symbol served notice on Barcode that it was terminating the Integrator Agreement pursuant to clause 12.2. Attached hereto and marked as Exhibit "H" to this, my affidavit, is a copy of the letter dated March 20, 2003 by which Symbol terminated the Integrator Agreement. Since March 2003, Barcode has (a) continued to use Symbol's logo for personal use and (b) modified one of Symbol's products on multiple occasions without authorization and advertised and sold the modified product as a Symbol product.

24. By way of an amended statement of claim filed in the Manitoba Court of Queen's Bench on March 19, 2003, Barcode instituted an action against Symbol. Attached hereto and marked as Exhibit "I" to this, my affidavit, is a copy of the said amended statement of claim.

25. Symbol has defended the action and counterclaimed against Barcode in the amount of \$1,281,402.34, representing the unpaid balance due to Symbol for goods and services provided by it to Barcode. Barcode is in breach of the usual trade terms and conditions under which it received the product for which it has not made any payment. In addition, Symbol has sought damages against Barcode for its unauthorized use of the Symbol trademark. Attached hereto and marked as Exhibit "J" to this, my affidavit, is a copy of the statement of defence and counterclaim filed by Barcode.

26. Barcode has filed a defence to the counterclaim, which is attached hereto and marked as Exhibit "K" to this, my affidavit.

27. David Sokolow has stated in paragraph 27 of his affidavit sworn October 23, 2003, that I told him Symbol was "going to bury" Barcode. I categorically deny making such a statement.

28. From my reading of the Sokolow affidavit, it is inferred that Symbol has made the decision to sever its relationship with Barcode because David Sokolow was interviewed by SEC investigators in connection with an SEC investigation of Symbol and certain former corporate officers of Symbol. Nothing could be


further from the truth. When Sokolow first informed me, and separately one of my colleagues, of the subpoena, he stated that, unless Symbol acceded to his demands, he would tell the SEC whatever the SEC wanted to hear. I responded (as did my colleague) that Symbol was cooperating with the SEC and that he should be open and honest with the SEC, as Symbol had nothing to hide. In any event, Symbol communicated to Sokolow and Barcode the business relationship Symbol it wanted to have with all of its resellers, including Barcode, in December 2002, well before Sokolow received, or communicated to me or Symbol that he had received, a subpoena. Sokolow admits that he was subpoenaed by the SEC on January 30, 2003.

29. To the best of my knowledge, it is likely that at least fifteen (15) resellers and distributors, including Barcode, were interviewed by the SEC as of today's date. Symbol has actively encouraged any of its customers, resellers and distributors subpoenaed by SEC to cooperate fully with the investigation and to make full disclosure of any and all information.

30. Symbol has not terminated any reseller, including Barcode, by reason of anything related to the SEC investigation. Of the fifteen (15) resellers and distributors referred to in paragraph 29, fourteen (14) remain as resellers or distributors. To the best of my knowledge, Barcode is the only reseller or distributor that was interviewed by the SEC that is no longer a Symbol business partner.

31. Barcode was terminated as a reseller because it: (a) refused to enter into an agreement on the same terms and conditions as all other resellers, (b) has used and, for that matter, continues to use, the Symbol trademark without authorization, (c) has not met the usual terms and conditions of sale for Symbol product and (d) has outstanding indebtedness to Symbol of over \$1 million.

32. I make this affidavit bona fide.



TODD ABBOTT

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)

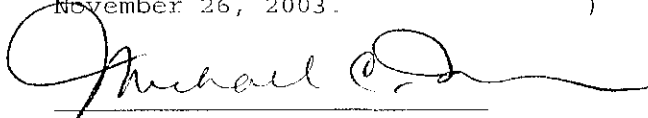


NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02Mi6084529
Qualified In Nassau County
Commission Expires December 9, 20 06

The attached document is Exhibit "A" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02MI6084529
Qualified In Nassau County
Commission Expires December 9, 20 06

Symbol Business Development Ecosystem Global

DATA CAPTURE

MOBILE COMPUTING

Biometrics		RFID		Fixed Scanning		Handheld Scanning		POS Terminal Shipments		Rugged Mobile Handheld		Wearable Computing Products		Rugged PDA		Handheld Devices	
1 Identix	1			1 NCR	12%	1 Symbol	28%	1 Ingenico	24%	1 Symbol	22%	1 Symbol	48%	1 Symbol	48%	1 Palm	26%
2 Digital Persona	2			2 PSC	9%	2 HHP	8%	2 Verifone	23%	2 Intermec	8%	2 VoCollect	22%	2 Intermec	32%	2 Hewlett Packard	10%
3 Visorics	3			3 Accusort	9%	3 Danco	8%	3 Hypercom	18%	3 DENSO Wave	8%	3 Xybemat	7%	3 Touchstar Techno	7%	3 Nokia	6%
4 Inidian	4			4 SICK	8%	4 Datalogic	8%	4 Lipman	6%	4 Motorola	7%	4 Panasonic	5%	4 Casio	6%	4 Sony	6%
5 Visage	5			5 Microscan	6%	5 PSC	7%	5 CyberNet	4%	5 Psion Teklogix	6%	5 Psion Teklogix	4%	5 Panasonic	2%	5 Handspring	5%
6 Recognition Systems	6			6 Datalogic	6%	6 Metrologic	6%			6 Fujitsu	4%	6 Via	4%	6 Motorola	5%	6 Motorola	5%
7 Ethanica	7			7 Symbol	6%	7 Intermec	6%			7 Ironix	4%	7 Voxware	4%	7 Symbol	3%	7 Symbol	3%
8 Nlance	8			8 Opticon	6%	8 Unitech	3%			8 HHP	3%	8 Antelope	1%	8 Casio	3%	8 Casio	3%
9 CC	9			9 Metrologic	5%	9 Opticon	2%			9 DAP Technologies	2%			9 Sharp	3%	9 Sharp	3%
10 Ethue	10			10 Tenken	4%	10 Fujitsu	2%			10 Casio	2%			10 Hi-Tech Wealth	3%	10 Hi-Tech Wealth	3%
Unit: % WW market share Source: IDC		Unit: Source:		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Units 2002 Source: The Nilson Report		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Units Shipped 2002 Source: IDC	

Symbol Business Development Ecosystem USA

		Fixed Scanning		Handheld Scanning		POS Terminal Shipments		Rugged Mobile Handheld		Wearable Computing Products		Rugged PDA		Handheld Devices	
		1 NCR	18%	1 Symbol	42%	1 VeriFone	48%	1 Symbol	27%	1 Symbol	44%	1 Symbol	51%	1 Palm	49%
		2 Accusort	17%	2 HHP	13%	2 Hypercom	26%	2 Intermec	11%	2 VoCollect	24%	2 Intermec	37%	2 Sony	16%
		3 PSC	10%	3 Intermec	5%	3 Ingenico	12%	3 Motorola	7%	3 Xybemat	7%	3 Casio	4%	3 Hewlett Packard	11%
		4 Symbol	9%	4 PSC	6%	4 Lipman	9%	4 Psion Teklogix	5%	4 Panasonic	5%	4 Touchstar	3%	4 Handspring	9%
		5 SICK	7%	5 Metrologic	6%	5 Thales	2%	5 HHP	4%	5 Psion Teklogix	5%	5 Panasonic	1%	5 Toshiba	4%
		6 Metrologic	6%	6 Fujitsu	2%	6 LinkPoint	2%	6 Ironix	4%	6 Via	5%	6 Mitope	1%		
		7 Microscan	5%	7 Unitech	2%	7 Axalto	1%	7 DAP Technologies	3%	7 Voxware	2%	7 Unitech	1%		
		8 Datalogic	4%	8 Datalogic	1%	8 Intellect	0.3%	8 Fujitsu	3%	8 Antelope	2%	8 Raytheon	1%		
				9 Danco	1%	9 CyberNet	0.3%	9 LXE	2%						
				10 Opticon	1%	10 Met	0.3%	10 PSC	2%						
						13 Symbol @POS	0.1%								
		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Units 2002 Source: The Nilson Report		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Of Units Installed Source: Morgan Stanley	

Symbol Business Development Ecosystem EMEA

		Fixed Scanning		Handheld Scanning		POS Terminal Shipments		Rugged Mobile Handheld		Wearable Computing Products		Rugged PDA		Handheld Devices	
		1 PSC	14%	1 Datalogic	21%	1 Ingenico	32%	1 Symbol	22%	1 Symbol	61%	1 Symbol	49%	1 Nokia	44%
		2 NCR	12%	2 Symbol	20%	2 Hypercom	12%	2 Psion Teklogix	12%	2 VoCollect	14%	2 Intermec	28%	2 Hewlett Packard	14%
		3 Datalogic	11%	3 Metrologic	11%	3 VeriFone	8%	3 Intermec	7%	3 Psion Teklogix	10%	3 Touchstar	11%	3 Palm	13%
		4 SICK	10%	4 PSC	8%	4 Sagem	6%	4 Motorola	7%	4 Xybemat	5%	4 Casio	8%	4 Sony Ericsson	9%
		5 Metrologic	6%	5 Danco	7%	5 Axalto	6%	5 DENSO Wave	6%	5 Via	3%	5 Panasonic	1%	5 Mexion	4%
		6 Symbol	6%	6 HHP	7%	6 Thales	6%	6 Ironix	5%	6 Panasonic	3%	6 Mitope	1%		
		7 Scantech	5%	7 Intermec	6%	7 DataSentry	6%	7 Datalogic	4%	7 Voxware	1%	7 Unitech	1%		
		8 Opticon	5%	8 Opticon	2%	8 Intellect	4%	8 HHP	4%	8 Antelope	1%	8 Raytheon	1%		
		9 Microscan	5%	9 Unitech	2%	9 Lipman	4%	9 Fujitsu	3%						
		10 Fujitsu	4%	10 Fujitsu	2%	10 Trintech	3%	10 LXE	2%						
		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Units 2002 Source: The Nilson Report		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Unit shipments 2002 Includes some high end phones Source: IDC	

Symbol Business Development Ecosystem Asia

		Fixed Scanning		Handheld Scanning		POS Terminal Shipments		Rugged Mobile Handheld		Wearable Computing Products		Rugged PDA		Handheld Devices	
		1 Opticon	20%	1 Ingenico	25%	1 Ingenico	25%	1 DENSO Wave	32%	1 Symbol	47%	1 Symbol	25%		
		2 Tenken	20%	2 Symbol	10%	2 CyberNet	20%	2 Casio	12%	2 VoCollect	21%	2 Touchstar	25%		
		3 Microscan	11%	3 Zebex	9%	3 Hypercom	15%	3 Motorola	8%	3 Xybemat	13%	3 Casio	15%		
		4 Densel	11%	4 Unitech	8%	4 VeriFone	10%	4 Fujitsu	8%	4 Panasonic	13%	4 Intermec	14%		
		5 SICK	9%	5 Densel	7%	5 Matsushita	4%	5 Symbol	6%	5 Psion Teklogix	3%	5 Innolitec	11%		
		6 Datalogic	6%	6 Opticon	6%	6 PAX Technology	4%	6 Unitech	6%			6 Unitech	7%		
		7 Accusort	4%	7 Tenken	5%	7 Lipman	3%	7 Densel	5%			7 Panasonic	3%		
		8 RVS	2%	8 Fujitsu	4%	8 Omron	3%	8 Zebex	2%						
		9 Metrologic	2%	9 PSC	4%	9 PSC	3%	9 Spectra	2%						
				10 Datalogic	3%	10 Axalto	3%	10 Psion Teklogix	2%						
		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Units 2002 Source: The Nilson Report		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC		Unit: Revenue Source: VDC			

NETWORKING

SOFTWARE AND SERVICES

NETWORKS

Mobile Handsets		Rugged Tablets		Notebook Computers	
1 Nokia	30%	1 Fujitsu	25%	1 Dell	16%
2 Motorola	27%	2 Wakebout	16%	3 Toshiba	15%
3 Samsung	10%	3 Xplora Technologie	9%	2 Hewlett Packard	13%
4 Siemens	8%	4 Pison Technologie	8%	5 Fujitsu Siemens	8%
5 NEC	4%	5 Northrup Grumman	6%	4 IBM	7%
6 Kyocera	4%	6 Oceana	5%	7 Sony	7%
7 Matsushita	3%	7 Wescor	4%	8 NEC	3%
8 Sharp	3%	8 Mitrope Group	4%	9 Acer	3%
9 Sony Ericsson	0.03			9 Apple	4%
10 LG	0.02			10 Gateway	2%

Unit: Installed units in Major Countries
Source: Morgan Stanley

AI Computers	
1 Hewlett Packard	16%
2 Dell	16%
3 IBM	7%
4 Fujitsu Siemens	6%
5 NEC	6%
6 Toshiba	4%
7 Acer	3%
8 Sony	3%
9 Apple	3%
10 Gateway	2%

Unit: 2002 Revenue of \$160B
Source: Morgan Stanley

Wireless & the Network Gear	
1 Nokia	
2 Motorola	
3 Cisco	
4 Alcatel-ADR	
5 Ericsson-ADR	
6 Nortel Networks	
7 Lucent	
8 Avaya	
9 Corning	
10 Harris	

Unit: 2002 Total revenue
Source: Morgan Stanley

Wireless Networking	
1 Cisco	32%
2 Symbol	14%
3 Agere	13%
4 Proxim	9%
5 Avaya	6%

Unit: 2002 Revenue
Source: Synergy Research

Enterprise Software	
1 SAP	
2 Oracle	
3 Computer Associates	
4 PeopleSoft	
5 Veritas Software	
6 Symantec	
7 Siebel Systems	
8 Compuware	
9 BMC Software	
10 Synopsys	

Unit: 2002 Total revenue
Source: Morgan Stanley

Computer Services	
1 Electronic Data Systems	
2 Accenture	
3 Computer Sciences	
4 Automatic Data Processing	
5 First Data	
6 Unisys	
7 State Street	
8 BearingPoint	
9 SunGard Data Systems	
10 Fiserv	

Unit: 2002 Total revenue
Source: Morgan Stanley

Mobile Phone Subs	
1 Verizon	14%
2 T-Mobile	11%
3 Vodafone (G)	10%
4 Cingular	9%
5 AWE	9%
6 Orange (F)	8%
7 Orange (UK)	7%
8 Vodafone (F)	7%
9 Sprint PCs	6%
10 O2-UK	6%

Proxy using data from below (i.e. ex some countries)
Source: Morgan Stanley

Mobile Handsets	
1 Nokia	27%
2 Motorola	26%
3 Samsung	12%
4 Kyocera	11%
5 Sony Ericsson	7%

Unit: Of 141MM Units Installed
Source: Morgan Stanley

AI Computers	
1 Dell	28%
2 Hewlett Packard	20%
3 Gateway	6%
4 IBM	5%
5 Apple	4%

Unit: Units of 166MM Installed
Source: Morgan Stanley

Wireless Networking	
1 Cisco	33%
2 Symbol	15%
3 Agere	14%
4 Proxim	5%
5 3Com	6%

Unit: Of 2002 Revenue
Source: Synergy Research

Telephone Lines	
1 Verizon	33%
2 SBC Comm.	33%
3 Bell South	14%
4 Qwest	10%
5 Sprint	5%

Unit: Of 174MM Units Installed
Source: Morgan Stanley

Mobile Phone Subs	
1 Verizon	23%
2 Cingular	16%
3 AWE	15%
4 Sprint PCs	10%
5 Nextel	8%

Unit: Of 141MM Units Installed
Source: Morgan Stanley

Mobile Handsets	
1 Nokia	45%
2 Siemens	18%
3 Motorola	10%
4 Alcatel	5%
5 Samsung	5%

Unit: of 15K units shipped in Q303
Source: IDC

Tablets	
1 Hewlett Packard	36%
2 Fujitsu Siemens	17%
3 Toshiba	15%
4 Acer	15%
5 Research Machines	3%

Unit: Units shipped in 3Q03 (of 9MM)
Source: IDC

AI Computers	
1 Hewlett Packard	14%
2 Fujitsu Siemens	10%
3 Fujitsu	7%
4 Acer	6%
5 IBM	5%

Unit: Of 2002 Revenue
Source: Synergy Research

Wireless Networking	
1 Cisco	34%
2 Avaya	20%
3 Proxim	10%
4 Symbol	9%
5 Agere	6%

Unit: Of 2002 Revenue
Source: Synergy Research

Telephone Lines	
1 Deutsche Telekom	35%
2 BT	25%
3 France Telecom	25%
4 Cegetel	4%
5 NTL	3%
6 Arcor	2%
7 Telwest	2%
8 freemove	1%
9 Telecom	1%
10 T1e	1%

Subs in Germany, France and
Source: Morgan Stanley

Mobile Phone Subs	
1 T-Mobile	18%
2 Vodafone (G)	17%
3 Orange (F)	13%
4 Orange (UK)	11%
5 Vodafone (F)	11%
6 O2-UK	10%
7 SFR	9%
8 O2	4%
9 T-Mobile	3%
10 E-Plus	2%

Subs in Germany, France and
Source: Morgan Stanley

Mobile Handsets	
1 Motorola	35%
2 Samsung	13%
3 NEC	10%
4 Nokia	10%
5 Matsushita	9%
6 Sharp	7%
7 LG	6%
8 Toshiba	4%
9 Mitsubishi	4%
10 Bird	2%

Unit: Of China, Japan, India and South Korea units
Source: Morgan Stanley

AI Computers	
1 Legend	14%
2 HP	10%
3 IBM	7%
4 Dell	6%
5 Founder	5%

Unit: Units shipped in 3Q03 (of 7MM)
Source: IDC

Wireless Networking	
1 Cisco	24%
2 Symbol	14%
3 Proxim	12%
4 Avaya	11%
5 Agere	11%

Unit: Of 2002 Revenue
Source: Synergy Research

Telephone Lines	
1 China Telecom	
2 China Netcom	
3 NTT (J)	
4 KDDI (J)	
5 Japan Telecom (J)	
6 NDoT (J)	
7 MTN (J)	

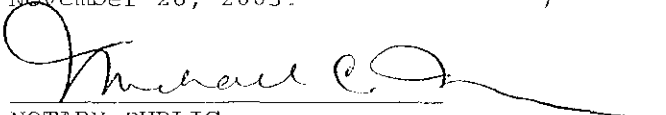
Subs in China, Japan and India
Source: Morgan Stanley

Mobile Phone Subs	
1 China Mobile	48%
2 China Netcom	23%
3 NTT DoCoMo	16%
4 au	5%
5 J-Phone	5%
6 Tu-ka	1%
7 Ehtl	1%
8 BSKL	1%
9 Hutchison	1%
10 Reliance	0%

Subs in China, Japan and India
Source: Morgan Stanley

The attached document is Exhibit "B" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02MI6084529
Qualified in Nassau County
Commission Expires December 9, 20 06



AGREEMENT WITH INTEGRATOR

VERTICAL INTEGRATOR
HARDWARE INTEGRATOR
SOLUTIONS INTEGRATOR

ATTACHMENTS:
 SCHEDULE A ADDITIONAL TERMS & CONDITIONS OF SALE
 SCHEDULE B MUTUAL NON-DISCLOSURE AGREEMENT
 SCHEDULE C PRODUCT & DISCOUNT SCHEDULE

THIS INTEGRATOR AGREEMENT (THE "AGREEMENT"), BETWEEN SYMBOL TECHNOLOGIES, INC. ("SYMBOL"; "SELLER"), ITS PRINCIPAL ADDRESS AT ONE SYMBOL PLAZA, HOLTSVILLE, NEW YORK, 11742-1300, AND BARCODE SYSTEMS ("INTEGRATOR"; "BUYER"), ITS PRINCIPAL ADDRESS AT 13400 N.E. 20TH STREET, SUITE 32, BELLEVUE, WA 98005, INCLUSIVE OF ALL ATTACHED SCHEDULES, SETS FORTH THE CONDITIONS BY WHICH INTEGRATOR MAY PURCHASE AND REMARKET SYMBOL PRODUCTS TO END-USERS.

1.0 DEFINITIONS. THE FOLLOWING TERMS ARE USED IN THE AGREEMENT AND SHALL MEAN THE FOLLOWING:

1.1 "PRODUCT" OR "PRODUCTS." HARDWARE AND LICENSED SOFTWARE PURCHASED FROM SYMBOL BY INTEGRATOR, IN ACCORDANCE WITH THE TERMS AND CONDITIONS HEREIN, FOR RESALE TO END-USERS.

1.2 "INTEGRATOR." RESELLER AUTHORIZED BY THIS AGREEMENT TO RESELL SYMBOL PRODUCTS TO END-USERS. AN INTEGRATOR IS FURTHER DEFINED AS ONE OF THE FOLLOWING:

1.2.1 "VERTICAL INTEGRATOR." A SYMBOL INTEGRATOR THAT OFFERS A SUITE OF VERTICAL MARKET APPLICATIONS TO PRODUCT END-USERS AND HAS PROVEN EXPERTISE IN ONE OR MORE VERTICAL MARKETS SPECIFIED IN SYMBOL'S INTEGRATOR PROGRAM GUIDELINES.

1.2.2 "HARDWARE INTEGRATOR." A SYMBOL INTEGRATOR THAT OFFERS AUTOMATIC IDENTIFICATION APPLICATIONS TO PRODUCT END-USERS INCLUDING HARDWARE INTEGRATION SERVICES.

1.2.3 "SOLUTIONS INTEGRATOR." A SYMBOL INTEGRATOR THAT OFFERS INTEGRATION SERVICES FOR NETWORK AND VERTICAL APPLICATIONS, INCLUDING SOFTWARE DEVELOPMENT SERVICES FOR INTEGRATION OF AUTOMATIC IDENTIFICATION AND RADIO FREQUENCY SOLUTIONS INTO ENTERPRISE SYSTEMS.

1.3 "AGENT," ANY ENTITY THAT IS NOT AN EMPLOYEE OF THE INTEGRATOR.

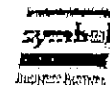
1.4 "TERRITORY" IS NORTH AMERICA AND SPECIFICALLY, THE UNITED STATES AND CANADA, AND DOES NOT INCLUDE MEXICO.

2.0 SCOPE. SYMBOL GRANTS THE INTEGRATOR A NON-EXCLUSIVE RIGHT TO PURCHASE PRODUCTS AND LICENSED SOFTWARE, AT DISCOUNTS SET FORTH IN THE ATTACHED SCHEDULE C, FOR RESALE DIRECTLY TO THE INTEGRATOR'S END-USER CUSTOMERS LOCATED WITHIN THE TERRITORY. INTEGRATOR SHALL NOTIFY SYMBOL OF ITS INTENT TO RESELL PRODUCT TO A CUSTOMER THAT IS OUTSIDE THE TERRITORY BY WAY OF THE SYMBOL MULTINATIONAL RESELLER PROGRAM. THE INTEGRATOR'S PARTICIPATION IN THE SYMBOL MULTINATIONAL PROGRAM IS SUBJECT TO SYMBOL'S REVIEW AND WRITTEN APPROVAL.

2.1 THE INTEGRATOR SHALL NOT RESELL PRODUCT TO OR THROUGH AGENTS.

2.2 IN EXCHANGE FOR SUCH RIGHT, INTEGRATOR SHALL CONTRIBUTE ONE OR MORE VALUE-ADD SERVICES FOR PRODUCT, WHICH ARE DEFINED IN SECTION 1.0.

2.3 THE INTEGRATOR SHALL SUBMIT, FOR SYMBOL REVIEW AND APPROVAL, THE RESELLER APPLICATION, CREDIT APPLICATION, TAX EXEMPTION CERTIFICATE, EDUCATION PROFILE, PRODUCT MARKETING PLAN, AND OTHER INFORMATION REASONABLY REQUIRED BY SYMBOL TO QUALIFY RESELLER.



2.4 SUBSEQUENT TO THE INITIAL SUBMITTAL, UPON SYMBOL'S REQUEST, THE INTEGRATOR SHALL PROVIDE SYMBOL WITH ANNUAL UPDATES TO INTEGRATOR'S PRODUCT MARKETING PLAN. EACH PRODUCT MARKETING PLAN SHALL INCLUDE INFORMATION IN SUPPORT OF THE INTEGRATOR'S RESPONSIBILITIES SET FORTH IN THIS AGREEMENT.

2.5 THE INTEGRATOR SHALL HAVE APPROPRIATELY TRAINED STAFF TO SELL AND SUPPORT THE PRODUCTS TO ITS END-USER CUSTOMERS. THE INTEGRATOR SHALL HAVE FULL RESPONSIBILITY AND LIABILITY FOR END-USER INSTALLATIONS. THE INTEGRATOR SHALL BE RESPONSIBLE FOR ALL EXPENSES IT INCURS IN SUPPORT OF ITS END-USERS.

2.6 THE INTEGRATOR SHALL CONDUCT BUSINESS IN ITS OWN NAME AS AN INDEPENDENT CONTRACTOR AND SHALL NOT REPRESENT ITSELF AS AN EMPLOYEE OR AGENT OF SYMBOL.

2.7 THE INTEGRATOR SHALL ATTEND AND SUCCESSFULLY COMPLETE CERTIFICATION TRAINING FOR ALL PRODUCT PLATFORMS TO BE RESOLD. TRAINING IS AT INTEGRATOR'S SOLE EXPENSE.

2.8 THE INTEGRATOR IS NOT AUTHORIZED TO RESELL USED PRODUCT OR PRODUCT THAT HAS BEEN PREVIOUSLY SOLD WITHOUT SYMBOL'S PRIOR EXPRESS WRITTEN PERMISSION.

2.9 THE INTEGRATOR SHALL FURNISH TO SYMBOL A (I) MONTHLY INVENTORY REPORT, AND (II) A MONTHLY SALES-OUT REPORT IN A FORMAT SPECIFIED BY SYMBOL, DUE BY THE 5TH BUSINESS DAY OF EACH MONTH FOR THE PREVIOUS THIRTY (30) DAY PERIOD. THE REPORTS SPECIFIED IN THIS SECTION SHALL BE IN A FORMAT PRESCRIBED BY SYMBOL. SYMBOL RESERVES THE RIGHT TO REASONABLY MODIFY THE INTEGRATOR'S REPORT REQUIREMENTS FROM TIME TO TIME WITH PRIOR WRITTEN NOTICE.

2.10 THE INTEGRATOR SHALL NOT RECRUIT AN AUTHORIZED SYMBOL RESELLER WITHOUT SYMBOL'S PRIOR WRITTEN CONSENT.

2.11 AN INTEGRATOR THAT HAS MATERIALLY INFLUENCED THE DIRECT SALE OF PRODUCTS, AND UPON MEETING SYMBOL'S THEN-CURRENT PROGRAM CRITERIA, MAY QUALIFY FOR REFERRAL CREDIT AS ESTABLISHED BY

SYMBOL. SYMBOL'S REFERRAL PROGRAM IS SUBJECT TO CHANGE AT SYMBOL'S SOLE OPTION AND DISCRETION.

2.12 THE INTEGRATOR AGREES NOT TO INTENTIONALLY ENGAGE IN ACTIVITIES WHICH MAY DIMINISH SYMBOL'S RIGHTS OR INDUSTRY STANDING.

2.13 THE INTEGRATOR SHALL ADVISE SYMBOL IN WRITING WITHIN THIRTY (30) DAYS OF THE EFFECTIVE DATE OF CHANGES IN MAJORITY OWNERSHIP OR LEGAL ADDRESS.

2.14 THE INTEGRATOR SHALL HAVE A HELP DESK AVAILABLE FOR ITS END-USER CUSTOMERS AS WELL AS TECHNICAL AND SALES SUPPORT FOR THE PRODUCTS. THE INTEGRATOR MAY ALSO BE REQUIRED, AS PRESCRIBED BY THE SPECIFIC PRODUCTS PURCHASED FOR RESALE, TO PROVIDE ITS END-USER CUSTOMERS WITH PRODUCT CONFIGURATION SUPPORT, DIAGNOSTICS SUPPORT, INSTALLATION SERVICES, AND OTHER PROFESSIONAL SERVICES.

3.0 PURCHASE ORDERS: A PURCHASE ORDER FOR PRODUCT ("ORDER") IS REQUIRED AND SUBJECT TO SYMBOL ACCEPTANCE. AN ORDER IS BOUND BY AND SUBJECT TO THE PROVISIONS OF THIS AGREEMENT, SYMBOL'S *BUSINESS PARTNER'S GUIDE FOR ORDER PLACEMENT AND PRODUCT RETURNS*, AND OTHER PROGRAM GUIDELINES ISSUED BY SYMBOL TO INTEGRATOR FROM TIME TO TIME DURING THE TERM OF THIS AGREEMENT. NO OTHER TERMS AND CONDITIONS OTHER THAN THOSE SET FORTH HEREIN SHALL APPLY TO AN ORDER. IN THE EVENT OF A CONFLICT IN TERMS, THOSE CONTAINED HEREIN SHALL PREVAIL.

3.1 AN ORDER SHALL SPECIFY, AT A MINIMUM, CALENDAR DELIVERY DATE, COMPLETE DELIVERY AND BILLING LOCATION, PRODUCT MODEL NUMBER AND DESCRIPTION, SYMBOL PART NUMBER, QUANTITY, UNIT LIST PRICE, AUTHORIZED DISCOUNT AND RESALE/TAX IDENTIFICATION NUMBER. AN ORDER RECEIVED WITHOUT THIS INFORMATION MAY BE RETURNED TO INTEGRATOR FOR COMPLETION OR FULFILLED AT SYMBOL'S REASONABLE DISCRETION.

3.2 IN THE EVENT THE INTEGRATOR REQUESTS SYMBOL DELAY DELIVERY OF THE PRODUCT WITH LESS THAN THIRTY (30) DAYS WRITTEN NOTICE PRIOR TO SCHEDULED SHIPMENT DATE, THE INTEGRATOR SHALL BE SUBJECT TO A FIFTEEN (15%) PERCENT CHARGE BASED

UPON THE CURRENT CONTRACT PRICE OF THE PRODUCT(S) AFFECTED.

4.0 PRICE DISCOUNTS. THE INTEGRATOR'S INITIAL PRODUCT DISCOUNT LEVEL SHALL BE DETERMINED BY SYMBOL BASED UPON INTEGRATOR'S PRODUCT MARKETING PLAN AND APPLICATION INFORMATION.

4.1 UPON COMPLETION OF EACH TWELVE-MONTH TERM, SYMBOL SHALL REVIEW THE INTEGRATOR'S DISCOUNT LEVEL, WHICH SHALL BE BASED UPON ACTUAL NET REVENUE AND THE INTEGRATOR'S COMPLIANCE WITH THE TERMS AND CONDITIONS SET FORTH IN THIS AGREEMENT. SYMBOL RESERVES THE RIGHT TO AMEND INTEGRATOR'S RESELLER STATUS AS A RESULT OF SUCH REVIEW.

4.2 MODIFICATIONS TO PRODUCT LIST PRICE MAY OCCUR FROM TIME TO TIME IN THE EVENT OF A: (1) **PRICE DECREASE** - THE INTEGRATOR'S ACCOUNT SHALL BE CREDITED, SUBJECT TO VERIFICATION BY SYMBOL, FOR EACH UNSOLD UNIT IN THE INTEGRATOR'S INVENTORY ON THE EFFECTIVE DATE OF THE DECREASE; A UNIT MUST BE UNUSED, UNDAMAGED AND HAVE BEEN SHIPPED FROM SYMBOL TO INTEGRATOR NO MORE THAN SIX (6) MONTHS BEFORE THE PRICE DECREASE. FIRM, ACCEPTED ORDERS IN BACKLOG OR ORDERS RECEIVED BY SYMBOL SUBSEQUENT TO THE EFFECTIVE DATE OF THE PRICE DECREASE WILL BE INVOICED AT THE NEW, REDUCED PRICE. (2) **PRICE INCREASE** - FIRM, ACCEPTED ORDERS IN BACKLOG, AND ORDERS RECEIVED BY SYMBOL WITHIN NINETY (90) DAYS OF THE EFFECTIVE DATE OF THE INCREASE, WILL BE INVOICED AT THE ORIGINAL PRICE, PROVIDED THE SHIP DATE IS WITHIN NINETY (90) DAYS OF THE EFFECTIVE DATE OF THE INCREASE. THE PRICE INCREASE WILL APPLY TO UNSHIPED ORDERS IN BACKLOG AFTER NINETY (90) DAYS.

5.0 STANDARD PRODUCT SUPPORT. SYMBOL SHALL PROVIDE THE INTEGRATOR WITH ITS STANDARD PRODUCT PROMOTIONAL MATERIALS. CUSTOMER SERVICE PRODUCT SUPPORT IS AVAILABLE TO THE INTEGRATOR BY TELEPHONE DURING SYMBOL STANDARD BUSINESS HOURS.

6.0 USE OF TRADEMARKS/TRADE NAMES. SYMBOL HAS THE EXCLUSIVE WORLDWIDE RIGHTS TO ITS TRADEMARKS AND TRADE NAMES. THIS AGREEMENT DOES NOT AUTHORIZE USE OR DUPLICATION BY THE INTEGRATOR OR ANY THIRD PARTY OF SYMBOL

TRADEMARKS OR TRADE NAMES WITHOUT SYMBOL'S PRIOR REVIEW AND WRITTEN APPROVAL. NOTWITHSTANDING THE FOREGOING, THE INTEGRATOR MAY USE THE APPROPRIATE SYMBOL PARTNER MARK FOR WHICH THE INTEGRATOR QUALIFIES AND INTEGRATOR SHALL ONLY USE SUCH MARK AS PRESCRIBED IN THE THEN-CURRENT RELEASE OF THE "SYMBOL PARTNER MARK USAGE GUIDE".

7.0 SERVICE. INTEGRATOR IS REQUIRED BY SYMBOL TO PROVIDE ITS CUSTOMERS WITH, OR ARRANGE FOR, FIRST TIER, INITIAL SERVICE FOR THE PRODUCTS. INTEGRATOR MAY ALSO OFFER ITS END-USER CUSTOMERS SYMBOL DIRECT SERVICE OPTIONS FOR WHICH INTEGRATOR MAY QUALIFY FOR A REFERRAL FEE PROVIDED ALL THEN-CURRENT PROGRAM CRITERIA IS SATISFIED.

8.0 PRODUCT DISCONTINUANCE. SYMBOL MAY, FROM TIME TO TIME, AT ITS SOLE DISCRETION, DISCONTINUE THE MANUFACTURE AND SALE OF ANY PRODUCT. SYMBOL SHALL PROVIDE NINETY (90) DAYS WRITTEN NOTICE TO THE INTEGRATOR PRIOR TO DISCONTINUANCE OF ANY PRODUCT ("NOTICE OF DISCONTINUANCE"). THE INTEGRATOR SHALL BE ENTITLED TO RETURN ITS THEN-CURRENT STOCK OF SUCH PRODUCT IN ACCORDANCE WITH THE PROCEDURES OF THIS SECTION AND OF SECTION 9 ("STANDARD PRODUCT RETURN") AND WILL NOTIFY SYMBOL OF INTEGRATOR'S WRITTEN INTENT TO RETURN DISCONTINUED PRODUCT. WITHIN THIRTY (30) DAYS OF INTEGRATOR'S RECEIPT OF SYMBOL'S WRITTEN RETURN AUTHORIZATION, INTEGRATOR MUST RETURN THE DISCONTINUED PRODUCT FOR CREDIT AGAINST FUTURE PURCHASES ONLY, PROVIDED, UPON SYMBOL INSPECTION, THE RETURNED PRODUCT IS UNUSED, UNDAMAGED AND IN THE ORIGINAL PACKAGING.

9.0 STANDARD PRODUCT RETURN. PRODUCT RECEIVED BY INTEGRATOR WITHIN SEVEN (7) BUSINESS DAYS OF THE DATE THE RETURN IS REQUESTED WILL BE ACCEPTED BY SYMBOL WITHOUT A RESTOCKING CHARGE PROVIDING RETURN AUTHORIZATION HAS BEEN GRANTED. PRODUCT DELIVERED TO THE INTEGRATOR THIRTY (30) DAYS PRIOR TO RECEIPT OF THE RETURN REQUEST BUT MORE THAN SEVEN (7) DAYS IS ELIGIBLE FOR RETURN WITH A RESTOCKING CHARGE OF FIFTEEN PERCENT (15%) OF INTEGRATOR'S PRICE IF APPROVED BY SYMBOL. PRODUCT PURCHASED MORE THAN THIRTY (30) DAYS PRIOR TO RECEIPT OF THE REQUEST IS NOT ELIGIBLE FOR CREDIT. THE INTEGRATOR'S REQUEST

MUST STATE A VALID BUSINESS REASON FOR THE RETURN OF PRODUCT IN ORDER TO OBTAIN A RETURN AUTHORIZATION NUMBER. THE INTEGRATOR MUST PROVIDE COMPLETE, VALID SERIAL NUMBERS OF PRODUCT AND THE ASSOCIATED INVOICE NUMBER. PRODUCT ELIGIBLE FOR RETURN CREDIT MUST BE NEW, UNSOLD, UNDAMAGED AND IN THE ORIGINAL PACKAGING. DAMAGED OR USED PRODUCT IS NOT ELIGIBLE FOR CREDIT. PRODUCTS THAT HAVE BEEN DISCONTINUED OR OBSOLETE ARE NOT ELIGIBLE FOR RETURN OR STOCK ROTATION.

9.1 CREDITS FOR RETURNED PRODUCT. PRODUCT RETURNS SHALL BE CREDITED AT FULL VALUE. WHEN PROCESSING RETURNS WITH A FIFTEEN PERCENT (15%) RESTOCKING CHARGE, THE RESTOCKING FEE WILL BE DEDUCTED FROM THE INTEGRATOR'S NET CREDIT AMOUNT. CREDIT FOR RETURNED PRODUCT WILL BE APPLIED TO THE INTEGRATOR'S ACCOUNT WITHIN FIFTEEN (15) DAYS OF RECEIPT AND ACCEPTANCE OF THE PRODUCT AT THE SYMBOL-DESIGNATED LOCATION. CREDIT IS ISSUED BY SYMBOL TOWARD PRODUCT PURCHASE PROVIDED SUCH PRODUCT PURCHASE OCCURS WITHIN SIXTY (60) DAYS OF SYMBOL'S RECEIPT OF RETURNED PRODUCT. RETURNED PRODUCT MUST BE SHIPPED PREPAID TO THE SYMBOL-DESIGNATED LOCATION WITHIN SEVEN (7) BUSINESS DAYS OF RECEIPT OF RETURN AUTHORIZATION. INTEGRATOR IS RESPONSIBLE FOR THE ORIGINAL FREIGHT CHARGES.

9.2 OUT OF BOX FAILURE. AN OUT-OF-BOX PRODUCT FAILURE IS ELIGIBLE FOR DUPLICATE PRODUCT EXCHANGE ONLY, UPON INTEGRATOR'S REQUEST FOR RETURN AND SYMBOL'S ISSUANCE OF A RETURN AUTHORIZATION, IN ACCORDANCE WITH THE PROCEDURES OUTLINED IN SECTION 9.0 OF THIS AGREEMENT. SUCH RETURNS ARE NOT ELIGIBLE FOR CREDIT.

9.3 CUSTOM PRODUCT. CUSTOM PRODUCT IS NOT RETURNABLE. CUSTOM PRODUCT IS PRODUCT MODIFIED TO MEET A SPECIFIC REQUIREMENT OF INTEGRATOR AND NOT ORDINARILY SOLD BY SYMBOL IN THE MODIFIED FORM.

10.0 PROPRIETARY INFORMATION. PROPRIETARY INFORMATION EXCHANGED BY THE PARTIES SHALL BE GOVERNED BY SCHEDULE B TO THIS AGREEMENT. PROPRIETARY INFORMATION SHALL INCLUDE, BUT IS NOT LIMITED TO, THE PROVISIONS OF THIS AGREEMENT, NON-STANDARD PRODUCT DOCUMENTATION, PROGRAM MATERIALS, DEMONSTRATION PRODUCT, TRAINING DATA, PRODUCT PRICING AND DISCOUNTS.

11.0 ASSIGNMENT. THIS AGREEMENT IS PERSONAL BETWEEN SYMBOL AND THE INTEGRATOR. NEITHER PARTY MAY ASSIGN OR TRANSFER THIS AGREEMENT, IN WHOLE OR IN PART, WITHOUT PRIOR WRITTEN CONSENT OF THE OTHER.

12.0 TERM & TERMINATION.

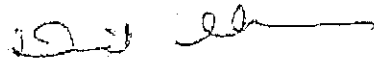
12.1 TERM. THE TERM OF THE AGREEMENT IS TWELVE (12) MONTHS FROM THE EFFECTIVE DATE OF JANUARY 1, 2001, TO ESTABLISH THE INTEGRATOR'S PURCHASE VOLUME APPLICABLE TO SYMBOL'S PROGRAM REQUIREMENTS. RENEWALS SHALL BE FOR TWELVE (12) MONTH TERMS AND SHALL BE AUTOMATIC, EXCEPT THAT SYMBOL MAY REQUEST THE INTEGRATOR TO PROVIDE ANNUAL UPDATES TO INFORMATION REQUIRED IN THIS AGREEMENT TO QUALIFY INTEGRATOR FOR A RENEWAL TERM.

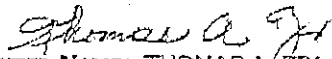
12.2 TERMINATION. THE AGREEMENT MAY BE TERMINATED BY EITHER PARTY PROVIDED A WRITTEN NOTICE IS FURNISHED TO THE OTHER PARTY NO LESS THAN THIRTY (30) DAYS PRIOR TO THE EFFECTIVE DATE OF CANCELLATION. THE AGREEMENT SHALL ALSO TERMINATE IN THE EVENT OF ANY OF THE FOLLOWING, EFFECTIVE THIRTY (30) DAYS FROM RECEIPT OF WRITTEN NOTICE: (A) FAILURE TO CURE A MATERIAL BREACH WITHIN TWENTY (20) BUSINESS DAYS FROM RECEIPT OF NOTIFICATION OF SUCH BREACH; (B) INSOLVENCY OR FILING TO SEEK RELIEF FROM CREDITORS; (C) UPON MUTUAL AGREEMENT OF THE PARTIES IN A WRITING SIGNED BY BOTH PARTIES.

IN WITNESS WHEREOF, THE PARTIES HAVE SET THEIR SIGNATURES AS OF THE DATES SET FORTH. THE EFFECTIVE DATE OF THE AGREEMENT IS JANUARY 1, 2001.

BARCODE SYSTEMS

SYMBOL TECHNOLOGIES, INC.:

By: 
PRINTED NAME: DAVID SOKOLOW
TITLE: PRESIDENT
DATE: 01/30/2001

By: 
PRINTED NAME: THOMAS AZIZ
TITLE: DIRECTOR, CHANNEL OPERATIONS
DATE: JAN 30, 2001

SCHEDULE A to INTEGRATOR AGREEMENT
Additional Standard Terms and Conditions of Sales and Service

13. Terms of Payment. (A) For Products - Terms of payment are net forty-five (45) days from date of shipment, subject to the approval by Seller of the amount and terms of credit. Seller reserves the right at any time to revoke any credit extended to Buyer if payment is in arrears for more than thirty (30) days after notice to Buyer or Buyer's credit does not warrant further extension of credit. Each shipment shall be invoiced and paid for when due without regard to other scheduled deliveries. (B) For Service - Payment terms for the purchase of Seller's service are thirty (30) days net from the date of Seller's invoice. Invoices will be provided by Seller in advance of the applicable billing period. Buyer shall have the option of purchasing an extended billing option at a discount for additional years of service coverage with a service agreement that is executed annually. In such event, Buyer shall pre-pay the total value of that contract for the entire coverage period. Service costs are the basic monthly charges for the product and associated service. These charges do not include applicable taxes or Seller's imposed charges for zones, response times, custom service options or extended hours of coverage. Basic monthly charges will remain as listed during the initial service term. Any service provided to the Buyer by Seller that is outside the scope of the Service Agreement will be invoiced as incurred at Buyer's time and material rates prevailing at the time such service is provided. (C) Seller reserves the right at any time to revoke any credit extended to Buyer if payment is in arrears for more than thirty (30) days after notice to Buyer or Buyer's credit does not warrant further extension of credit.

14. Title & Delivery. (A) At Seller's option, shipment will be FOB Seller's Long Island, NY plant, or its plant of manufacture. Risk of loss or damage shall pass from Seller to Buyer upon delivery to common carrier or Buyer's representative at the FOB point, Seller's Long Island, NY factory or its plant of manufacture. Buyer shall have the responsibility to pay for insurance; all claims for damage must be filed by Buyer directly with carrier; (B) Absent specific instructions, Seller will select the carrier for shipment, but by doing so, will not thereby assume any liability in connection with shipment nor shall the carrier in any way be construed to be the agent of Seller; (C) Seller shall not be liable for any damages or penalty for delay caused solely by transportation or failure to give notice of such delay.

15. Taxes. Prices are exclusive of all federal, state, municipal or other government excise, custom duties, sales, use, occupational or like taxes in force and any such taxes shall be assumed and paid for by Buyer. In

order to exempt a sale from sales or use tax liability, Buyer will supply a certificate of exemption or similar document to Seller at the time of order placement.

16. Software. All software (including firmware) furnished to Buyer is on a licensed basis. Seller grants to Buyer a non-transferable and non-exclusive license to use each software or firmware program delivered hereunder ("Licensed Program"). Each such license granted authorizes Buyer to use the Licensed Program in machine-readable form only, and in the case of software supplied with hardware, only on systems supplied by Seller to Buyer under this Agreement. Such license may not be assigned, sublicensed or otherwise transferred by Buyer without prior written consent of Seller, except that, regarding any Licensed Program embodied in a product, the transfer of such product shall convey to Buyer's transferee a license to use such Licensed Program under terms commensurate with the license set forth in this Agreement. No right to copy a Licensed Program in whole or in part is granted except as permitted under the Copyright Law. Buyer shall not modify, merge, or incorporate any form or portion of a Licensed Program with other program material, create a derivative work from a Licensed Program, or use a Licensed Program in a network. Buyer agrees to maintain Seller's copyright notice on the Licensed Programs delivered hereunder, and to include the same on any authorized copies it makes, in whole or in part. Buyer agrees not to decompile, disassemble, decode or reverse engineer any Licensed Program delivered to Buyer or any portion thereof.

17. Infringement Indemnification. Seller shall defend any claim, suit or proceeding brought against Buyer insofar as it is based on a claim that the use or transfer of any product delivered hereunder constitutes an infringement of a United States patent or copyright in existence as of the date of delivery of the product to Buyer (an "Infringement Claim") so long as Seller is notified promptly in writing by Buyer as to any such action and is given full authority, information and assistance (at Seller's expense) for the defense. In addition to Seller's obligation to defend, Seller shall pay all damages and costs (except consequential damages) awarded therein against Buyer. The obligations set forth above shall not, however, extend to products delivered hereunder which would give rise to a claim, suit, proceeding, finding or conclusion solely for contributory infringement or inducement of infringement. Seller shall not be responsible for any compromise made by Buyer without its consent. Notwithstanding the foregoing, in the event of an infringement claim, Seller's obligation under this

PARAGRAPH SHALL BE FULFILLED, AT SELLER'S SOLE OPTION AND EXPENSE, IF SELLER AT ANYTIME: (A) OBTAINS A LICENSE FOR BUYER TO CONTINUE THE USE OR TO SELL THE INFRINGING PRODUCT PURCHASED FROM SELLER; OR (B) REFUNDS THE PURCHASE PRICE PAID TO SELLER BY BUYER FOR SUCH INFRINGING PRODUCT LESS A REASONABLE AMOUNT FOR USE, DAMAGE, OR OBSOLESCENCE, AND REMOVES SUCH PRODUCT; OR (C) REPLACES OR MODIFIES THE INFRINGING PRODUCT SO AS TO BE SUBSTANTIALLY FUNCTIONALLY EQUIVALENT TO THE INFRINGING PRODUCT BUT NON-INFRINGING. BUYER AGREES THAT THE FOREGOING INDEMNIFICATION SHALL NOT APPLY AND MOREOVER, SHALL BE EXTENDED TO SELLER FOR ANY CLAIM OF U.S. PATENT INFRINGEMENT WHICH MAY BE BROUGHT AGAINST SELLER BECAUSE OF COMPLIANCE WITH BUYER'S PARTICULAR DESIGN REQUIREMENTS, SPECIFICATIONS OR INSTRUCTIONS. BUYER GRANTS TO SELLER THE BENEFIT OF ANY LICENSE TO BUYER UNDER ANY PATENT WHICH MAY BE THE SUBJECT OF AN INFRINGEMENT ALLEGATION HEREUNDER TO THE EXTENT PERMITTED BY SAID LICENSE.

SELLER SHALL HAVE NO LIABILITY TO BUYER UNDER THIS PARAGRAPH IF ANY INFRINGEMENT CLAIM IS BASED UPON THE (I) USE OF PRODUCTS DELIVERED HEREUNDER IN CONNECTION OR IN COMBINATION WITH EQUIPMENT, DEVICES OR SOFTWARE NOT DELIVERED BY SELLER, OR (II) USE OF PRODUCTS DELIVERED HEREUNDER IN A MANNER FOR WHICH THE SAME WERE NOT DESIGNED, OR (III) MODIFICATION BY BUYER OF PRODUCTS DELIVERED HEREUNDER TO THE EXTENT SUCH MODIFICATION IS THE CAUSE OF THE CLAIM OR SUIT. SELLER SHALL FURTHER HAVE NO LIABILITY TO BUYER FOR ANY INFRINGEMENT CLAIM BASED ON BUYER'S USE OR TRANSFER OF THE PRODUCT DELIVERED HEREUNDER AFTER SELLER'S NOTICE THAT BUYER SHALL CEASE USE OR TRANSFER OF SUCH PRODUCT DUE TO SUCH CLAIM. EXCEPT AS STATED ABOVE, SELLER DISCLAIMS ALL WARRANTIES AND INDEMNITIES, EXPRESS, IMPLIED OR STATUTORY, FOR PATENT OR COPYRIGHT INFRINGEMENT.

18. WARRANTY. (A) SELLER'S STANDARD SCANNER AND TERMINAL PRODUCTS ARE WARRANTED AGAINST DEFECTS IN WORKMANSHIP AND MATERIALS FOR A PERIOD OF FIFTEEN (15) MONTHS FROM THE DATE OF SHIPMENT, PROVIDED THE PRODUCT REMAINS UNMODIFIED AND IS OPERATED UNDER NORMAL AND PROPER CONDITIONS. THE SOLE OBLIGATION OF SELLER FOR DEFECTIVE HARDWARE PRODUCTS IS LIMITED TO REPAIR OR REPLACEMENT (AT SELLER'S OPTION) ON A "RETURN TO FACTORY" BASIS WITH PRIOR SELLER AUTHORIZATION. SHIPMENT TO AND FROM SELLER WILL BE AT SELLER'S EXPENSE, UNLESS NO DEFECT IS FOUND. NO CHARGE WILL BE MADE TO BUYER FOR REPAIR OR REPLACEMENT PARTS. (B) THE AFOREMENTIONED PROVISIONS DO NOT EXTEND THE ORIGINAL WARRANTY PERIOD OF ANY PRODUCT THAT HAD EITHER BEEN REPAIRED OR REPLACED BY SELLER. (C) THE ABOVE WARRANTY SHALL NOT APPLY TO ANY PRODUCT (I) WHICH HAS BEEN REPAIRED OR ALTERED, EXCEPT BY SELLER; (II) WHICH HAS NOT BEEN MAINTAINED IN ACCORDANCE WITH ANY OPERATING OR HANDLING INSTRUCTIONS SUPPLIED BY SELLER, OR (III) WHICH

HAS BEEN SUBJECTED TO UNUSUAL PHYSICAL OR ELECTRICAL STRESS, MISUSE, ABUSE, NEGLIGENCE OR ACCIDENT. EXCEPT FOR THE WARRANTY OF TITLE AND THE EXPRESS WARRANTIES STATED ABOVE, SELLER DISCLAIMS ALL WARRANTIES ON PRODUCTS FURNISHED HEREUNDER INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE. THE STATED EXPRESS WARRANTIES ARE IN LIEU OF ALL OBLIGATIONS OR LIABILITIES ON THE PART OF SELLER FOR DAMAGES, INCLUDING BUT NOT LIMITED TO, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE PRODUCT OR SERVICE. SELLER'S LIABILITY FOR DAMAGES TO BUYER OR OTHERS RESULTING FROM THE USE OF ANY PRODUCT OR SERVICE FURNISHED HEREUNDER SHALL IN NO WAY EXCEED THE PURCHASE PRICE OF SAID PRODUCT OR THE FAIR MARKET VALUE OF SAID SERVICE, EXCEPT IN INSTANCES OF INJURY TO PERSONS OR PROPERTY.

19. NOTICES. NOTICES AND OTHER REQUIRED COMMUNICATIONS SHALL BE IN WRITING, SENT BY COURIER, CERTIFIED MAIL, TO THE ADDRESSES NOTED ABOVE, OR SHALL BE ELECTRONICALLY TRANSMITTED EITHER BY TELEFACSIMILE OR ELECTRONIC MAIL TO PERSONS DESIGNATED BY THE PARTIES, AND SHALL BE DEEMED TO HAVE BEEN DULY GIVEN UPON RECEIPT THEREOF. EITHER PARTY MAY CHANGE THE ADDRESS, NAMES OR TITLES OF THE DESIGNATED PERSON BY SENDING WRITTEN NOTICE IN ADVANCE OF THE EFFECTIVE DATE OF SUCH CHANGES IN THE MANNER SET FORTH ABOVE.

20. SERVICE CHANGES; RENEWALS. (A) SELLER'S PRODUCTS TO BE SERVICED ARE LISTED BY SELLER'S PRODUCT NUMBER AND SERIAL NUMBER. SOFTWARE IS LISTED BY SELLER'S PRODUCT NUMBER AND QUANTITY. (B) BUYER MAY REQUEST TO CHANGE THE LIST OF ITEMS SERVICED BY SELLER UNDER THE SERVICE AGREEMENT BY ADDRESSING THOSE CHANGES IN WRITING TO SELLER AT THE ABOVE ADDRESS, ATTN: SERVICE CONTRACT ADMINISTRATION. CHANGES ARE EFFECTIVE UPON BUYER'S REQUEST DATE OR RECEIPT OF SUCH CHANGES SHOULD A REQUEST DATE NOT BE PROVIDED. (C) UPON BUYER'S AUTHORIZATION, SERVICE RENEWAL COVERAGE BEGINS UPON THE EXPIRATION DATE OF THE INITIAL COVERAGE PERIOD. A SERVICE RENEWAL IS ANNUAL UNLESS OTHERWISE AGREED IN WRITING. SERVICE RENEWAL REQUIRES BUYER'S COMPLIANCE WITH SELLER'S PAYMENT TERMS.

21. SECURITY INTEREST. BUYER GRANTS TO SELLER A PURCHASE MONEY SECURITY INTEREST IN THE PRODUCTS PURCHASED BY BUYER UNTIL SELLER IS PAID IN FULL. UNTIL SUCH PAYMENT, SELLER MAY FILE WITH THE APPROPRIATE AUTHORITIES A COPY OF THE AGREEMENT AS A FINANCING STATEMENT OR SELLER MAY SIGN AND FILE A FINANCING STATEMENT STRICTLY ON BEHALF OF BUYER, AND BUYER HEREBY APPOINTS SELLER AS ITS AGENT AND ATTORNEY-IN-FACT FOR THIS PURPOSE.

22. FORCE MAJEURE. SHIPPING DATES ACKNOWLEDGED BY SELLER ARE APPROXIMATE AND SELLER WILL NOT BE LIABLE FOR ANY LOSS OR DAMAGE DUE TO ITS FAILURE TO MEET SCHEDULED SHIPPING DATES. SELLER SHALL IN NO EVENT BE LIABLE FOR ANY DELAY OR DEFAULT IN ITS PERFORMANCE OF ANY OBLIGATION UNDER THIS AGREEMENT CAUSED DIRECTLY OR INDIRECTLY BY AN ACT OR OMISSION OF BUYER, FIRE, FLOOD, ACT OF GOD, ACTS OF GOVERNMENT, AN ACT OR OMISSION OF CIVIL OR MILITARY AUTHORITY OF A STATE OR NATION, STROKE, LOCKOUT OR OTHER LABOR PROBLEM, INABILITY TO SECURE, DELAY IN SECURING OR SHORTAGE OF LABOR, MATERIALS, SUPPLIES, TRANSPORTATION OR ENERGY, FAILURES OF SUBCONTRACTORS OR SUPPLIERS, OR BY WAR, RIOT, EMBARGO OR CIVIL DISTURBANCE, BREAKDOWN, OR DESTRUCTION OF PLAN OR EQUIPMENT ARISING FROM ANY CAUSE WHATSOEVER, OR ANY CAUSE OR CAUSES BEYOND SELLER'S REASONABLE CONTROL. AT SELLER'S OPTION AND FOLLOWING NOTICE TO BUYER, ANY OF THE FOREGOING CAUSES SHALL BE DEEMED TO SUSPEND SUCH OBLIGATIONS OF SELLER AS LONG AS ANY SUCH CAUSE SHALL PREVENT OR DELAY PERFORMANCE, AND SELLER AGREES TO MAKE AND BUYER AGREES TO ACCEPT PERFORMANCE OF SUCH OBLIGATIONS WHENEVER SUCH CAUSE HAS BEEN REMEDIED.

23. DISPUTES. IF LEGAL PROCEEDINGS ARE COMMENCED TO RESOLVE A DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER ALL OF ITS COSTS, ATTORNEY FEES, AND EXPERT WITNESS FEES, INCLUDING ANY REASONABLE COSTS OR ATTORNEY FEES IN CONNECTION WITH ANY APPEALS.

24. ENTIRE AGREEMENT; NO WAIVER. THIS AGREEMENT, ALONG WITH THE SCHEDULES, CONSTITUTES THE ENTIRE AGREEMENT AND UNDERSTANDINGS BETWEEN THE PARTIES AS TO THE SUBJECT MATTER THEREOF, AND SUPERSEDES AND REPLACES ALL PRIOR OR CONTEMPORANEOUS AGREEMENTS, WRITTEN OR ORAL, AS TO SUCH SUBJECT MATTER. EXCEPT AS SET FORTH IN THIS AGREEMENT, NO ATTEMPTED VARIATION, MODIFICATION OR WAIVER OF ANY PROVISION OF THIS AGREEMENT SHALL HAVE ANY FORCE OR EFFECT UNLESS CONSENTED TO IN WRITING SIGNED BY THE PARTY AGAINST WHOM ENFORCEMENT THEREOF IS SOUGHT. SUCH VARIATION, MODIFICATION OR WAIVER SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE CONSENTED TO. A FAILURE BY ANY PARTY TO EXERCISE OR DELAY IN EXERCISING ANY RIGHT OR POWER CONFERRED UPON IT IN THIS AGREEMENT SHALL NOT OPERATE AS A WAIVER OF ANY SUCH RIGHT OR POWER.

25. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF AND EXCLUDING THE CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, IN THE COUNTY OF SUFFOLK, NEW YORK, AND TO THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK, AND TO THE RESPECTIVE APPELLATE COURTS THEREOF IN CONNECTION WITH ANY APPEAL THEREFROM.

26. MISCELLANEOUS. (A) THE SECTION HEADINGS USED HEREIN ARE FOR DESCRIPTIVE PURPOSES ONLY AND SHALL NOT BE USED IN CONSTRUING THE PROVISIONS OF THIS AGREEMENT. (B) SERVICE EXCLUSIONS. SERVICE AGREEMENT COVERAGE DOES NOT INCLUDE PHYSICAL DAMAGE, MISUSE, UNAUTHORIZED ALTERATIONS OR ATTEMPTS TO REPAIR, ABNORMAL OPERATING ENVIRONMENTS, MAN-MADE OR NATURAL DISASTERS, DIRECT LIGHTNING DAMAGE, NOR CONSUMABLE ITEMS SUCH AS TAPES, DISKETTES, RIBBONS, PAPER, CABLES, PRINT HEADS, BATTERIES OR CHARGERS, AND ANY ASSOCIATED EQUIPMENT OR SYSTEM EXCEPT AS AFFECTED BY THE PARTICULAR COVERED PRODUCT, UNLESS ALSO SPECIFICALLY COVERED. (C) RIGHT TO INSPECT. SELLER RESERVES THE RIGHT TO INSPECT ANY PRODUCT THAT HAS NOT BEEN COVERED AND IS OUT OF WARRANTY AND MAKE OPERATIONAL AT A FEE, BEFORE PLACING UNDER COVERAGE OF THIS AGREEMENT. IF THE SYSTEM WAS INSTALLED BY OTHER THAN SELLER, SELLER SHALL NOT BE LIABLE FOR PHYSICAL BACKBONE. (D) UNLESS NOTICE OTHERWISE SPECIFIES, SELLER OBSERVES THE FOLLOWING HOLIDAYS: NEW-YEARS DAY, PRESIDENTS DAY, MEMORIAL DAY, INDEPENDENCE DAY, LABOR DAY, THANKSGIVING DAY, AND CHRISTMAS DAY.

END OF SCHEDULE A

SCHEDULE B TO INTEGRATOR AGREEMENT : MUTUAL NON-DISCLOSURE AGREEMENT

1. SYMBOL AND INTEGRATOR MAY RECEIVE DATA ("PROPRIETARY INFORMATION") FROM EACH OTHER DURING THE TERM OF THE BUSINESS RELATIONSHIP DEFINED BY THE INTEGRATOR AGREEMENT. THE PROVISIONS THAT FOLLOW SHALL SUPERSEDE THE PROVISIONS OF ANY LEGEND WHICH MAY BE AFFIXED TO THE PROPRIETARY INFORMATION BY THE DISCLOSING PARTY AND THE PROVISIONS OF SUCH LEGEND SHALL, TO THE EXTENT IT IS INCONSISTENT HERewith, BE WITHOUT ANY FORCE OR EFFECT.
2. NOTWITHSTANDING THAT THIS AGREEMENT SHALL HAVE TERMINATED OR EXPIRED, EACH PARTY AGREES TO KEEP IN CONFIDENCE AND PREVENT THE UNAUTHORIZED USE OR DISCLOSURE TO ANY UNAUTHORIZED PERSON OR PERSONS OF ALL PROPRIETARY INFORMATION WHICH IS DESIGNATED IN WRITING, OR BY AN APPROPRIATE STAMP OR LEGEND BY THE DISCLOSING PARTY TO BE OF A PROPRIETARY OR CONFIDENTIAL NATURE RECEIVED AND TO USE SUCH DATA ONLY FOR THE ABOVE STATED PURPOSE. PROPRIETARY INFORMATION SHALL INCLUDE INFORMATION DISCLOSED ORALLY ONLY IF IDENTIFIED AS PROPRIETARY INFORMATION AT THE TIME OF THE FIRST ORAL DISCLOSURE AND REDUCED TO WRITING WITHIN THIRTY (30) DAYS THEREOF. NEITHER PARTY SHALL BE LIABLE FOR USE OR DISCLOSURE OF ANY SUCH CONFIDENTIAL INFORMATION IF SAME: (A) IS IN THE PUBLIC DOMAIN AT THE TIME IT IS DISCLOSED; OR (B) IS KNOWN TO THE RECEIVING PARTY AT THE TIME OF DISCLOSURE; OR (C) IS USED OR DISCLOSED WITH THE PRIOR, WRITTEN APPROVAL OF THE OTHER PARTY; OR (D) IS USED OR DISCLOSED AFTER FIVE (5) YEARS FROM THE DATE OF THIS AGREEMENT; OR (E) IS INDEPENDENTLY DEVELOPED BY THE RECEIVING PARTY; OR (F) BECOMES KNOWN TO THE RECEIVING PARTY FROM A SOURCE OTHER THAN THE DISCLOSING PARTY WITHOUT A BREACH OF THIS AGREEMENT BY THE RECEIVING PARTY. NEITHER PARTY SHALL BE LIABLE FOR INADVERTENT, ACCIDENTAL OR MISTAKEN USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION OBTAINED UNDER THIS AGREEMENT DESPITE THE EXERCISE OF THE SAME REASONABLE PRECAUTION AS THE RECEIVING PARTY TAKES TO SAFEGUARD ITS OWN PROPRIETARY INFORMATION.
3. THE DISCLOSURE OF CONFIDENTIAL INFORMATION HEREUNDER BY EITHER PARTY HERETO SHALL NOT BE CONSTRUED AS GRANTING TO THE OTHER, EITHER EXPRESSLY OR OTHERWISE, ANY LICENSE UNDER ANY INVENTION OR PATENT NOW OR HEREAFTER OWNED OR CONTROLLED BY SUCH PARTY, NOR SHALL SUCH AGREEMENT OR DISCLOSURE CONSTITUTE ANY REPRESENTATION, WARRANTY OR ASSURANCE BY THE TRANSMITTING PARTY WITH RESPECT TO ANY INFRINGEMENT OF PATENTS OR OTHER RIGHTS OF THIRD PARTIES.
4. EACH PARTY SHALL PERFORM ITS OBLIGATIONS HEREUNDER WITHOUT CHARGE TO THE OTHER. NOTHING IN THIS AGREEMENT SHALL (A) GRANT EITHER PARTY THE RIGHT TO MAKE ANY COMMITMENT OF ANY KIND FOR OR ON BEHALF OF THE OTHER PARTY WITHOUT THE PRIOR WRITTEN CONSENT OF THE OTHER PARTY; OR (B) CREATE OR BE INTERPRETED IN ANY WAY AS A JOINT VENTURE, PARTNERSHIP OR FORMAL BUSINESS ORGANIZATION OF ANY KIND.
5. UPON EXPIRATION OR TERMINATION OF THIS AGREEMENT, OR UPON BREACH OF ANY OBLIGATION OF THIS AGREEMENT BY THE RECEIVING PARTY, OR UPON REQUEST OF THE DISCLOSING PARTY, ALL RECORDED COPIES OF THE CONFIDENTIAL INFORMATION AND PORTIONS THEREOF REMAINING IN THE RECEIVING PARTY'S POSSESSION SHALL BE RETURNED TO THE DISCLOSING PARTY OR DESTROYED, AND SUCH RETURN OR DESTRUCTION CERTIFIED TO THE DISCLOSING PARTY.
6. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT AND UNDERSTANDING BETWEEN THE PARTIES AS TO THE SUBJECT MATTER HEREOF, AND SUPERSEDES AND REPLACES ALL PRIOR AND CONTEMPORANEOUS AGREEMENTS, WRITTEN OR ORAL, AS TO SUCH SUBJECT MATTER.
7. NO SUBSEQUENT AGREEMENT, ARRANGEMENT, RELATIONSHIP OR UNDERSTANDING BETWEEN THE PARTIES SHALL BE VALID, EFFECTIVE OR ENFORCEABLE AND NO OBLIGATION OR LIABILITY SHALL BE CREATED ON BEHALF OF EITHER PARTY HERETO UNLESS AND UNTIL IT IS CONTAINED IN A WRITING, SIGNED BY DULY AUTHORIZED REPRESENTATIVES OF EACH PARTY.
8. IF ANY LEGAL PROCEEDINGS ARE COMMENCED TO RESOLVE ANY DISPUTE OR DIFFERENCE WHICH MAY ARISE BETWEEN THE PARTIES HERETO, OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE PREVAILING PARTY SHALL BE ENTITLED, IN ADDITION TO ANY OTHER AWARD THAT MAY BE MADE, TO RECOVER COSTS, ATTORNEYS FEES, AND EXPERT WITNESS FEES, INCLUDING ANY COSTS OR ATTORNEYS FEES INCURRED IN CONNECTION WITH ANY APPEALS.
9. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE COMMERCIAL LAWS BUT NOT THE CONFLICT OF LAW PROVISIONS OF THE STATE OF NEW YORK.

END OF SCHEDULE B

SYMBOL STOCK ROTATION ADDENDUM TO INTEGRATOR AGREEMENT

Authorized Reseller BARCODE SYSTEMS

This Addendum acknowledges that the above-named authorized Symbol reseller ("Integrator") is entitled to participate in Symbol's Stock Rotation Program in accordance with the following terms and conditions.

PRODUCT RETURN AND STOCK ROTATION. AN INTEGRATOR THAT SUCCESSFULLY COMPLETES ITS ANNUAL NET REVENUE COMMITMENT HAS STOCK ROTATION PRIVILEGES AND MAY RETURN FOR CREDIT UP TO THE STATED AMOUNT OF THE TOTAL PURCHASE VOLUME FOR THE PREVIOUS CONCURRENT PURCHASE PERIOD, INDEPENDENT OF THE EFFECTIVE DATE OF THIS AGREEMENT, AS SET FORTH IN TABLE 1 HEREIN. INTEGRATOR SHALL DENOTE ITS ELECTED OPTION, CONCURRENT WITH OR SUBSEQUENT TO EXECUTION OF THE AGREEMENT, WITHIN TABLE 1 BELOW. SYMBOL SHALL DENOTE CONCURRENCE BY COUNTER-INITIALING. ONCE ELECTED, INTEGRATOR'S STOCK ROTATION CREDIT SHALL BE CONSTANT THROUGH THE TERM OF THE AGREEMENT, SUBJECT TO SYMBOL'S PERIODIC REVIEW.

TOTAL PURCHASE VOLUME	PRODUCT PURCHASE PERIOD	PRODUCT AGE	INTEGRATOR ELECTS: (INITIAL)	SYMBOL APPROVED: (INITIAL)
15%	6 MOS.	6 MOS.		
10%	3 MOS.	9 MOS.	<i>DS</i>	<i>R</i>

THE VALUE OF THE RETURN IS FIRST APPLIED TO THE EARLIEST QUARTER. WHEN THE LIMIT FOR THE RETURN RELATING TO THAT QUARTER IS MET, THE RETURN VALUE IS THEN APPLIED TO THE MOST RECENT QUARTER. IF RETURNS IN ANY SINGLE QUARTER DO NOT EQUAL THE ELIGIBLE RETURN VALUE FOR THE EARLIEST QUARTER, THE UNUSED ELIGIBLE RETURN VALUE WILL EXPIRE. INTEGRATOR IS PERMITTED THIS STOCK ROTATION PRIVILEGE CONDITIONED UPON ALL OF THE FOLLOWING: (A) A STOCK ROTATION REQUEST FORM MUST BE SUBMITTED BY INTEGRATOR TO SYMBOL NO LATER THAN THE TENTH (10TH) DAY OF EACH CALENDAR QUARTER FOR WHICH A STOCK ROTATION IS REQUESTED. A RETURN AUTHORIZATION NUMBER WILL BE ISSUED WITHIN FIVE (5) BUSINESS DAYS OF THE REQUEST; (B) PRODUCT IS RETURNED NEW, UNSOLD, UN-DAMAGED AND UNOPENED IN ITS ORIGINAL SEALED PACKAGING. DEMONSTRATION EQUIPMENT OR USED PRODUCT ARE NOT ELIGIBLE FOR STOCK ROTATION; (C) INTEGRATOR MUST PROVIDE COMPLETE VALID SERIAL NUMBERS FOR ALL PRODUCTS, AND ASSOCIATED INVOICE NUMBER, TO QUALIFY FOR THE FULL INVOICE VALUE OF PRODUCT RETURNED; (D) RETURNED PRODUCT MUST BE SHIPPED PREPAID TO THE SYMBOL-DESIGNATED LOCATION WITHIN SEVEN (7) BUSINESS DAYS OF RECEIPT OF THE RETURN AUTHORIZATION.

CREDIT FOR STOCK ROTATION RETURNS. CREDIT IS APPLIED TO INTEGRATOR'S ACCOUNT AS FOLLOWS; (A) PROVIDED INTEGRATOR COMPLIES WITH ALL SYMBOL PRODUCT RETURNS CRITERIA; (B) PRODUCT PURCHASED MORE THAN THE SPECIFIED PERIODS SET FORTH IN TABLE 1 CANNOT BE STOCK-ROTATED. A PRODUCT'S MANUFACTURE DATE HAS NO BEARING ON THE PERIOD IN QUESTION; (C) CREDIT WILL BE ISSUED TOWARD PRODUCT PURCHASES FROM SYMBOL, PROVIDED SUCH PURCHASES OCCUR WITHIN THIRTY (30) DAYS OF RECEIPT OF RETURNED PRODUCT; (D) CREDIT FOR RETURNED PRODUCT WILL BE APPLIED TO INTEGRATOR'S ACCOUNT WITHIN FIFTEEN (15) BUSINESS DAYS OF RECEIPT AND ACCEPTANCE OF THE PRODUCT AT THE SYMBOL-DESIGNATED LOCATION.

This addendum also modifies the following term associated with Section 1.0 of the contract.

1.1 INTEGRATOR MAY PURCHASE SYMBOL PRODUCT FOR RESALE TO END USERS AND RESELLERS. "RESELLER" IS DEFINED AS INTEGRATOR'S AUTHORIZED REMARKETER OF SYMBOL PRODUCTS, AND IS RESPONSIBLE FOR ITS END-USER PRODUCT SALES, TECHNICAL SUPPORT, DELIVERY AND PAYMENT OBLIGATIONS.

Symbol may, from time to time, and at its sole option and discretion, modify the terms of the Stock Rotation Program. Symbol shall provide the Integrator with written notice of any such change(s). This Addendum is effective as of January 1, 2001. Except as set forth herein, this Addendum does not change any of the provisions of the current Agreement between Symbol and Integrator.

BARCODE SYSTEMS

By: *David Sokolow*

Name: David Sokolow

Title: President

Date: JAN 23/2001

SYMBOL TECHNOLOGIES, INC.

By: *Thomas A. Zix*

Name: Thomas A. Zix

Title: Director, Channel Operations

Date: JAN 30, 2001

Symbol Technologies, Inc., One Symbol Plaza, Holtsville, New York, 11742 (516) 738-2400

INTEGRATOR AGREEMENT
SCHEDULE C : PRODUCT AND DISCOUNT SCHEDULE

TO BE PROVIDED BY YOUR SYMBOL ACCOUNT MANAGER

Symbol Technologies, Inc.
Schedule C1
Integrator Product and Discount Schedule
Effective September 14, 2000

Pricing		Pricing Level
Category	Product	M
ZN	LS1000 Series	67.78%
ZN	LS100X Series	68.10%
ZN	LT1800 Series	67.78%
ZN	LT18XX Series	66.00%
ZN	LS2100 Series	67.40%
ZN	LS210X Series	67.10%
ZN	LS4000 Series	See Easy Price List
ZN	LS4074/5	See Easy Price List
ZN	LS5700/5800	See Easy Price List
A1	LS3000 Series (except for LS3070), LS9100, LS6000, M2XXX	63.00%
A8	P370, P460, P470	57.68%
A9	7670, 7675	60.50%
C1	LS3070, LS1220, Scan Interfaces (LL425, L390, LL500)	53.00%
C3	LS4800, LS6800, PL140	56.00%
D1, D2, D3, D7	Batch Terminals, PDT7500, PDT7200, PCK91XX, and Wearables and Ring Scanners (except as noted right below)	62.00%
D5, D6, D8	Spectrum One and Spectrum24 Terminals, PDT 754X, PCK914X, and Wearables	54.00%
E1, E2, E3	Most accessories including LL700, Cradles, Scanstands, Manuals, Accessories, Contact wands, cables, adapters, Symbol 8-bit software; VRC4000	41.00%
E4, E5, E6	Most Spectrum Backbone Equipment including Access Points, LA2400, RF Transceivers, Network Controllers, except NCU2064 hardware & software) SAB Lite, antennas; PPT 41XX, PPT 46XX, VRC4040, VRC5040, AP-4111-10X0	43.00%
FN	3rd Party Hardware, OEM, eligible Education Services, and Outsourced Products, NCU hardware	25.00%
F7	FMT 1000, FMT 3000	33.00%
G1	Off-the-Shelf Software (Symbol 16-bit software, NCU 2064 software, 3rd party software licenses) (see exceptions below under "S"), Monarch Table Top Printers, Packaged Professional Services, i.e., one price is listed for a pre-defined, standard scope of work, e.g. SSV-XXX, INS-XX00	15.00%
G2	Any and all Professional Services ordered on a "per hour" (Time & Materials) basis. All Y2K Services, i.e., all part numbers beginning Y2K -	30.00%
HN	AMITY, Custom quoted services, including CPG-XXX, BBI XXX and any others. Note: Fixed price quotes include all discounts available See EPOG for other specially priced products in this category	0.00%
IN	PPT4300 and accessories	32.00%
JN	SPT1500, AP-4111-1XXX, LA-4111-1XXX, and accessories	28.00%
KN	NetVision Phone, SPT17XX, PPT27XX, and accessories	36.00%
LN	Cyberpen, CS2000, and accessories	5.00%
M1	Holtrak, and accessories	35.00%
N1	Trilogy 2 AP-4121	21.00%
N2	Trilogy 2 LA-4121	24.00%
SN	Wavelink Studio, SNC, MCL, and accessories	32.00%

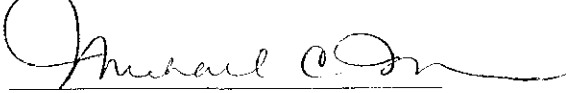
For Exact Configurations and descriptions, please refer to EPOG

The EPOG URL is:

<http://isweb.symbol.com/sale/mkt/pcg/epog/default.htm>

The attached document is Exhibit "C" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003..)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No 02MI6084529
Qualified in Nassau County
Commission Expires December 9, 2006



Michael C. Miller
Corporate Counsel
631.738.5562
miller@m@symbol.com

March 25, 2003

BY FACSIMILE AND
BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. David Sokolow
President
Barcode Systems Inc.
13400 North East 20th Street, Suite 32
Bellevue, Washington 98005

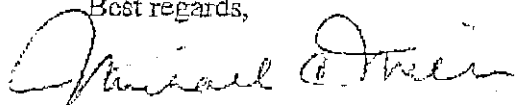
Dear Mr. Sokolow:

This letter serves to confirm that Barcode Systems Inc. ("BSI") has informed Symbol Technologies, Inc. ("Symbol") that it will no longer supply Symbol with the RF Supernet software listed in Exhibit A (the "Software") to the Distribution Agreement, dated as of April 4, 2001, by and between Symbol and BSI (the "Distribution Agreement"). To protect the interests and needs of both BSI's and Symbol's end users and customers, Symbol has begun to and will continue to refer all customer and end user inquiries regarding the Software directly to BSI's attention, effective March 25, 2003.

As a consequence of BSI's failure to comply with its obligations to supply the Software to Symbol under the Distribution Agreement, Symbol is unable to resell the RF Supernet hardware listed in Exhibit A (the "Hardware") to the Reseller Agreement, dated as of September 7, 2001, by and between BSI and Symbol (the "Reseller Agreement"). Therefore, Symbol hereby notifies BSI that pursuant to paragraph 3.2 of the Distribution Agreement and paragraph 12.2 of the Reseller Agreement, BSI's failure to provide the Software and the Hardware to Symbol in accordance with its obligations under the Distribution Agreement and the

Reseller Agreement, respectively, constitute material breaches by BSI of both the Distribution Agreement and the Reseller Agreement. In accordance with paragraph 3.2 of the Distribution Agreement and paragraph 12.2 of the Reseller Agreement, failure by BSI to cure these breaches to Symbol's satisfaction within thirty (30) days of the date of this notice will entitle Symbol to terminate the Distribution Agreement and the Reseller Agreement.

Best regards,



Michael C. Miller

The attached document is Exhibit "D" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02M16084529
Qualified in Nassau County
Commission Expires December 9, 2005



November 8, 2002

Mr. David Sokolow
Barcode Systems, Inc.
13400 N.E. 20th Street
Suite 32
Bellevue, WA 98005

Dear David,

We wish to inform you that Symbol is terminating our "Stock Rotation Program" for Integrators. You (hereinafter, "you" or "Integrator") are party to an Agreement with Integrator, dated as of January 30, 2001 (the "Agreement") with Symbol Technologies, Inc. ("Symbol") and a Stock Rotation Addendum to Integrator Agreement, dated as of January 30, 2001 (the "Addendum"). This letter serves as notice in accordance with the Addendum that the Addendum, and all modifications to the Integrator Agreement contained therein, shall terminate on December 10, 2002. All stock rotation requests for Q4 need to be submitted to Symbol by December 10, 2002. After December 10, 2002, Symbol will no longer accept Stock Rotation requests.

Please note that the Addendum modified Section 1.0 entitled "Definitions" of the Agreement, allowing you to sell Products (as defined in the Agreement) to your authorized resellers and remarketers of Symbol Product. The termination of the Addendum means that, effective December 10, 2002, you are only authorized to resell Symbol Product to end user customers. Effective January 1, 2003, Symbol business partners and account managers will no longer be compensated for sales other than to the end user customer.

As of January 1, 2003, your reseller customers will need to select one of the following Symbol distributors and apply for reseller authorization. They may choose to contact them directly or we can have the distributors contact them based upon the information you provide. Please notify us of your preference. Either way, we suggest that you urge your reseller customers to talk with all of them and review their value proposition.

Nimax
Chad Czerniak
(314) 514-8080

ScanSource
Pamela Blackwell
800-944-2439

Avnet
Sherry Adams
800-275-6922 ext. 1055



Channel Marketing

EMJ Distribution

Scott King
(800) 265-7212

Intellico, Inc.

Andre Terreault
(514) 344-0004 ext. 301

It is not the intent of Symbol to discourage partners partnering with partners. Symbol will continue to work with you to structure opportunities to meet growing demand for Symbol products. It is Symbol's intent to provide Symbol product efficiently to market. This requires an efficient two-tier approach through Symbol authorized distributors, with such distributors selling only to resellers, and resellers selling to the end user. Symbol intends to build business around partners who specialize in, and who's primary focus is, creating end-user demand.

You will be receiving information in December and January on the exciting new programs and benefits that will be available to our business partners for 2003. All other business partner benefits under the standard business partner programs shall continue to be available to you through December 31, 2002.

Symbol believes that by eliminating unauthorized distribution of Symbol product, and going to market in a more efficient manner, margins will be optimized and enhanced for all authorized resellers of Symbol product. To facilitate a successful transition, please contact your Symbol account manager at your earliest convenience to formulate a joint business plan to achieve these objectives. We greatly appreciate your continued commitment to Symbol products.

Sincerely,

A handwritten signature in cursive script that reads "Thomas A. Zix".

Thomas A. Zix
Director of Worldwide Channels Operations & Alliances

cc: Jordan Miles



Channel Marketing

Copy: E. DaSilva
M. Gluvic
M. Iorio
S. Jaworski, Jr
C. Kavanaugh
G. Mortenson
J. Muller
M. Munzer
B. Murphy
M. Reid
D. Wills

The attached document is Exhibit "E" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02MI6084529
Qualified In Nassau County
Commission Expires December 9, 2006



Channel Marketing

December 2, 2002

Mr. David Sokolow
Barcode Systems, Inc
13400 N.E. 20th Street
Suite 32
Bellevue, WA 98005

Dear David,

I am in receipt of your email to me dated November 19, 2002, in which you claim that your Canadian federal corporation has its own agreement with Symbol Technologies, Inc. ("Symbol") and that you assume that the cessation of stock rotation privileges, notice of which was contained in our October 4, 2002 letter, will not apply your company in Canada.

As I am sure you are aware, Symbol and Barcode Systems, Inc. ("BSI") have been operating under the Agreement with Integrator between Symbol and BSI, effective January 1, 2001 (the Integrator Agreement) for almost two years. It is unclear to me which contract you refer to in your email. The only other contract of which I am aware is the Master Value Added Reseller ("MVAR") agreement between BSI and Symbol, effective as of August 20, 1997. It is Symbol's position, and it was perceived by us to be a mutual understanding on the part of BSI, that the MVAR agreement was, by operation of the Integrator Agreement, no longer valid and that the Integrator Agreement governed the relationship between Symbol and BSI and its affiliates. As such, the MVAR agreement has been inactive since then. Nevertheless, in order to avoid any further confusion, this letter serves as Symbol's thirty (30) day written notice of its intent to terminate the MVAR agreement in accordance with its rights in Section 12.3(d) therein.

The initiatives outlined to you in the October 4, 2002 letter will in fact be worldwide programs, applying to all of Symbol's Channel partners around the world. We are looking forward to the opportunity to work with our partners to make a smooth transition to the 2003 Channel program and to jointly growing our end user business together in 2003. We greatly appreciate your continued commitment to Symbol products.

Sincerely

A handwritten signature in black ink that reads "Thomas A. Zix". The signature is written in a cursive, flowing style.

Thomas A. Zix
Director of Worldwide Channels Operations & Alliances



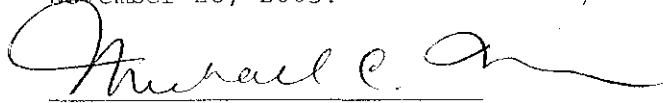
Channel Marketing

Copy:

- D. Wills
- M. Glavic
- S. Jaworski, Jr
- B. Murphy
- M. Reid

The attached document is Exhibit "F" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02M16084529
Qualified In Nassau County
Commission Expires December 9, 20 06

MASTER VAR AGREEMENT

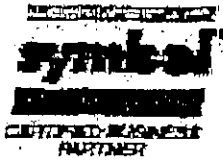
BARCODE SYSTEMS INC. H-97

Attachments:
Schedule A Additional Terms & Conditions of Sale
Schedule B Mutual Non-Disclosure Agreement
Schedule C Product & Discount Schedule
Appendix to Product & Discount Schedule

For Symbol Use Only

	Discount Level	Effective Date	Annual Volume
FIRST TERM	VII		\$ 2,489,497
SECOND TERM	VII	Mar 1/96	\$ 4,215,048
THIRD TERM	9	May 1/97	\$ 10,012,827

SYMBOL TECHNOLOGIES CANADA, INC.
2640 Matheson Blvd. East, Mississauga, Ontario L4W 4Z2



MASTER VAR AGREEMENT

This Master VAR Agreement ("Agreement"), between Symbol Technologies, Inc. ("Symbol"; "Seller"), with its principal address at 2540 Matheson Blvd. East, Mississauga, Ontario, L4W 4Z2, and BARCODE SYSTEMS INC. ("Master VAR"; "MVAR"; "Buyer"), with its principal address at 4311 CANADA WAY
BURNABY BC V5G 1J3, including all attached Schedules, constitutes the terms and conditions by which MVAR may purchase and remarket Symbol products.

1.0 Definitions. The following terms are used in this Agreement and shall have the following meanings:

1.1 "Product" or "Products" is Symbol hardware, systems and licensed software available from Symbol for resale in accordance with the terms and conditions herein.

1.2 "Reseller" is MVAR's authorized remarketer of Symbol Products, and responsible for its end-user Product sales, technical support, delivery and payment obligations. Reseller is independent of MVAR and shall comply with Symbol's Reseller registration and certification guidelines.

1.3 "Agent" shall refer to any person or entity (other than a full-time employee of MVAR, or Symbol-approved subsidiary of MVAR) which resells Products for or on behalf of MVAR.

2.0 Right. Symbol grants the Master VAR a non-exclusive right to purchase Products at discounts set forth in Schedule C to this Agreement for resale to the MVAR's end-user and Reseller customers located within North America.

3.0 **Criteria.** In exchange for such right, the Master VAR may resell to or through volume model resale outlets, including, but not limited to, catalogue, mail-order, and telemarketing Resellers, only those Products specified in an Appendix to Schedule C of this Agreement, which may be amended in writing by Symbol at its sole option.

3.1 MVAR may not resell Products to or through Agents.

3.2 MVAR shall submit, for Symbol review and approval, VAR Application, Credit Application, Tax Exemption Certificate, Education Profile, Product Marketing Plan, financial and other information reasonably required by Symbol to qualify MVAR.

3.3 Subsequent to its initial submittal, MVAR shall update its Product Marketing Plan no less than once annually. Each Product Marketing Plan shall include information in support of MVAR's responsibilities as set forth in this Agreement.

3.4 MVAR shall promote and sell the Products to its end-user and Reseller customers through MVAR's own qualified salesforce. MVAR is responsible for all expenses

it incurs in Product purchase, promotion, resale, training and service.

3.5 MVAR shall provide sufficient Product sales and technical support to all of its end-user and Reseller customers.

3.6 MVAR shall conduct business in its own name as an independent contractor, and shall not represent itself as an employee or agent of Symbol.

3.7 MVAR shall attend and successfully complete certification training for all Products purchased. Participation is at MVAR's sole expense.

3.8 MVAR shall not resell used Product or Product which has been previously sold without Symbol's prior express written permission.

3.9 MVAR shall participate in and adhere to Symbol's Certified Affiliate Value-Added Reseller Program and shall comply with all of Symbol's then-current program guidelines.

3.10 MVAR may be required to furnish Symbol with monthly reports by the 5th business day of each month for the previous thirty (30) day period, as follows: (i) Product Sales-Out Report, (ii) Certified Affiliate Value-Added Reseller Sales-Out Report, and (iii) Volume Model Reseller Sales-Out Report. MVAR shall prepare and maintain, for the life of the Agreement, a Monthly Inventory Report by Symbol Part Number and Product Description, which shall be available for Symbol's review from time to time. Symbol reserves the right to modify MVAR's report requirements from time to time with prior written notice to MVAR.

3.11 MVAR shall not recruit a Symbol direct reseller without Symbol's prior written consent.

3.12 MVAR which has materially influenced direct sale of Products, upon meeting all program criteria, may qualify for referral credit as established by Symbol. Symbol's referral program is subject to change without notice at Symbol's sole option and discretion.

3.13 MVAR agrees not to intentionally engage in activities which may diminish Symbol's rights or industry standing.

3.14 MVAR shall advise Symbol in writing within sixty (60) days of the effective date of changes in majority ownership, financial condition, business structure, billing, shipping, legal address or operating environment.

3.15 MVAR's failure to satisfy any of its obligations set forth in this Section 3 may result in termination or non-renewal of the Agreement.

4.0 Purchase Orders. Purchase Orders for Product ("Orders") are required and subject to Symbol acceptance. Orders are bound by and subject to the provisions of this Agreement, Symbol's Reseller's Guide for Order Placement and Product Returns, and other program guidelines issued by Symbol to MVAR during the term of this Agreement. No terms and conditions shall apply to an Order other than those herein stated. In the event of a conflict in terms, those contained herein shall prevail.

4.1 Orders must specify, at a minimum, calendar delivery date, complete delivery and billing location, full Product description, part number, quantity, unit list price, authorized discount and resale tax identification number. Orders received without this information shall be returned to MVAR for completion or fulfilled at Symbol's reasonable discretion.

5.0 Price Discounts. MVAR shall earn price discounts, as further described in Schedule C, based upon MVAR's actual revenue volume for each annual term. Upon completion of each annual term, Symbol shall review MVAR's level of discount to actual net revenue volume. MVAR's discount level shall then be adjusted to reflect MVAR's actual earned volume discount level.

5.1 MVAR's initial Product discount level shall be based upon MVAR's Product Marketing Plan and application information, and shall be determined solely by Symbol.

5.2 Modifications to Product list price may occur from time to time. In the event of a price decrease, MVAR's account shall be credited as applicable, subject to verification by Symbol for each unsold unit in MVAR inventory on the effective date of the decrease; a unit must be unused, undamaged and have been shipped from Symbol to MVAR no more than six (6) months before the price decrease. Firm, accepted orders in backlog or orders received by Symbol subsequent to the effective date of the price decrease will be invoiced at the new, reduced price. In the event of a price increase, firm, accepted orders in backlog, and orders received by Symbol within ninety (90) days of the effective date of the increase, will be invoiced at the original price, provided the ship date is within ninety (90) days of the effective date of the increase. The price increase will apply to unshipped orders on backlog after ninety (90) days.



6.8 Product Support. Symbol shall provide MVAR with standard Product promotional materials. Customer Service Product support is available from Symbol by telephone during Symbol regular business hours.

7.0 Trademarks/Trade Name. Symbol has the exclusive worldwide rights to its trademarks and trade names. This Agreement does not authorize use or duplication by MVAR of Symbol trademarks or trade name without Symbol's prior review and written approval.

8.0 Service. MVAR not qualified to service a Product will offer its customers Symbol direct Customer Service and maintenance options. MVAR may qualify for a referral fee for cash service agreement executed and paid in full.

9.0 Product Return & Stock Rotation. **9.1 Non-Stocking MVAR.** Product received by MVAR within seven (7) business days of the date of Symbol's Return Authorization will be accepted without a restocking fee. Product purchased within the immediate three (3)-month period prior to receipt of the return request but more than seven (7) days is eligible for return with a restocking charge of fifteen percent (15%) of MVAR's price if approved by Symbol. Product purchased more than three (3) months prior to receipt of request is not eligible for credit. MVAR's request must state a valid business reason for the return of Product in order to obtain a Return Authorization number. MVAR must provide complete valid serial numbers of Product and associated invoice number. Product eligible for return credit must be new, unsold, undamaged and in the original sealed packaging. Damaged or used Product is not eligible for credit.

9.2 Credits for Returned Product/Non-Stocking MVAR. Product returns shall be credited at full value. When processing returns with a fifteen percent (15%) restocking charge, a billing is generated charging MVAR the restocking fee. Credit for returned Product will be applied to MVAR's account within fifteen (15) days of receipt and acceptance of the Product at the Symbol-designated location. Credit is issued by Symbol toward Product purchase provided such Product purchase occurs within sixty (60) days of Symbol's receipt of returned Product. Returned Product must be shipped prepaid to the Symbol-designated location within seven (7) business days of receipt of Return Authorization. MVAR is liable for the original freight charges.

9.3 Stocking MVAR. A qualifying MVAR with stock rotation privileges may return for credit up to the stated amount of the total purchase volume for the previous concurrent

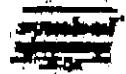
purchase period, independent of the effective date of this Agreement, as set forth in Table 1 herein. MVAR shall denote its elected option, concurrent with execution of the Agreement, within Table 1 below. Symbol shall denote concurrence by counter-initialing. Once elected, MVAR's stock rotation credit shall be constant through the term of the Agreement and is subject to Symbol's periodic review.

Table 1: Stock Rotation Credit Timetable

Total Purchase Volume	Product Purchase Period	Product Age	MVAR Elect	Symbol Authorized
15%	6 mos.	6 mos.	_____	_____
10%	3 mos.	9 mos.	_____	_____
5%	3 mos.	12 mos.	_____	_____

The value of the return is first applied to the earliest quarter. When the limit for the return relating to that quarter is met, the return value is then applied to the most recent quarter. If returns in any one quarter do not equal the eligible return value for the earliest quarter, the unused eligible return value will expire. MVAR is permitted this stock rotation privilege conditioned upon the following: (a) rotation request must be submitted by the stocking MVAR no later than the tenth day of each calendar quarter for which a stock rotation is requested. Return Authorization number will be issued within five (5) business days of the request; (b) Product is returned new, unsold, undamaged and unopened in its original sealed packaging. Demonstration and/or used Product is not eligible for stock rotation; (c) MVAR must provide complete serial numbers for each Product, and associated invoice number, to qualify for the full invoice value of Product returned; (d) returned Product must be shipped prepaid to the Symbol-designated location within seven (7) business days of receipt of the Return Authorization.

9.4 Credits for Stock Rotation Returns. Credit is applied to MVAR's account as follows: (a) provided MVAR complies with all Symbol Product returns criteria; (b) Product purchased more than the specified periods set forth in Table 1 cannot be stock-rotated. Product date of manufacture has no bearing on the period in question; (c) Credit will be issued toward Product purchases from Symbol, provided such purchases occur within sixty (60) days of receipt of returned Product; (d) Credit for returned Product will be applied to MVAR's account within fifteen (15) days of receipt and acceptance of the Product at the Symbol-designated location.



9.5 Out of Box Failure. An out-of-box Product failure is eligible for duplicate Product exchange only, upon MVAR's request for return and Symbol's issuance of a Return Authorization, in accordance with the procedures outlined in Section 9.1 of this Agreement. Such returns are not eligible for credit.

9.6 Custom Product. Custom Product is not returnable. Custom Product is a Product modified to meet a specific requirement of MVAR and not ordinarily sold by Symbol in the modified form.

10.0 Proprietary Information. Proprietary Information exchanged by the parties shall be governed by Schedule B to this Agreement. Proprietary Information shall include, but is not limited to, the provisions of this Agreement, Product descriptions, training data, Product pricing and discounts.

11.0 Assignment. This Agreement is personal between Symbol and MVAR. Neither party may assign or transfer

this Agreement, in whole or in part, without prior written consent of the other.

12.0 Term, Renewal & Termination. 12.1 Term. The term of the Agreement is twelve (12) months from date of execution. 12.2 Renewal. Subsequent twelve (12)-month renewals shall be automatic provided MVAR has satisfied all of its obligations set forth in this Agreement. Symbol may request MVAR provide updates to information required in Section 3 to qualify MVAR for any renewal period. 12.3 Termination. This Agreement shall terminate in the event of any of the following thirty (30) days from receipt of written notice: (a) failure to cure a material breach within twenty (20) business days from receipt of notice of such breach; (b) bankruptcy, insolvency or filing to seek relief from creditors; and (c) upon mutual agreement of the parties with executed amendment; and (d) at Symbol's option and discretion.

IN WITNESS WHEREOF, the parties have set their signatures as of the dates set forth. The effective date of the Agreement shall be the date of the last signature affixed.

MVAR BARCODE SYSTEMS / SYMBOL WESTERN
By: [Signature]
Printed Name: DAVID SOKOLOW
Title: PRESIDENT
Date: JAN. 1, 1997

SYMBOL TECHNOLOGIES CANADA, INC.
By: [Signature]
Printed Name: Peter Wild
Title: PRESIDENT
Date: Aug. 20/97

SCHEDULE 1 to MVAR AGREEMENT - ADDITIONAL TERMS AND CONDITIONS OF SALE

13. Payment Terms. Terms are (two percent) 2% if paid within ten (10) days of shipment, otherwise net thirty (30) days from date of shipment to MVAR, subject to the approval by Seller of the amount and terms of credit. Seller reserves the right at any time to revoke any credit extended to MVAR if payment is in arrears for more than thirty (30) days from notice to MVAR or MVAR's credit does not warrant further extension. Each shipment shall be invoiced and paid for when due without regard to other scheduled deliveries.

14. Title & Delivery. (a) At Seller's option, shipment will be FOB Seller's warehouse at Mississauga, Ontario, or its plant of manufacture. Risk of loss or damage shall pass from Seller to MVAR upon delivery to common carrier or MVAR's representative at the FOB point. Seller's warehouse at Mississauga, Ontario or its plant of manufacture; MVAR shall have the responsibility to pay for insurance; all claims for damage must be filed by MVAR directly with carrier; (b) Absent specific instructions, Seller will select the carrier for shipment, but by doing so, will not thereby assume any liability in connection with shipment nor shall the carrier in any way be construed to be the agent of Seller; (c) Seller shall not be liable for any damages or penalty for delay caused solely by transportation or failure to give notice of such delay.

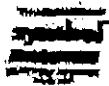
15. Taxes. Prices are exclusive of federal, provincial, municipal or other government excise, custom duties, sales, goods and services, use, occupational or like taxes in force and any such taxes shall be assumed and paid for by MVAR. MVAR's valid Certificate of Exemption is required to exempt the sale from goods and services, sales or use tax liability and MVAR shall supply Symbol with such certificate on or before this Agreement is executed.

16. Software. All software (including firmware) furnished by Symbol is on a licensed basis. Seller grants to MVAR a non-transferable and non-exclusive license to use each software or firmware program delivered hereunder (Licensed Program). Each such license granted authorizes the use of Licensed Program in machine-readable form only, and in the case of software supplied with hardware, only on systems supplied by Symbol under this Agreement. Such license may not be assigned, sublicensed or otherwise transferred by authorized licensee without prior written consent of Symbol, except that, regarding any Licensed Program embodied in a Product, the transfer of such Product shall convey to MVAR's transferee a license to use such Licensed Program under terms commensurate with the License set forth in this Agreement. No right to copy Licensed Program in whole or in part is granted except as permitted under applicable copyright laws. MVAR shall not modify, merge, or incorporate any form or portion of a Licensed Program with other program material, create a derivative work from a Licensed Program, or use a Licensed Program in a network. MVAR agrees to maintain Seller's copyright notice on the Licensed Programs delivered hereunder and to include same on any authorized copy made, in whole or in part.

MVAR agrees not to decompile, disassemble, decode or reverse engineer any portion of Licensed Program delivered to MVAR.

17. Infringement Indemnification. Seller shall defend any claim, suit or proceeding brought against MVAR (insofar as it is based on a claim that use or transfer of any Product delivered hereunder constitutes an infringement of any Canadian or United States patent, industrial design or copyright in existence as of the date of delivery of the Product to MVAR (an "Infringement Claim") so long as Seller is notified promptly in writing by MVAR as to any such action and is given full authority, information and assistance (at Seller's expense) for the defense. In addition to Seller's obligation to defend, Seller shall pay all damages and costs (except consequential damages) awarded therein against MVAR. The obligations set forth above shall not, however, extend to Products delivered hereunder which would give rise to a claim, suit, proceeding, finding or conclusion solely for contributory infringement or inducement of infringement. Seller shall not be responsible for any settlement or compromise made by MVAR without its consent. Notwithstanding the foregoing, in the event of an Infringement Claim, Seller's obligation under this paragraph shall be fulfilled at Seller's sole option and expense if Seller at any time: (a) obtains a license for MVAR to continue the use or to sell the infringing Product purchased from Seller; or (b) refunds the purchase price paid to Seller by MVAR for such infringing Product less a reasonable amount for use, damage, or obsolescence and removes such Product; or (c) replaces or modifies the infringing Product so as to be substantially functionally equivalent to the infringing Product but non-infringing. MVAR agrees that the foregoing indemnification shall not apply and moreover shall be extended to Seller for any claim of Canadian or US patent, industrial design or copyright infringement which may be brought against Seller because of compliance with MVAR's particular design requirements, specifications or instructions. MVAR grants to Seller the benefit of any license to MVAR under any patent which may be the subject of an infringement allegation hereunder, to the extent permitted by said license.

Seller shall have no liability to MVAR under this paragraph if any Infringement Claim is based upon (i) the use of Products delivered hereunder in connection or in combination with equipment, devices or software not delivered by Seller, or (ii) the use of Products delivered hereunder in a manner for which the same were not designed, or (iii) modification by MVAR of Products delivered hereunder to the extent such modification is the cause of the claim of suit. Seller shall further have no liability to MVAR for any Infringement Claim based on MVAR's use or transfer of the Product delivered hereunder after Seller's notice that MVAR shall cease use or transfer of such Product due to such claim. EXCEPT AS STATED ABOVE, SELLER DISCLAIMS ALL REPRESENTATIONS, CONDITIONS, WARRANTIES AND INDEMNITIES, EXPRESS, IMPLIED, COLLATERAL OR STATUTORY, FOR PATENT, INDUSTRIAL DESIGN OR COPYRIGHT INFRINGEMENT.



16. Warranty. (A) Unless otherwise specified in Seller's documentation accompanying this Product, all of Seller's scanner and terminal Products are warranted against defects in workmanship and materials for a period of fifteen (15) months from the date of shipment to MVAR, provided the Product remains unmodified and is operated under normal and proper conditions. The sole obligation of Seller for defective hardware Products is limited to repair or replacement (at Seller's option) on a "return to factory" basis with prior Seller authorization. Shipment to and from Seller will be at Seller's expense, unless no defect is found. No charge will be made to MVAR for repair or replacement parts. (B) The aforementioned provisions do not extend the original warranty period of any Product which had either been repaired or replaced by Seller. (C) The above warranty shall not apply to any Product (i) which has been repaired or altered, except by Seller, (ii) which has not been maintained in accordance with any operating or handling instructions supplied by Seller, or (iii) which has been subjected to unusual physical or electrical stress, misuse, abuse, negligence or accident, EXCEPT FOR THE WARRANTY OF TITLE AND THE EXPRESS WARRANTIES STATED ABOVE, SELLER DISCLAIMS ALL CONDITIONS AND WARRANTIES ON PRODUCTS FURNISHED HEREUNDER INCLUDING ALL IMPLIED CONDITIONS, OR WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE. The stated express warranties are in lieu of all obligations or liabilities on the part of Seller for damages, including but not limited to, special, indirect or consequential damages arising out of or in connection with the use or performance of the Product. Seller's liability for damages to MVAR or others resulting from the use of any Product furnished hereunder shall in no way exceed the purchase price of said Product, except in instances of injury to persons or property.

18. Notices. All notice or other communication hereunder shall be in writing, sent by facsimile, certified mail or air courier, and shall be deemed to have been duly given upon receipt thereof at the address set forth above, unless a notice of change of address is received prior to the notice thereof.

20. Modified or Delayed Orders. In the event MVAR changes an Order or requests a delay of delivery with less than thirty (30) days notice prior to scheduled shipment, MVAR may be subject to a fifteen (15%) percent charge based upon current price of the Product so affected. If MVAR requests postponement of a scheduled shipment of over six (6) months, the Order shall be considered canceled.

21. Security Interest. MVAR grants to Seller a purchase money security interest in the Products purchased by MVAR until Seller is paid in full. Until such payment, Seller may file and register with the appropriate authorities a copy of the Agreement as a financing statement of Seller may sign and file a financing statement.

22. Force Majeure. Shipping dates acknowledged by Seller are approximate, and Seller will not be liable for any loss or damage due to its failure to meet scheduled shipping dates. Seller shall in no event be liable for any delay or default in its performance of

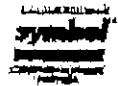
any obligation under this Agreement caused directly or indirectly by an act or omission of MVAR, fire, flood, act of God, an act or omission of civil or military authority of a state or nation, strike, lockout or other labor problem, inability to secure, delay in securing or shortage of labor, materials, supplies, transportation or energy, or by war, riot, embargo or civil disturbance, breakdown, or destruction of plant or equipment arising from any cause whatsoever, or any cause or causes beyond Seller's reasonable control. At Seller's option, and following notice to MVAR, any of the foregoing causes shall be deemed to suspend such obligations of Seller as long as any such cause shall prevent or delay performance, and Seller agrees to make, and MVAR agrees to accept performance of such obligations whenever such cause has been remedied.

23. Disputes. If legal proceedings are commenced to resolve a dispute arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all of its costs, legal fees, and expert witness fees, including any costs of legal fees in connection with any appeals.

24. No Other Agreement. No subsequent agreement, arrangement, relationship or understanding between the parties shall be valid, effective or enforceable, and no obligation or liability shall be created on behalf of either party hereto unless and until it is contained in a writing, signed by duly authorized representatives of each party.

25. General. This Agreement constitutes the entire Agreement between MVAR and Seller and no attempted variation, change or waiver of any provision of this Agreement shall have any force or effect unless consented to in writing signed by the party against whom enforcement thereof is sought. Such variation, modification or waiver shall be effective only in the specific instance consented to. A failure by any party to exercise or delay in exercising any right or power conferred upon it in this Agreement shall not operate as a waiver of any such right or power. (b) This Agreement shall be governed by the laws of the Province of Ontario, and the laws of Canada applicable therein without giving effect to the conflict of law principles thereof and excluding the Convention on Contracts for the International Sale of Goods. (c) Each party hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding relating to this Agreement or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the Province of Ontario and to the respective appellate courts thereof in connection with any appeal therefrom. (d) Section headings used herein are for descriptive purposes only and shall not be used in construing the provisions of this Agreement.

and of Schedule A



SCHEDULE B to MVAR AGREEMENT : MUTUAL NON-DISCLOSURE AGREEMENT

1. Symbol and MVAR may receive data ("Proprietary Information") from each other during the term of the business relationship defined by the MVAR Agreement. The provisions that follow shall supersede the provisions of any legend which may be affixed to the Proprietary Information by the disclosing party and the provisions of such legend shall, to the extent they are inconsistent herewith, be without any force or effect.

2. Notwithstanding that this Agreement shall have terminated or expired, each party agrees to keep in confidence and prevent the unauthorized use or disclosure to any unauthorized person or persons of all Proprietary Information which is designated in writing, or by an appropriate stamp or legend by the disclosing party to be of a proprietary or confidential nature received and to use such data only for the above stated purpose. Proprietary Information shall include information disclosed orally only if identified as proprietary information at the time of the first oral disclosure and reduced to writing within thirty (30) days thereof. Neither party shall be liable for use or disclosure of any such Confidential Information if same: (a) is in the public domain at the time it is disclosed; or (b) is known to the receiving party at the time of disclosure; or (c) is used or disclosed with the prior, written approval of the other party; or (d) is used or disclosed after five (5) years from the date of this Agreement; or (e) is independently developed by the receiving party; or (f) becomes known to the receiving party from a source other than the disclosing party without a breach of this Agreement by the receiving party. Neither party shall be liable for inadvertent, accidental or mistaken use or disclosure of Confidential Information obtained under this Agreement despite the exercise of the same reasonable precaution as the receiving party takes to safeguard its own proprietary information.

3. The disclosure of Confidential Information hereunder by either party hereto shall not be construed as granting to the other, either expressly or otherwise, any license under any invention, industrial design, copyright or patent now or hereafter owned or controlled by such party, nor shall such Agreement of disclosure constitute any representation, warranty or assurance by the transmitting party with respect to any infringement of patents, industrial designs, copyrights or other rights of third parties.

4. Each party shall perform its obligations hereunder without charge to the other. Nothing in this Agreement shall

(a) grant either party the right to make any commitment of any kind for or on behalf of the other party without the prior written consent of the other party; or (b) create or be interpreted in any way as a joint venture, partnership or formal business organization of any kind.

5. Upon expiration or termination of this Agreement, or upon breach of any obligation of this Agreement by the receiving party, or upon request of the disclosing party, all recorded copies of the Confidential Information and portions thereof remaining in the receiving party's possession shall be returned to the disclosing party or destroyed, and such return or destruction certified to the disclosing party.

6. This Agreement constitutes the entire Agreement and understanding between the parties as to the subject matter hereof and supersedes and replaces all direct or indirect prior and contemporaneous agreements, written or oral, as to such subject matter.

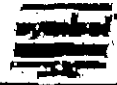
7. The parties acknowledge this Agreement is personal in nature and agree that it shall not be assigned, in whole or in part, by either party without the written consent of the other party. Any purported assignment of this Agreement or any interest therein without the written consent of both parties shall be void.

8. No subsequent agreement, arrangement, relationship or understanding between the parties shall be valid, effective or enforceable and no obligation or liability shall be created on behalf of either party hereto unless and until it is contained in a writing, signed by duly authorized representatives of each party.

9. If any legal proceedings are commenced to resolve any dispute or difference which may arise between the parties hereto, out of or in connection with this Agreement, the prevailing party shall be entitled, in addition to any other award that may be made, to recover costs, legal fees, and expert witness fees, including any costs of legal fees incurred in connection with any appeals.

10. This Agreement shall be governed by and construed in accordance with the commercial laws but not the conflict of law provisions of the Province of Ontario and the laws of Canada applicable therein.

end of Schedule B



MVAR AGREEMENT
Appendix to SCHEDULE C : PRODUCT AND DISCOUNT SCHEDULE

Only the following Products may be sold by MVAR to or through volume model Resellers, as defined in Section 3 of the Agreement:

SCANNER PRODUCTS

1. LS 100x SERIES
 2. LS 20XX MX SERIES
 3. LT 18XX SERIES
 4. LL 425 INTERFACE CONTROLLER
 5. LL 500 OMNILINK™ INTERFACE CONTROLLER
 6. LP 15XX SERIES
 7. LS 400X SERIES
 8. LS 9100
-

Barcode Systems Inc. - LEVEL 9

**Reseller Loyalty Program Addendum
 To "Schedule A" Product and Discount Schedule**

The below-named Symbol VAR or Distributor, herein called "Reseller", requests to participate in Symbol's Reseller Loyalty Program as described below. The Reseller agrees to abide by the terms of the Program and in return, will receive a Loyalty Bonus. Participation in the Program may be revoked at any time due to non-compliance with the terms.

Eligibility

The Loyalty Program is open to all Certified Symbol Resellers in good standing (including credit status), who are under a current, written standard VAR, Master VAR or Distributor Agreement.

Terms

1. Reseller may not sell products which compete with any Symbol product included in the Program, except for other vendor accounts which contain a Symbol logo tagline.
2. Pre-existing and new contracts for competitive equipment, as registered below, will be exempt from this term.
3. Reseller has a grace period of 90 days from execution of this Addendum to convert from competitive products.
4. Reseller has a one-time-only opportunity to participate. If a Reseller violates any terms of the Program, participation in the Program will be revoked without potential for reinstatement.

Loyalty Bonus

Participating Resellers receive, for the products included in the Program, an increase of one level discount above their current standard Reseller volume level.

Products Included in Program

- LS3000 Series
- LS4000 Series
- LS5700 Series
- LS5800 Series
- LS9100 Series
- LS1100 Series

***Other Reseller Products Carried by Reseller, including those containing Symbol logo tagline:**

****Registration of Pre-Existing Contracts for Exemption**

End-user Name	Competitive Equipment Under Contract	Contract Expiration Date

RESSELLER: BARCODE SYSTEMS
 By: [Signature]
 Printed Name: DAVID SOKOLOV
 Title: PRESIDENT
 Date: MARCH 17, 1998

SYMBOL WESTERN
 SYMBOL TECHNOLOGIES, INC.
 By: [Signature]
 Printed Name: PAUL WIND
 Title: SALES - SYMILL
 Date: March 17, 1998



1997 Channel Business Development Programs

MASTER VAR APPLICATION
FOR SYMBOL PREMIER PARTNER STATUS

Complete and Fax this Application Form to 516-738-4680 to apply for participation in a Symbol Channel Business Development Program. Upon receipt, Symbol Technologies will review the application with the Channel Manager responsible for the Account relationship. Once approval is received from the Symbol Channel Manager, a Symbol telesales representative will call the key contact noted below to facilitate all other aspects of the program(s).

To: Pam Rocco, Sr. Manager, Channels Programs

FAX: 516-738-4680

From: GIORGE CANETTI

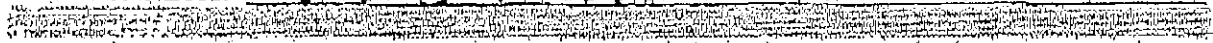
Company Name: PERKINS SYSTEMS INC. | SYMBOL WESTERN

Telephone Number: 604-668-3825 Fax Number: 604-439-9047

Signed: David Sch...

Date: FEB 1, 1997

Email Address: SALES@SYMBOLDIRECT.COM



Please describe your application or software specialty. (Attach additional sheets as necessary.)

See Catalog - page 41 to 45

In what markets do you sell the above software? Check all that apply.

- Retail - General Mktg.
- Retail - Food/Convenience
- Warehousing/Distribution
- Transportation/Logistics
- Manufacturing
- Healthcare
- Tele/Distance
- Government
- Other

Please describe your complete solution/delivery package, whether you provide your own or that of a third-party:

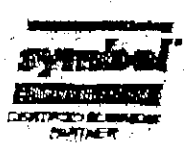
Hardware: Symbol

Software: 2nd PARTY OR CUSTOM

Professional Services: Symbol WESTERN OR SIMPLEX

Maintenance: Symbol

Other: _____





**VERTICAL VAR APPLICATION
FOR SYMBOL PREMIER PARTNER STATUS**

To apply for Premier Partner status, please fill in the following information completely, attach references and sign. (Eligibility requirements are listed on side 2 of this application.)

PLEASE SUBMIT TO YOUR CHANNEL MANAGER

Channel Manager: Sign and fax to Susan Sokolowski, Contracts and Order Services at (516) 758-4811.

Company name BARCODE SYSTEMS, INC.
Address 4311 HILLTOP WAY
City BURNLEY State PA Zip 16816
Phone (412) 468-5825 Fax (412) 468-9037
Email address symbol@sprynet.com

What is your primary target market? Check one.

- Retail - General Mktg.
- Retail - Food/Convenience
- Warehousing/Distribution
- Transportation/Logistics
- Manufacturing
- Healthcare
- Utility/Utilities
- Government
- Other

Please describe your full suite of applications which you offer to your target market. (Attach additional sheets as necessary.)

EVERYTHING
TRUCKING
WAREHOUSING/DISTRIBUTION
LOGISTICS
GOVERNMENT

Please describe your complete solution/delivery package, whether you provide your own or that of a third-party:

Hardware: SELL SYMBOL PRODUCT - EXCLUSIVELY
IBM, SAMSUNG, TECHNICAL NETWORK

Software: THROUGH OTHER

Professional Services: SITE INSPECTIONS, TECHNICAL SERVICES

Manufacturing: MULTI-VENDOR CONTRACTORS & SUPPORT
THROUGH OTHER

Other: VARIOUS LINES OF BUSINESS
SELLING SOFTWARE PACKAGES & ACCESSORIES

How long have you been servicing this market with your solutions?

1988
1990-1995

How many installed customers do you have in this market?

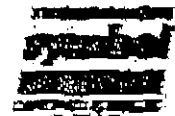
55+

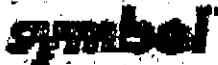
What is your percentage of customer retention?

Describe the history of your company's experience in this market. (Attach additional sheets as necessary.)

WE HAVE A LONG HISTORY IN THE MARKET AND HAVE BEEN
PROVIDING A VARIETY OF SOLUTIONS THROUGH
APPLICATIONS & PRODUCTS

SPV-7/5/97





**VERTICAL VAR APPLICATION
FOR SYMBOL PREMIER PARTNER STATUS**

Continued...

What is the total number of years of your staff's experience in this market? 15 AVG. YRS
Number of sales persons dedicated to this market? 12
Number of technical persons dedicated to this market? 3
Where do you rank in market dominance among competitive solution providers?
Top 10 K Top 20 _____ Top 50 _____ Top 100 _____

What are your key differentiators from your competitors and their offerings?
WE ARE THE ONLY COMPANY HAS THE ABILITY TO
SERVISE SOLUTIONS TO ALLST INDIUSTRY/MARKET SECTOR

Please attach eight (8) INSTALLED customer references for your solution(s). Include the following information:

- Company Name and Location
- Type of Business
- Contact Name and Title
- Phone Number
- Solution Installed
- Date Installed
- Benefits Realized by Customer

I am hereby applying to become a Symbol Vertical VAR Premier Partner. I understand the requirements and, if selected, agree to participate fully in the program.

STEVE REYNOLDS
Submitted by (print name)

MARKETING/SALES
Title

[Signature]
Submitted by (signature)

Aug. 20/97
Date

[Signature]
Recommended by (Channel Mgr. signature)

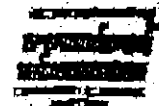
Aug. 22/97
Date

Channel Manager FAX TO SUSAN SOKOLOWSKI, Contracts & Order Services at (516) 731-4611.

Vertical VAR Requirements for Premier Partner Program

- Certified status
- Minimum annual Symbol revenue - \$1 Million
- Market expertise and leadership in target market
 - Knowledge and experience
 - Full suite of application solutions
 - Sales and technical support
 - Market distribution channels
- Full solution offering (hardware/software/professional services/consulting)
- Sustained business growth
- Customer satisfaction/installed references
- Consistently good financial credit standing with Symbol
- Submission of annual marketing plan
- Participation in quarterly business reviews
- Participation in verticalized joint development planning for sub-channels

REV 4/97



REFERENCE LIST

Company: **Revelstoke**
Contact: **Martin French**
Jim Kroker
Address: **8800 Glenlyon Parkway**
Burnaby, BC V5J 5K3
Telephone: **(604)888-4111**

Company: **Future Shop**
Contact: **Todd Rae**
Address: **19550 82nd Avenue**
Surrey, BC V4N 4G7
Telephone: **(604)435-8223**

Company: **Northern Telecom Canada Ltd.**
Contact: **David Saunders**
Address: **250 Sidney Street**
Belleville, ON K8N 5B7
Telephone: **(613)866-0100**

Company: **Bell Canada**
Contact: **Brad Skill**
Address: **100 Dundas Street**
London, ON N5A 4L6
Telephone: **(519)863-4797**

Company: **Petro Canada Products**
Contact: **Ed McDonnell**
Address: **150 5th Avenue SW**
Office 2544 POCW
Calgary, AB T2P 3E3
Telephone: **(403)296-7054**

Company: **Sirvys Computer Corp.**
Contact: **Derek Smerchansky**
Address: **55 Murray Park Rd.**
Winnipeg, MB R3J 3W2
Telephone: **(204)888-1689**

Company: **Tri-Comp Systems**
Contact: **Cameron Denaka**
Address: **2305 Hanselman Place**
Saskatoon, SK S7L 6A9
Telephone: **(306)242-2770**

Company: **Jefferson County Public Library**
Contact: **Larry Domingues**
Address: **5454 Kipling Street**
Arvada, CO 80005
Telephone: **(303)840-4500**

MAR. 20. 2003 9:56AM
FEB. -17 99 (WED) 17:59
MAY 25 1997 08:48

SYMBOL TECHNOLOGIES
SYMBOL TECHNOLOGIES
SYMBOL WESTERN

TEL: 905 629 3812

NO. 337 P. 35

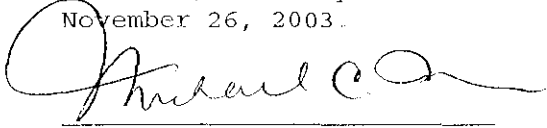
P. 018

P. 05

Company: Nordic Track
Contact: Deann Dask
Address: 11 Peavey Road, E400
Chaska, MN 55318
Telephone: (612)368-5104

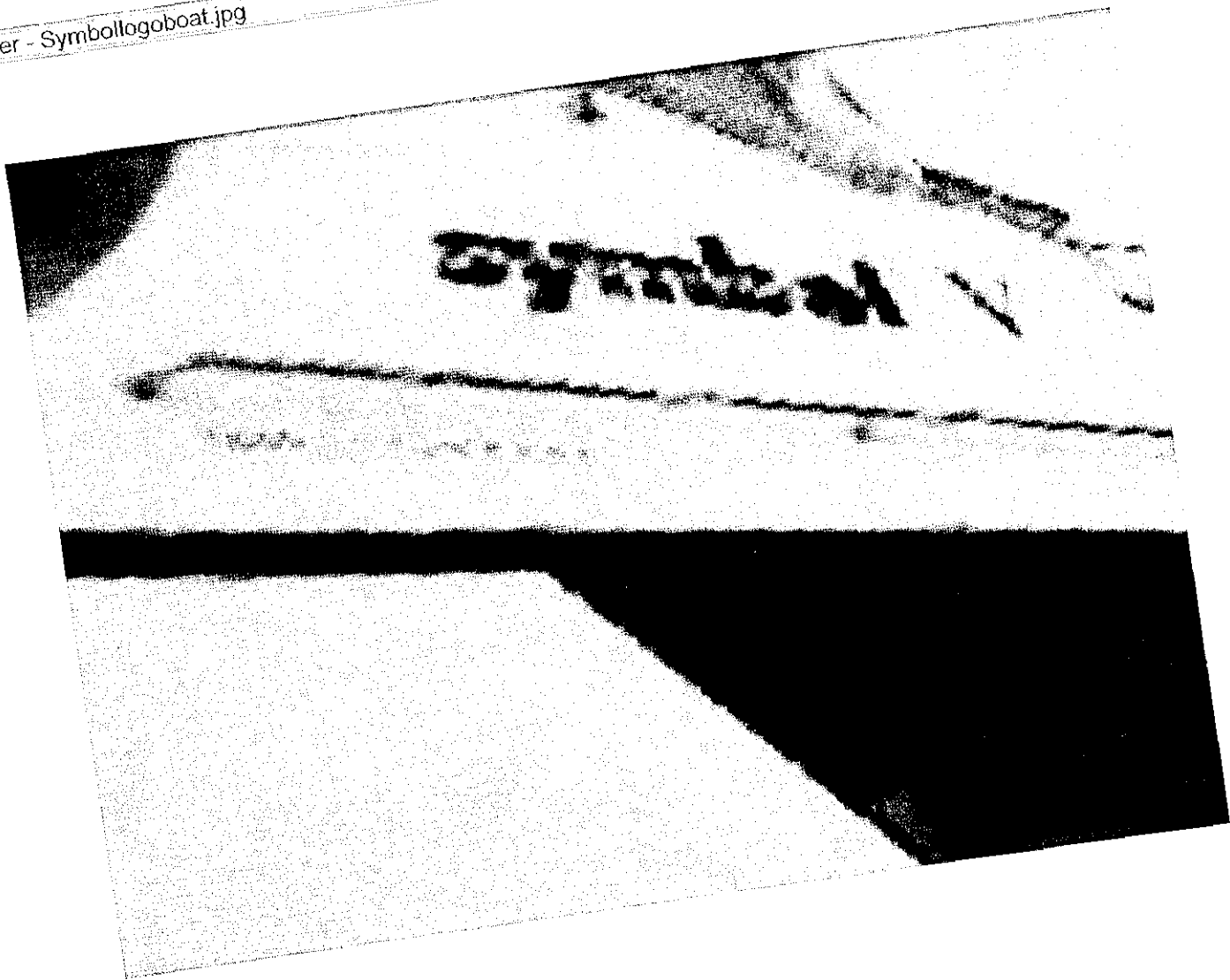
The attached document is Exhibit "G" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



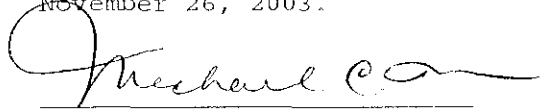
NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02MI6084529
Qualified In Nassau County
Commission Expires December 9, 20 06



The attached document is Exhibit "H" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02MI6084529
Qualified In Nassau County
Commission Expires December 9, 20 06



Michael C. Miller
Corporate Counsel
631.738.5362
millerm@symbol.com

VIA TELEFACSIMILE

March 20, 2003

Mr. David Sokolow
Barcode Systems, Inc.
13400 N.E. 20th Street
Suite 32
Bellevue, Washington 98005

RE: Agreement with Integrator, dated January 30, 2001 (the "Agreement"), between Symbol Technologies, Inc. ("Symbol") and Barcode Systems, Inc. ("BSI")

Dear Mr. Sokolow:

In accordance with Symbol's rights under Section 12.2 of the Agreement, this letter hereby serves as Symbol's thirty (30) days' written notice to BSI of its termination of the Agreement. Pursuant to the terms of Section 12.2, the effective date of the termination of the Agreement is April 20, 2003.

Should you have any questions or comments in connection with this letter, please direct all inquiries to the undersigned at the above referenced telephone number or electronic mail address.

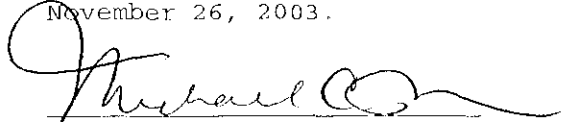
Sincerely,

Michael C. Miller

cc: Mr. Nuti
Mr. Abbott
Ms. Crissey
Mr. Zix
Mr. Reid

The attached document is Exhibit "I" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)


NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02M16084529
Qualified In Nassau County
Commission Expires December 9, 2006

THE QUEEN'S BENCH

WINNIPEG CENTRE

BETWEEN:

BARCODE SYSTEMS, INC.,

plaintiff,

- and -

SYMBOL TECHNOLOGIES CANADA, INC., and
SYMBOL TECHNOLOGIES, INC.,

*ONE SYMBOL PLAZA
HOLTSVILLE NY 11742-1300*

defendants.

AMENDED STATEMENT OF CLAIM

Thompson Dorfman Sweatman
Barristers & Solicitors
Toronto Dominion Centre
2200 - 201 Portage Avenue
Winnipeg MB R3B 3L3

(Matter No. 0066030 EWO/LJC)
(E. W. OLSON, Q.C./HVK)
(Direct Telephone: 934-2534)
(Direct Fax No. : 943-0534)

THE QUEEN'S BENCH

WINNIPEG CENTRE

BETWEEN:

BARCODE SYSTEMS INC.,

plaintiff,

- and -

**SYMBOL TECHNOLOGIES CANADA, INC and
SYMBOL TECHNOLOGIES, INC.,**

defendants.

AMENDED STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a Manitoba lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Queen's Bench Rules, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it in this Court Office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Manitoba.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

March 11th , 2003

Issued by (D. Tack)
Deputy Registrar
100c - 408 York Avenue
Winnipeg MB R3C 0P9

TO: Symbol Technologies Canada, Inc.
~~2540 Matheson Boulevard East~~ 5180 Orbitor Drive
Mississauga, ON L4W 4Z2 5L9

AND TO: Symbol Technologies, Inc.
One Symbol Plaza
Holtsville, NY 11742-1300

Amended this 19th day of March
20 03 on requisition

V. ZANT
DEPUTY REGISTRAR

CLAIM

1. The plaintiff claims:
 - (a) An account of sales of products and services to plaintiff's existing customers and to new sales leads in western Canada from January 29, 1998 to present;
 - (b) An order for the payment of all sums found to be due to the plaintiff upon the taking of such account;
 - (c) General damages;
 - (d) Punitive, exemplary and aggravated damages;
 - (e) Special damages;
 - (f) Interest; and
 - (g) Costs.

2. The plaintiff is a corporation duly incorporated under the laws of Canada, and carries on business in western Canada as a distributor and installer of bar code scanning systems, with its head office in Winnipeg, Manitoba. The plaintiff carries on its business under the names "Barcode Systems", "BSI", "Symbol Western", and "Symbol Direct".

3. The defendant Symbol Technologies Canada, Inc., is a corporation incorporated under the laws of Canada, with its head office at Mississauga, Ontario.

4. The defendant Symbol Technologies, Inc., is a corporation incorporated under the laws of the state of Delaware, and has its principal executive office at Hottsville, New York.

~~5.~~ The defendants Symbol Technologies Canada, Inc. and Symbol Technologies, Inc. (collectively referred to as "Symbol") are related corporations and are part of an international family of companies which manufactures and sells bar code scanning and data capture system products and services under the trademark "Symbol".

~~6.~~ In or about May, 1994, the plaintiff and Symbol entered into an business arrangement whereby the plaintiff would take over Symbol's sales and support operations in Vancouver, British Columbia, which operations serviced all of western Canada. Western Canada was intended by the parties to include the provinces Manitoba, Saskatchewan, Alberta, and British Columbia.

~~7.~~ The 1994 business arrangement between the parties provided, *inter alia*, that:

- (a) Symbol would provide all western Canada sales leads to the plaintiff with the exception of products not represented and target accounts;

- (b) Symbol would agree not to appoint any new distributors in the area as long as Symbol's standard Value Added Reseller Agreement was in effect and quotas, terms and conditions were being met by the plaintiff; and
- (c) Symbol would provide automatic annual renewals of its standard Value Added Reseller Agreement, if all targets, terms and conditions were met by the plaintiff.

~~8~~ In or about January, 1998, Symbol induced the plaintiff to make changes to their business arrangement. By an agreement in writing contained in a letter from Symbol to the plaintiff dated January 27, 1998 (the "1998 Agreement"), it was agreed that in exchange for the plaintiff releasing Symbol from all previous obligations, agreements or understandings, and discontinuing use of the Symbol trademark, Symbol would, *inter alia*, do the following:

- (a) Symbol would provide sales help and assistance and marketing support to the plaintiff in addition to the assistance and support outlined in Symbol's standard Reseller Channel Agreement;
- (b) Symbol would provide the plaintiff with the top level discount until December 31, 2000 without any volume requirements;
- (c) Symbol would continue to supply western Canada leads to the plaintiff;

- (d) Symbol would provide efficient processing for approval and payment of marketing assistance funds to the plaintiff;
- (e) Symbol would provide the plaintiff with timely responses for price exceptions and if unable to provide a response within 6 hours, the Canadian President of Symbol would handle the price exception.

~~9.~~ When negotiating and entering into the 1998 Agreement, Symbol owed to the plaintiff a duty to act bona fide and in good faith.

~~10.~~ Right from the outset, Symbol deliberately, maliciously and wilfully breached its duty and the express terms of the 1998 Agreement, the particulars of which are as follows:

- (a) Symbol failed to provide the plaintiff with additional sales help and assistance;
- (b) Symbol allowed its sales people to directly compete with the plaintiff for new customers as well as for new opportunities with the plaintiff's existing customers;
- (c) Symbol failed to provide the plaintiff with top level pricing by giving better pricing to other distributors, resellers and end user customers, regardless of volume;

- (d) Symbol did not process marketing assistance fund approvals and payments on a timely basis;
- (e) Symbol did not provide the plaintiff with pricing exceptions on a timely basis.

~~11.~~ Further, it was an implied term of the 1998 Agreement that the parties act towards each other in good faith and fair dealing. Symbol breached this implied term by deliberately failing to honour its obligations under the 1998 Agreement right from the outset.

~~12.~~ As a result of the breaches by Symbol, the plaintiff has suffered loss and damage, which include lost sales and profits from January 1998 to the present.

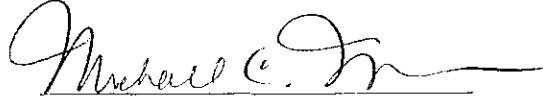
13. The plaintiff pleads and relies on Queen's Bench Rule 17.02(h) and says that it has sustained loss and damage in Manitoba as a result of Symbol's breaches.

March , 2003

THOMPSON DORFMAN SWEATMAN
Barristers & Solicitors
Toronto Dominion Centre
2200 - 201 Portage Avenue
Winnipeg MB R3B 3L3
E. W. Olson
934-2534

The attached document is Exhibit "J" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02MI6084529
Qualified In Nassau County
Commission Expires December 9, 20 06

File No. CI 03-01-32071

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

BETWEEN:

BARCODE SYSTEMS, INC.

plaintiff,

-and-

**SYMBOL TECHNOLOGIES CANADA, INC., and
SYMBOL TECHNOLOGIES, INC.**

defendants

STATEMENT OF DEFENCE and COUNTERCLAIM

AIKINS, MacAULAY & THORVALDSON
Barristers and Solicitors
30th Floor, 360 Main Street,
Winnipeg, Manitoba
R3C 4G1

(COLIN R. MacARTHUR, Q.C.)

Phone No. (204) 957-4627
Facsimile No. (204) 957-4400
File No. (0302215)

Box #3

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

BETWEEN:

BARCODE SYSTEMS, INC.

plaintiff,

-and-

**SYMBOL TECHNOLOGIES CANADA, INC., and
SYMBOL TECHNOLOGIES, INC.**

defendants

STATEMENT OF DEFENCE and COUNTERCLAIM

1. The defendants admit the allegations contained in paragraphs 2, 3, 4 and 13 of the statement of claim.
2. The defendants deny the allegations contained in paragraphs 5, 6, 7, 8, 9, 10, 11 and 12 of the statement of claim.
3. In reply to paragraph 5 of the statement of claim, the defendants say that the proper name of Symbol Technologies Canada, Inc. is Symbol Technologies Canada ULC (Symbol Canada), which is a corporation incorporated under the laws of the Province of Nova Scotia. Symbol Canada, and its co-defendant Symbol Technologies, Inc. (Symbol Technologies)(collectively referred to as Symbol) are related corporations and admit that the business of Symbol includes the manufacture and sale of barcode scanning and data capture system products and services under the Trade-Mark "Symbol".
4. In reply to paragraphs 6 and 7 of the statement of claim, Symbol says that in or about November, 1991, Symbol Canada and the Barcode Systems, Inc. (Barcode) entered into a VAR Agreement whereby Barcode was appointed as a non-exclusive reseller of products manufactured or supplied by Symbol Canada. (The acronym VAR stands for Value-Added Reseller.) Pursuant to the terms of the VAR Agreement, Barcode agreed to solicit orders for and provoke the sale of Symbol products. Thereafter, Symbol

Canada and Barcode entered into a series of Value-Added Reseller Agreements such that the Value-Added Reseller Agreement earlier in date was replaced by the Value-Added Reseller Agreement later in date.

5. In further reply to paragraphs 6 and 7 of the statement of claim, Symbol says that in 1994, the business relationship between it and Barcode was expanded in that Barcode, which had conducted its business from an office located in the City of Winnipeg, in the Province of Manitoba, opened a second office in the City of Vancouver, in the Province of British Columbia. On November 15, 1994, Symbol Canada entered into another in the series of Value-Added Reseller Agreement with Barcode. Symbol says that it is the terms and conditions of the said 1994 Agreement which was binding on the parties as at November 15, 1994, and which established the business relationship between it and Barcode. Symbol says that the said Value-Added Reseller Agreement effective November 15, 1994, was replaced by a Value-Added Reseller Agreement effective May 28, 1996, which in turn was replaced by a Value-Added Reseller Agreement effective August 20, 1997.
6. In reply to paragraph 8 of the statement of claim, Symbol says that on or about January 29, 1998, Barcode and Symbol entered into a letter agreement which was intended to settle differences that had arisen between them with respect to certain matters in contention. The January 29, 1998, letter agreement specifically provided as follows:

"BCS (Barcode) will release Symbol from any and all obligations, agreements or understandings outside of the standard Symbol Agreement to be executed in 1998 or subsequent years with the exception of the previous 8 points agreed to."
7. Barcode and Symbol did not execute a standard Symbol Agreement in 1998 but rather on January 30, 2001, Barcode, through its related corporation Barcode Systems Inc., a corporation incorporated in the United States of America with an office and doing business in the City of Bellevue, in the State of Washington, and Symbol entered into an "AGREEMENT WITH INTEGRATOR" which Symbol says was thereafter recognized by Barcode and Symbol as the operative agreement governing their business relationship replacing the Value-Added Reseller Agreement effective August 20, 1997.

3

- ↓
8. Symbol says it was an express term of the Agreement With Integrator that it could be terminated by either party upon 30 days written notice. Symbol says that written notice of termination was provided by it on March 20, 2003, effective April 20, 2003.
 9. In reply to paragraph 9 of the statement of claim, Symbol says that the agreements that were entered into with Barcode, as pleaded herein, established the legal relationship between Barcode and Symbol.
 10. In reply to paragraphs 10 and 11 of the statement of claim, Symbol expressly denies that it acted deliberately, maliciously and willfully in breach of the express terms of the 1998 Agreement and puts Barcode to the strict proof thereof.
 11. Symbol pleads that the statement of claim be dismissed with costs on a solicitor and client basis.
- U

COUNTERCLAIM

12. The defendants claim:

(a) a declaration that:

- (i) the Canadian Trade-Mark "Symbol" registered by Symbol Canada under registration no. TMA372,318 (Trade-Mark) is valid;
- (ii) Barcode has infringed and is deemed to have infringed the Trade-Mark; and
- (iii) Barcode has depreciated the value of the goodwill attached to the Trade-Mark.

(b) an interim, interlocutory and permanent injunction restraining Barcode and anyone acting under the instructions of Barcode including its agents, employees, associates, partners, and trusts and any other person under its control and any person aware of such order as may be granted, and each of them from directly or indirectly:

- (i) using trade-names or trade-marks, confusingly similar to the Trade-Mark in association with the sale, selling, distributing or servicing of electrical and scientific apparatus being optical scanners for reading printed symbols such as barcodes;
- (ii) directing public attention to the businesses and services of Barcode through the use or advertising of the Trade-Mark or trade-names or trade-marks confusingly similar to the Trade-Mark in such a way as to cause or be likely to cause confusion in Canada between its business and services and the business and services of Symbol;

- ↓
- (iii) passing itself off, or representing to any third party, that Barcode is a strategic partner with Symbol or that it is authorized by Symbol, in any way, to sell to end users or resellers product manufactured or supplied by Symbol or is authorized to service or repair product manufactured or supplied by Symbol;
 - (iv) using the Trade-Mark or using trade-names or trade-marks similar to the Trade-Mark so as to depreciate the value of the goodwill attached to the Trade-Mark;
 - (v) ordering, directing, inducing, guiding or authorizing any of the above; and
 - (vi) pending the trial of this matter, from deleting, erasing or taking any step whatsoever to destroy or conceal any records, documents, or files, including image files pertaining to their creation, including any files that may be stored in any computer memory device, on disk, on tape or stored in any form whatsoever as it relates to the Trade-Mark.
- (c) a mandatory injunction requiring Barcode to prepare and/or execute any documentation that is required in order to ensure that Barcode ceases and desists use of the Trade-Mark or any trade-names or trade-marks confusingly similar thereto;
- (d) a permanent order requiring Barcode to deliver up under oath or supervision of this Honourable Court, within five days of the issuance of the judgment, all advertising, promotions, screens, negatives, transfers, printed material, website materials, domain name registrations and other things in its possession, custody or control, the use or possession of which would offend any injunction granted herein, all at the expense of Barcode, or in the alternative, an order that such material be destroyed under supervision of this Honourable Court within the same five days, all at the expense of Barcode;
- ↓

- (e) damages, or an accounting of profits, as Barcode upon enquiry, may elect for Trade-Mark infringement, passing off, depreciation of its goodwill in the Trade-Mark;
- (f) general damages for depreciation of the value of the goodwill attaching to the Trade-Mark;
- (g) special damages in the sum of \$1,281,402.34 representing the unpaid balance for goods and services provided by Symbol to Barcode;
- (h) exemplary damages;
- (i) pre-judgment and post-judgment interest;
- (j) Symbol's costs on a solicitor and client basis; and
- (k) such further and other relief as this Honourable Court may deem just.
13. Symbol Canada says that, at all material times hereto, it is the owner and exclusive licensor throughout Canada of the Trade-Mark. Symbol Technologies says that it is the owner and exclusive licensor of the United States Trade-Mark "Symbol" registered by Symbol Technologies under registration no. 1,340,396. The Trade-Mark registered in Canada and the United States is the same with the intent that the Trade-Mark is associated with the products manufactured and distributed by Symbol throughout Canada and the United States.
14. By reason of the provisions of section 19 of the *Trademarks Act* (the Act), Symbol Canada has the exclusive right to the use of the Trade-Mark throughout Canada and has done so since at least as early as 1984.
15. Symbol pleads and relies upon section 54 of the Act, as amended, which provides that any entry in the Registrar of Trade-Marks is evidence of the facts set out therein.

Symbol Canada has used and promoted, and continues to use and promote, its Trade-Mark throughout Canada in association with its business and services.

16. Symbol Canada enjoys a valuable reputation by virtue of the use of the Trade-Mark.
17. During the currency of the business relationship between Barcode and Symbol, Barcode was granted the license, expressly or impliedly, to use the Trade-Mark in a promotion sale and servicing of products supplied by Symbol to Barcode during the currency of the Value-Added Reseller Agreement then in effect and governing the business relationship between Symbol and Barcode.
18. As pleaded in paragraph 8 of the statement of defence, by written notice effective April 20, 2003, the Agreement with Integrator was terminated. Symbol says that as of the effective date of termination Barcode was no longer licensed, either expressly or impliedly, or was no longer authorized to make use of the Trade-Mark or any trade-names or trade-marks confusingly similar to the Trade-Mark in association with the sale, distribution and servicing of products. Symbol further says that as at April 20, 2003, Barcode could no longer pass itself off or represent to any third party that Barcode is a strategic partner with Symbol or that it is authorized by Symbol, in any way, to sell to end users or resellers product manufactured or supplied by Symbol or, is authorized to service or repair product manufactured or supplied by Symbol.
19. Symbol says that as at the date of filing this statement of defence and counterclaim, and despite the notice of termination as pleaded in paragraph 8 of the statement of defence, Barcode continues to represent itself to its potential customers, the business community in Canada and the public at large as a strategic partner with Symbol Technologies and, continues to make use of the Trade-Mark or any trade-names or trade-marks confusingly similar to the Trade-Mark and, without limiting the generality of the foregoing, by the use of promotional material, letterhead and the operation of a website or websites including www.bsirect.com.

20. Use by Barcode of the Trade-Mark or trade-names or trade-marks confusingly similar to the Trade-Mark has caused, and is likely to cause, deception and confusion between Barcode's business and services and those of Symbol in light of the following factors:
- (a) the Trade-Mark is inherently distinctive;
 - (b) the Trade-Mark has become well known in Canada due to extensive use throughout Canada and the United States by Symbol for many years; and
 - (c) Barcode's business is substantially similar to that of Symbol.
21. By reason of the acts of Barcode, it has engaged in wrongful activity contrary to section 7 of the Act.
22. By reason of the acts of Barcode, it has infringed, intends to infringe and is deemed to infringe the Trade-Mark contrary to sections 19 and 20 of the Act.
23. In addition, Barcode's activities have seriously depreciated the value of goodwill attached to the Trade-Mark contrary to section 22 of the Act.
24. By reason of Barcode's said wrongful acts, Symbol has suffered, and will continue to suffer, loss and irreparable harm including damage to its reputation and Barcode has made a profit and will continue to make a profit.
25. Symbol says that it supplied goods and services to Barcode, particulars of which are known to Barcode. As of the date of the filing of this statement of defence and counterclaim, Barcode was indebted to Symbol or Symbol Canada or Symbol Technologies in the sum of \$1,281,402.34. Payment for the said product supplied to Barcode was required to be made by Barcode within forty-five days from the date of shipment of the said product to it. Pursuant to paragraph 13 of Schedule "A" to the Agreement With Integrator, Barcode has refused and neglected, and continues to refuse and neglect, to make payment of the said sum of \$1,281,402.34 or any part thereof.

26. Symbol therefore claims as more particularly set forth in paragraph 12 hereof.

May 21, 2003

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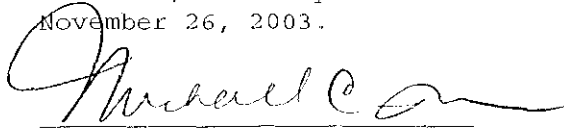
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The attached document is Exhibit "K" referred to in the affidavit of Todd Abbott.

SWORN before me at the City)
of Holtsville, in the County of)
Suffolk, in the State of)
New York, this day of)
November 26, 2003.)



NOTARY PUBLIC

MICHAEL C. MILLER
Notary Public, State Of New York
No. 02MI6084529
Qualified in Nassau County
Commission Expires December 9, 20 06

File No. CI 03-01-32071

THE QUEEN'S BENCH

WINNIPEG CENTRE

BETWEEN:

BARCODE SYSTEMS INC.,

plaintiff,

- and -

**SYMBOL TECHNOLOGIES CANADA, INC and
SYMBOL TECHNOLOGIES, INC.,**

defendants.

DEFENCE TO COUNTERCLAIM

*Amiee Admitted
June 24/03
[Signature]*

Thompson Dorfman Sweatman
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Toronto Dominion Centre
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(Matter No. 0066030 EWO/LJC)
(E.W. Olson 934-2534)
(Fax. No. 934-0534)

FILED

JUN 12 2003

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5. In response to paragraph 17 of the counterclaim, Barcode admits that it was granted the license, both expressly and impliedly, to use the Trade-mark in the conduct of its business operations, which operations included the promotion, sale and servicing of Symbol products.

6. In or about late 1997 or early 1998, prior to the parties entering into the agreement contained in the letter dated January 27, 1998 (the "1998 Agreement"), the president of Barcode, David Sokolow, and his wife, Caroline Levi, met with three executives from Symbol, namely, Peter Nind (then President of Symbol Technologies Canada Inc), Frank Borghese (then senior vice-president of Symbol Technologies), and Stan Jaworski (then vice-president of channels for Symbol Technologies).

7. At this meeting, a verbal agreement regarding use of the Trademark was reached between Barcode and Symbol (the "License Agreement"), the express terms of which were as follows:

- (a) The parties would establish a timetable to phase out the names "Symbol Direct" and "Symbol Western" from Barcode's business operations;
- (b) Barcode would be entitled to use Symbol partner approved logos;

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- (c) Barcode would be entitled to use the names "Symbol Direct" and "Symbol Western" as web re-directors to direct internet users to the Barcode website;
 - (d) David Sokolow and Caroline Levi would be entitled to use the name "Symbol" on their personal boat; and
 - (e) Symbol would be bound to honour the terms of the License Agreement for so long as David Sokolow remained a primary shareholder of Barcode.
8. At all relevant times, Peter Nind, Frank Borghese, and/or Stan Jaworski were persons with corporate authority to bind Symbol to the License Agreement with Barcode.
9. Barcode denies that the license to use the Trade-mark has been revoked as alleged. Barcode says that the written notice of April 20, 2003 was served on Barcode Systems Inc., a company incorporated under the laws of the state of Washington. Barcode Systems Inc (Washington) is a separate entity from Barcode and has its own contractual relations with Symbol, separate from those of Barcode with Symbol.
10. Pursuant to the terms of the 1998 Agreement, Symbol is required to maintain ongoing business relations with Barcode and to execute standard Symbol

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Agreements with Barcode in 1998 and subsequent years. Symbol is not entitled to terminate the business relationship and/or any standard Symbol Agreement in place at any particular time, except in the specific named instances of bankruptcy, insolvency, filing for creditor protection, sale of business or change of ownership.

11. With respect to change of ownership, it was agreed by the parties that Symbol was bound to honour all of the terms of the 1998 Agreement for so long as David Sokolow remained a primary shareholder of Barcode, with provision for transferability in the event of public offering or issuance of investment capital.

12. It is expressly denied that use of the Trade-mark by Barcode has in any way caused depreciation of the value of goodwill attached to the Trade-mark or has in any other way caused loss or harm to Symbol, including harm or damage to its reputation.

13. In response to paragraph 25 of the counterclaim, Barcode admits that Symbol supplied product to Barcode (the "Product") for which payment has not yet been made. Barcode specifically denies that payment for the Product was required to be made within 45 days from the date of shipment of the Product. The agreement between Barcode and Symbol was one of consignment and payment for the Product was only required to be made by Barcode upon actual sale of the Product by Barcode to a third party. As the Product has not been sold by Barcode, payment is not yet due.

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14. Further, Barcode denies that the value of the Product supplied was \$1,281,402.34 and puts Symbol to strict proof thereof.

15. In the premises, Barcode denies that Symbol is entitled to the remedies as claimed or at all.

June 12, 2003

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