

**WI-LAN INC.**



**ANNUAL INFORMATION FORM**

**FOR THE FOURTEEN MONTHS ENDED  
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## Table of Contents

Forward-Looking and Other Statements.....	3
General Matters.....	3
1. Corporate Structure .....	4
2. General Development of the Business .....	4
Summary .....	4
Three-Year History – Fiscal 2007.....	5
Three-Year History – Fiscal 2008.....	7
Three-Year History – Fiscal 2009 and Recent Developments.....	8
3. Description of the Business .....	10
Principal Markets .....	10
Business Operations.....	12
Employees and Facilities .....	14
Risk Factors .....	15
4. Dividends.....	18
5. Capital Structure.....	18
Common Shares .....	18
Special Preferred Shares .....	19
Preferred Shares .....	19
Shareholder Rights Plan.....	19
6. Market for Securities .....	20
Trading Place and Volume.....	20
7. Directors and Officers .....	21
Directors.....	21
Executive Officers .....	22
Cease Trade Orders, Bankruptcies, Penalties or Sanctions .....	23
8. Audit Committee Information .....	24
Audit Committee Charter.....	24
Composition.....	24
Education and Experience.....	24
Pre-approval of Non-audit Services .....	25
9. Legal Proceedings .....	25
10. Interests in Material Transactions .....	28
11. Transfer Agent and Registrar .....	28
12. Material Contracts .....	28
13. Interests of Experts.....	28
14. Additional Information.....	28
Appendix “A” – Wi-LAN Inc. - Audit Committee Mandate.....	29

## **Forward-Looking and Other Statements**

All statements, other than statements of historical facts, included in this Annual Information Form regarding the strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of Wi-LAN Inc. (“Wi-LAN” or the “Company”) and its management are forward-looking statements. When used herein, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. The Company cannot guarantee that Wi-LAN will actually achieve the plans, intentions or expectations disclosed in any of these forward-looking statements or statements of “belief” and undue reliance should not be placed on any such forward-looking statements or statements of “belief”.

All forward-looking statements and statements of “belief” contained in this Annual Information Form are subject to known and unknown risks, uncertainties, assumptions and other factors outside of management’s control that could cause the Company’s actual results to differ materially from those indicated or implied by forward-looking statements or statements of “belief”, including the factors discussed under “Risk Factors” and in other sections of this Annual Information Form. These factors and the other cautionary statements made in this Annual Information Form should be read as being applicable to all related forward-looking statements and statements of “belief” wherever they appear in this Annual Information Form.

Any forward-looking statements and statements of “belief” represent Wi-LAN’s estimates as of the date of this Annual Information Form only and should not be relied upon as representing the Company’s estimates as of any subsequent date. Wi-LAN assumes no responsibility for the accuracy and completeness of any forward-looking statements and statements of “belief” and, except as required by law, the Company does not assume any obligation to update any forward-looking statements or statements of “belief”. Wi-LAN disclaims any intention or obligation to update or revise any forward-looking statements or statements of “belief”, whether as a result of new information, future events or otherwise.

## **General Matters**

Market data and industry forecasts used in this Annual Information Form were obtained from various publicly available sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been independently verified.

“Wi-LAN” is the Company’s trade name and “Wi-LAN” is a registered trade-mark in Canada and the United States. This Annual Information Form also includes references to trade names and trade-marks of other companies, which trade names and trade-marks are the properties of their respective owners.

In this Annual Information Form, references to “Common Shares” relate to common shares in the capital of Wi-LAN and references to the “Board” relate to the Company’s Board of Directors.

Unless otherwise indicated, all financial information in this Annual Information Form is reported in thousands of Canadian dollars, with the exception of earnings per share data which is reported in Canadian dollars.

## **1. Corporate Structure**

Wi-LAN was continued as a corporation under the *Canada Business Corporations Act* on August 2, 2007 and was amalgamated with three of its wholly-owned subsidiaries, Wi-LAN V-Chip Corp., Wi-LAN Technologies Corporation and 7248091 Canada Inc. under the *Canada Business Corporations Act* on October 1, 2009.

The Company was originally incorporated under the *Business Corporations Act* (Alberta) as 529144 Alberta Ltd. on May 14, 1992 and amended its articles of incorporation to change its name to “Wi-LAN Inc.” on October 29, 1992. On October 3, 1994, Wi-LAN amended its articles to remove the prohibition on inviting the public to subscribe for the Company’s securities and, on March 24, 1998, amended its articles to remove its remaining private company restrictions and to reorganize its share capital.

Wi-LAN has five material directly wholly-owned subsidiaries, Wi-LAN Technologies, Inc. (“Wi-LAN Technologies”), Wi-LAN International Inc. (“Wi-LAN International”), Wi-LAN International Hong Kong Inc. (“Wi-LAN Hong Kong”), Wi-LAN International Japan Inc. (“Wi-LAN Japan”) and Wi-LAN International Taiwan Inc. (“Wi-LAN Taiwan”). Wi-LAN Technologies is a Delaware corporation, whereas each of Wi-LAN International, Wi-LAN Hong Kong, Wi-LAN Japan and Wi-LAN Taiwan exist under the *Canada Business Corporations Act*. Unless otherwise indicated in this Annual Information Form, all references to “Wi-LAN” or the “Company” herein include Wi-LAN Technologies, Wi-LAN International, Wi-LAN Hong Kong, Wi-LAN Japan and Wi-LAN Taiwan.

The Company’s head and registered office is located at 11 Holland Avenue, Suite 608, Ottawa, Ontario, K1Y 4S1. Wi-LAN maintains a website at [www.wi-lan.com](http://www.wi-lan.com); the information on the Company’s website is not and should not be considered part of, or incorporated by reference into, this Annual Information Form.

## **2. General Development of the Business**

### **Summary**

Wi-LAN is a leading technology innovation and licensing company. Through both internal research and development and acquisitions from third parties, the Company has acquired intellectual property in the form of patents and patent applications in many different countries that it has licensed to more than 200 companies in the wireless and wireline telecommunications and television markets around the world.

The Company was founded in 1992 as a pioneer in the design, development and delivery of broadband wireless technologies. Innovations developed and patented by Wi-LAN’s founding team and engineers led to the commercialization of advanced broadband wireless equipment more than a decade ago. The Company’s patented V-Chip technology was also developed and commercialized over a decade ago.

Wi-LAN continues to conduct ongoing research and development with a focus on commercializing inventions in next-generation wireless communication systems. One of the Company’s specific research interests is the development of enabling technologies for Whitespace networking. Whitespace networks are expected to be deployed in wireless frequencies that are vacated as TV broadcasts move from analog to digital and promise to deliver valuable new applications and services such as wireless delivery of video inside and outside the home. Wi-LAN is researching ways to ensure Whitespace networking equipment will co-exist with other wireless applications in the VHF/UHF frequencies including emergency service radios and wireless microphones. The Company has developed a number of basic inventions in these areas that could yield hundreds of patents.

In its licensing business, the Company has signed licenses with companies that sell products utilizing the following technologies: CDMA (“Code Division Multiple Access” – a cellular telecommunications specification); Wi-Fi (the underlying technology of wireless local area networks based on various IEEE 802.11 specifications); WiMAX (“Worldwide Interoperability for Microwave Access” – a standards-based broadband wireless technology that provides metropolitan area network connectivity based on IEEE 802.16 specifications); LTE (“Long Term Evolution” – high performance air interface for cellular mobile communication systems designed to increase the capacity and speed of mobile telephone networks); ADSL (“Asymmetric Digital Subscriber Line” – a standards-based access technology that provides broadband Internet access over twisted pair telecommunications wiring); DOCSIS (“Data Over Cable Service Interface Specifications” – a standards-based access technology that provides broadband Internet access over cable networks); Bluetooth (a wireless protocol for exchanging data over short distances between fixed and mobile devices); and V-Chip (a technology that permits the blocking of television programs at a receiver (such as a television, multi-media equipped personal computer or set-top box) by viewers based on ratings information carried on the television signal).

With respect to its wireless and wireline telecommunications related patents, Wi-LAN has licensed many of these patents to a number of major companies including ASUSTeK Computer Inc., Cisco Systems, Inc. (“Cisco”), Conexant Systems, Inc. (“Conexant”), Fujitsu Microelectronics America, Inc. and its affiliates (“Fujitsu”), Infineon Technologies AG (“Infineon”), NEC Corporation, Nikon Corporation, Nokia Corporation (“Nokia”), Matsushita Electric Industrial Co., Ltd. (“Matsushita”), March Networks Inc. (“March Networks”), Research in Motion Corporation, Redline Communications Inc. and Samsung Electronics Co., Ltd. (“Samsung”). With respect to its V-Chip patents, Wi-LAN has licensed more than 100 companies.

During the Company’s fiscal year ended October 31, 2005 and continuing for the first half of its 2006 fiscal year, Wi-LAN was a global broadband wireless equipment and intellectual property company operating in three segments: (1) developing, manufacturing, selling and servicing wireless products; (2) providing engineering services; and (3) licensing intellectual property. During those periods, the Company’s products and engineering services businesses were unprofitable and consumed cash resources.

Over the course of its 2006 fiscal year, the Company divested its products business, together with all service and support obligations for customers and distribution channel partners, and its engineering services business. During this period, Wi-LAN also relocated its head office to smaller premises in Ottawa, Ontario from Calgary, Alberta to reduce occupancy costs and facilitate access to the human resources required to manage its patent licensing business.

### **Three-Year History – Fiscal 2007**

In December 2006, the Company announced that Nokia had licensed Wi-LAN’s patent portfolio. Under the terms of this license, Nokia received a fully paid-up license to the Company’s current patent portfolio. In partial consideration for this license, Nokia transferred to Wi-LAN patents, both issued and pending, related to telecommunications and ADSL technologies. These patents have been ascribed a value of \$34 million based, in part, on a valuation by a large accounting firm. As additional consideration, Nokia paid approximately \$15 million (€10 million) to the Company in January 2007.

Also in December 2006, Wi-LAN announced it had entered into an agreement with a syndicate of underwriters led by CIBC World Markets Inc., and including Wellington West Capital Markets Inc., Paradigm Capital Inc., Haywood Securities Inc. and Dundee Securities Corporation, pursuant to which the underwriters agreed to purchase, on a bought-deal basis, 6,666,700 Common Shares at a price of \$4.50 per share, for net cash proceeds of \$28,219 (gross proceeds of \$30,000).

In February 2007, the Company announced it had entered into an agreement with a syndicate of underwriters led by Wellington West Capital Markets Inc., and including CIBC World Markets Inc., Genuity Capital Markets G.P., Paradigm Capital Inc., GMP Securities L.P. and Dundee Securities Corporation, pursuant to which the underwriters agreed to purchase, on a bought-deal basis, 5,714,300 Common Shares at a price of \$7.00 per share, for net cash proceeds of \$37,710 (gross proceeds of \$40,000).

In March 2007, Wi-LAN announced that it had entered into a non-binding letter of intent with respect to a business combination with Tri-Vision International Inc. ("Tri-Vision") pursuant to which Tri-Vision's outstanding common shares would be exchanged for Common Shares based on a price per Tri-Vision common share of \$1.72, resulting in the issuance of up to 18,166,908 Common Shares (including Common Shares issuable upon the due exercise of Tri-Vision warrants assumed by the Company). This transaction closed in June 2007.

In April 2007, the Company announced that it had entered into an intellectual property partnership agreement with March Networks pursuant to which, among other things, Wi-LAN will provide March Networks with intellectual property advice and act as its exclusive licensing agent for its issued patents relating to intelligent media filtering for media management applications and March Networks has taken a worldwide, 5-year license relating to the Company's wireless products on a running royalty basis.

In May 2007, Wi-LAN announced that it had acquired six important OFDM patents which may relate to Wi-Fi and WiMAX technologies from the University of Bristol in England for total consideration of US\$300.

In May 2007, the Company announced its acquisition of US patent no. 5,761,602, which Wi-LAN believes may be relevant to DOCSIS standards, for total consideration of approximately US\$1,100.

In July 2007, Wi-LAN announced that it had signed a term sheet with Fujitsu relating to a license to the Company's entire patent portfolio. The final license with Fujitsu deriving from this term sheet was executed in October 2007 and included, as partial consideration to Wi-LAN, a transfer of approximately 40 communications related patents by Fujitsu.

In September 2007, the Company announced that it had acquired a portfolio of ten issued and pending US patents relating to multi-mode and multi-standard communication devices for US\$7,000 (with additional consideration of up to US\$4,000 based on meeting certain licensing milestones).

During fiscal 2007, Wi-LAN announced it had entered into running royalty license agreements relating to its V-Chip technology with, among others: Shenzhen MTC CO., Ltd. of China in July 2007; Good Mind Innovation Co., Ltd. of Taiwan and DiBoss Co., Ltd. of South Korea in August 2007; and AmTRAN Technology Co. Limited of Taiwan in October 2007.

During fiscal 2007, there were a number of developments in the Company's litigation against D-Link Systems, Inc. and D-Link Canada Inc. (collectively, "D-Link") before the Federal Court of Canada: the Federal Court of Canada ordered that Wi-LAN's claim for punitive damages be struck from its statement of claim in December 2006; D-Link filed a statement of defence and counterclaim against the Company in April 2007; and, following certain procedural matters, D-Link filed amended statements of defence and counterclaims in December 2007.

During 2007, Wi-LAN announced the appointment of a number of senior officers including: Andrew Parolin as Vice-President, Business Development (Mr. Parolin is currently the Company's Vice-

President, Wireless Technologies), Curtis Dodd as Director, Patents & Counsel (Mr. Dodd is currently the Company's Vice-President, Patents & Counsel), and Bob Kedrosky as Director, Human Resources and Corporate Services in May 2007; and Derek Nuhn as Vice-President, DSL Technologies, Prashant Watchmaker as Assistant General Counsel & Corporate Secretary and Pia Diaconescu as Senior Patent Manager in October 2007.

### **Three-Year History – Fiscal 2008**

On November 1, 2007, the Company announced that it had initiated litigation against 22 major companies including Acer Inc., Apple, Inc., Best Buy Co. Inc., Circuit City Stores, Inc., Dell Inc., Gateway Inc., Hewlett-Packard Company, Intel Corporation (“Intel”), Sony Corporation, Texas Instruments Incorporated and Toshiba Corporation in two separate actions in the US Federal Court for the Eastern District of Texas, Marshall Division. Wi-LAN has claimed that these companies have infringed and continue to infringe its US patent number 5,282,222, RE37,802 and 5,956,323 by making and/or selling various products including wireless routers, modems and personal computers that use technology derived from these patents which relate to Wi-Fi and power consumption in DSL products. These actions have been settled or dismissed against certain defendants with the Company's consent. All remaining defendants have filed answers and claims for declaratory judgment to Wi-LAN's complaints and the Company has filed answers to all such declaratory judgment claims. Wi-LAN's complaints have been amended to include infringement claims relating to the Company's US patent number 6,549,759 against the remaining defendants' products that utilize WiMAX and Bluetooth technologies.

In November 2007, Wi-LAN learned that Marvell Semiconductor, Inc. (“Marvell”), a defendant in the actions initiated by the Company in the US Federal Court in Texas, had filed a claim against Wi-LAN in the US Federal Court in the Northern District of California requesting a declaratory judgment that three of the Company's US patents were invalid and had not been infringed. On June 20, 2008, the Company announced that this dispute had been settled. Marvell continues to be a defendant in the Company's Texas actions.

In December 2007, the Company announced that it had divested itself of Tri-Vision's “Think Broadband Solutions” products business to PCT International, Inc. (“PCT”) for approximately \$1,200.

On January 21, 2008, Wi-LAN announced the appointment of Shaun McEwan as Chief Financial Officer of the Company with effect as of February 15, 2008.

On February 29, 2008, the Company announced that Dr. Hatim Zaghoul would be stepping down as a member of the Board at Wi-LAN's 2008 annual and special shareholders' meeting to be held on March 27, 2008. Wi-LAN also announced that Mr. Robert S. Bramson had offered his name for appointment to the Board.

On June 20, 2008, Wi-LAN announced that it had initiated litigation against Motorola Inc., Research In Motion Corporation, Research In Motion, Ltd. and UTStarCom, Inc. in the US Federal Court for the Eastern District of Texas, Marshall Division. The Company has claimed that these companies have infringed and continue to infringe its US patent nos. 5,282,222 and RE37,802 by making and/or selling various products including mobile handheld devices and other equipment that use technology derived from these patents which relate to Wi-Fi and CDMA. Since originally filing this action, Wi-LAN has added LG Electronics, Inc., LG Electronics Mobilecomm U.S.A. Inc. and Personal Communication Devices, LLC as defendants to this dispute and settled this dispute against Research In Motion Corporation and Research In Motion, Ltd.

In October 2008, the Company learned that Intel, a defendant in the actions initiated by the Company in

the US Federal Court in Texas, had filed a claim against Wi-LAN in the US Federal Court in the Northern District of California requesting a declaratory judgment that eighteen of the Company's US patents (including US patent number 6,549,759) are invalid and have not been infringed. In January 2009, the Company filed a response to this action. In December 2008, the Company learned that each of Acer Inc., Apple, Inc., Atheros Communications, Inc., Broadcom Corporation ("Broadcom"), Dell Inc., Hewlett-Packard Company, Gateway Inc., Lenovo (United States) Inc., Marvell, Sony Computer Entertainment America Inc., Sony Electronics Inc. and Toshiba America Information Systems, Inc., all defendants or affiliates of defendants in the actions initiated by the Company in the US Federal Court in Texas, had also filed actions in the Northern District of California requesting declaratory judgments that the Company's US patent number 6,549,759 is invalid and has not been infringed. All matters relating to the 6,549,759 patent have since been transferred to the US Federal Court for the Eastern District of Texas, Marshall Division.

On October 8, 2008, Wi-LAN announced that the Board had approved the adoption of a share repurchase pursuant to which the Company expected to purchase up to 5% of its outstanding Common Shares (or up to 4,678,519 Common Shares) over a six month period between October 10, 2008 and April 10, 2009 through a normal course issuer bid over the Toronto Stock Exchange (the "Normal Course Issuer Bid").

During fiscal 2008, the Company announced entering into license agreements relating to various wireless and wireline technologies with 43 entities including: ASUSTeK Computer Inc.; Matsushita; Motion Computing; Research In Motion Corporation; Tranzeo Wireless Technologies Inc.; and Xirrus Inc.

During fiscal 2008, Wi-LAN announced entering into running royalty license agreements relating to its V-Chip technology with 39 entities including: AccessHD Ltd; Acer Incorporated; Apex Digital, Inc.; Artec Electronics Co., Ltd.; Bang & Olufsen a/s; Coby Manufacturing Co.; Digital Stream Technology Inc.; Homecast Co., Ltd.; Hon Hai Precision Industry Co., Ltd.; Hyundai IT Corp.; Imation Enterprises Corp.; Qingdao Haier Electronics Co., Ltd.; and Westinghouse Digital Electronics Inc.

During fiscal 2008, the Company's litigation against D-Link in the Federal Court of Canada continued through certain procedural matters. Following certain procedural matters, D-Link filed amended statements of defence and counterclaim in December 2007, to which Wi-LAN filed its reply and statement of defence in February 2008, following which D-Link has filed a reply. The Company continues to proceed expeditiously with this litigation.

### **Three-Year History – Fiscal 2009 and Recent Developments**

On November 21, 2008, Wi-LAN announced that the Board had appointed James Skippen, Wi-LAN's Chief Executive Officer, as Chairman of the Board and Richard Shorkey, Chairman of the Board's Audit Committee, as Lead Independent Director.

The Normal Course Issuer Bid was completed on April 10, 2009. The Company repurchased an aggregate of 883,600 Common Shares pursuant to the Normal Course Issuer Bid for an aggregate purchase price of approximately \$1,210, of which 668,600 Common Shares were repurchased during the fourteen months ended December 31, 2009 for an aggregate purchase price of approximately \$944. All such Common Shares were cancelled by Wi-LAN.

On May 28, 2009, Wi-LAN announced the appointment of Donald Boles, a seasoned technology licensing executive, to the newly created position of Vice President, Program Development. Mr. Boles' responsibilities will include coordinating the sourcing, analysis and acquisition of patent portfolios, directing the development of new license programs based on the Company's current portfolio and establishing teams to successfully execute all new licensing programs.

In June 2009, the Company announced it had entered into an agreement with a syndicate of underwriters led by Paradigm Capital Inc. and Wellington West Capital Markets Inc., and including CIBC World Markets Inc. and Haywood Securities Inc., pursuant to which the underwriters agreed to purchase, on a bought-deal basis, 8,000,000 Common Shares at a price of \$2.05 per share with an option to purchase an additional 800,000 Common Shares. Wi-LAN announced the closing of this transaction on July 16, 2009 for net cash proceeds of \$16,899 (gross proceeds of \$18,040) following the exercise by the underwriters of their option.

On October 1, 2009, Wi-LAN amalgamated with its wholly-owned subsidiaries Wi-LAN V-Chip Corp., Wi-LAN Technologies Corporation and 7248091 Canada Inc. pursuant to a “vertical short-form” amalgamation under the provisions of the *Canada Business Corporations Act*. As a result of this amalgamation, the Company changed its year-end from October 31 to December 31.

On December 1, 2009, the Company announced that Paul Richman would be stepping down as a member of the Board on December 11, 2009.

On January 19, 2010, Wi-LAN announced that it had initiated litigation against LG Electronics., Inc. and LG Electronics U.S.A., Inc. (collectively, “LG”) in the US Federal Court for the Southern District of New York. The Company’s claim is for fraud and breach of contract relating to LG’s failure to pay Wi-LAN in accordance with a previously signed license agreement, and for infringement of Wi-LAN’s patented V-Chip technology. Wi-LAN is awaiting LG’s response which is expected on or before April 9, 2010. Wi-LAN also announced that a third party law firm had filed a request for re-examination of its US V-Chip patent in the United States Patent and Trademark Office (the “USPTO”).

In January 2010, Wi-LAN learned that TELUS Corporation and TELUS Communications Inc. (collectively, “TELUS”) had filed a claim in the Court of Queen’s Bench in Calgary, Alberta in April 2009 against Wi-LAN, Dr. Michel Fattouche and Dr. Hatim Zaghoul regarding the ownership of several patents including, amongst others, the Company’s US patent numbers 5,282,222 and RE37,802. On or about February 8, 2010, Wi-LAN and TELUS signed a letter of intent which outlined the key terms of a settlement of the dispute. Wi-LAN and TELUS are currently working to finalize a definitive agreement to settle the dispute.

During fiscal 2009 and to date in fiscal 2010, Wi-LAN has announced entering into license agreements relating to various wireless and wireline technologies with 44 entities including Casio Computer Co., Ltd., Conexant, Infineon, NEC Corporation, Nikon Corporation and Samsung.

During fiscal 2009 and to date in fiscal 2010, Wi-LAN has announced entering into running royalty license agreements relating to its V-Chip technology with 17 entities.

Since November 1, 2008, the Company obtained an order from the US Federal Court for the Eastern District of Texas, Marshall Division permitting inclusion in its litigation against Acer and others of US patent number 6,549,759 in the suit relating to both Bluetooth and WiMAX technologies. During fiscal 2009, Wi-LAN settled this dispute against Buffalo Technology (USA), Infineon and Infineon Technologies North America Corp. This Court has set the date for the claims construction hearings relating to US patent numbers 5,282,222 and RE37,802 on March 11, 2010 and consolidated those hearings and all related claims construction matters with the Company’s litigation against Motorola and other parties. This Court has also set September 1, 2010 as the date for the claims construction hearings relating to US patent numbers 5,956,323 and 6,549,759. The trial date for both this action and the Motorola action is January 4, 2011. Wi-LAN continues to work through discovery matters in this action as it moves towards trial.

Since November 1, 2008, the US Federal Court in the Northern District of California issued an order granting in part Wi-LAN's motion to transfer Intel's declaratory judgment action to the Eastern District of Texas as it relates to US patent number 6,549,759 only but retaining jurisdiction over the remaining 17 patents at issue in this action. Subsequently, all plaintiffs in these California actions other than Intel have filed notices of voluntary dismissal without prejudice of their claims against Wi-LAN in these actions. Wi-LAN is now preparing its patent infringement contentions to be served by April 2, 2010 and Intel must serve its patent invalidity contentions by May 6, 2010.

During the fourteen months ended December 31, 2009, the Company acquired over 400 patents and patent applications from, among others, Airspan Networks, Inc., Conexant, SR Telecom, NextWave Wireless Inc., Infineon and Technology Research Laboratories. At the date of this Annual Information Form, the Company owns over 800 patents and patent applications.

### **3. Description of the Business**

The following commentary on Wi-LAN's patents and business operations reflects the Company's position as at March 4, 2010.

#### **Principal Markets**

Wi-LAN expects to continue to generate virtually all of its revenues from licensing its patent portfolio. The Company currently has a portfolio of more than 800 patents, including issued and pending patents and foreign equivalents, many of which it has licensed to companies that sell products that utilize the following technologies: Wi-Fi; CDMA; WiMAX; LTE; ADSL; DOCSIS; Bluetooth; and V-Chip.

The Institute of Electrical and Electronics Engineers, Inc. (the "IEEE") is a professional organization that sets standards for many types of electronic equipment. As an example, for the Wi-Fi market, the IEEE has issued standards 802.11 a, b, g and n regarding the operation of that equipment. Similarly, IEEE standards 802.16 d and e define operations standards for WiMAX equipment.

Wi-Fi is a wireless technology standard that permits enabled devices to connect to the Internet through a wireless network, all based on IEEE 802.11 a, b, g or n protocols. Many consumer devices including personal computers, routers, gaming devices and peripheral devices rely on Wi-Fi protocols to connect to the Internet.

CDMA is one of the two main cellular technologies that most cellular phone systems currently utilize and has a very strong position in the North American market and in many Asian and Caribbean nations. Although GSM is the other technology used in cellular phones, Wi-LAN management understands that many GSM networks have been or are being upgraded to UMTS (Universal Mobile Telecommunications System) and HSPA (High-Speed Packet Access) technologies which are both CDMA-based.

WiMAX, together with its Korean equivalent "WiBro" both of which are based on IEEE 802.16 standards, is a framework for wireless communication that permits high-throughput broadband connections over long distances. WiMAX can be used for a variety of wireless applications including the broadcast of an Internet signal, high-speed enterprise connectivity for business and portable phones and PDAs.

LTE is a high performance air interface for cellular mobile communications systems and is competing with WiMAX for adoption by many wireless service providers worldwide as the next evolution in cellular phone technology. With the increase in "smart phone" penetration rates and the desire to share in the

roaming revenues of out-of-network cellular phone users, many wireless service providers are working to move to a common air interface standard to promote interoperability.

ADSL is the most common method of providing high-speed Internet access over conventional telephone wiring, currently representing about two-thirds of the global market for broadband network access. Wi-LAN has acquired US, Japanese and European ADSL and other telecommunications patent families from Nokia and Fujitsu.

DOCSIS is a standard that governs high-speed data transfer on cable networks and is used in most cable modem deployments in North America to provide high-speed Internet access, and in many digital set-top boxes to enable pay-per-view and on-demand television viewing features.

Bluetooth is a wireless protocol for exchanging data over short distances between fixed and mobile devices that provides a way to connect and exchange information between devices such as mobile phones, laptop computers, digital cameras and other electronics equipment.

V-Chip technology permits television receivers to block programming based on ratings carried with the broadcast signal as detected by a television receiver that has been programmed by parents who wish to manage their children's television viewing. V-Chip technology has been mandated by the US Federal Communications Commission to be included in all devices capable of receiving a television signal other than televisions having a screen size of thirteen inches or less.

Wi-LAN is continuing to evaluate all of the patents in its portfolio to determine whether they may be applicable to other technology and product areas.

The Wi-Fi, CDMA, WiMAX, LTE, ADSL, DOCSIS, Bluetooth and V-Chip markets with respect to which the Company has licensed many of its patents to date are large, multi-million or multi-billion dollar markets. Independent estimates of the size of the markets, based on the equipment-level sales in the calendar years noted, are as follows:

- Wi-Fi – 2009 North American sales of approximately 48 million notebook and netbook computers, \$2.85 billion in Wi-Fi network infrastructure, and growing to include mobile handsets, portable media players, etc. (source: Dell'Oro);
- US CDMA – 2009 mobile CDMA and WCDMA handset sales of approximately 104 million units and base station sales of approximately \$4.0 billion (sources: Strategy Analytics; Dell'Oro);
- WiMAX – worldwide sales over \$830 million in 2009 and expected to grow substantially (source: Dell'Oro);
- LTE – infrastructure sales of over \$5 billion expected for 2014, a 113% compounded annual growth rate over the \$240 million in sales expected for 2010 (source: Dell'Oro);
- ADSL – ADSL equipment sales are expected to average over \$4 billion annually for the next four years, with subscriber growth averaging 9% over that period, culminating with more than 500 million ADSL subscribers worldwide expected (sources: Dell'Oro);
- DOCSIS – US sales of approximately 12 million cable modems and \$500 million in cable modem termination systems sales in 2009 (source: Dell'Oro);

- Bluetooth – worldwide Bluetooth semiconductor revenue going from \$1.7 billion in 2007 to \$3.3 billion by 2012, with approximately 70% of all mobile handsets having Bluetooth functionality by 2012 (source: IDC); and
- V-Chip – sales of approximately 38.5 million digital televisions in the US in 2009, a growth rate of 2.5% over the previous year (source: DisplaySearch.com).

The Company is still at a relatively early stage of its licensing program and has not yet fully tested any of its patents in litigation, consequently, it is impossible to know with certainty whether any such patents can withstand the scrutiny necessary to continue to support even a modest royalty rate or to generate significant revenues.

## **Business Operations**

Prior to its 2007 fiscal year, Wi-LAN had license agreements in place with Cisco for all of the Company's patents at December 2005 and with Fujitsu for the Company's fixed WiMAX patents only. Neither of these agreements is currently generating any royalty income.

In December 2006, the Company entered into an agreement with Nokia pursuant to which Nokia licensed Wi-LAN's patents, transferred patents relating to telecommunications and ADSL technologies to Wi-LAN (which patents have been ascribed a \$34 million value based, in part, on an independent valuation by a large accounting firm) and paid approximately \$15 million (€10 million) to Wi-LAN.

In fiscal 2007, the Company announced that it had entered into license agreements relating to its wireless and/or wireline telecommunications patents with 7 parties and running royalty license agreements relating to its V-Chip technology with 8 parties.

During fiscal 2008, the Company has announced that license agreements relating to its wireless and/or wireline telecommunications patents with 43 parties including ASUSTek Computer Inc., Research In Motion Corporation and Tranzeo Wireless Technologies Inc. During fiscal 2008, Wi-LAN also announced entering into running royalty license agreements relating to its V-Chip technology with 39 parties including Bang & Olufsen a/s, Digital Stream Technology Inc. and Hon Hai Precision Industry Co., Ltd.

During fiscal 2009 and to date in fiscal 2010, the Company has announced that license agreements relating to its wireless and/or wireline telecommunications patents with 44 parties including Casio Computer Co., Ltd., Conexant, Infineon, NEC Corporation, Nikon Corporation and Samsung. During fiscal 2009 and to date in fiscal 2010, Wi-LAN also announced entering into running royalty license agreements relating to its V-Chip technology with 17 parties.

The Company has previously notified and is in the process of reminding certain parties that it believes infringe its patents that they infringe certain of Wi-LAN's patents and requesting discussions with these parties. The Company hopes such meetings will lead to such parties licensing Wi-LAN's relevant patents. In some cases the Company is already in active negotiations about licensing some or all of its patents. On average, in management's experience, it can often take over two years from the time a party is approached about taking a license until the time when a license agreement is finalized, however, it may take a shorter period of time or a much longer period to complete any such license.

A typical licensing process may start with the Company identifying prospective licensees and the products that it believes are infringing Wi-LAN's patents. The Company then prepares a letter identifying both the infringing products and the patents that are infringed, inviting recipients to enter into licensing

discussions. If the prospect agrees to enter discussions, then the Company presents claim charts mapping specific claims in the patents to applicable standards or to the recipient's products. The first stage of discussions may focus on legal and technical issues. The second stage of discussions, if it occurs, will generally focus on the financial terms of a license. The third part of the discussions will generally focus on the non-financial terms of the license, which can be quite complex. If the licensing discussions break down, there may be an increased risk of litigation.

Royalty rates and the consideration for a license may vary significantly with different licensees since there are many factors that may make differing terms appropriate. Based on anecdotal information, Wi-LAN understands that royalties charged in similar circumstances have ranged from less than 0.1% to 7% of net revenues. Some of the factors that can affect the royalty rate include things such as the clarity of the reads of the patent claims on the patents in question, the significance of the patent technology to the operation of the products, the profitability of the products in question, the propensity of the party to resist a license or to litigate, the number of patents that are applicable, the volume of products that infringe, the geographies into which infringing products are sold, the party's future sales plans and the financial status of the prospective licensee. Licenses may require the licensee to pay a one-time sum, a sum payable in installments over some period of time or a running royalty payable either as a percentage or as a per unit amount on each infringing product sold. Licenses may be for a set term after which the party is unlicensed or for the lives of the patents. Generally, Wi-LAN is prepared to grant licenses on reasonable and non-discriminatory terms to parties that request a license.

Wi-LAN expects that it will be required to litigate from time to time with parties that infringe its patents but refuse to pay what the Company considers fair consideration either for a license or as compensation for past infringement. It is important that prospective licensees know that, if necessary, the Company has sufficient funds to fight a protracted litigation, otherwise a party may be more reluctant to take a license. In addition to any litigation commenced by the Company, it is also possible that one or more parties will file a suit against Wi-LAN seeking a declaratory judgment of non-infringement or invalidity against the Company's patents.

Since fiscal 2008, Wi-LAN has filed claims in three separate actions in the US Federal Court for the Eastern District of Texas, Marshall Division for patent infringement against a number of defendants with respect to wireless routers, modems, personal computers and cell phone handsets and has filed a claim in the US Federal Court for the Southern District of New York for fraud, breach of contract and patent infringement with respect to its US V-Chip patent. The Company is also involved in litigation in the Federal Court of Canada as plaintiff against D-Link concerning alleged patent infringement by D-Link. Since fiscal 2008, Wi-LAN has had a number of actions filed against it in the US Federal Court in the Northern District of California by a number of the defendants in the Company's wireless router, modem, personal computer and cell phone handset actions in Texas and, in a separate matter, by an unrelated party, all requesting declaratory judgments that certain of the Company's US patents are invalid and have not been infringed. See further information under the heading "Legal Proceedings" below.

Wi-LAN expects that it will be required to litigate additional matters in the future and its cash holdings will, in part, provide the Company with the funds necessary to prosecute its existing and any future litigation or to demonstrate to potential licensees that the Company has the capacity to do so. In management's experience litigation in respect of a single patent, up to and including trial, in the United States can cost between US\$1-10 million or more and, in Canada, can cost between \$1-2 million although, in each case, costs can vary significantly depending on a range of factors.

Management may consider utilizing contingency arrangements wherein the Company's law firm takes some portion of its fees as a percentage of the settlement or license payment generated if the litigation is successful. However, Wi-LAN may elect to finance its litigations in the conventional manner by paying

law firms on a fee-for-service basis to avoid giving up control of the litigation or its ability to manage matters or even terminate its outside lawyers if dissatisfied with their performance. Another reason the Company may be more reluctant to engage in contingency litigation is that it will continue to license the patents in the litigation to other parties.

Wi-LAN was originally founded as a pioneer in the design, development and delivery of broadband wireless technologies. Innovations developed and patented through the years by the Company's founding team and engineering staff resulted in the commercialization of advanced broadband wireless equipment more than a decade ago. Wi-LAN believes that many of its other technologies (including its V-Chip technology) have been incorporated into widely available commercial products. Growing on these foundations, the Company is actively engaged in ongoing technology research and development activities. These activities are guided by a steering committee chaired by Wi-LAN's Chief Technology Officer. The steering committee chooses R&D projects, headed by dynamic leaders, focused on achieving specific goals with application in large, broad markets thus having large potential impacts. The Company's current area of R&D focus is wireless broadband, but Wi-LAN continues to engage in R&D in other technology areas as opportunities present themselves.

As part of its longer-term strategy, Wi-LAN plans to acquire additional patents, as they are identified and become available, to strengthen its portfolio, particularly in the wireless and telecommunications areas. The business models for acquisition may include: (a) the acquisition of patents or licensing rights to the patents with a limited or no up front cash payment, but sharing in any license fees generated through licensing the patents; (b) the acquisition of patents as partial consideration for a license to the Company's patent portfolio; and/or (c) the acquisition of patents for cash or Common Shares. During fiscal 2009 and so far in fiscal 2010, the Company acquired over 400 patents and patent applications; Wi-LAN is currently in discussions with a number of parties concerning the possible acquisition of patents, the value of which patents are determined on a case by case basis.

On December 31, 2009, the Company's fiscal year-end, Wi-LAN had approximately \$94,800 in cash and short-term investments on hand. The Company believes that this amount represents sufficient financial resources to fund operations for the foreseeable future based on its current plans. The Company expects that it will remain in a position to fund ongoing operations from license revenues generated for the foreseeable future, although this is not assured.

### **Employees and Facilities**

At December 31, 2009 Wi-LAN had 38 employees and at March 4, 2010 Wi-LAN had 36 employees. The Company plans to continue growing staffing levels in 2010 and will manage its cost base relative to its licensing opportunities, taking into account licensing results that are achieved and its financial resources.

Wi-LAN's head office is located in approximately 9,500 square feet of leased space in Ottawa, Ontario, with annual rental expense of approximately \$330. Wi-LAN also leases approximately 2,480 square feet of space in Toronto, Ontario, with annual rental expense of approximately \$39. In addition, Wi-LAN owns an approximately 31,000 square foot building in Toronto, Ontario that it acquired when it acquired Tri-Vision and which is currently expects to sell in April 2010. Additional space requirements will be driven by the number of employees in the business.

## **Risk Factors**

### **Risks Related to Wi-LAN's Business**

***Licensing the Company's patents can take an extremely long time and may be subject to variable cycles.*** Licensing Wi-LAN's technologies is a long and complex process and may take months or even years. Management spends a substantial amount of time educating potential licensees about Wi-LAN's technologies. Because the acquisition of a license to the Company's technologies often represents a substantial investment, potential licensees may take a considerable period of time to evaluate Wi-LAN's technologies, determine the size of the user base to be covered, and obtain the necessary expenditure authorizations and financing required to license Wi-LAN's technologies. The process of entering into a licensing agreement typically involves lengthy negotiations. This process may be extended if the potential licensee is marketing the Company's technologies as part of a larger project or system. Because many licensees do not pay up-front fees and the Company cannot recognize related revenue until they have made payments, there may be significant delays of weeks or months between the time Wi-LAN licenses its technologies and the time the related revenue can be recognized.

In addition, the Company may spend a significant amount of time and money on a potential licensee that ultimately does not license its technologies. Any delay in licensing Wi-LAN's technologies could cause its operating results to vary significantly from any projected results. Also, the Company may not be able to accurately predict sales by its licensees since they do not always provide information about the status of possible sales and other revenue opportunities with their customers. Sales of products by licensees also depend on the timing of the roll-out of their own products and systems. Wi-LAN has no control over the timing of licensees' roll-outs, and may not be informed of when these roll-outs will occur. The Company has been, in the past, and may, in the future, be required to offer favourable terms to certain licensees. In certain cases, if future licensees are granted better terms than were granted to certain earlier licensees, Wi-LAN may be required to adjust such earlier licensees' terms downwards. To date there have been no such circumstances, but there can be no guarantee that such a situation may not occur in the future.

Because of these factors and the Company's limited revenue history, it is especially difficult to forecast Wi-LAN's revenue and operating results. The Company's inability to accurately predict the timing and magnitude of revenues could cause a number of problems, including: (i) expending significant management efforts and incurring substantial expenses in a particular period that do not translate into signed licensing agreements during that period or at all; and (ii) having difficulty meeting the Company's cash flow requirements and obtaining credit because of delays in receiving payment for licenses. The problems resulting from Wi-LAN's lengthy and variable licensing cycle could impede its growth, harm its valuation and restrict its ability to take advantage of new opportunities.

***The Company is currently reliant on licensees paying royalties under existing licensing agreements and on the additional licensing of its patent portfolio to generate future revenues and increased cash flows.*** Wi-LAN is currently reliant on licensing its patent portfolio to generate revenues and cash flows. Although the Company has some existing licensing arrangements, there is no assurance that Wi-LAN will continue to receive material revenues from these licensing agreements or that Wi-LAN will enter into additional licensing agreements with any other licensees. If Wi-LAN fails to enter into additional licensing arrangements, the Company's business, operational results and financial condition would be materially adversely affected.

***Reduced spending by consumers due to the uncertainty of economic and geopolitical conditions may negatively affect the Company.*** Many of the Company's licensees and their respective customers are directly affected by economic and geopolitical conditions affecting the broader world markets. Current and future conditions in the domestic and global economies remain uncertain. A slowdown in spending

by the Company's licensees and/or their respective customers, coupled with existing economic and geopolitical uncertainties globally and in the financial services or legal markets, may create uncertainty for market demand and may affect Wi-LAN's revenues. It is difficult to estimate the level of growth for the economy as a whole and even more difficult to estimate growth in various parts of the economy, including the markets in which the Company's licensees participate. Because all components of the Company's budgeting and forecasting are dependent upon estimates of growth in the markets that the Company's various licensees serve and demand for their respective products and services, economic uncertainties make it difficult to estimate future income and expenditures. Downturns in the economy or geopolitical uncertainties may cause end-users to reduce their budgets or reduce or cancel orders for products from the Company's licensees which could have a material adverse impact on the Company's business, operating results and financial condition.

***The Company may be required to establish the enforceability of its patents in court in order to obtain material licensing revenues.*** The Company is involved in a number of court actions against certain companies it considers to be infringing certain of its patents, has been forced to defend the validity of certain of its patents against challenges from certain of these companies and may be forced to do so again from time to time both in actions started by Wi-LAN and in actions started by other parties. The Company's patent position is subject to interpretation and complex factual and legal issues that may give rise to uncertainty as to the applicability, validity, scope and enforceability of a particular patent. Litigation can be costly and time-consuming, outcomes are uncertain and involvement in intellectual property litigation could result in significant expense adversely affecting the development of licensing of the challenged patents and diverting management's efforts, whether or not such litigation is resolved in Wi-LAN's favour. Any failure by a court to confirm the applicability, enforceability and validity of the Company's patents could materially adversely affect Wi-LAN. Prolonged litigation could also delay the receipt of licensing revenues by the Company and deplete Wi-LAN's financial resources. It is difficult to predict the outcome of patent litigation at the trial level, specifically because it may be difficult for juries to understand complex patented technologies and, consequently, there is a higher rate of successful appeals in patent enforcement litigation than more customary commercial litigation. Accordingly, there can be no assurance that any of Wi-LAN's patents will be determined to be infringed by any party or will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others. Please see the discussion under the heading "Legal Proceedings" below.

***Certain of the Company's patents are, and others may be, subject to administrative proceedings that could invalidate or limit the scope of those patents.*** Re-examination requests have been filed against certain of the Company's patents in the USPTO with respect to certain key claims at issue in one or more of our litigation proceedings. Under a re-examination proceeding and upon completion of the proceeding, the USPTO may leave a patent in its present form, narrow the scope of the patent or cancel some or all of the claims of the patent. Although Wi-LAN will have the opportunity to respond to the USPTO's actions in regard to each of these patents and to appeal any adverse rulings to the US Federal Court system, if any such adverse rulings are upheld on appeal and some or all of the claims of the key patents are cancelled, the Company's business may be significantly harmed. In addition, defendants in the Company's litigation proceedings may seek and obtain motions to stay these proceedings based upon rejections of claims in the USPTO re-examinations and other courts could make findings adverse to Wi-LAN's interests even if the USPTO actions are not final. If there is an adverse ruling in any re-examination proceeding relating to the validity or enforceability of any of our key patents, or if the USPTO limits the scope of the claims of any of our key patents, Wi-LAN could be prevented from enforcing or earning future revenues from such key patents, and the likelihood that companies will take new licenses and that current licensees will continue to pay under their existing licenses could be significantly reduced. Wi-LAN cannot predict the outcome of any of these proceedings or the myriad procedural and substantive motions in these proceedings. Furthermore, regardless of the merits of any re-examination, the continued maintenance of these administrative proceedings may result in substantial legal expenses and could divert our management's

time and attention away from our other business operations. Please see the discussion under the heading “Legal Proceedings” below.

***Changes in patent laws or in the interpretation or application of patent laws could materially adversely affect the Company.*** The ability of the Company to earn licensing and other revenues is principally dependent on the strength of the rights conferred on the Company under patent laws. Changes in patent laws or in the interpretation or application of patent laws by the courts could materially adversely affect the Company’s business and financial condition.

***The Company will need to acquire or develop new patents to continue and grow its business.*** All patents have a limited life and will generally expire twenty years after the date on which the application for the patent was filed. In particular, two of Wi-LAN’s key patents expire in 2012 and 2013. In order to be successful in the long term, Wi-LAN will have to continue to acquire or develop additional patents or acquire rights to license new patents, however, there can be no assurance that the Company will be able to do so. If the Company fails to acquire or develop additional patents or to acquire rights to license new patents, the Company’s business, operational results and financial condition may be materially adversely affected.

***The Company has made and may make acquisitions of technologies or businesses which could materially adversely affect the Company.*** Wi-LAN continually evaluates opportunities to acquire additional technologies or businesses. The Company has no present commitments or agreements with respect to any such acquisition. Acquisitions may result in potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities, and amortization expense related to intangible assets acquired, any of which could materially adversely affect the Company’s financial condition and results of operations. In addition, acquired businesses may be experiencing operating losses, which may adversely affect the Company’s earnings. Acquisitions involve a number of risks, including difficulties in the assimilation of the acquired company’s operations and products, diversion of management’s resources, uncertainties associated with operating in new markets and working with new customers, and the potential loss of the acquired company’s key employees.

***The Company may require investment to translate its intellectual property position into sustainable profit in the market.*** The Company’s future growth may depend on its ability to make the expenditures necessary to develop, market and license its patent portfolio and, if necessary, to enforce its patents. There can be no assurance that the Company will be able to obtain additional financial resources that may be required to successfully compete in its markets on favourable commercial terms, or at all. Failure to obtain such financing could result in the delay or abandonment of some or all of the Company’s plans for developing and licensing its patent portfolio or for commencing litigation, which could have a material adverse effect on the business and financial condition of the Company.

***The generation of future V-Chip revenues and the likelihood of the Company signing additional V-Chip licenses could be negatively impacted by changes in government regulation.*** The success of the Company’s V-Chip technology is substantially dependent on the establishment and maintenance by certain governments, including the US federal government, of requirements mandating the adoption of rating systems compatible with the V-Chip technology and the encoding of such ratings in television signals and other broadcast mediums. The failure of such governments to establish, maintain or significantly modify such requirements may have a material adverse effect on the Company’s business, financial condition, liquidity and operating results.

***The Company is dependent on its key officers and employees.*** Failure to retain key officers and employees or to attract and retain personnel with the necessary skills could have a material adverse effect on the Company.

## Risks Related to the Ownership of Common Shares

*The price of the Common Shares is volatile and subject to market fluctuation.* The market price of the outstanding Common Shares has, in the past, been and may, in the future, be volatile. A variety of events, including quarter-to-quarter variations in operating results, the timing of new licensing transactions, entering into or failing to enter into or renew licensing agreements, the outcomes of any litigation, the results of a government patent office review, news announcements by the Company, counterparties to the Company's litigation or licensees, trading volumes, general market trends for telecommunications companies and other factors could result in wide fluctuations in the market price for Common Shares.

### 4. Dividends

The Company did not pay any dividends on any shares prior to the second fiscal quarter of its 2009 fiscal year. During the fourteen months ended December 31, 2009, the Board has declared and, with respect to the fiscal quarters ended April 30 and July 31, 2009, paid the following dividends:

	Quarter Ended January 31, 2009	Quarter Ended April 30, 2009	Quarter Ended July 31, 2009	Quarter Ended December 31, 2009
<b>Dividend Declared per Common Share</b>	Nil	\$0.0125	\$0.0125	\$0.0225 <sup>(1)</sup>

Notes:

(1) Dividend declared on March 2, 2010, payable on April 6, 2010 to shareholders of record on March 15, 2010.

Each of these dividends has been designated as an "eligible dividend" for the purposes of Canadian federal and provincial income tax laws. Until otherwise noted on Wi-LAN's internet website, any subsequent dividends paid by the Company will also be "eligible dividends".

The Company intends to continue to declare quarterly dividends in line with its overall financial performance and cash flow generation, but there can be no assurance as to the amount or payment of such dividends in the future. Decisions on dividend payments are made on a quarterly basis by the Board.

### 5. Capital Structure

Wi-LAN is authorized to issue an unlimited number of Common Shares, 6,350.9 special preferred shares and an unlimited number of preferred shares, issuable in series. There are no special preferred shares or preferred shares outstanding.

On December 31, 2010, there were 102,043,885 Common Shares issued and outstanding. In addition, at that date there were options outstanding to purchase up to 7,845,898 Common Shares and 26,348 outstanding deferred stock units. At the close of business on March 4, 2010, there were 102,043,885 Common Shares issued and outstanding. In addition, at that date there were options outstanding to purchase up to 7,764,231 Common Shares and 44,803 outstanding deferred stock units.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares, the special preferred shares and the preferred shares.

#### **Common Shares**

The holders of Common Shares are entitled to notice of and to vote at all meetings of shareholders

(except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per share. Subject to the preferences accorded to holders of preferred shares and any other shares ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time. In the event of the liquidation, dissolution or winding-up of Wi-LAN, or any other distribution of assets among the Company's shareholders for the purpose of winding-up its affairs (any such event, a "Distribution"), holders of Common Shares, subject to the preferences accorded to holders of preferred shares and any of Wi-LAN's other shares ranking senior to the Common Shares from time to time with respect to payment on a Distribution, are entitled to share equally, share for share, in the Company's remaining property.

### **Special Preferred Shares**

The holders of Wi-LAN's special preferred shares are not entitled, subject to applicable law, to receive notice of or to attend any meeting of the Company's shareholders and are not entitled to vote at such meetings. The special preferred shares rank ahead of all other classes of Wi-LAN's shares with respect to the payment of dividends and the holders are entitled to receive a fixed non-cumulative dividend up to a maximum of \$3.50 per year. In the event of a Distribution, the holders of the special preferred shares are entitled to receive \$50.00 per share together with any declared but unpaid dividends prior to any payment or distribution to any of Wi-LAN's other classes of shares, but shall not be entitled to share any further in the Distribution. The Board may, at its option, redeem all or any of the special preferred shares at any time for \$50.00 per share plus the amount of any declared but unpaid dividends. Each holder of special preferred shares may require Wi-LAN to redeem all or any of their shares at any time after April 28, 2000 for \$50.00 plus the amount of any declared but unpaid dividends.

### **Preferred Shares**

Wi-LAN's preferred shares at any time and from time to time may be issued in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. From time to time the Board may fix, before the designation of a series, the rights, privileges, restrictions and conditions attaching to each series of preferred shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferential to such series on a Distribution; the extent, if any, of further participation in a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of Wi-LAN, or any other Distribution, holders of each series of preferred shares will be entitled, in priority to holders of Common Shares and any of the Company's other shares ranking junior to the preferred shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of preferred shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution. The holders of each series of preferred shares will be entitled, in priority to holders of Common Shares and any of Wi-LAN's other shares ranking junior to the preferred shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of preferred shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

### **Shareholder Rights Plan**

On March 21, 2005, the Board adopted a shareholder rights plan (the "Rights Plan") which was approved by the Company's shareholders on May 19, 2005. The Rights Plan was amended and restated (the "Amended Plan") by the Board on February 21, 2008, which Amended Plan was approved by the Company's shareholders on March 27, 2008. The Amended Plan is designed to ensure fair treatment for

all shareholders if the Company is the subject of an unsolicited take-over bid, and to provide shareholders and the Board with adequate time to evaluate any bid for Wi-LAN and to take steps to maximize shareholder value in the event of any unsolicited take-over bid. The Company is not aware of any contemplated takeover bid. The terms of the Amended Plan (as an amendment and restatement of the Rights Plan) are consistent with the terms of plans recently adopted by other Canadian public companies and with guidelines for such plans as published by shareholder rights advocate groups. The rights issued to shareholders under the Amended Plan may be exercised only when a person, including any related party, acquires or announces its intention to acquire more than 20% of the outstanding Common Shares without either complying with the “permitted bid” provisions of the Amended Plan or obtaining the approval of the Board. Should such an acquisition occur, each right would, upon exercise, effectively entitle a holder, other than the person pursuing the acquisition and related parties, to purchase Common Shares at a 50% discount to the market price of the Common Shares at the time. Under the Amended Plan, a permitted bid is a bid made to all shareholders and is open for acceptance for no less than 60 days. If more than 50% of the outstanding Common Shares, other than those owned by the person pursuing the acquisition and related parties, have been tendered, the person pursuing the acquisition may purchase and pay for the shares but must extend the bid for a further 10 days to allow the other shareholders to tender. Under the permitted bid mechanism, shareholders will have more time to consider the bid and any other options that may be available before deciding whether or not to tender to the bid. The Board will also have time to consider and pursue alternatives and to make recommendations to shareholders. The Amended Plan also amended the Rights Plan to address certain housekeeping matters relating to the continuance of the Company under the laws of Canada and its relocation from Calgary, Alberta to Ottawa, Ontario as well as correcting certain typographical errors.

## 6. Market for Securities

### Trading Place and Volume

The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol “WIN”. The volume of trading and price range of the Common Shares for the periods indicated are set forth in the following table.

Month	Volume	High Trading Price	Low Trading Price
November 2008	4,944,920	\$1.66	\$1.16
December 2008	5,241,674	\$1.71	\$1.38
January 2009	6,066,188	\$1.96	\$1.50
February 2009	3,654,754	\$1.73	\$1.43
March 2009	4,904,776	\$1.55	\$1.35
April 2009	3,192,893	\$1.65	\$1.41
May 2009	3,715,065	\$1.87	\$1.52
June 2009	12,081,617	\$2.73	\$1.79
July 2009	5,854,803	\$2.30	\$2.03
August 2009	3,672,419	\$2.35	\$1.91
September 2009	3,507,810	\$2.36	\$2.04
October 2009	5,419,622	\$2.24	\$1.93
November 2009	3,376,259	\$2.55	\$2.07
December 2009	5,854,803	\$2.85	\$2.36

## 7. Directors and Officers

### Directors

The following table sets forth the name, province and country of residence of each director of Wi-LAN, their position with Wi-LAN and the year in which they became a director of Wi-LAN. The term of office for each of the directors will expire at the time of the next annual shareholders' meeting.

<u>Name and Place of Residence</u>	<u>Position Held with Wi-LAN</u>	<u>First Year as a Director</u>
James Douglas Skippen Ontario, Canada	Chairman of the Board, President, Chief Executive Officer & Chief Legal Officer	2006
Dr. Michel Tewfik Fattouche <sup>(3)</sup> Alberta, Canada	Director	2006
John Kendall Gillberry <sup>(1)</sup> Ontario, Canada	Director	2005
William Keith Jenkins <sup>(1)(3)</sup> Alberta, Canada	Director	2005
Richard Shorkey <sup>(1)(2)</sup> Ontario, Canada	Lead Director	2007
Robert Bramson <sup>(2)(3)</sup> Pennsylvania, USA	Director	2008

#### Notes:

- (1) Audit Committee member
- (2) Compensation Committee member
- (3) Governance and Nominating Committee member

At each of December 31, 2009 and March 4, 2010, as a group, Wi-LAN's directors and executive officers beneficially owned, directly or indirectly, or exercised control over approximately 3,660,039 Common Shares which represented approximately 3.6% of the outstanding Common Shares at those dates.

At December 31, 2009, as a group, the directors and executive officers beneficially owned, directly or indirectly, or exercised control over 26,348 deferred stock units. At March 4, 2010, as a group, the directors and executive officers beneficially owned, directly or indirectly, or exercised control over 44,803 deferred stock units.

Except as disclosed below, each of Wi-LAN's directors has been engaged for more than five years in his present principal occupation or in other capacities with the company or organization (or predecessor thereof) in which he currently holds his principal occupation. The information provided below has been provided to us by the individuals themselves and has not been independently verified by the Company.

**James Douglas Skippen:** June 2006 to present – President, Chief Executive Officer, & Chief Legal Officer of Wi-LAN and a director of the Company; May 2004 to June 2006 – Senior VP Patent Licensing, General Counsel and Secretary of MOSAID Technologies Incorporated (“MOSAID”); October 2003 to May 2004 – Counsel and Leader of the Ottawa Information Technology practice of McCarthy Tétrault LLP; 2001 to 2003 – a series of executive positions with MOSAID, with the final position being Senior VP Patent Licensing, General Counsel and Secretary.

**Dr. Michel Tewfik Fattouche:** July 1986 to present – Professor Electrical and Computer Engineering, University of Calgary. May 1995 to October 2008 – Chief Technical Officer and various other senior officer positions with Cell-Loc Location Technologies Inc. and its predecessor, Cell-Loc Inc., a developer of a family of network-based wireless location products that enable location-based services.

**John Kendall Gillberry:** 1996 to present – Founder and President, Bayfield Capital Group, a corporate finance advisory firm; December 2009 to present – Chief Executive Officer of Utilitran Corporation, a technology company engaged in data analytics and procurement software in the retail sector; July 2005 to July 2009 – Executive Vice President and Chief Financial Officer of Coreworx Inc. (formerly, Software Innovation Inc.), an enterprise software development company; 2004 to July 2005 – President and Chief Executive Officer of Radiant Energy Corporation, a developer and marketer of infrared aircraft de-icing systems; June 2004 to May 2005 – Chief Financial Officer, Skulogix Canada Inc., a provider of inventory and order fulfillment solutions; June 2004 to December 2005 – President of BTE Technologies, Inc., a provider of technology-based solutions for the rehabilitation industry.

**William Keith Jenkins:** Partner, Fraser Milner Casgrain LLP, Barristers & Solicitors.

**Richard Shorkey:** Mr. Shorkey has provided part-time and interim Chief Financial Officer services to several technology companies since September 2002. Prior to this, he was Chief Financial Officer of ATMOS Corporation from November 2000 to August 2002.

**Robert Bramson:** Since 1996, Partner, Bramson & Pressman, a technology licensing law firm. From 1995 to 2004, Mr. Bramson was the President of VAI Patent Management Corp.

### Executive Officers

The following table sets forth the name, province and country of residence and position with Wi-LAN of each person who is an executive officer as of the date hereof.

<u>Name and Place of Residence</u>	<u>Office(s) with Wi-LAN</u>
James Douglas Skippen Ontario, Canada	Chairman of the Board, President, Chief Executive Officer & Chief Legal Officer
Michael Shaun McEwan Ontario, Canada	Chief Financial Officer
William Ross Middleton Ontario, Canada	Senior Vice-President, Licensing & General Counsel
Najmul H. Siddiqui Ontario, Canada	President, V-Chip
Jung Yee Ontario, Canada	Chief Technology Officer
Derek Nuhn Ontario, Canada	Vice-President, DSL Technologies
Andrew Parolin Ontario, Canada	Vice-President, Wireless Technologies
Doug MacCrae Ontario, Canada	Vice-President, Finance

Except as disclosed below, each of Wi-LAN's executive officers has been engaged for more than five years in his present principal occupation or in other capacities with the company or organization (or predecessor thereof) in which he currently holds his principal occupation. The information provided below has been provided to us by the individuals themselves and has not been independently verified by the Company.

**James Douglas Skippen:** President, Chief Executive Officer & Chief Legal Officer – please see above for details.

**Michael Shaun McEwan:** February 2008 to present – Chief Financial Officer of Wi-LAN; July 2001 to February 2008 – Chief Financial Officer of BreconRidge Corporation.

**William Ross Middleton:** January 24, 2008 to present – Senior Vice-President, Licensing & General Counsel of Wi-LAN; August 2006 to January 23, 2008 – Vice President, Licensing & General Counsel of Wi-LAN; April 2004 to August 2006 – Vice President, Legal Services and General Counsel, Nygård International; October 2003 to April 2004 – General Counsel and Corporate Secretary of MOSAID; December 2000 to September 2003 – Senior Corporate Counsel of MOSAID.

**Najmul H. Siddiqui:** June 2007 to present – President, V-Chip of Wi-LAN; 1986 to June 2007 – President, Tri-Vision Electronics Inc.

**Jung Yee:** August 2006 to present – Chief Technology Officer of Wi-LAN; May 2005 – July 2006 – consultant; February 2001 to April 2005 – Chief Technology Officer, IceFyre Semiconductor Inc.

**Derek Nuhn:** October 2007 to present – Vice-President, DSL Technologies of Wi-LAN; August 2006 to October 2007 – independent consultant; 1995 to August 2006 – a series of executive positions with Semiconductor Insights Inc. with the final position being Senior Vice-President and Chief Operating Officer.

**Andrew Parolin:** November 2007 to present – Vice-President, Wireless Technologies of Wi-LAN; May 2007 to November 2007 – Vice-President, Business Development of Wi-LAN; December 2000 to May 2007 – a series of executive positions with SiGe Semiconductor, Inc., with the final position being Director of Wireless Data Products.

**Doug MacCrae:** May 2009 to present – Vice-President, Finance of Wi-LAN; September 2001 to February 2009 – a series of executive positions with BreconRidge Corporation, with the final position being Chief Financial Officer.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as set forth below, no director or executive officer of the Company and, to the knowledge of the Company, no shareholder holding a sufficient number of securities of the Company to materially affect its control is or was, in the 10 years preceding the date of this Annual Information Form, a director or executive officer of any company that was, while that person was acting in that capacity, (a) the subject of a cease trade or similar order or an order that denied any such company access to any exemption under securities legislation for a period of more than 30 consecutive days, (b) subject to an event that resulted, after such person ceased to be a director or executive officer, in such company being the subject of any such order or (c) within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any bankruptcy or insolvency related legislation or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the Company's knowledge, Solutrea Corp. (formerly, Powerstar International Inc.) ("Solutrea") is subject to cease trade orders made by the Alberta Securities Commission and the Ontario Securities Commission due to delays in filing certain financial statements. Mr. James Skippen was a member of the board of Solutrea from June 28 to December 31, 2007. The Company also understands that MedcomSoft Inc. ("MedcomSoft") filed a Notice of Intention to make a proposal to creditors under the *Bankruptcy and Insolvency Act* (Canada) on November 2, 2008. Mr. John Gillberry was a member of the board of MedcomSoft from January 2, 2008 to November 1, 2008.

No director or executive officer of the Company and, to the knowledge of the Company, no shareholder holding a sufficient number of securities of the Company to materially affect its control, within the 10 years preceding the date of this Annual Information Form, has become bankrupt, made a proposal under any bankruptcy or insolvency related legislation or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

## **8. Audit Committee Information**

### **Audit Committee Charter**

The text of the Audit Committee's Charter is attached at Appendix "A" to this Annual Information Form.

### **Composition**

The current members of the Audit Committee are Richard Shorkey (Chairman), John Gillberry and William Jenkins, each of whom is an "independent" director and each of whom is "financially literate" as such terms are defined in Multilateral Instrument 52-110 – Audit Committees of the Canadian Securities Administrators.

### **Education and Experience**

**Richard Shorkey:** Mr. Shorkey is a Chartered Accountant with more than 30 years of industry experience holding senior financial and general management roles in a number of public and private companies. He is a member of the Institute of Chartered Accountants of Ontario and the Canadian Institute of Chartered Accountants. Mr. Shorkey has been a member of the Board from March 22, 2007 and a member of the Audit Committee since May 10, 2007.

**John Gillberry:** Mr. Gillberry holds an MBA from the Ivey School of Business at the University of Western Ontario; until the acquisition of Coreworx Inc., an enterprise software development company, by Acorn Energy Inc. in July 2009, he was the Chief Financial Officer and Chief Operating Officer of Coreworx Inc. In December 2009 he was appointed Chief Executive Officer of Utilitran Corporation, a technology company engaged in data analytics and procurement software in the retail sector. John has been a member of audit committees for private and public companies and has been a financial consultant on corporate finance matters for several venture-backed businesses. Mr. Gillberry has been a member of the Board since May 2005 and has been a member of the Wi-LAN audit committee since fiscal 2005.

**William Jenkins:** Mr. Jenkins holds a B.A. in Economics and an LL.B from the University of Western Ontario and is a Partner with the law firm of Fraser Milner Casgrain LLP. Mr. Jenkins has advised corporations, investment dealers and banks on public securities offerings, equity and debt financings, mergers and acquisitions as well as other corporate finance transactions which have provided him the

opportunity to review, analyze and evaluate financial reporting. Mr. Jenkins was also a member of the audit committee of the Partnership Board of Fraser Milner Casgrain LLP until November of 2009 when he was appointed the Presiding Member of that firm's Partnership Board. Mr. Jenkins has been a member of the Board since May 2005 and a member of the Audit Committee since May 10, 2007.

### **Pre-approval of Non-audit Services**

The following describes Wi-LAN's policy relating to the engagement of the external auditors for the provision of non-audit services.

When requiring the use of accounting and taxation and other consulting services, the Company will not utilize the services of the current external auditor where the delivery of the service may create a potential or perceived conflict of interest. Consulting services which require subsequent external auditing cannot be performed by Wi-LAN's auditors. For greater clarity, the following consulting services do not present a conflict of interest: advice relating to the accounting treatment of new CICA pronouncements or services ancillary to the audit; preparation of corporate tax returns; and advice on tax related matters.

Non-audit services to be provided by the external auditors must be pre-approved by the Audit Committee.

### External Auditor Service Fees

	<u>Fiscal 2009</u>	<u>Fiscal 2008</u>
Audit Fees <sup>(1)</sup>	\$77	\$50
Audit-related Fees <sup>(2)</sup>	31	24
Tax Fees <sup>(3)</sup>	111	99
All Other Fees <sup>(4)</sup>	113	10
Total Fees Billed	<u>\$331</u>	<u>\$173</u>

- (1) "Audit Fees" consist of the aggregate fees of PricewaterhouseCoopers LLP ("PwC"), the Company's auditors, for professional services rendered by them for the audit of the Company's annual financial statements and review of the MD&A and related services that are normally provided by them in connection with statutory and regulatory filings or engagements.
- (2) "Audit-related Fees" consist of the aggregate fees billed by PwC for assurance and related services rendered by them that are reasonably related to the performance of the audit or review of Wi-LAN's financial statements and are not reported as Audit Fees. Professional services provided include review and "selected procedures" of quarterly financial statements and accounting advice on certain matters.
- (3) "Tax Fees" consist of the aggregate fees billed by PwC for professional services rendered by them for tax compliance, tax advice and tax planning. Tax services included advisory services and review and filing of the Company's annual income tax returns. Fiscal 2009 fees include charges of approximately \$53 for compliance with the harmonization of Ontario and federal tax regulators and \$58 for the review and filing of the Company's annual income tax returns. Fiscal 2008 fees include charges of approximately \$25 related to discussions for compliance with the harmonization of Ontario and Federal tax regulators, \$30 for change-of-control tax filings resulting from the acquisition of Tri-Vision on June 28, 2007, and \$44 for the review and filing of the Company's annual income tax returns.
- (4) "All Other Fees" consist of fees billed by PwC for products and services other than Audit Fees, Audit Related Fees and Tax Fees. Fees billed by PwC for services provided by them relate to their review of the Company's prospectuses and other filings in connection with its July 2009 public offering (\$48), IFRS readiness (\$18) and the Company's merger and acquisition activities (\$47).

## **9. Legal Proceedings**

The Company, in the course of its normal operations, is subject to claims, lawsuits and contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances

for which no accruals have been made, the Company has no reason to believe that the ultimate outcome of these matters would have a significant impact on its consolidated financial position. The significant legal proceedings in which Wi-LAN is involved are summarized below.

In September 2002, the Company, its former Chairman, Dr. Hatim Zaghoul, and Wi-Com Technologies Inc. (a private Alberta company), among others, were served with two statements of claim in the Court of Queen's Bench of the Province of Alberta alleging the defendants are liable for failing to deliver certain share certificates in a timely manner to the claimants. The claimants are former shareholders of Wi-Com Technologies Inc. The Company maintains that it has defences to these claims and does not believe that it will ultimately be found liable. The Company is vigorously defending these actions, has filed a statement of defence and has also filed a counterclaim against the claimants. To date it has not been determined if legal liability exists, and accordingly, no provision has been made in the Company's financial statements.

The Company is currently involved in litigation with D-Link in the Federal Court of Canada concerning the alleged infringement by D-Link of Canadian patent No. 2,064,975. This litigation is in its early stages. The Federal Court of Canada ordered that Wi-LAN's claim for punitive damages be struck from its statement of claim in December 2006. D-Link filed a statement of defence and counterclaim against the Company in April 2007 and, following certain procedural matters, D-Link filed amended statements of defence and counterclaims in December 2007, to which Wi-LAN filed its reply and statement of defence in February 2008, following which D-Link has filed a reply. Wi-LAN continues to proceed expeditiously with this litigation.

On October 31, 2007, Wi-LAN filed claims against 22 major companies including Acer Inc., Apple, Inc., Best Buy Co. Inc., Circuit City Stores, Inc., Dell Inc., Gateway Inc., Hewlett-Packard Company, Intel Corporation, Sony Corporation, Texas Instruments Incorporated and Toshiba Corporation in two separate actions in the US Federal Court for the Eastern District of Texas, Marshall Division. Wi-LAN has claimed that these companies have infringed and continue to infringe its US patent nos. 5,282,222, RE37,802 and 5,956,323 by making and/or selling various products including wireless routers, modems and personal computers that use technology deriving from these patents which relate to Wi-Fi and power consumption in DSL products. In October 2008, the Company amended its complaints to include claims against these defendants' products that utilize WiMAX technologies and in early 2009, Wi-LAN obtained an order from this Court permitting inclusion of US patent number 6,549,759 in the suit relating to both Bluetooth and WiMAX technologies. During fiscal 2009, Wi-LAN settled this dispute against Buffalo Technology (USA), Infineon and Infineon Technologies North America Corp.. This Court has set the date for the claims construction hearings relating to US patent numbers 5,282,222 and RE37,802 on March 11, 2010 and consolidated those hearings and all related claims construction matters with the Company's litigation against Motorola and other parties discussed below. This Court has also set September 1, 2010 as the date for the claims construction hearings relating to US patent numbers 5,956,323 and 6,549,759. The trial date for both this action and the Motorola action is January 4, 2011. Wi-LAN continues to work through discovery matters in this action as it moves towards trial.

On June 20, 2008, the Company announced that it had initiated litigation against Motorola Inc., Research In Motion Corporation, Research In Motion, Ltd. and UTStarcom, Inc. for patent infringement of two of Wi-LAN's Wi-Fi and CDMA patents in the US Federal Court for the Eastern District of Texas, Marshall Division with respect to cell phone handsets. Since originally filing this action, Wi-LAN has added LG Electronics, Inc., LG Electronics Mobilecomm U.S.A. Inc. and Personal Communication Devices, LLC as defendants and has settled this action against Research In Motion Corporation and Research In Motion, Ltd. As noted above, this Court has set the date for the claims construction hearings relating to US patent numbers 5,282,222 and RE37,802 on March 11, 2010 and consolidated those hearings and all related claims construction matters with the Company's litigation against Acer and other parties. The trial date for both this action and the Acer action is January 4, 2011. Wi-LAN continues to work through discovery

matters in this action as it moves towards trial.

In October 2008, Wi-LAN learned that Intel, a defendant in the actions initiated by the Company in the US Federal Court in Texas, had filed a claim against Wi-LAN in the US Federal Court in the Northern District of California requesting a declaratory judgment that 18 of the Company's US patents are invalid and have not been infringed. Over the course of fiscal 2009, this Court issued an order granting in part Wi-LAN's motion to transfer this action to the Eastern District of Texas as it relates to US patent number 6,549,759 only but retaining jurisdiction over the remaining 17 patents. Wi-LAN is now preparing its patent infringement contentions to be served by April 2, 2010 and Intel must serve its patent invalidity contentions by May 6, 2010.

In December 2008, the Company learned that each of Acer Inc., Apple, Inc., Atheros Communications, Inc., Broadcom Corporation, Dell Inc., Hewlett-Packard Company, Gateway Inc., Lenovo (United States) Inc., Marvell, Sony Computer Entertainment America Inc., Sony Electronics Inc. and Toshiba America Information Systems, Inc., all defendants or affiliates of defendants in the actions initiated by the Company in the US Federal Court in Texas, had also filed actions in the US Federal Court in the Northern District of California requesting declaratory judgments that US patent number 6,549,759 is invalid and has not been infringed. Over the course of fiscal 2009, the California Court issued an order granting in part Wi-LAN's motion to transfer the Intel California action to the Eastern District of Texas as it relates to the 6,549,759 patent; subsequently, all of these actions have been dismissed.

On December 28, 2009, Calix Networks, Inc. filed an action in the US Federal Court in the Northern District of California requesting a declaratory judgment that the Company's US patent numbers 5,956,323 and 6,763,019 are invalid and have not been infringed. Wi-LAN is currently studying the Complaint and is preparing its response to this matter which is currently due by March 11, 2010.

On January 19, 2010 Wi-LAN initiated a lawsuit in the US Federal Court in the Southern District of New York against LG. Wi-LAN's claim is for fraud and breach of contract, relating to LG's failure to pay Wi-LAN in accordance with a previously signed license agreement, and for infringement of Wi-LAN's patented V-Chip technology. Wi-LAN is awaiting LG's response which is currently expected on or before April 9, 2010.

On December 24, 2009, a request for an *ex parte* re-examination of the Company's US patent number 5,828,402 was filed with the USPTO by a US law firm on behalf of an unidentified party. Wi-LAN expects to learn by the middle of 2010 whether or not the USPTO will grant this request and undertake the re-examination.

On January 21, 2010, a request for *inter partes* re-examination of the Company's US patent number 6,549,759 was filed with the USPTO by Intel and Broadcom. Wi-LAN expects to learn by the middle of 2010 whether or not the USPTO will grant this request and undertake the re-examination.

In January 2010, Wi-LAN learned that TELUS had filed a claim in the Court of Queen's Bench in Calgary, Alberta in April 2009 against Wi-LAN, Dr. Michel Fattouche and Dr. Hatim Zaghoul regarding the ownership of several patents including, amongst others, the Company's US patent numbers 5,282,222 and RE37,802. On or about February 8, 2010, Wi-LAN and TELUS signed a letter of intent which outlined the key terms of a settlement of the dispute. Wi-LAN and TELUS are currently working to finalize a definitive agreement to settle the dispute.

**10. Interests in Material Transactions**

No material transactions with the directors, senior officers, promoters or principal holders of Wi-LAN's securities or any of their respective affiliates or associates have occurred in the last three completed fiscal years or the current fiscal year. All of Wi-LAN's current executive officers were hired during the period from May 2006 through May 2009, and entered into employment agreements with the Company in the normal course of business.

**11. Transfer Agent and Registrar**

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario.

**12. Material Contracts**

The Company did not enter into any material contracts during the fourteen months ended December 31, 2009 other than in the ordinary course of its business and is not currently party to any material contracts entered into in prior fiscal years other than in the ordinary course of its business that are still in effect.

**13. Interests of Experts**

Wi-LAN's auditors are PricewaterhouseCoopers LLP ("PwC"), Chartered Accountants, 99 Bank Street, Suite 800, Ottawa, Ontario, K1P 1E4. PwC were appointed on October 25, 2006 following Wi-LAN's move to Ottawa from Calgary. PwC has confirmed that they are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

**14. Additional Information**

Additional information with respect to Wi-LAN, including remuneration and indebtedness of directors and officers, principal holders of the Company's securities and options to purchase securities is contained in the information circular in respect of the annual and special meeting of shareholders to be held on June 3, 2010 that will be delivered to shareholders in advance of that meeting. Additional financial information is provided in Wi-LAN's fiscal 2009 audited financial statements and MD&A for fourteen months ended December 31, 2009. Additional information relating to Wi-LAN may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **Appendix “A” – Wi-LAN Inc. - Audit Committee Mandate**

### **Purpose**

The Board of Directors (the “Board”) of Wi-LAN Inc. (“Wi-LAN”) has established the Audit Committee (the “Committee”) as a standing committee of the Board for the purposes of managing the relationship between Wi-LAN and its external auditors, overseeing the audit and financial reporting process, ensuring the adequacy and effectiveness of Wi-LAN’s internal controls and procedures for financial reporting and ensuring the adequacy and effectiveness of Wi-LAN’s risk management program. The Committee is hereby constituted with all the powers and duties conferred on it by the laws governing Wi-LAN and such powers and duties as may be conferred on it from time to time by resolution of the Board.

### **Member Qualifications, Appointment and Removal**

The members of the Committee (the “Members”), and from among those Members, the Chairman of the Committee, are appointed annually by the Board. The Board will appoint not less than three directors as Members.

The Committee and each Member must meet the independence and audit committee composition requirements promulgated by all governmental and regulatory bodies exercising control over Wi-LAN as may be in effect from time to time, including those of any stock exchange upon which Wi-LAN’s shares are listed. In general, no director who is an officer or employee of Wi-LAN (or any related entity of Wi-LAN) may be a Member and each Member must be free of any relationship with Wi-LAN that could or could be reasonably expected to, in the opinion of the Board, interfere with the exercise of that director’s independent judgment as a Member.

All Members of the Committee should be “financially literate” (as that term is defined from time to time in Multilateral Instrument 52-110 (Audit Committees) or any replacement or supplementary instrument or rule or, if it is not defined, as that term is interpreted by the Board), which generally means that they must be able to read and understand fundamental financial statements including Wi-LAN’s balance sheet, income statement and cash flow statement. At least one Member must have a professional accounting certification (or equivalent) or comparable experience and background that results in that Member’s financial sophistication.

Any Member may be removed or replaced at any time by the Board as needed. A Member shall cease to be a Member upon ceasing to be a Wi-LAN director. The Board will fill vacancies on the Committee by the appointment of other qualified directors.

### **Duties and Responsibilities**

In general, the Committee performs a number of roles including (i) assisting directors to meet their financial oversight responsibilities, (ii) providing better communication between directors and Wi-LAN’s external auditors, (iii) enhancing the independence of the external auditor, (iv) increasing the credibility and objectivity of financial reports and (v) strengthening the role of the directors by facilitating in-depth discussions among directors, management and the external auditor. The Committee will have the specific duties and responsibilities set out below, as well as other such duties that are, in the opinion of the Board, in line with the purpose of the Committee as stated above.

### ***Relationship with Auditors***

The Committee is responsible for managing, on behalf of Wi-LAN's shareholders, the relationship between Wi-LAN and its external auditors. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) be directly responsible for recommending the selection and determining the compensation of the external auditor;
- (b) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Wi-LAN, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (c) establish procedures to monitor the independence of the external auditor and take necessary actions to eliminate all factors that might impair or be perceived to impair the independence of the external auditor;
- (d) annually require the external auditors to identify the relationships that may affect its independence;
- (e) establish procedures for review and approval of all audit and permitted non-audit services provided by external auditors;
- (f) pre-approve all non-audit services to be provided to Wi-LAN or its subsidiaries by the external auditor, which pre-approval may be delegated to any Member; and
- (g) provide the external auditor with the opportunity to meet with the Committee or the Board without management present at each regularly scheduled meeting of the Committee or the Board.

### ***Audit and Financial Reporting***

The Committee is responsible for overseeing the audit and financial reporting process. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) review, establish and monitor each annual audit of the external auditor with a written audit plan, including scope, fees and schedule;
- (b) review with both management and the external auditor the appropriateness and acceptability of Wi-LAN's critical accounting policies and any proposed changes thereto;
- (c) review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with Wi-LAN's business, all alternative treatments of financial information with GAAP that have been discussed with management, the material assumptions made by management relating to them and their effect on Wi-LAN's financial statements;
- (d) question management and the external auditor regarding financial reporting issues discussed during the fiscal period;
- (e) review any problems experienced by the external auditors in performing audits;

- (f) review and discuss the audited annual financial statements in conjunction with the external auditor and review with management all significant variances between comparative reporting periods;
- (g) review and discuss the external auditor's report with the external auditor and management;
- (h) review all material written communications between the external auditor and management, including post audit or management letters containing recommendations of the external auditors, management's response and follow up with respect to the identified weaknesses;
- (i) review with management and with the external auditors, as appropriate, Wi-LAN's financial statements, MD&A and annual and interim earnings press releases prior to their public dissemination;
- (j) satisfy itself that adequate procedures are in place for the review of Wi-LAN's public disclosure of financial information extracted or derived from Wi-LAN's financial statements, other than the public dissemination referred to in (i) above, and periodically assess the adequacy of those procedures;
- (k) review with management Wi-LAN's relationship with the regulators and the quality of its filings with the regulators; and
- (l) review with the General Counsel any current or anticipated litigation or legal activity that could have a material effect on Wi-LAN's financial position.

### ***Internal Controls and Procedures***

The Committee is responsible for overseeing the design, implementation and on-going effectiveness of a system of internal controls. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) monitor and review policies and procedures for internal accounting, financial control and management information ("Internal Controls");
- (b) establish procedures for: (i) the receipt, retention and treatment of complaints received by Wi-LAN regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by Wi-LAN employees of concerns regarding questionable accounting or auditing matters;
- (c) monitor compliance with Wi-LAN's Whistleblower Protection Policy on Financial Matters and coordinate and review all investigations undertaken thereunder;
- (d) consult with the external auditor regarding the adequacy of the Internal Controls and review with the external auditor its report on the Internal Controls;
- (e) address, on a regular basis, any perceived shortcomings in the Internal Controls;
- (f) review the involvement of officers and directors in any matter related to business ethics or potential conflict of interest and advise the Board on the appropriate course of action;
- (g) review and approve Wi-LAN's hiring policies regarding partners, employees and former partners

and employees of the present and former external auditor;

- (h) prior to Wi-LAN entering into any Related Transaction other than any Related Transaction which has been reviewed and approved by the Compensation Committee of the Board, review the Related Transaction and recommend its approval or rejection by the Board. For the purposes of this Mandate, a “Related Transaction” means a business transaction or contract between Wi-LAN and a party in which a Wi-LAN director or officer has a direct or indirect interest. This direct or indirect interest could exist by virtue of the following: (i) the party is the director or officer; (ii) the director or officer, or their relative or spouse, is on the board of directors or is an officer of the party entering into such a business transaction with Wi-LAN; or (iii) the director or officer, or their relative or spouse, has a financial interest in the party entering into such a business transaction with Wi-LAN;
- (i) annually, review any ongoing Related Transactions and report to the Board; and
- (j) obtain from management adequate assurances that all statutory payments and withholdings have been made.

### ***Risk Management***

The Committee is responsible for overseeing the process by which Wi-LAN assesses and manages risk. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) identify risks inherent in Wi-LAN’s business (“Risks”);
- (b) maintain policies and procedures that address the Risks on a reasonable, cost-effective basis;
- (c) in conjunction with management, review, on an annual basis, all aspects of Wi-LAN’s risk management program, including all significant policies and procedures relating to insurance coverage, foreign exchange exposures and investments (including Wi-LAN’s use of financial risk management instruments);
- (d) monitor compliance with environmental codes of conduct and legislation; and
- (e) monitor compliance with safety codes of conduct and legislation.

### ***Other***

In furtherance of its duties, the Committee shall:

- (a) meet regularly with management to discuss any areas of concern to the Committee or management;
- (b) consider whether the quality of employees involved in the audit and financial reporting process and the processes described herein meets an acceptable standard; and
- (c) annually review this Mandate and any other documents used by the Committee in fulfilling its responsibilities.

## **Meetings, Structure and Reporting**

The Committee meets as required, but at least quarterly, typically on the day of the full Board to allow ample time for discussion. A majority of the Committee shall constitute a quorum. At all meetings of the Committee, every question shall be decided by a majority of the votes cast on the question. Attendance by the CFO at all Committee meetings is expected and attendance by the Director, Finance (when in place) and the President & CEO is desirable. The Corporate Secretary, or his or her designee, shall attend all Committee meetings for the purposes of recording minutes. The audit partner from the external auditor will be invited to meet with the Committee at least twice a year and may request a meeting with the Committee at any time.

The Committee shall report to the Board on all proceedings, deliberations, decisions and recommendations of the Committee at the first subsequent meeting of the Board and at such other times and in such manner as the Board may require or as the Committee may, in its discretion, consider advisable.

### **Chairman**

The Chairman's primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and that its organization and mechanisms are in place and are working effectively. More specifically, the Chairman shall:

- (a) chair meetings of the Committee;
- (b) in consultation with the Chairman of the Board, the Members, the CFO and Corporate Secretary, set the agendas for the meetings of the Committee;
- (c) in collaboration with the Chairman of the Board, the President & CEO, the CFO and the Corporate Secretary, ensure that agenda items for all Committee meetings are ready for presentation and that adequate information is distributed to Members in advance of such meetings in order that Members may properly inform themselves on matters to be acted upon;
- (d) assign work to Members;
- (e) approve the expense reports of the Chairman of the Board;
- (f) act as liaison and maintain communication with the Chairman of the Board and the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee; and
- (g) provide leadership to the Committee with respect to its functions as described in this Mandate and as otherwise may be appropriate.

### **Authority**

The Committee shall have unrestricted direct access to Wi-LAN's external auditors, Wi-LAN personnel and documents and shall be provided with the resources necessary to carry out its duties. The Committee may, in its sole discretion and at Wi-LAN's expense, retain and agree to compensate independent counsel or advisors to assist with the performance of its duties. The Committee may adopt policies and procedures for carrying out its responsibilities.