



WI-LAN INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS**

**FOR THE FOURTEEN MONTH PERIOD ENDED
DECEMBER 31, 2009 AND THE TWELVE MONTH
PERIOD ENDED OCTOBER 31, 2008**

MARCH 4, 2010

TABLE OF CONTENTS

INTRODUCTION	1
FORWARD-LOOKING INFORMATION STATEMENTS	1
NON-GAAP DISCLOSURE	3
CORE BUSINESS AND STRATEGY	4
KEY PERFORMANCE DRIVERS	6
Markets	6
Financial Condition	6
Professional and Systematic Approach to Patent Licensing	7
Technology Development	7
CAPABILITY TO DELIVER RESULTS	7
RESULTS AND OUTLOOK	9
Overall performance	9
Revenues	10
Patent licensing expense	11
Litigation expense	11
Research and development expense	14
General and administrative expense	15
Stock-based compensation expense	15
Depreciation and amortization expense	16
Other items affecting Net Earnings (Loss)	17
Summary of quarterly performance	19
CAPITAL AND LIQUIDITY	21
OUTSTANDING COMMON SHARE DATA	22
FINANCIAL INSTRUMENTS	22
RELATED PARTY TRANSACTIONS	25
CRITICAL ACCOUNTING POLICIES, INCLUDING INITIAL ADOPTION OF POLICIES, AND CRITICAL ESTIMATES	25
DISCLOSURE CONTROLS AND PROCEDURES	27
RECENT ACCOUNTING STANDARDS	28
RISK	29

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated March 4, 2010. It should be read in conjunction with the audited consolidated financial statements and notes thereto for Wi-LAN Inc. (the "Company" or "WiLAN") for the fourteen month fiscal period ended December 31, 2009 (the "Financial Statements"), as well as with Management's Discussion and Analysis for the Company's audited consolidated financial statements and notes for the twelve month period ended October 31, 2008. Unless otherwise indicated, all financial information is reported in thousands of Canadian dollars, with the exception of share and earnings per share data which is reported in number of shares and Canadian dollars respectively.

The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The tables and charts included in this document form an integral part of the MD&A.

Management is responsible for establishing appropriate information systems, procedures and controls to ensure that all financial information disclosed externally, including this MD&A, and used internally by management, is complete and reliable. These procedures include the review and approval of the financial statements and associated information, including this MD&A, first by the Disclosure Committee, a committee of the management team, then by the Audit Committee of the Board of Directors (the "Board"), and subsequently by the Board.

FORWARD-LOOKING INFORMATION STATEMENTS

This MD&A contains certain forward-looking statements. All statements, other than statements of historical facts, included in this MD&A regarding the strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of WiLAN and its management are considered 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 WiLAN 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". Assumptions made in preparing forward-looking statements and financial guidance include, but are not limited to, the following:

- WiLAN's ability to sign new licensees;
- the timing and amounts of any settlement agreements that may be entered into with respect to any of WiLAN's litigation matters;
- current assumptions as to the identification of products that are unlicensed to WiLAN's patents;
- WiLAN's continued expansion of its patent portfolio through its acquisition of patents from third parties and from development of new inventions;
- WiLAN's ability to enter into strategic licensing partnerships with owners of various patent portfolios and the size and timing of any revenues generated from such programs;
- the expected growth rates of licensees and thereby the expected revenues available to WiLAN;

- the timing and amount of WiLAN's litigation expenses;
- the timing and amount of WiLAN's research and development ("R&D") expenses; and
- foreign exchange rates.

All forward-looking statements and statements of "belief" contained in this MD&A 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 in the forward-looking statements or statements of "belief". These risks and uncertainties include, but are not restricted to:

- The time required to obtain license agreements for the Company's patents can range significantly, from a number of months to years, and could be subject to variable cycles;
- The Company is currently reliant on licensees paying royalties under existing licensing agreements and additional licensing of its patent portfolio to generate future revenues and increased cash flows;
- Reduced spending due to the uncertainty of economic and geopolitical conditions may negatively affect the Company;
- The Company may be required to establish the enforceability of the Company's patents in court to obtain material licensing revenues;
- Changes in patent laws or in the interpretation or application of existing patent laws could materially adversely affect the Company;
- The Company may need to acquire or develop new patents to continue to grow its current business;
- A court may determine that certain of the Company's patents are invalid or are not infringed by certain standards or products or may disagree with management with respect to whether one or more of the Company's patents apply to certain standards or products, which could adversely affect the Company;
- A government patent office may determine that the Company's patents are invalid as a result of a post-grant review;
- The Company has made and may make acquisitions of technologies or businesses which could materially adversely affect the Company;
- The Company may require additional financing to translate its intellectual property position into sustainable profit in the market;
- The generation of future revenues and the likelihood of the Company signing additional licenses could be negatively impacted by changes in government regulation; and
- The Company is dependent on its key officers and employees.

The Company has maintained or instituted practices to assist it to mitigate financial risk. These practices include but are not limited to the following:

- The Company utilizes a variety of payment structures, such as fixed payment and running royalty, with its licensees in order to provide a relatively predictable base of regular cash flow and allow for upside revenue potential as market conditions improve;
- The Company typically utilizes term-based multi-year arrangements which provide consistency and predictability in its licensing agreements and establishes the basis for terms and conditions in agreements that come up for renewal;
- The Company invests its surplus cash with the primary objective of protecting its capital. The Company does not invest in asset-backed commercial paper and only invests in highly rated investment grade financial instruments with maturities of twelve months or less in order to reduce credit and interest rate risk;
- When the Company acquires patents, it attempts to negotiate contingency arrangements to better match the asset's expected cash inflows with outflows and minimize risk of cash flows not meeting anticipated results;
- As many of the Company's revenues and expenses are denominated in U.S. dollars and its reporting currency is Canadian dollars, the Company enters into forward foreign exchange contracts from time to time, with highly credit-worthy counterparties. The Company does not hold or issue derivative financial instruments for trading or speculative purposes; and
- Management believes the Company is sufficiently capitalized to succeed in these uncertain economic times and, if required, could obtain additional financing.

Any forward-looking statements and statements of "belief" represent the Company's estimates as of the date of this MD&A only and should not be relied upon as representing the Company's estimates as of any subsequent date. WiLAN assumes no responsibility for the accuracy and completeness of any forward-looking statements and statements of "belief". Except as required by law, WiLAN does not assume any obligation to, and disclaims any intention to, update or revise any forward-looking statements or statements of "belief", whether as a result of new information, future events or otherwise.

Additional information filed by WiLAN with Canadian securities regulators, including quarterly reports, annual reports and the Company's annual information form for the fourteen month period ended December 31, 2009, is available on-line at www.sedar.com and also on WiLAN's website at www.WiLAN.com.

NON-GAAP DISCLOSURE

"Pro forma earnings" is defined by the Company as earnings from continuing operations before stock-based compensation expense, depreciation & amortization expense, unrealized foreign exchange gains or losses and provision for income taxes. The Company is reporting pro forma earnings in the belief that it may be useful for certain investors and readers of the financial statements as a measure of the Company's performance. Pro forma earnings is not a measure of financial performance under GAAP. It does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similarly titled measures used by other companies. Pro forma earnings should not be interpreted as an

alternative to net earnings and cash flows from operations as determined in accordance with GAAP or as a measure of liquidity.

CORE BUSINESS AND STRATEGY

In mid 2006, WiLAN focused its business on technology innovation and licensing. At that time, the Company had twenty patents which included certain patents that management believed could be used in a licensing program. In launching the new form of business, a key strategy was to strengthen the patent portfolio to sustain long term revenue opportunities and associated growth.

Over the past three years, the Company has grown its full time regular staff from 1 to 38, increased its patent portfolio from twenty patents to greater than eight hundred, signed more than 210 companies to licenses, and grown its revenues from just over \$2 million to more than \$35 million representing a compound annual growth rate of more than 100%. As a result of the increase in the breadth and depth of the patent portfolio, the Company now believes it has more than 40 separate key patent families available to license. WiLAN defines a patent family in this context as a patent or family of patents that WiLAN has mapped to a particular product or industry standard.

WiLAN's principal source of revenue is from licensing its own patent portfolio or licensing portfolios on behalf of various business partners. The Company plans to sustain its licensing opportunities and grow its patent portfolio with a combination of technology innovation through internal research and development, patent acquisitions, license partnerships with patent owners, and corporate mergers and acquisitions.

The process which WiLAN typically uses to enter into licensing agreements with companies that utilize patented technologies for which WiLAN is responsible for achieving license revenues is as follows:

1. The Company will complete a detailed evaluation of a patent, or patents, that the Company is considering the enforcement of, to determine the quality of the patent(s). The Company is committed to only enforcing quality patents;
2. The Company then identifies both the prospective licensees and the products it believes are infringing the Company's patents;
3. The Company either (i) prepares a letter identifying both the infringing products and the patents that are infringed and invites the recipient to enter into licensing discussions, or (ii) commences litigation with the prospective licensee;
4. The Company prepares for negotiations with prospective licensees by developing a business proposal. Utilizing extensive research and insight to determine the realistic value of the patents to the products that infringe the patents and considering mutual best interests of both the Company and prospective licensees to avoid litigation, the Company establishes rates that it believes represents fair compensation for the Company and fair to the business interests of a prospective licensee;
5. If the target licensee agrees to enter discussions, the Company presents claim charts mapping specific claims in the patents to applicable standards and/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 involve negotiating the financial terms of a license. These negotiations will typically start from the financial terms proposed in the Company's business proposal. The third part of the discussions will generally focus on the non-financial terms of the license, which can be quite complex; and

6. If licensing discussions break down or prospective licensees refuse to enter discussions, WiLAN may enter into litigation.

The Company has licensed patents to companies that sell products utilizing the following technologies: Wi-Fi, WiMAX, CDMA, DSL, DOCSIS, Mesh, multi-mode wireless, Bluetooth and V-Chip.

Generally, licensing agreements take into consideration rights to license the patent(s) and past infringement. Revenues, typically, include lump-sum settlements for licensing rights and/or past infringement, fixed-price agreements that are paid over a specified period of time or running royalties based on a price per-unit and/or a percentage of product sales or service revenues enjoyed by the licensee. Settlement of the licensing agreements is generally in cash, but may include a combination of cash and in-kind patents if the patents fit the value proposition and strategic objectives of the Company.

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, the Company understands that royalties charged in similar circumstances have ranged from less than 0.1% to 7% or more of the net selling price of the product which utilizes the licensed technology. Factors that may affect the royalty rate include: the clarity of the reads of the patent claims on the products in question; the significance of the patented invention to the performance of the products; the strength of prior art that could invalidate the patent; the profitability of the products in question; the propensity of the infringing 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 infringing party's financial status.

Notwithstanding early success in many areas, the environment for patent licensing companies such as WiLAN has become increasingly difficult during the past couple of years based on several case law developments. In this more difficult licensing environment, WiLAN will continue to adapt and evolve to achieve success. Recent examples of this evolution include the hiring of highly qualified specialists and subject matter experts in the applicable technologies, acquisition of patents that have strengthened its patent portfolio and multiple financing deals that have significantly strengthened the Company's financial position. Management believes these recent accomplishments have built a strong foundation for WiLAN's future operations and growth.

Key Strategic Initiatives

Technology Innovation

Building on WiLAN's history of technology innovation which directly contributed to the commercialization of broadband wireless products more than a decade ago, WiLAN continues to engage in R&D activities.

The Company's internal R&D efforts seek to generate new inventions in next generation communications technologies and to identify new technology/commercial product opportunities. With the goal of growing and strengthening its intellectual property portfolio, this technology innovation complements the Company's ongoing activities to jointly license or acquire appropriate technology.

Licensing Capability Growth

WiLAN has advanced its structure so that licensing of different technology types is managed by dedicated teams. Initial technology teams include Wireline, Wireless and Digital Television Products. Additional technology teams will be added, as required, to address additional technology types and/or licensing opportunities. This initiative helps WiLAN address its growing licensing opportunities by increasing the number of licensing teams that are active, increasing the specialized expertise in the relevant technology areas and bringing more focus and accountability to the generation of revenues in particular technology

areas. Growth of team capability and expertise in technology, legal and patent domains will be managed on an ongoing basis taking into account the Company's financial and operating performance.

Licensing Process Execution

Management believes WiLAN's licensing program has delivered encouraging results. To date, more than 210 companies have licensed the Company's technology including companies such as Nokia Corporation, Fujitsu Limited, Matsushita Electric Industrial Co., Ltd., Research in Motion Limited (RIM), Hyundai IT Corporation, Acer Incorporated, Qingdao Haier Electronics Co., Ltd., Amtran Technology Co., Ltd., ASUSTeK Computer Inc., Funai Corporation, Conexant Systems, Inc., NEC Corporation, and Samsung Electronics Co., Ltd. The lessons learned from these licensing activities will help the Company improve its ongoing licensing process.

Complementing the Company's determination to reach licensing agreements through negotiation is its resolve to receive fair compensation for its patented inventions. The Company has stated previously that it is prepared to take all necessary steps, including investing in litigation, to ensure it receives fair value for its patented inventions. The Company has launched several litigations and has responded to several cases filed against it, all in the areas of patent infringement. Although the Company cannot anticipate how any litigation will affect ongoing settlement discussions, the Company believes it is likely that settlement discussions with parties named in the legal action will continue and some parties may be inclined to take licenses.

KEY PERFORMANCE DRIVERS

Markets

The Company's licensing performance is driven by its ability to license intellectual property into the markets serviced by the Company currently defined as Wireless, Wireline, and Digital Television.

The Company's wireless market consists of wireless applications including handsets, smart phones, portable computers, wireless routers and access points, as well as various other consumer products utilizing wireless technologies including Wi-Fi, CDMA, WiMAX and Bluetooth. These markets in North America and Worldwide are large and growing. The North American portable computer market is expected to grow at a compound annual growth rate of 7% from 48 million units in 2009 to 68 million units in 2014, representing a sizeable and growing opportunity for license revenues for the Company. Estimates for 3G and 4G handsets and infrastructure equipment all indicate significant markets with growth rates in the double digits over the next five years.

Wireline technologies cover such products as cable data networking equipment and digital subscriber line equipment. Worldwide sales of equipment in this market were approximately 94 million units in 2009 with projected growth rates of approximately 3% over the next five years. While these markets are not growing at a significant rate, they represent sizeable licensing opportunities for the Company.

The digital television market applicable to the Company's patents at the present time, is limited to the North American market. This market was characterized by sales of 38.5 million units in calendar 2009 which is expected to continue to grow at a compound growth rate of 2.5% over the next five years.

Financial Condition

Financial strength, measured in terms of maintaining a solid balance sheet with strong cash reserves, is a critical element in WiLAN's ability to execute on its strategy of signing patent licensing agreements. Financial strength is also critical to facilitate strengthening its patent portfolio through patent acquisitions,

entering into patent partnerships, generating patents on internally developed technology, and engaging in litigation when required. In addition to its balance sheet, the Company considers its backlog of signed license agreements, measured in a weighted average life remaining term, an important element of financial condition. Based on the more than 210 licenses signed as of December 31, 2009, the Company believes its weighted average life remaining of signed licenses is more than 7 years.

Financial strength is important when WiLAN engages in litigation in order to enforce its intellectual property rights. Litigation costs are often significant. The Company believes that maintaining a substantial cash reserve is an important factor in convincing companies to enter into agreements and avoid protracted litigation. Further, companies that are inclined to enter litigation with WiLAN need to understand the Company's ability to carry these litigations through to completion.

Professional and Systematic Approach to Patent Licensing

A professional and systematic approach to patent licensing is essential to achieve success. Developed over several years, WiLAN's approach is founded in a strong understanding of patent law, detailed infringement determinations, and fair and reasonable licensing terms. The Company believes that its internal technical resources, supported by a network of external advisors, is a fundamental element in a successful licensing program as discussions with potential licensees quickly address technical issues. This approach has been very successful for the Company, having signed more than 210 licensees since mid 2006. The Company believes that this approach can be utilized for new markets that it may enter.

Technology Development

WiLAN has a rich history of technology development and continues to have an active R&D program. The Company's in-house R&D focuses on the development of advanced technologies that may have licensing applications in the future. By focusing on anticipating problems with the adoption of new technologies, and developing patented solutions to these problems, the Company can continue to expand its overall licensing programs.

CAPABILITY TO DELIVER RESULTS

WiLAN believes it is well positioned to deliver continued strong financial performance due to its strong and growing patent portfolio, professional and systematic approach to licensing intellectual property, management team, track record of signing patent license agreements, and solid financial position.

Strength of Patent Portfolio and Ability to Derive Value from Patents

As a result of patent acquisitions, licensing partnerships and internal technology development, the Company's patent portfolio has continued to grow in numbers, technological diversity and breadth of geographic coverage. As of December 31, 2009, WiLAN owned title to or controlled more than 810 patents and applications as compared with more than 320 at the end of fiscal 2008. The geographic and technological diversity of the portfolio helps to ensure that the Company will be able to garner royalties applicable to worldwide product sales.

As noted elsewhere in this MD&A, the Company has signed license agreements with more than 210 companies as at December 31, 2009, and the weighted average life remaining for these license agreements is more than seven years meaning the Company expects to collect revenues from these agreements for, on average, an additional seven years although not necessarily equal year to year.

Patent Licensing Methodology

The Company has developed a methodology for its licensing programs that has yielded strong results since mid 2006. When approaching a potential licensee, the Company presents a compelling reason to

enter into a license agreement with detailed infringement analysis along with a fair and reasonable license rate. The Company also, in many circumstances, presents the potential licensee with a broad array of patents or families that may be applicable to the licensee thus increasing the risk of not completing a license with WiLAN. If licensing discussions are stalled or abandoned, WiLAN may pursue the protection of its intellectual property through litigation. Without the willingness and capability to enforce patent rights through the courts, a licensing program may not gain credibility and traction in the market. WiLAN understands this dynamic and is prepared to use the court system to enforce its rights.

Patent Administration

WiLAN's licensing success depends on having a quality portfolio of patents, not only technically valuable, but properly filed and maintained in the proper jurisdictions. The Company devotes a significant effort to the administration of its portfolio, ensuring any applications filed reflect the quality required in a licensing program. WiLAN maintains a carefully balanced mix of internal and external patent administration resources to optimize patent quality.

Workforce and Management

WiLAN employs individuals with unique skill sets and a proven ability to conclude patent license agreements. This is important, since strong patents are only part of what is needed to derive substantial revenues from a patent portfolio. Having expertise in the relevant markets, in patent portfolio development, and in patent licensing and litigation are as critical as having good patents. WiLAN's reputation and expertise, together with its proven ability to negotiate licensing agreements and litigate, if necessary, all contribute significantly to WiLAN's ability to deliver patent licensing results.

Financial Strength

A strong financial position is an important underpinning for WiLAN's success. The Company maintained a cash balance throughout the fourteen month period ended December 31, 2009 of more than \$95 million. Through that same period, the Company completed a bought deal financing providing \$16.9 million in funding, acquired patents with a value of \$28.9 million, and returned \$3.4 million to shareholders through dividends and a normal course issuer bid. The Company was able to achieve these results while financing its current operations including supporting its investment in litigation.

RESULTS AND OUTLOOK

Overall performance

This MD&A discusses the performance of the Company for the fourteen (14) month period ended December 31, 2009 as compared to the twelve (12) month period ended October 31, 2008. For the purposes of this discussion, The Company has provided separately the results for the two (2) month period covering from November 1, 2009 to December 31, 2009 as well as the twelve (12) month period ended October 31, 2009.

	Fourteen months ended December 31, 2009		Two months ended December 31, 2009		Twelve months ended October 31, 2009		Twelve Months ended October 31, 2008	
	\$000's	%	\$000's		\$000's	%	\$000's	%
Revenues	\$ 35,425	100	\$ 374		\$ 35,051	100	\$ 26,564	100
Operating expenses								
Patent licensing	4,143	12	652		3,491	10	2,960	11
Litigation	21,275	60	6,074		15,201	43	7,502	28
Research and development	4,084	12	746		3,338	10	3,197	12
General and administrative	7,163	20	1,046		6,117	17	5,204	20
Foreign exchange gain	(1,092)	(3)	(252)		(840)	(2)	(85)	-
Stock-based compensation	3,024	9	1,050		1,974	6	2,024	8
Depreciation & amortization	20,310	57	3,004		17,306	49	16,496	62
Total operating expenses	58,907	166	12,320		46,587	133	37,298	140
Investment income	2,710	8	161		2,549	7	3,228	12
Loss before income taxes	(20,772)	(59)	(11,785)		(8,987)	(26)	(7,506)	(28)
Provision for income tax (recovery) expense								
Current	2,632	7	170		2,462	7	2,672	10
Future	(21,736)	(61)	(1)		(21,735)	(62)	(992)	(4)
Provision for income tax (recovery) expense	(19,104)	(54)	169		(19,273)	(55)	1,680	6
Net and comprehensive (loss) earnings	\$ (1,668)	(5)	\$ (11,954)		\$ 10,286	29	\$ (9,186)	(35)
Earnings (loss) per share								
Basic and diluted	\$ (0.02)		\$ (0.12)		\$ 0.11		\$ (0.10)	
Weighted average number of common shares								
Basic and diluted	97,011,499		101,854,048		96,469,906		93,505,899	

- Revenues for the full fiscal year were \$35.4 million representing an increase of \$8.8 million or 33% over the previous fiscal year;
- Revenues for the twelve month period ended October 31, 2009 were \$35.1 million representing a year over year increase of \$8.5 million or 32%;
- Operating expenses for the fourteen month fiscal 2009 year were \$58.9 million as compared to \$37.3 million for the twelve month fiscal 2008 year;
- Operating expenses were \$46.6 million for the twelve month period ended October 31, 2009 which represents an increase of \$9.3 million or 25% over the previous twelve month period
- Net loss under GAAP was \$1.7 million or \$.02 per basic and diluted share for the fiscal year ended December 31, 2009 as compared to a loss of \$9.2 million or \$0.10 per basic and diluted share for the year ended October 31, 2008

The table below reconciles the GAAP net and comprehensive earnings/loss to the pro forma earnings reported by the Company. Pro forma earnings is defined as net earnings before stock-based compensation expense, depreciation & amortization expense, unrealized gain/loss on foreign exchange contracts, and provision for income taxes. The Company reports pro forma earnings believing that it may be useful for certain investors and readers of the financial statements as a measure of our performance. This measure does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be

comparable to similarly titled measures used by other companies. Pro forma earnings should not be interpreted as an alternative to net earnings and cash flows from operations as determined in accordance with GAAP, as a measure of liquidity.

Reconciliation of Proforma earnings (loss)	Fourteen months ended	Two months ended	Twelve months ended	Twelve Months ended
	December 31, 2009	December 31, 2009	October 31, 2009	October 31, 2008
	\$000's	\$000's	\$000's	\$000's
Net and comprehensive (loss) earnings under GAAP	\$ (1,668)	\$ (11,954)	\$ 10,286	\$ (9,186)
Adjusted for:				
Unrealized foreign exchange loss	(27)	(27)	-	-
Depreciation and amortizatio	20,310	3,004	17,306	16,496
Stock based compensation	3,024	1,050	1,974	2,024
Income tax (recovery) expense	(19,104)	169	(19,273)	1,680
Proforma earnings (loss)	\$ 2,535	\$ (7,758)	\$ 10,293	\$ 11,014
Proforma earnings (loss) per share	\$ 0.03	\$ (0.08)	\$ 0.11	\$ 0.12
Weighted average number of common shares				
Basic and diluted	97,011,499	101,854,048	96,469,906	93,505,899

Pro forma earnings for the fourteen month period ended December 31, 2009 were \$2.5 million as compared to \$11.0 million for the fiscal 2008 year. This decline in pro forma earnings is a result of the inclusion of two additional months of expenses with limited revenues and a one-time non-recurring payment (see litigation expenses below). Pro forma earnings for the twelve month period ended October 31, 2009 were \$10.3 million as compared to \$11.0 million for the same period last year.

Revenues

Revenues for the 2009 fiscal year amounted to \$35.4 million representing a slight increase over the \$35.1 million recorded for the twelve months ended October 31, 2009. Revenues for the full fiscal 2009 year were 33% higher than those recorded for the fiscal 2008 year and revenues for the twelve month period ended October 31, 2009 were 32% higher than those recorded in the comparable period of the prior year.

	Fourteen months ended	Twelve months ended	Twelve months ended
	December 31, 2009	October 31, 2009	October 31, 2008
	\$000's	\$000's	\$000's
Revenues	\$ 35,425	\$ 35,051	\$ 26,564
Increase over year ended October 31, 2008	33%	32%	

The Company's revenues are derived from three principal sources: (i) running royalty agreements whereby the licensee pays WiLAN a royalty that is based on either a percentage of the net selling price of any licensed products or a fixed fee per licensed product sold; (ii) fixed fee royalties consisting of a set quarterly or annual amount for all licensed products sold by the licensee; or (iii) a one-time lump sum fee to cover the sale of all licensed products by a particular licensee. These agreements are generally for a five to eight year period but can be significantly longer. Revenues for each of the reported timeframes noted in the table above included a combination of all three sources of revenue.

Four licensees each accounted for more than 10% of revenues in each of the twelve month period ended October 31, 2009 and the fourteen month period ended December 31, 2009 whereas three licensees each accounted for more than 10% of revenues in the twelve month period ended October 31, 2008. For the fourteen month period ended December 31, 2009 the top ten licensees accounted for slightly more than 72% of revenues, whereas in the twelve month period ended October 31, 2009 the top ten accounted for

approximately 73% of revenues and the top ten accounted for more than 85% of revenues for the twelve month period ended October 31, 2008.

The Company's licensees are generally required to report revenues within thirty days of a calendar quarter end; therefore revenues for the September quarter end were, for the most part, reported by October 31, 2009. The revenues recorded in the two month period, amounting to \$374 thousand reflect any new licenses signed during that period and reports related to the September calendar quarter end that were received during that period.

Patent licensing expense

Patent licensing expense includes all costs associated with the Company's patent licensing activities including any third party payments required under revenue share arrangements, staff costs, and other costs incurred in conducting license negotiations. WiLAN also includes any business development costs related to sourcing new patent portfolios or developing new strategic partnerships.

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
Patent licensing	\$ 4,143	\$ 3,491	\$ 2,960
Percent of revenue	12%	10%	11%
Increase over year ended October 31, 2008	40%	18%	

Patent licensing expenses for the fourteen month period ended December 31, 2009 were \$4.1 million or 12% of revenues as compared to \$3.0 million or 11% of revenues incurred in the fiscal year ended October 31, 2008. For the twelve month period ended October 31, 2009, these expenses were \$3.5 million or 10% of revenues and represented an increase of 18% over the comparable period last year. The increase in expenses over this period relates principally to increased staff in the licensing function and the creation of the business development group. These expenses are proportional to the breadth and depth of the Company's licensing programs; therefore, they should be expected to increase as the Company adds licensing programs to its business operations.

Litigation expense

Litigation expense consists of all expenses related to managing and conducting litigation activities. These include the costs of internal resources assigned to the litigation management function, external legal counsel and third party costs including those of expert witnesses and other service providers required during the course of the litigations.

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
Litigation	\$ 21,275	\$ 15,201	\$ 7,502
Percent of revenue	60%	43%	28%
Increase over year ended October 31, 2008	184%	103%	

During the twelve months ended October 31, 2009, litigation expenses, amounting to \$15.2 million, were double those experienced in the year ended October 31, 2008. This increase in expenses is related to increased level of activities in the Company's patent enforcement actions currently underway in Texas, a declaratory judgment action filed by Intel against the Company, and other smaller litigation matters, all more fully discussed below. During the two month period, the Company incurred \$6.1 million in litigation

expenses which included a one-time non recurring payment to McKool Smith (the Company's litigation counsel in Texas) in the amount of \$2.8 million.

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, WiLAN 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 the Company is involved are summarized below.

WiLAN had a commitment to pay a minimum success fee to McKool Smith only in the event that proceeds from the litigations McKool Smith worked on exceed a base amount. The minimum success fee was comprised of total litigation proceeds divided by that base amount multiplied by amounts reserved in exchange for certain discounts agreed upon between the Company and McKool Smith (the "Reserve Amount"). On November 3, 2009, WiLAN made a payment in the amount of \$2.8 million to McKool Smith to reset the Reserve Amount to zero dollars, which thereby eliminated the minimum success fee payable by the Company to McKool Smith for these litigations. This was confirmed by through an agreement between the Company and McKool Smith dated November 19, 2009.

In September 2002, WiLAN, its former Chairman and Wi-Com Technologies Inc. (a private Alberta company), among others, were served with two statements of claim 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. WiLAN is 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.

In September 2006, the Company was advised of an action initiated in France by a former WiLAN customer that was claiming €661 for the cost of defective product, remediation efforts and compensatory damages. This matter was settled on a confidential basis and a related amount was paid in full and final settlement in March 2009.

In December 2008, WiLAN filed suit against PCT International, Inc. and its related parties with respect to unpaid amounts totalling \$576 relating to their purchase of the Company's Think Broadband operations. This matter was settled on a confidential basis in February 2009.

In August 2009, the Company's wholly-owned subsidiary WiLAN V-Chip Corp. filed suit in the Superior Court of the Province of Ontario against Apex Digital Inc. with respect to unpaid licensing royalties estimated at over US\$1,800 for devices containing or utilizing V-chip technology and manufactured and/or sold by Apex in the United States. Apex filed its defense on September 25, 2009. On December 16, 2009, WiLAN has filed a summary judgment motion against Apex that will be heard in March 2010; Apex is expected to contest this motion.

WiLAN is currently involved in litigation with D-Link Systems Inc. and D-Link Canada Inc., together "D-Link" in the Federal Court of Canada concerning the alleged infringement by D-Link of Canadian patent No. 2,064,975. In April 2007, D-Link filed a statement of defence and counterclaim against the Company and, following certain procedural matters, D-Link filed amended statements of defence and counterclaim in December 2007. WiLAN filed its reply and statement of defence to D-Link's pleadings in February 2008, to which D-Link has filed a reply. This case continues to proceed through the discovery phase.

In October 2007, the Company 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 U.S. Federal Court for the Eastern District of Texas, Marshall Division. WiLAN has claimed that these companies have infringed and continue to infringe its U.S. 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 derived from these patents which relate to Wi-Fi and power consumption in DSL products. These actions have been dismissed against certain defendants with the Company's consent and WiLAN has settled with four of the initial defendants including settling with Infineon Technologies AG in May 2009. All eighteen remaining defendants have filed answers and claims for declaratory judgment to the Company's complaints and WiLAN has filed answers to all such declaratory judgment claims. In October 2008, the Company amended its complaints to include claims against these defendants for products that utilize WiMAX and Bluetooth technologies and to assert U.S. patent No. 6,549,759 against these defendants. The "claims construction" hearing in these actions involving the U.S. Patent Nos. 5,282,222 (the "222 patent") and RE37,802 (the "802 patent"), is scheduled to commence on March 11, 2010. The claims construction hearing for the other two patents in the laptop and router cases, U.S. Patent Nos. 5,956,323 and 6,549,759, is to occur on September 1, 2010. The trial of these actions has been set to start on January 4, 2011. These cases are currently continuing through an expedited discovery phase.

Also in June 2008, the Company filed claims against Research In Motion Corporation, Research In Motion, Ltd., Motorola, Inc., and UTStarCom, Inc. in the U.S. Federal Court for the Eastern District of Texas, Marshall Division. WiLAN has claimed that these companies have infringed and continue to infringe its U.S. 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. In October 2008, the Company added LG Electronics, Inc. and LG Electronics Mobilecomm U.S.A., Inc. as defendants in this action. In August 2008, the Company announced that it had reached an agreement to settle all matters under dispute in this complaint as against Research In Motion Corporation and Research In Motion, Ltd. only, the terms of which settlement are confidential. On August 31, 2009, the Company added Personal Communications Devices LLC as a defendant in this action. A status conference was held in this case on October 28, 2009, at which conference the "claims construction" hearing in this action was set down for March 11, 2010 and the trial of this action was set to start on January 4, 2011. This case is currently continuing through an expedited discovery phase.

Intel, one of the defendants in WiLAN's Texas actions, filed a complaint in the U.S. Federal Court for the Northern District of California in November 2008, seeking a declaratory judgment that 18 of the Company's U.S. patents are invalid. WiLAN brought a motion to dismiss this case or have it transferred from the U.S. Federal Court for the Northern District of California to the U.S. Federal Court for the Eastern District of Texas in January 2009. On June 4, 2009, U.S. District Judge Ware granted the Company's motion in part by ordering that Intel's complaint relating to U.S. patent No. 6,549,759 be transferred to the U.S. Federal Court for the Eastern District of Texas, Marshall Division, and denied the motion in part, by ruling not to dismiss this case or transfer Intel's complaints relating to the 17 other U.S. patents at issue. On June 25, 2009, Judge Ware ordered WiLAN and Intel to file a joint submission summarizing the patents and products relevant to this case by August 24, 2009, to appear for a case management hearing on September 1, 2009 and to appear for a hearing on September 28, 2009 to consider the Company's motions to certify an interlocutory appeal or reconsider the Court's June 4, 2009 order. On September 24, 2009, U.S. District Judge Ware issued an Order denying WiLAN's Motion for Certification of Interlocutory Appeal and Motion to Stay. On October 20, 2009, WiLAN filed a petition in the U.S. Court of Appeals for the Federal Circuit seeking a Writ of Mandamus directing the U.S. District Court for the Northern District of California (i) to vacate its Order dated June 4, 2009 denying WiLAN's Motion to dismiss this case and (ii) to dismiss this case for want of subject matter jurisdiction. On December 17, 2009 The U.S. Court of Appeals for the

Federal Circuit issued a ruling denying WiLAN's Petition for Writ of Mandamus to direct the U.S. District Court for the District of California to vacate its Order denying WiLAN's motion to dismiss Intel Corporation's declaratory judgment action. On January 25, 2009, Judge Ware issued confirmation that he had established a claims construction hearing for May 28, 2011 in relation to seven patents described by the Court as the "Adaptive Allocation" patents (U.S. Patent Nos. 6693887, 7006530, 7023798, 7289467, 7317704, 6925068 and 6956834).

Certain of the defendants in the actions initiated by the Company in the U.S. Federal Court in Texas, have also filed actions in the Northern District of California requesting declaratory judgments that WiLAN's U.S. patent No. 6,549,759 is invalid and has not been infringed. In June 2009, these actions as brought by most of the complainants were voluntarily dismissed without prejudice. Complainants Broadcom Corporation, Atheros Communications, Inc., Marvell and Apple Inc. have continued their respective actions against the Company, with respect to which, WiLAN filed a motion against these companies on August 24, 2009 to transfer their actions to the U.S. Federal Court for the Eastern District of Texas, Marshall Division. On October 15, 2009 U.S. District Judge Ware issued an Order granting WiLAN's Motions to Transfer to the Eastern District of Texas the remaining Declaratory Judgment actions of Broadcom, Atheros, Apple and Marvell concerning WiLAN's U.S. Patent No. 6,549,759. On November 12, 2009, Broadcom Corporation, Atheros Communications, Inc., Marvell and Apple Inc. each filed a Notice of Voluntary Dismissal Without Prejudice of their claims for declaratory relief against WiLAN.

On December 28, 2009, Calix Networks, Inc. filed a Complaint For Declaratory Relief against WiLAN regarding U.S. Patent Nos 5,956,323 and 6,763,019 B2. WiLAN is currently scheduled to respond to the Complaint by March 11, 2010.

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 WiLAN, Dr. Michel Fattouche and Dr. Hatim Zaghoul regarding the ownership of several patents including, amongst others, the Company's U.S. patent numbers 5,282,222 and RE37,802. On or about February 8, 2010, WiLAN and TELUS signed a letter of intent which outlined the key terms of a settlement of the dispute. WiLAN and TELUS are currently working to finalize a definitive agreement to settle the dispute.

Research and development expense

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
Research and development	\$ 4,084	\$ 3,338	\$ 3,197
Percent of revenue	12%	10%	12%
Increase over year ended October 31, 2008	28%	4%	

The Company has designed, developed and sold or licensed a variety of advanced digital wireless technologies, systems and products since its inception in the early 1990s until 2006. Over the course of the Company's history, its strength has been its ability to explore emerging technologies, identify needs created by the development of advanced wireless systems and build technologies for those new requirements. Today, WiLAN is focusing its R&D efforts on advanced wireless technologies and in particular technologies applicable to the use of whitespace frequencies (those previously occupied by analog television broadcast signals) for broadband access. These efforts have fostered inventions that form the basis of a number of new patent applications for the Company. The costs associated with these efforts, principally staff costs and certain external consultants, is classified as research and development. Management considers these investments modest and does not expect them to increase materially in the foreseeable future.

The Company also considers the expenses related to the management of its patent portfolio as R&D costs as they directly relate to the single most important asset – the patents. The management of the portfolio involves filing patent applications, prosecuting patent applications to obtain issued patents, documenting infringement, assessing validity of issued patents, conducting due diligence on patents and applications to be acquired and other general administrative tasks related thereto. Many of these costs are directly related to the size and depth of the patent portfolio. During the fourteen months ended December 31, 2009, the Company increased its portfolio from more than 320 issued and pending patents to more than 810 which has been a significant contributor to increased costs.

On December 24, 2009, a law firm filed a request for Ex Parte re-examination at the U.S. Patent and Trademark Office (“USPTO”) in respect of U.S. Patent No. 5,828,402 owned by WiLAN. WiLAN does not know the identity of the real party in interest who made this re-examination request. It is expected that the USPTO will respond to this request within the next 3 months.

On January 21, 2010, Broadcom Corporation and Intel Corporation filed a Request for Inter Partes Re-examination at the USPTO in respect of U.S. Patent No. 6,549,759 owned by WiLAN. It is expected that the USPTO will respond to this request within the next 3 months.

General and administrative expense

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
General and administrative	\$ 7,163	\$ 6,117	\$ 5,204
Percent of revenue	20%	17%	20%
Increase over year ended October 31, 2008	38%	18%	

General and administrative expenses represent the cost of corporate services including facilities, executive management, finance, corporate legal, human resources, office administration, communications and information technology and all costs associated with being a public company. For the fourteen month period ended December 31, 2009 these expenses amounted to \$7.2 million or 20% of consolidated revenues as compared to \$6.2 million or 17% of revenues for the twelve month period ended October 31, 2009 or \$5.2 million or 20% of revenues for the twelve month period ended October 31, 2008. The increase in absolute dollars over the last fiscal year principally relates to increased staff and increased compensation tied to commissions and restricted share unit costs.

Other than executive compensation tied to commissions (directly related to revenues) and restricted share units (directly tied to share price), management does not expect these costs to increase substantially in the foreseeable future as all principal roles are presently staffed, facilities are sufficient and administrative activities in the fiscal 2009 period are believed to be comparable to those expected in the foreseeable future.

Stock-based compensation expense

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
Stock-based compensation	\$ 3,024	\$ 1,974	\$ 2,024
Percent of revenue	9%	6%	8%
Increase over year ended October 31, 2008	49%	(2%)	

Stock-based compensation expense relates to options granted under the Company's share option plan. The Company recorded an expense of \$3.0 million in the fourteen month period ended December 31, 2009 as compared to \$2.0 million for the twelve month period ended October 31, 2009 and \$2.0 million for the comparable twelve month period from 2008. The increase in expense in the fourteen month period relates to options granted in the two month stub period. Option activity for the fourteen month period ending December 31, 2009 and the twelve month period ended October 31, 2008 was as follows:

	Number of Options	Price per share		Weighted Average	Exercisable Options	
		Price Range			Number	Weighted Average
October 31, 2007	5,881,999	\$ 0.70	\$ 7.26	\$ 2.56	2,006,555	\$ 2.16
Granted	1,575,500	1.49	2.25	1.98		
Exercised	(65,334)	1.18	2.06	1.64		
Surrendered	(1,200,000)	1.91	7.26	4.38		
Cancelled	(673,666)	0.70	6.34	3.23		
October 31, 2008	5,518,499	\$ 0.70	\$ 6.34	\$ 1.96	2,778,460	\$ 1.93
Granted	1,667,500	1.42	2.16	1.82		
Exercised	(468,333)	0.70	2.13	1.04		
Cancelled	(286,500)	1.45	6.34	2.41		
October 31, 2009	6,431,166	\$ 0.70	\$ 6.34	\$ 1.97	3,699,222	\$ 1.94
Granted	1,653,000	2.53	2.53	2.53		
Exercised	(238,268)	0.70	1.91	0.94		
Cancelled	-	-	-	-		
December 31, 2009	7,845,898	\$ 0.70	\$ 6.34	\$ 2.12	4,011,929	\$ 2.08

Details of the outstanding options at December 31, 2009 are as follows:

Range of exercise prices	Outstanding share options at December 31, 2009	Remaining term of options in years	Weighted average	Exerciseable share options at December 31, 2009	Weighted average
\$ 0.70 \$ 1.00	950,000	1.25	\$ 0.72	950,000	\$ 0.72
1.01 2.00	3,058,398	3.49	1.70	971,746	1.43
2.01 3.00	3,362,500	4.38	2.59	1,683,933	2.64
3.01 4.00	180,000	2.78	3.28	135,000	3.28
4.01 5.62	295,000	2.42	5.00	271,250	5.00
\$ 0.70 \$ 5.62	7,845,898	3.55	\$ 2.12	4,011,929	\$ 2.08

Depreciation and amortization expense

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
Depreciation & amortization	\$ 20,310	\$ 17,306	\$ 16,496
Percent of revenue	57%	49%	62%
Increase over year ended October 31, 2008	23%	5%	

Depreciation and amortization expense represents the amortization charge related to acquired patents and capital equipment. The Company recorded \$20.3 million in depreciation and amortization for the fourteen month period ended December 31, 2009 as compared to \$17.3 million for the twelve month period ended October 31, 2009 and \$16.5 million for the fiscal 2008 year. The increase in absolute dollar terms from the fiscal 2008 year is a result of the acquisitions completed during the fourteen month fiscal period ended December 31, 2009. During this period, the Company acquired patents with a cost of \$28.9 million whereas acquisitions in the fiscal 2008 year amounted to \$1.4 million.

A key element of the Company's strategy involves acquiring additional patents or obtaining exclusive licensing arrangements through business partnerships with patent owners that may be accounted for as acquisitions. Any further acquisitions will increase this depreciation and amortization expense from its current levels. The Company has acquired \$175 million in patents since November 1, 2006 consisting of \$93 million in V-Chip patents, \$51 million in wireline related patents and \$31 million worth of patents applicable to the wireless market.

These individual groups of patents are being amortized on a straight-line basis over the remaining lives of their constituent patents or their estimated useful lives, whichever is less. Management reviews the Company's licensing and other activities at least quarterly for events that may trigger impairment to the fair value of the patents. Management performed an impairment test at October 31, 2009 and determined an impairment analysis needed to be conducted. This analysis used a cash flow model and concluded that the carrying value of these assets was recoverable because the estimated undiscounted future cash flows to be generated by these assets exceeded the carrying value. Consequently, the Company determined that no impairment charge was required. Management also conducted an impairment test at December 31, 2009 and determined that no impairment indicators were present; therefore no impairment charge was required.

Other items affecting Net Earnings/Loss

Investment income recorded by the Company for the fourteen month period ended December 31, 2009 was \$2.7 million which represents a decline over the investment income of \$3.2 million recorded for the year ended October 31, 2008 of approximately 16%. Investment income for the twelve month period ended October 31, 2009 was \$2.5 million representing a decline of 21% over the same period in the previous year. These declines relate to the lower overall yields available on the Company's short term investments. The Company maintains a conservative investment policy focusing on the preservation of capital against undue financial and market risk. The investments generally will consist of a mix of cash-equivalent instruments such as Government of Canada Treasury Bills and Guaranteed Investment Certificates. During the year, as a result of a particular corporate initiative, the Company undertook to acquire certain marketable securities with an average cost of \$1.6 million which were subsequently sold for gross proceeds of approximately \$3.0 million.

The Company recorded a net income tax recovery for the fourteen month period ended December 31, 2009 of \$19.1 million as compared to a recovery of \$19.3 million for the twelve month period ended October 31, 2009 and a net expense of \$1.7 million for the twelve month period ended October 31, 2008. The net recovery or expense is comprised of a current and future portion. The current portion relates to foreign withholding taxes recorded in the period as a result of the receipt of payments from foreign jurisdictions where there is no treaty relief. The foreign tax withholdings amounted to \$2.6 million for the fourteen month reporting period as compared to \$2.5 million for the twelve months ended October 31, 2009 and \$2.7 million for the comparable period a year earlier. This expense is expected to change in future periods based on the geographic distribution of the Company's revenues. These withholding taxes paid can be offset against future taxes otherwise payable and form a portion of the total valuation allowance for unrecorded tax assets held by the Company.

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
Current income tax expense	\$ 2,632	\$ 2,462	\$ 2,672
Future income tax recovery	<u>(21,736)</u>	<u>(21,736)</u>	<u>(992)</u>
Net income tax (recovery) expense	<u>\$ (19,104)</u>	<u>\$ (19,274)</u>	<u>\$ 1,680</u>

Future income tax recovery is a non-cash income tax item. During the fourteen month period ended December 31, 2009 and the twelve month period ended October 31, 2009, the Company recorded a net recovery of \$21.7 million. On October 1, 2009, the Company completed a "vertical, short-form" amalgamation with certain of its wholly-owned subsidiaries including WiLAN V-Chip Corp. ("WiLAN V-Chip"). WiLAN V-Chip is the corporate entity that arose from the acquisition of Tri-Vision International Ltd/Ltee ("Tri-Vision") in 2007. Since the Company's acquisition of Tri-Vision, WiLAN V-Chip has maintained a significant deferred tax liability resulting from the excess of the accounting value of Tri-Vision's patents over the tax value of those patents. As a result of the amalgamation, all of the Company's tax assets and liabilities are now held solely within WiLAN. Accordingly, the deferred tax liability previously recorded could be offset against deferred tax assets previously unrecorded within WiLAN. The net effect of this is to reverse the deferred tax liability and record a one-time recovery of \$19.6 million.

At December 31, 2009, the Company had unused non-capital tax losses and SR&ED expenditure pools carried forward in the amount of \$60 million. The carry forward balances may be used to offset future taxable income. The amount of the future tax assets considered realizable could change materially in the near term, based on projections of future taxable income during the carry forward period. Management assesses the valuation allowance against tax losses carried forward and other temporary differences on a quarterly basis in order to determine when it may be appropriate to recognize additional future income tax benefits in the Company's financial statements.

Summary of quarterly performance

Selected quarterly data, dollars in thousands except per share data	Two months ended December 31, 2009	Three months ended October 31, 2009	Three months ended July 31, 2009	Three months ended April 30, 2009	Three months ended January 31, 2009
Revenues	\$ 374	\$ 9,081	\$ 9,636	\$ 10,012	\$ 6,322
Operating expenses					
Patent licensing	652	811	983	980	717
Litigation	6,074	4,345	4,011	4,092	2,753
Research and development	746	1,029	737	728	844
General and administrative	1,046	1,175	1,774	1,761	1,407
Foreign exchange (gain) loss	(252)	(597)	(948)	115	590
Stock-based compensation	1,050	498	511	504	461
Depreciation & amortization	3,004	4,503	4,451	4,182	4,170
Total operating expenses	12,320	11,764	11,519	12,362	10,942
Investment income	161	163	730	1,238	418
Loss before income taxes	(11,785)	(2,520)	(1,153)	(1,112)	(4,202)
Provision for income tax (recovery) expense					
Current	170	652	891	521	398
Future	(1)	(19,638)	(728)	(604)	(765)
Provision for income tax expense (recovery)	169	(18,986)	163	(83)	(367)
Net and comprehensive (loss) earnings	(11,954)	16,466	(1,316)	(1,029)	(3,835)
Retained earnings (deficit), beginning of period	7,852	(7,344)	(4,864)	(150,996)	(147,161)
Dividends	-	(1,270)	(1,164)	-	-
Reduction of stated capital	-	-	-	147,161	-
Retained earnings (deficit), end of period	\$ (4,102)	\$ 7,852	\$ (7,344)	\$ (4,864)	\$ (150,996)
Earnings (loss) per share					
Basic	\$ (0.12)	\$ 0.16	\$ (0.01)	\$ (0.01)	\$ (0.04)
Diluted	\$ (0.12)	\$ 0.16	\$ (0.01)	\$ (0.01)	\$ (0.04)
Proforma earnings (loss)	\$ (7,757)	\$ 2,728	\$ 3,482	\$ 3,275	\$ 808
Pro forma earnings per share					
Basic	\$ (0.08)	\$ 0.03	\$ 0.04	\$ 0.04	\$ 0.01
Diluted	\$ (0.08)	\$ 0.03	\$ 0.04	\$ 0.04	\$ 0.01
Weighted average number of common shares					
Basic	101,854,048	101,777,058	94,375,558	92,837,506	92,993,318
Diluted	101,854,048	102,853,902	94,375,558	92,837,506	92,993,318

Selected quarterly data, dollars in thousands except per share data	Three months ended October 31, 2008	Three months ended July 31, 2008	Three months ended April 30, 2008	Three months ended January 31, 2008
Revenues	\$ 13,749	\$ 4,829	\$ 3,245	\$ 4,741
Operating expenses				
Patent licensing	710	824	775	651
Litigation	2,267	2,420	1,388	1,427
Research and development	672	838	932	755
General and admin	1,506	1,118	1,558	1,022
Foreign exchange loss (gain)	227	(103)	(79)	(130)
Stock-based compensation	524	483	450	567
Depreciation & amortization	4,237	4,055	4,061	4,143
Total operating expenses	10,143	9,635	9,085	8,435
Investment income	685	763	789	991
Earnings (loss) before income taxes	4,291	(4,043)	(5,051)	(2,703)
Provision for income tax expense (recovery)				
Current	1,568	562	184	358
Future	2,446	(1,146)	(1,146)	(1,146)
Provision for income tax expense (recovery)	4,014	(584)	(962)	(788)
Net and comprehensive earnings (loss)	277	(3,459)	(4,089)	(1,915)
Deficit, beginning of period	(147,438)	(143,979)	(139,890)	(137,975)
Deficit, end of period	\$ (147,161)	\$ (147,438)	\$ (143,979)	\$ (139,890)
Earnings (loss) per share				
Basic	\$ -	\$ (0.04)	\$ (0.04)	\$ (0.02)
Diluted	\$ -	\$ (0.04)	\$ (0.04)	\$ (0.02)
Proforma earnings (loss)	\$ 9,052	\$ 494	\$ (538)	\$ 2,007
Proforma earnings (loss) per share				
Basic	\$ 0.10	\$ (0.01)	\$ (0.01)	\$ 0.02
Diluted	\$ 0.10	\$ (0.01)	\$ (0.01)	\$ 0.02
Weighted average number of common shares				
Basic	93,545,015	93,505,167	93,502,574	93,470,768
Diluted	94,301,402	93,505,167	93,502,574	93,470,768

CAPITAL AND LIQUIDITY

Cash, cash equivalents and short-term investments amounted to \$94.8 million at December 31, 2009 representing a decline of \$6.6 million from the \$101.4 million held at October 31, 2008. The Company tracks two non GAAP financial measures, Standardized Free Cash Flows and Adjusted Free Cash Flows which are noted in the table below:

	Fourteen months ended December 31, 2009	Twelve months ended October 31, 2009	Twelve months ended October 31, 2008
	\$000's	\$000's	\$000's
Standardized Free Cash Flow	\$ (23,443)	\$ (15,389)	\$ 10,529
Adjusted Free Cash Flow	\$ 752	\$ 7,742	\$ 12,158

"Standardized Free Cash Flow", a non-GAAP financial measure, represents an indication of the Company's capacity to generate discretionary cash from operations, comprising cash flows from operating activities less net capital expenditures and those dividends that are more representative of interest costs. It does not necessarily represent the cash flow in the period available for management to use at its discretion, which may be affected by other sources and non-discretionary uses of cash. Management believes it is important for investors and other interested parties to also consider an alternate view of free cash flow which the Company refers to as "Adjusted Free Cash Flow", also a non-GAAP financial measure.

In determining Adjusted Free Cash Flow, the Company adds back to the Standardized Free Cash Flow the costs of patents acquired, the amounts expended on dividends, and if applicable, amounts expended on various share repurchase programs as management believes this is representative measure of the cash flows generated by the Company, after normal capital expenditure programs, that are available for investment in growth or return to shareholders. In the fourteen month period ended December 31, 2009, the Company generated an Adjusted Free Cash Flow of \$752 thousand which, given the discussion above on revenues and expenses, is not indicative of the normal operations of the Company. For the twelve month period ended October 31, 2009, the Company generated \$7.7 million in Adjusted Free Cash Flow as compared to \$12.1 million for the comparable period in the prior year. From these funds, for the fourteen month period ended December 31, 2009, the Company acquired patents with a value of \$20.8 million, returned \$2.4 million to shareholders in the form of dividends and returned to shareholders a further \$945 thousand through a normal course issuer bid.

The Company had working capital of \$85.8 million and no long-term debt at December 31, 2009.

The Company has available a revolving credit facility in the amount of \$8 million or the equivalent in United States Dollars ("USD") for general corporate purposes and a further \$2 million for foreign exchange facility. Canadian or USD amounts advanced under this credit facility are payable on demand and bear interest at the bank's Canadian prime rate plus 1.0% per annum or U.S. Base rate plus 1.0% per annum. Borrowings under this facility are collateralized by a general security agreement over the Company and its subsidiaries' cash and cash equivalents, receivables and, present and future personal property. As at December 31, 2009, the Company had no borrowings under this facility.

WiLAN plans to use its cash resources to fund its operations and any litigation that might be required, and purchase additional high quality patent portfolios and patent licensing businesses that are identified and fit the Company's strategic direction in communications and consumer electronics markets.

The Company's ability to generate cash from operations going forward is based entirely on licensing its patent portfolio to companies around the world who sell equipment in the consumer electronics and other markets. It is difficult to predict the timing and nature of future licenses.

WiLAN plans to finance its cash requirements for operating expenses, litigation costs and technology acquisitions by a combination of cash generated from licensing its patent portfolio and, when desirable based on market conditions, by selling common shares to the public.

OUTSTANDING COMMON SHARE DATA

The Company is authorized to issue an unlimited number of common shares, 6,350.9 special preferred, redeemable, retractable, non-voting shares and an unlimited number of preferred shares, issuable in series. As of December 31, 2009, there were 102,043,885 common shares and no special or preferred shares issued and outstanding. The Company also maintains a Share Option Plan, Employee Share Purchase Plan, and a Deferred Stock Unit Plan. Under all these plans, the Company can issue a maximum of 10,204,389 shares combined. As at March 4, 2010, the Company has 7,764,231 Share Options outstanding and 44,803 Deferred Stock Units outstanding.

FINANCIAL INSTRUMENTS

Financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued liabilities and may include forward foreign exchange contracts. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments.

The Company has made the following classifications of its financial instruments:

Cash and cash equivalents	Held for trading
Short-term investments	Held to maturity
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Forward foreign exchange contracts	Held for trading

Held for Trading

Cash and cash equivalents "held for trading" are measured at fair value at the end of the period being reported on. Changes to fair value including interest earned, interest accrued, gains and losses on disposal, and unrealized gains and losses are included in net earnings/(loss) in the consolidated statements of operations and deficit.

Held to Maturity

Short-term investments "held to maturity" are accounted for at amortized costs using the effective interest rate method.

Loans and Receivables

Accounts receivable are designated as "loans and receivables" and are accounted for at amortized cost using the effective interest rate method. Subsequent measurement of accounts receivable is at amortized cost, less an allowance for doubtful accounts.

Other Financial Liabilities

Accounts payable and accrued liabilities are designated as "other financial liabilities" and are accounted for at amortized cost using the effective interest rate method.

The Company is exposed to a number of risks related to changes in foreign currency exchange rates, interest rates, collection of accounts receivable, settlement of liabilities and management of cash and cash equivalents. The Company enters into forward foreign exchange contracts, from time to time, to manage its exposure to currency rate fluctuations related primarily to future cash inflows and outflows of U.S. dollars. The Company does not hold or issue derivative financial instruments for trading or speculative purposes and it has chosen not to designate them as hedges. Therefore, as required under Section 3865, these contracts must be designated as "held for trading" on the balance sheet and fair valued each quarter. The resulting gain or loss on the valuation of these financial instruments is included in net earnings/loss in the consolidated statement of operations and deficit.

Credit risk

Credit risk is the risk of financial loss to the Company if a licensee or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, short-term investments and accounts receivable.

The Company's cash and cash equivalents and short-term investments consist primarily of deposit investments that are held only with chartered Canadian financial institutions and are not considered a material credit risk to the Company.

The Company's exposure to credit risk with its accounts receivable from licensees is influenced mainly by the individual characteristics of each licensee. The Company's licensees are for the most part, manufacturers and distributors of telecommunications and consumer electronics products primarily located in the United States, Canada and China. Credit risk from accounts receivable encompasses the default risk of the Company's licensees. The Company manages its exposure to credit risk by only working with companies management considers reputable. Prior to entering into licensing agreements with new licensees the Company assesses the risk of default associated with the particular company. In addition, on an ongoing basis, management monitors the level of accounts receivable attributable to each licensee and the length of time taken for amounts to be settled and where necessary, takes appropriate action to follow up on those balances considered overdue.

Management does not believe that there is significant credit risk arising from any of the Company's licensees. However, should one of the Company's major licensees be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts. At December 31, 2009, 4 licensees each account for 10% or more of total accounts receivable (2008 – 4 licensees).

As at October 31, 2008, the Company also held a promissory note that was included in accounts receivable. The promissory note paid interest at the rate of 6% per year and had a balance outstanding of \$576 as at October 31, 2008. In March 2009, the promissory note was settled under terms which were confidential

Financial assets past due

The following table provides information regarding the aging and collectability of the Company's accounts receivable balances as at December 31, 2009, October 31, 2009 and October 31, 2008:

	As at December 31, 2009	As at October 31, 2009	As at October 31, 2008
	\$000's	\$000's	\$000's
Not past due	\$ 104	\$ 4,766	\$ 822
Past due 1-30 days	68	50	2,092
Past due 31-60 days	31	105	391
Past due 61-90 days	3	206	24
Over 91 days past due	708	717	298
Less allowance for doubtful accounts	<u>(429)</u>	<u>(461)</u>	<u>(186)</u>
Total accounts reviewable	<u>\$ 485</u>	<u>\$ 5,383</u>	<u>\$ 3,441</u>

The definition of items that are past due is determined by reference to terms agreed with individual licensees. As at the date of this report, March 4, 2010, approximately \$66 thousand past due amounts have been collected. None of the remaining amounts outstanding have been challenged by the respective licensees and the Company continues to conduct business with them on an ongoing basis. Accordingly, management has no reason to believe that this balance is not fully collectable in the future.

The Company reviews financial assets past due on an ongoing basis with the objective of identifying potential matters which could delay the collection of funds at an early stage. Once items are identified as being past due, contact is made with the respective company to determine the reason for the delay in payment and to establish an agreement to rectify the breach of contractual terms. At December 31, 2009, the Company had a provision for doubtful accounts of \$429 thousand (2008 - \$186 thousand) which was made against accounts receivable which are in excess of three months past due and where collection efforts to date have been unsuccessful.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due.

At December 31, 2009, the Company has cash and cash equivalents and short-term investments of \$94,788, credit facilities of \$8,000, and accounts receivable of \$485 with which to meet its obligations.

Market risk

Market risk is the risk to the Company that the fair value of future cash flows of financial instruments will fluctuate due to changes in interest rates and foreign currency exchange rates. Market risk arises as a result of the Company generating revenues in foreign currencies.

Interest rate risk

The only financial instruments that expose the Company to interest rate risk are its cash and cash equivalents and short-term investments. The Company's objectives of managing its cash and cash equivalents are to ensure sufficient funds are maintained on hand at all times to meet day to day requirements and to place any amounts which are considered in excess of day to day requirements on short-term deposit with the Company's banks so that they earn interest. When placing amounts of cash and cash equivalents on short-term deposit, the Company only places deposits with Canadian chartered banks and ensures that access to the amounts placed can be obtained on short-notice.

Currency risk

The Company generates revenues primarily in U.S. dollars and incurs expenditures primarily in Canadian and U.S. dollars, and is therefore exposed to risk from changes in foreign currency rates. Excess U.S. dollar balances are converted into Canadian dollars on a regular basis. The Company enters into forward foreign exchange contracts, from time to time, to manage its exposure to currency rate fluctuations related primarily to future cash inflows and outflows of U.S. dollars. The Company does not use forward foreign exchange derivatives for speculative or trading purposes.

The forward foreign exchange contracts primarily require the Company to sell U.S. dollars for Canadian dollars at prescribed rates. The Company held the following forward foreign exchange contracts at December 31, 2009:

Type	USD	Currency	Maturity	Equivalent CAD	Fair Value Gain (Loss)
Sell	\$ 2,123	USD	< 3 months	\$ 2,250	\$ 18
Sell	4,253	USD	3 - 12 months	4,500	\$ 30
	\$ 6,376			\$ 6,750	48

The Company had revenues and expenses denominated in U.S. dollars of approximately \$30.4 million and \$23.5 million respectively. Fluctuations in foreign currency rates between the U.S. and Canadian dollars could impact the net exposure approximating \$6.9 million and adversely effect net earnings of the Company.

At December 31, 2009, the Company had U.S. dollar denominated cash and cash equivalents and accounts receivable balances of approximately \$393 thousand and \$400 thousand respectively, offset by accounts payable and accrued liabilities totalling approximately \$9.5 million. Fluctuations in foreign currency rates between the U.S. and Canadian dollars could impact the net exposure approximating \$8.7 million and adversely effect net earnings of the Company.

RELATED PARTY TRANSACTIONS

The Company has entered into a consulting contract with Mr. Paul Richman, a former member of the Board, through a company controlled by him. Under the terms of the agreement, Mr Richman was paid for services provided to the Company at an hourly rate. For the fourteen months ended December 31, 2009, consulting services have totalled nil (2008 - \$30 thousand). Mr. Richman retired as a board member effective December 11, 2009.

Dr. Michel Fattouche, a member of the Company's Board has provided consulting services to the Company. For the fourteen months ended December 31, 2009, consulting services have totalled \$25 thousand (2008 - \$22 thousand) with the amount payable as at December 31, 2009.

CRITICAL ACCOUNTING POLICIES, INCLUDING INITIAL ADOPTION OF POLICIES, AND CRITICAL ESTIMATES

Critical accounting estimates are defined as estimates that are very important to the portrayal of WiLAN's financial position and operating results and require management to make judgments based on underlying assumptions about future events and their effects.

These underlying assumptions are based on historical experience and other factors that management believes to be reasonable under the circumstances and are subject to change as events occur, as additional information is obtained and as the environment in which WiLAN operates changes.

Critical accounting estimates and accounting policies are reviewed annually or more often if needed, by the Audit Committee of the Board.

Patents and Other Intangibles

WiLAN has acquired patents, license agreements and other intangible assets directly, through business acquisitions, or as full or partial settlement of licensing fees. In determining the fair value of these patents and other intangibles, the Company makes estimates and judgments about the future income-producing capabilities of these assets and related future cash flows. The Company also makes estimates about the useful lives of these assets based on assessment of the legal and economic lives of the patents and potential future licensing revenues achievable from the portfolio. The portfolio as at December 31, 2009 is being amortized on a straight-line basis over the remaining useful lives of the patents which ranges from six to fourteen years. If the Company's basis for assessing the useful lives of the intangibles and potential future licensing revenues achievable from the portfolio are adversely affected by future events or circumstances, the Company will record write-downs of patents, write-down of other intangible assets, or changes in the estimated useful lives of these assets, which would result in changes to amortization expense in the future. Such changes would not affect cash flows.

The carrying value of patents and other intangibles is reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. Impairments are determined by comparing the carrying value to the estimated undiscounted future cash flows to be generated by those assets. If this assessment indicates that the carrying value of the patents and other intangibles is not recoverable, the carrying value is then compared with the estimated fair value of the assets, and the carrying value is written down to the estimated fair value.

Income Taxes

In assessing the realizability of future tax assets and the application of the valuation allowance, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The realization of future tax assets is dependent upon the generation of future taxable income during the periods in which loss carry-forwards and temporary differences are deductible. The amount of the future tax asset considered realizable is based on management's estimates of future taxable income by jurisdiction during the carry-forward period and also takes into consideration tax planning strategies that management intends to pursue. This assessment could change materially in the near term.

Stock Option Accounting

WiLAN estimates the fair value of options for financial reporting purposes using the Black-Scholes model, which requires a number of subjective assumptions, including the expected life of the option, risk-free interest rate, dividend rate and future volatility of the price of the Company's common shares. The use of different subjective assumptions could materially affect the fair value estimate. The Company estimates the risk-free interest rate based on Government of Canada benchmark bonds. The Company bases its estimate of expected life of the option on an analysis of options exercised by its employees and the period over which the options can be exercised. WiLAN estimates the volatility of its share price based on the historical volatility and expected future volatility of the share price. The fair values of the options issued are being recognized as compensation expense over their applicable vesting periods.

Revenue Recognition

As the Company continues to develop and expand its revenue streams, it has implemented specific policies with respect to revenue recognition.

The Company licenses rights to its patent portfolio and recognizes revenue when it is earned. The Company considers revenue to be earned when it has persuasive evidence of an arrangement, the

obligation has been fulfilled in accordance with the terms of the licensing agreement, including delivery and acceptance, and collection is reasonably assured.

Revenues from licensing arrangements with extended payment terms where fees are fixed in one or more instalments of cash or in-kind property, such as patents, are generally recognized as payments become due.

Revenues from royalties based on the licensee's sale of products incorporating or using the Company's patent portfolio, often referred to as "running royalties," are recognized based on royalties due to WiLAN as reported by licensees during the quarter.

Goodwill

Goodwill is subject to annual impairment tests or on a more frequent basis if events or conditions indicate that goodwill may be impaired. The Company will also test goodwill for impairment more frequently if events or circumstances warrant.

WiLAN as a whole is considered one reporting unit. The Company estimates the value of its reporting unit based on market capitalization. If the Company determines that its carrying value exceeds its fair value, it would conduct the second step of the goodwill impairment test. The second step compares the implied fair value of the goodwill (determined as the excess fair value over the fair value assigned to the Company's other assets and liabilities) to the carrying amount of goodwill.

At October 31, 2009, the carrying value of the reporting unit exceeded the fair value and accordingly, the Company compared the implied fair value of the reporting unit's goodwill to its carrying value and determined that goodwill was not impaired. The Company used a cash flow model with a discount rate of 16.3% to determine the reporting unit's implied fair value.

As discussed in Note 2 to the Company's Audited Financial Statements for the fourteen months ended December 31, 2009 and twelve months ended October 31, 2008, the Company changed the date of its annual impairment test to December 31, to coincide with the Company's revised year-end and planning cycle. At December 31, 2009, the fair value of the reporting unit exceeded its carrying value. Accordingly, the Company determined that goodwill was not impaired and no further testing was performed.

DISCLOSURE CONTROLS AND PROCEDURES

In conformance with the Canadian Securities Administrators Multilateral Instrument 52-109, WiLAN has filed certificates signed by the President & Chief Executive Officer and Chief Financial Officer that, among other things, deal with the matter of disclosure controls and procedures.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2009, and based on its evaluation has concluded that these are effective.

The evaluation took into consideration the Company's corporate disclosure policy and the functioning of its executive officers, Board of Directors and Board Committees. In addition, the evaluation covered the Company's processes, systems and capabilities relating to regulatory filings, public disclosures and the identification and communication of material information.

Critical accounting estimates are defined as estimates that are very important to the portrayal of WiLAN's financial position and operating results and require management to make judgments based on underlying assumptions about future events and their effects.

These underlying assumptions are based on historical experience and other factors that management believes to be reasonable under the circumstances and are subject to change as events occur, as additional information is obtained and as the environment in which WiLAN operates changes.

RECENT ACCOUNTING STANDARDS

Convergence with International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced that the use of International Financial Reporting Standards ("IFRS") established by the International Accounting Standard Board will be required for fiscal years beginning January 1, 2011, for publicly accountable profit-oriented enterprises.

Prior to June 3, 2009, the Company was operating with a fiscal year end of October 31 which determined that the Company's first quarter under the IFRS reporting standards would be the Company's first quarter of fiscal 2012 ended January 1, 2012. Accordingly, the Company's IFRS transition plan was working towards the application of IFRS on November 1, 2011. On June 4, 2009, the Company announced it would be changing its year end to December 31. As a result, the Company will be required to prepare its consolidated financial statements in accordance with IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, which advanced the Company's first quarter under the IFRS reporting standards, by 10 months, to the quarter ended March 31, 2011.

The Company has implemented an IFRS transition plan to facilitate the application of IFRS on January 1, 2011 that evaluates the impact of adopting these new standards on our consolidated financial statements.

The Company is in the process of preparing component evaluations with respect to revenue recognition and impairment of long-lived assets; however, no final conclusions have been reached and additional differences may be identified in the future as a result of changes in the Corporation's business or as IFRS standards are further developed. The Company expects to have these component evaluations completed by the end of the second quarter of fiscal 2010.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets" which supersedes Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets clarifying the criteria for recognition of an asset. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Financial Reporting Standards IAS 38, "Intangible Assets". Section 1000, "Financial Statement Concepts" was amended to provide consistency with this new standard.

The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company expects the adoption will have no material impact on its consolidated financial statements.

RISK

RISK FACTORS

An investment in our stock involves a number of risks. Before making a decision to purchase our securities, you should carefully consider all of the risks described in this MD&A. If any of the risks discussed in this MD&A actually occur, our business, financial condition and results of operations could be materially adversely affected. If this were to occur, the trading price of our securities could decline significantly and you may lose all or part of your investment.

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 the licensees have made payments, there may be significant delays of months or years 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.

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.

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. A government patent office may determine that certain of the Company's patents are invalid, narrow the scope of these patents or cancel some or all of the claims of these patents. If there is an adverse ruling in any proceeding relating to the validity or enforceability of any of our key patents, or if a government patent office limits the scope of the claims of any of our key patents, the Company's business, operational results and financial condition may be materially adversely affected.

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 U.S. 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.