WI-LAN INC.

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

FOR THE YEAR ENDED OCTOBER 31, 2008

JANUARY 14, 2009

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FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis ("MD&A"), compiled as of January 14, 2009, 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 Wi-LAN Inc. ("Wi-LAN" or the "Company") 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 Wi-LAN will actually achieve the plans, intentions, or expectations disclosed in any of these forward-looking statements or statements of "belief" and undue reliance should not be placed on any such forward-looking statements or statements of "belief".

All forward-looking statements and statements of "belief" contained in this 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 vary significantly, from a number of months to years, and could be subject to variable cycles;
- Reduced spending due to the uncertainty of economic and geopolitical conditions may negatively affect the Company;
- 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;
- 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;
- A court may determine that certain of the Company's patents 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;
- The Company may need to acquire or develop new patents to continue to grow its current business;
- 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 V-Chip revenues and the likelihood of the Company signing additional V-Chip licenses could be negatively impacted by changes in government regulation; and
- The Company is dependent on its key officers and employees.

In this current volatile and uncertain economic environment 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 cautiously 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 12 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;

- In some instances, the Company seeks not to acquire the actual ownership of the patent but to acquire all licensing benefits through an exclusive sublicensing arrangement. These arrangements reduce the upfront investment required when acquiring patents and the cost of revenues occurs only if and when licensing revenues are earned from the patents;

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- As many of the Company's revenues and expenses are denominated in US 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 access to 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. Wi-LAN assumes no responsibility for the accuracy and completeness of any forward-looking statements and statements of "belief". Except as required by law, Wi-LAN 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.

This MD&A should be read in conjunction with Wi-LAN's audited fiscal 2008 consolidated financial statements and the accompanying notes (the "Financial Statements"). 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.

Additional information filed by Wi-LAN with Canadian securities regulators, including quarterly reports, annual reports and the Company's annual information form for the year ended October 31, 2008, is available on-line at www.sedar.com and also on Wi-LAN's website at www.wi-lan.com.

STRATEGIC OVERVIEW

Wi-LAN is a technology innovation and patent licensing company. Since fiscal 2006, Wi-LAN has increased its staff to 36, raised a total of $86 million in equity, grown its patent portfolio greater than five-fold to over 300 patents, signed a number of patent licenses, and acquired Tri-Vision International Ltd./Ltée ("Tri-Vision").

Wi-LAN'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 Wi-LAN typically uses to enter into licensing agreements with companies that utilize its patented technologies is as follows:

1. The Company identifies both the prospective licensees and the products it believes are infringing the Company's patents;
2. The Company prepares a letter identifying both the infringing products and the patents that are infringed. The Company's letter invites the recipient to enter into licensing discussions;
3. The Company prepares for negotiations with prospective licensees by developing a business proposal. Utilizing extensive research and insight to determine the qualitative and quantitative value of the technologies to the products that infringe on the patents and considering mutual best interests of both the Company and prospective licensees, the Company establishes rates and other licensing terms that it believes represents fair compensation for the Company and meets the expectations and business interests of prospective licensees;
4. 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
5. If licensing discussions break down or prospective licensees refuse to enter discussions, Wi-LAN may enter into litigation.

Some of the fundamental technologies which management believes may be covered by Wi-LAN's patents include CDMA, DOCSIS, DSL, multi-mode wireless, V-Chip, Mesh, Wi-Fi, Bluetooth, and WiMAX. Wi-LAN has licensed its patented intellectual property to over 150 companies.

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%. 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 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 Wi-LAN has become increasingly difficult during the past couple of years based on several case law developments. On the legislative front, the United States Patent Reform Act of 2007, appears to be stalled indefinitely. Additional efforts to reform the Patent Act may take place in the future.

In this challenging licensing environment, Wi-LAN 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 Wi-LAN's future operations and growth.

Key Strategic Initiatives

Technology Innovation

Building on Wi-LAN's history of technology innovation which directly contributed to the commercialization of broadband wireless products more than a decade ago, Wi-LAN continues to engage in research and development ("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

Wi-LAN has advanced its structure so that licensing of different technology types is managed by dedicated teams. Initial technology teams include DSL, Wireless, and V-Chip Consumer Products. Additional technology teams will be added, as required, to address additional technology types and/or licensing opportunities. This initiative helps Wi-LAN address its growing licensing opportunity 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 Wi-LAN's licensing program has delivered encouraging results. 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., and ASUSTeK Computer Inc., joined earlier licensees including Cisco Systems, in reaching negotiated patent licensing agreements. We expect that 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's resolve was demonstrated in October 2007 when it launched two legal actions in the state of Texas. The product types that are the subject of the litigation are laptop computers, wireless routers, and DSL modems. A large number of targets including chip suppliers, equipment suppliers, and retailers are defendants in the litigation. The Company's resolve was demonstrated again in June 2008 when it launched a legal action, in the state of Texas, for infringement of CDMA-related technologies, against various handset

vendors. 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.

NON-GAAP DISCLOSURE

"Pro forma earnings" is defined by the Company as earnings from continuing operations before stock-based compensation expense, depreciation & amortization expense, 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 an important 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.

FISCAL 2008 OVERVIEW AND PERFORMANCE HIGHLIGHTS

In fiscal 2008, Wi-LAN continued to establish itself as a leading technology innovation and licensing company by signing a significant number of licensing agreements, many of which are based on running royalties that provide recurring revenues to the Company.

The following are some of the highlights of fiscal 2008:

Performance highlights

- Signed license agreements with 79 companies during the fiscal year;
- As at the date of this report, the Company has over 115 running royalty agreements in total;
- Increased size of patent portfolio to 318 issued and pending patents, up from 288 at the end of fiscal 2007;
- Filed multiple patents related to femtocell and whitespace technologies;
- January 2008 – hired Shaun McEwan as Chief Financial Officer; and
- February 2008 – added Robert S. Bramson to its Board of Directors.

Financial highlights

- Cash and cash equivalents (including short-term investments) increased by approximately $10 million to $101,447;
- Licensing revenues totalled $26,564;
- Pro forma earnings of $11,014;
- Pro forma earnings per share of $0.12;
- GAAP net loss of $9,186; and
- GAAP net loss per share of $0.10.

RESULTS OF OPERATIONS – COMPARABILITY OF RESULTS

Wi-LAN acquired Tri-Vision on June 29, 2007 and, accordingly, the Company's operating results for the three and twelve months ended October 31, 2008 include those of Tri-Vision. The results for the twelve months ended October 31, 2007 include only four months of Tri-Vision's operating results.

SIGNIFICANT ITEMS INCLUDED IN Wi-LAN'S EARNINGS FOR THE THREE MONTHS ENDED OCTOBER 31, 2008 ("Q4/08") AND 2007 ("Q4/07") AND THE TWELVE MONTHS THEN ENDED FOLLOW:

	Three months ended				Twelve months ended			
	October 31, 2008		October 31, 2007		October 31, 2008		October 31, 2007	
Revenues	$ 13,749		$ 7,169		$ 26,564		$ 61,270	
Operating expenses before depreciation and amortization								
Stock-based compensation	(524)	9%	(804)	19%	(2,024)	10%	(2,222)	16%
Other compensation expenses	(1,885)	32%	(1,887)	45%	(7,120)	34%	(6,558)	49%
Other operating expenses	(3,497)	59%	(1,500)	36%	(11,658)	56%	(4,640)	35%
Total operating expenses before depreciation and amortization	(5,906)	100%	(4,191)	100%	(20,802)	100%	(13,420)	100%
Depreciation & amortization	(4,237)		(3,936)		(16,496)		(7,766)	
Interest income, net	685		1,083		3,228		3,153	
Earnings/(loss) before income taxes	4,291		125		(7,506)		43,237	
Provision for income tax recovery/(expense)	(4,014)		1,106		(1,680)		(15,620)	
Net and comprehensive earnings/(loss)	$ 277		$ 1,231		$ (9,186)		$ 27,617	
Pro forma earnings (1)	$ 9,052		$ 4,865		$ 11,014		$ 53,225	
Earnings/(loss) per share - basic and diluted								
Basic	$ 0.00		$ 0.01		$ (0.10)		$ 0.36	
Diluted	$ 0.00		$ 0.01		$ (0.10)		$ 0.34	
Pro forma earnings per share - basic and diluted								
Basic	$ 0.10		$ 0.05		$ 0.12		$ 0.68	
Diluted	$ 0.10		$ 0.05		$ 0.12		$ 0.66	
Weighted average number of shares								
Basic	93,545,015		93,329,553		93,505,899		77,784,956	
Diluted (2)	94,301,402		94,677,679		93,505,899		80,092,485	

(1) Pro forma earnings/(loss) represents net earnings before stock-based compensation, depreciation & amortization, and provision for income taxes.
(2) Pro forma weighted average diluted number of shares outstanding is 94,301,402 and 94,566,097 for the three and twelve months ended October 31, 2008, respectively.

Revenues

Licensing revenues earned by the Company for Q4/08 and Q4/07 were $13,749 and $7,169 respectively. For the twelve months ended October 31, 2008 and 2007, licensing revenues totalled $26,564 and $61,270 respectively.

Licensing revenues for Q4/08 and the twelve months ended October 31, 2008 are settled in cash and included a combination of running royalties and payments for paid-up licensing agreements. Revenues for Q4/07 and the twelve months ended October 31, 2007 included $4,581 and $42,096 respectively being the estimated fair value of patents received in exchange for licensing the Company's patents, including Nokia Corporation ("Nokia") licensing Wi-LAN's patent portfolio owned as at December 4, 2006 for total consideration of $49,265. Nokia transferred to Wi-LAN a portfolio of DSL patents valued at $34,000 as partial consideration for the license and paid Wi-LAN $15,265 (€10,000) in cash.

Five licensees accounted for 77.5% of revenues in fiscal 2008 of which one was 33% and a further two were greater than 10%. By comparison, two licensees totalled 90.3% of revenues in fiscal 2007 of which one was 80% and one other was 10%.

As the Company continues to monetize and increase licensing revenues from its patent portfolio, the emphasis will be on agreements for past damages settlements and running royalties that deliver recurring revenues. Paid-up licensing agreements that include a one-time fee, patents or a combination of both, will continue to be considered.

Total Operating Expenses Before Depreciation and Amortization

Operating expenses before depreciation and amortization ("operating expenses") comprise: stock-based compensation expense; other compensation costs including restricted share units ("RSUs"), deferred stock units ("DSUs"), contractors and consultants, commissions, bonuses, salaries and benefits; and other operating expenses that include legal costs, patent management expenses, royalties and other expenses relating to facilities, public company reporting and stock-exchange listing costs.

Stock-based Compensation

Stock-based compensation expense is a non-cash expense driven in part by the number, fair value and vesting rights of options granted. The stock-based compensation expense in Q4/08 and Q4/07 was $524 and $804 respectively, and totalled $2,024 and $2,222 for the twelve months ended October 31, 2008 and 2007 respectively.

Total options outstanding as at October 31, 2008 and 2007 were 5,518,499 and 5,881,999 respectively and the weighted average fair value per option is $1.02 and $1.34 respectively.

During the year ended October 31, 2008, pursuant to the Option Plan, the Company granted 1,575,500 (2007 – 3,427,000) stock options at exercise prices ranging from $1.49 to $2.25 (2007 - $2.06 to $7.26). The options have a five-year life and vest over three-year periods. The weighted average fair value per option granted was $1.07 (2007 - $1.99).

During the year ended October 31, 2008, 1,200,000 stock options were surrendered. On October 16, 2008, the Company's Board of Directors approved the issue of RSUs in exchange for stock options surrendered at the discretion of the Company's employees. Under this arrangement, a total of 1,200,000 stock options were surrendered in exchange for 300,000 RSUs that were issued immediately following year-end. The surrender of these options and the subsequent issue of RSUs have been accounted for as a modification of the stock options surrendered resulting in $108, representing the earned portion of the RSU liability, being reclassified from contributed surplus to accounts payable and accrued liabilities. Accordingly, the previously unrecognized compensation expense related to the surrendered stock options of $1,154 will be charged to earnings over the life of the RSUs. Any increase in the value of the RSUs above the original fair value of the options surrendered will also be charged to earnings over the life of the RSUs. As the RSUs issued must be settled in cash, they have been recorded as a liability and will be re-measured on each balance sheet date based on the trading price of the Company's common shares.

During the year ended October 31, 2008, 673,666 stock options were cancelled. The cancelled stock options related to former employees.

Other Compensation Expenses

Other compensation expenses for Q4/08 and the twelve months ended October 31, 2008, totalled $1,885 and $7,120 or 32% and 34% of operating expenses respectively. By comparison, other compensation expenses for Q4/07 and the twelve months ended October 31, 2007, was $1,887 and $6,558 or 45% and 49% of operating expenses respectively.

ITEMS INCLUDED IN "OTHER COMPENSATION EXPENSES":

	Three months ended		Twelve months ended	
	October 31, 2008	October 31, 2007	October 31, 2008	October 31, 2007
Other compensation expenses				
RSUs and DSUs	$ 26	$ 143	$ 53	$ 1,910
Bonuses and commissions	418	502	1,178	1,424
Compensation	1,441	1,242	5,889	3,224
Total other compensation expenses	$ 1,885	$ 1,887	$ 7,120	$ 6,558

The expense recorded relating to RSUs and DSUs was $26 in Q4/08 compared with $143 in Q4/07. For the twelve months ended October 31, 2008 and 2007, RSU and DSU expenses totalled $53 and $1,910 respectively. The value of RSUs and DSUs is based on the price of Wi-LAN's shares, and the expense recorded in a quarter reflects both the change in the price of Wi-LAN's shares and the number of RSUs and DSUs accruing. RSUs are settled in cash and DSUs may be settled by the issue of common shares. The amount settled for RSUs in Q1/08 was lower than the accrued balance at year-end (fiscal 2007) as a result of the decreased share price used to calculate the payment, resulting in a recovery of expense in the quarter and comparatively lower expense year over year. In addition, the vesting rights for the RSUs were accelerated in fiscal 2007 from June 2007 to January 2007 resulting in higher expense for the comparable twelve month period in 2007.

The applicable quarter-ending closing prices for Wi-LAN's shares on the Toronto Stock Exchange were:

October 31, 2007	$3.80
January 31, 2008	$2.24
April 30, 2008	$1.90
July 31, 2008	$1.63
October 31, 2008	$1.26

Bonuses and commission expenses amounted to $418 in Q4/08 and $1,178 for the twelve months ended October 31, 2008, and totalled $502 and $1,424 in the comparable 2007 fiscal periods respectively. Bonuses and commissions relate to the Company's financial results including the revenues recognized from licensing agreements. The year over year decrease was the result of the decline in the Company's financial performance year over year offset by the increase in staff over fiscal 2007. Bonuses and commissions totalling $580 were included in accounts payable and accrued liabilities at October 31, 2008.

Compensation includes salaries and benefits for employees plus the cost of contractors and consultants. These costs increased as the Company added personnel to key positions that are required to pursue the business opportunities available to the Company. The total number of employees plus contractors and consultants increased year over year explaining the difference in the comparative period expenses.

Other Operating Expenses

Other operating expenses amounted to $3,497 in Q4/08 and $11,658 in the twelve months ended October 31, 2008, representing an increase of $1,997 and $7,018 over Q4/07 and the twelve months ended October 31, 2007. Legal expenses primarily related to the actions against a number of identified targets in the Eastern District of Texas, Marshall Division, resulted in an increase of approximately $1,800 compared to Q4/07 and $6,100 compared to the twelve months ended October 31, 2007. In addition, expenses attributable to V-Chip activities and facilities required to accommodate the increase in staff during fiscal 2008, were higher when compared with the twelve months ended October 31, 2007 as during this period, V-Chip costs and the increase in staff primarily impacted only the fourth quarter rather than the full year's results.

Depreciation & Amortization

Depreciation & amortization ("D&A") expense reflects principally the amortization of the Company's patent portfolio and other intangible assets.

In Q4/08, D&A expense amounted to $4,237, an increase of $301 from Q4/07. For the twelve months ended October 31, 2008, D&A expense totalled $16,496, an increase of $8,730 over the comparable 2007 fiscal period as a result of having a full year of amortization on the patents acquired with Tri-Vision in the twelve months ended October 31, 2008, and other additions to the Company's patent portfolio.

The Company increased its patent portfolio as follows: $34,000 of DSL patents acquired in December 2006; $93,264 of V-Chip patents and license agreements acquired with Tri-Vision in June 2007; $3,515 of Mesh patents

acquired in July 2007; $7,000 of multi-mode wireless patents acquired in September 2007; $4,581 of DSL patents acquired in October 2007; other patents valued at $2,442 acquired throughout fiscal 2007; and patents valued at $1,363 acquired in fiscal 2008.

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 does not believe there has been impairment to the value of the Company's patents.

Income Tax /Recovery/(Expense)

In Q4/08 and Q4/07, the Company recorded a net income tax expense of $4,014 and a recovery of $1,106 respectively on earnings before income taxes of $4,291 in Q4/08 and $125 in Q4/07. For the twelve months ended October 31, 2008, income taxes resulted in a total expense of $1,680 on a loss before income taxes of $7,506 and for the comparable 2007 fiscal period, an expense of $15,620 on earnings before income taxes of $43,237.

The tax provision for the year includes $1,896 of foreign taxes withheld on royalties received in foreign tax jurisdictions. Foreign withholding taxes were $40 in fiscal 2007. The increase in 2008 is due to both an increase in licensing agreements signed during the period and a change in the distribution of royalties received by the Company to more jurisdictions that withhold taxes. These withholding taxes can be offset against future taxes otherwise payable, however management has provided a full valuation allowance against these as it does not believe, at this time, that it is more likely than not that they will be recovered. Also during 2008, the Company undertook to harmonize its Ontario and Federal income tax temporary differences. There were no transitional taxes payable resulting from the harmonization of the Company's tax attributes; however $594 of additional future taxes were accrued as a result of the harmonization. This was partially offset by a $265 reduction in the future tax liability as a result of enacted rate reductions.

Revenues from patents acquired with Tri-Vision have continued to grow since its acquisition and management therefore believes it is now more likely than not that the non-capital losses and investment tax credits acquired with Tri-Vision will be realized. A full valuation allowance had been applied against these assets at the time of the acquisition. Since they are pre-acquisition assets, the $2,951 reduction in the valuation allowance against them has been accounted for as a reduction in the goodwill recorded on the acquisition.

At October 31, 2008, the Company had unused non-capital tax losses and SR&ED expenditure pools carried forward in the amount of $79,835. The carryforward balances may be used to offset future taxable income.

The amount of the future income tax asset considered realizable could change materially in the near term, based on forecasts of future taxable income during the carryforward period.

LIQUIDITY

As at	October 31, 2008	October 31, 2007
Cash and cash equivalents	$ 38,768	$ 91,542
Short-term investments	62,679	-
Working capital	100,697	93,476
Mortgage payable related to assets held for sale	-	518

On June, 26, 2008, the Company purchased a bankers acceptance in the amount of $62,000 that matured on December 22, 2008, from a major Canadian financial institution and has reported it as short-term investments.

Management held this investment to maturity and has therefore reported interest income earned in its net earnings/(loss) for the year.

Cash and cash equivalents plus short-term investments increased by $9.9 million since October 31, 2007 to $101.4 million at October 31, 2008. The increase was comprised of $12.2 million generated from operations, reduced by $0.6 million and $1.7 million used in financing and investing activities respectively. Financing activities included discharging the $0.5 million mortgage on a building acquired with Tri-Vision and investing activities included $1.4 million for purchase of patents and $0.3 to purchase capital assets.

By comparison, the increase in cash and cash equivalents was $74.9 million in the 2007 fiscal year, comprised of $12.1 million from operations, $68.3 million from the sales of common shares and $4.0 million in cash received on acquisitions net of transaction costs, less $9.6 million for purchases of patents and capital assets.

Working capital increased by $7.2 million in the twelve months ended October 31, 2008 to $100.7 million.

Wi-LAN had no debt at October 31, 2008.

The Company's cash equivalents consist of term deposits and Guaranteed Investment Certificates, all of which were issued by Canadian chartered banks.

Wi-LAN 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.

Wi-LAN 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.

The Company expects that it will be required to litigate from time to time with parties that infringe its patents but refuse to pay what the Company considers fair consideration either for a license or as compensation for past infringement. Management believes it is important that target licensees know that, if necessary, the Company has sufficient funds to fight a protracted litigation, otherwise a party may be more reluctant to take a license.

Patent acquisitions will depend on the quality and fit of the patents that become available to Wi-LAN and may be achieved by various business structures including acquisitions for cash or Wi-LAN shares, sharing the net revenues generated from the patents (i.e. on a contingency basis) and the acquisition of patents as consideration for licensing Wi-LAN's current portfolio of patents. During the twelve months ended October 31, 2008, the cost of patents purchased for cash amounted to $1,363 (2007 - $8,921).

CAPITAL EXPENDITURES

Wi-LAN will have two main types of capital investment going forward. The acquisition of new patents under Wi-LAN's Technology Acquisition Program ("TAP") to support continuing growth in the Company's licensing business, and furniture and equipment to support staff requirements. The extent of TAP expenditures could be significant if the right opportunities are available and the acquisitions fit Wi-LAN's financial capacity and strategic direction in communications and consumer electronics markets. Expenditures for furniture and equipment will match the Company's growth.

The funding for Wi-LAN's capital investment will come from a combination of cash and cash equivalents on hand, cash generated from licensing activities and external financing as appropriate.

OUTSTANDING COMMON SHARE DATA

As at	October 31, 2008	October 31, 2007
Common shares	93,355,367	93,469,833
Securities convertible into common shares		
Stock options	5,518,499	5,881,999
Deferred stock units (DSUs)	26,348	26,348
Warrants	-	517,696
	98,900,214	99,895,876

Stock options outstanding above excludes 1,200,000 options that were surrendered on October 31, 2008 in exchange for 300,000 Restricted Stock Units that were issued on November 1, 2008.

COMMITMENTS AND CONTINGENCIES

a) Litigation

The Company in the course of its normal operations is subject to claims, lawsuits, and contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company has no reason to believe that the ultimate outcome of these matters would have a significant impact on its consolidated financial position. The significant legal proceedings in which Wi-LAN is involved are summarized below.

In September 2002, the Company, its former Chairman 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. The Company is vigorously defending these actions, has filed a statement of defence, and has also filed a counterclaim against the claimants. To date, it has not been determined if legal liability exists, and accordingly, no provision has been made in the Company's financial statements.

In May 2007, Wi-LAN was served with a claim by a former distribution channel partner for approximately US$250 regarding a dispute over inventory supplied by Wi-LAN. To date this customer has secured an order in South Africa for seizure of some office equipment at premises apparently occupied by Wi-LAN in South Africa but has not initiated a legal action in Canada. This claim is currently indefinitely stayed in South Africa. Since the Company believes it has no liability for the claim, if the action becomes active again the Company intends to vigorously defend the case unless it can be settled for a nominal amount.

In September 2006, the Company was advised of an action initiated in France by a former Wi-LAN customer that was claiming €661 for the cost of defective product, remediation efforts and compensatory damages. Wi-LAN believes that this matter has been settled on a confidential basis and a related amount has been included in the Company's accounts payable and accrued liabilities at the year-end.

In December 2008, Wi-LAN 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. These defendants have already consented to judgment in any action relating to non-payment of such amounts and the Company is confident of success in this matter.

The Company is currently involved in litigation with D-Link in the Federal Court of Canada concerning the alleged infringement by D-Link of Canadian patent No. 2,064,975. This litigation is in its early stages. 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. Wi-LAN filed its reply and statement of defence to D-Link's pleadings in February 2008, to which D-Link has filed a reply. Wi-LAN continues to work to proceed expeditiously with this litigation.

In May 2007, Tri-Vision sued TigerDirect. In addition to a declaration of past infringement by TigerDirect, the Company has also sought an interim, introductory, and permanent injunction to prevent future infringement of its Canadian patent No. 2,179,474 and damages, including compensation plus interest and legal costs. This case has now been settled, the terms of which are confidential.

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 US Federal Court for the Eastern District of Texas, Marshall Division. Wi-LAN has claimed that these companies have infringed and continue to infringe its US patent Nos. 5,282,222, RE37,802 and 5,956,323 by making and/or selling various products including wireless routers, modems and personal computers that use technology 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. All remaining defendants have filed answers and claims for declaratory judgment to the Company's complaints and Wi-LAN 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. These cases continue to proceed through the discovery phase.

Marvell, one of the defendants in Wi-LAN's Texas actions, also filed a complaint in the US Federal Court for the Northern District of California in November 2007, seeking a declaratory judgment that certain of the Company's US patents were invalid. This complaint was settled by the parties in June 2008. Marvell continues to be a defendant in the Company's Texas actions.

Also in June 2008, the Company filed claims against Research In Motion Corporation, Research In Motion, Ltd., Motorola, Inc. and UTStarcom, Inc. in the US Federal Court for the Eastern District of Texas, Marshall Division. Wi-LAN has claimed that these companies have infringed and continue to infringe its US patent Nos. 5,282,222 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 July 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. Currently, this dispute is in the early stages; each defendant has filed answers and the Company has filed answers to Motorola, Inc. and LG Electronics Mobilecomm U.S.A., Inc., and expects to file an answer to UTStarCom, Inc. before March 2009.

Intel, one of the defendants in Wi-LAN's Texas actions, filed a complaint in the US Federal Court for the Northern District of California in November 2008, seeking a declaratory judgment that certain of the Company's US patents are invalid. The Company plans to defend this matter vigorously and will file its response in January 2009.

The Company has learned that a number of companies, all defendants in the actions initiated by the Company in the US Federal Court in Texas, have also filed actions in the Northern District of California requesting declaratory judgments that US patent No. 6,549,759, already subject to the Intel declaratory judgment action in the Northern District of California, is invalid and has not been infringed. The Company intends to defend these actions vigorously and expects to file its responses to these complaints before April 2009.

b) Operating lease

The Company has a commitment for future minimum annual lease payments for its Ottawa premises totalling $1,358 over the next five years.

c) Other

As partial consideration for patents acquired in September 2007, the Company agreed to future additional payments, not to exceed US$4,000, contingent upon the ongoing enforceability of the patents and based on revenues produced from licensing or selling the patents. To date, there have been no licensing revenues produced from these patents and no amounts have been accrued to this counterparty in respect of this commitment.

Included in the "Engagement Letter" between the Company and McKool Smith ("McKools") for litigations involving Wi-LAN's Wi-FI, CDMA and DSL patents, is a commitment from the Company to pay a success fee to McKools providing litigation proceeds exceed a certain threshold.

FINANCIAL INSTRUMENTS

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.

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 major 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. The Company has had no significant bad debts since 2005.

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 October 31, 2008, 4 licensees each account for 10% or more of total accounts receivable (2007 – 1 licensee).

In addition, the Company holds a promissory note that is included in accounts receivable. The promissory note pays interest at the rate of 6% per year and has a balance outstanding of $576 as at October 31, 2008. There are two payments remaining; $484 due on November 14, 2008 and the remainder on May 15, 2009. The November 14, 2008 payment is past due. The Company is taking the necessary steps to expedite the payment and does not believe an allowance against this promissory note is required at this time.

Financial assets past due

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

		2008		2007
Not past due	$	822	$	2,217
Past due 1 - 30 days		2,092		371
Past due 31 - 60 days		391		144
Past due 61 - 90 days		24		125
Over 91 days past due		298		182
Less allowance for doubtful accounts		(186)		(123)
Total accounts receivable	$	3,441	$	2,916

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, January 14, 2009, approximately $1,700 past due amounts have been collected. None of the remaining amounts outstanding have been challenged by the respective licensee(s) 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 October 31, 2008, the Company had a provision for doubtful accounts of $186 which was made against accounts receivable in excess of ten months old 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 October 31, 2008, the Company has cash and cash equivalents and short-term investments of $101,447 and accounts receivable of $3,441 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. Each one percent increase/(decrease) to interest rates would have (decreased)/increased net earnings/(loss) by approximately $900.

Currency risk

The Company generates revenues primarily in US dollars and incurs expenditures in primarily Canadian and US dollars, and is therefore exposed to risk from changes in foreign currency rates. Excess US 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 US dollars. As at October 31, 2008, the Company was not subject to any forward contracts.

The Company had revenues and expenses denominated in US dollars of approximately $25 million and $7 million respectively. Fluctuations in foreign currency rates between the US and Canadian dollars could negatively impact the net exposure approximating $18 million and adversely effect net earnings of the Company. Each one cent increase/(decrease) in the Canadian dollar against the US dollar would have (decreased)/increased net earnings/(loss) by approximately $180.

At October 31, 2008, the Company had US dollar denominated cash and cash equivalents, and accounts receivable balances of approximately $2,500 and $2,600 respectively, offset by accounts payable and accrued liabilities totalling approximately $3,000. Fluctuations in foreign currency rates between the US and Canadian dollars could negatively impact the net exposure approximating $2,100 and adversely effect net earnings of the Company.

RELATED PARTY TRANSACTIONS

The Company has entered into a consulting contract with Mr. Paul Richman, a member of the Board of Directors, through a company controlled by him. Under the terms of the agreement, Mr Richman is paid for services provided to the Company at an hourly rate. For the twelve months ended October 31, 2008, consulting services have totalled $30 and have been paid in full as at period end.

Dr. Michel Fattouche, a member of the Company's Board of Directors has provided consulting services. For the twelve months ended October 31, 2008, consulting services totalled $22 and have been paid in full as at period end.

On April 30, 2007, the Company acquired patents owned by two members of the Company's Board of Directors for total cash consideration of $100. These patents have been recorded at the exchange amount and have been fully paid as at period end.

SELECTED ANNUAL INFORMATION

Years ended October 31,		**2008**		2007		2006
Revenues	**$**	**26,564**	$	61,270	$	2,108
Earnings/(loss) from continuing operations before tax		**(7,506)**		43,237		9,561
Provision for income tax recovery/(expense)		**(1,680)**		(15,620)		16,726
Earnings/(loss) from continuing operations		**(9,186)**		27,617		26,287
Loss from discontinued operations		**-**		-		(12,178)
Net and comprehensive earnings/(loss)	**$**	**(9,186)**	$	27,617	$	14,109
Earnings/(loss) per share - basic and diluted						
Continuing operations						
Basic	**$**	**(0.10)**	$	0.36	$	0.54
Diluted	**$**	**(0.10)**	$	0.34	$	0.54
Discontinued operations						
Basic	**$**	**-**	$	-	$	(0.25)
Diluted	**$**	**-**	$	-	$	(0.25)
Net earnings						
Basic	**$**	**(0.10)**	$	0.36	$	0.29
Diluted	**$**	**(0.10)**	$	0.34	$	0.29

As at October 31,		**2008**		2007		2006
Cash and cash equivalents	**$**	**38,768**	$	91,542	$	16,680
Short-term investments		**62,679**		-		-
Future income taxes recoverable		**-**		-		16,726
Patents and other intangibles, net		**132,111**		146,955		9,787
Goodwill		**13,449**		16,400		-
Total assets		**253,603**		262,505		44,775
Future income tax liability		**21,408**		24,575		-
Total liabilities		**27,938**		29,464		1,501
Shareholders' equity		**225,665**		233,041		43,274
Shares outstanding (end of period)		**93,355**		93,470		61,099

SELECTED QUARTERLY INFORMATION

The following is a summary of Wi-LAN's quarterly financial results for the past eight quarters.

Financial Position

Fiscal quarter	Q4/08	Q3/08	Q2/08	Q1/08
As at	Oct 31/08	July 31/08	Apr 30/08	Jan 31/08
Cash and cash equivalents	$ 38,768	$ 30,275	$ 91,835	$ 92,467
Short-term investments	62,679	62,193	-	-
Patents and other intangibles, net	132,111	136,220	140,224	144,227
Goodwill	13,449	16,400	16,400	16,400
Total assets	253,603	251,697	253,865	258,483
Future income tax liability	21,408	21,137	22,283	23,429
Total liabilities	27,938	26,547	25,739	26,787
Shareholders' equity	225,665	225,150	228,126	231,696
Shares outstanding (end of period)	93,355	93,505	93,505	93,470

Fiscal quarter	Q4/07	Q3/07	Q2/07	Q1/07
As at	Oct 31/07	July 31/07	Apr 30/07	Jan 31/07
Cash and cash equivalents	$ 91,542	$ 100,515	$ 94,967	$ 57,756
Short-term investments	-	-	-	-
Patents and other intangibles, net	146,955	138,684	42,295	43,047
Goodwill	16,400	17,683	-	-
Total assets	262,505	263,574	140,087	103,396
Future income tax liability	24,575	25,721	-	-
Total liabilities	29,464	33,384	2,587	1,790
Shareholders' equity	233,041	230,190	137,500	101,606
Shares outstanding (end of period)	93,470	93,255	75,167	69,038

Between Q4/06 and Q2/07, the Company raised net cash of $73,109 from three separate issuances of common shares.

In Q4/06, management recognized a portion of the Company's future tax asset in anticipation of taxable earnings resulting from a licensing agreement with Nokia in Q1/07. The asset was drawn down in Q1/07 and recorded as a non-cash charge to earnings.

Patents were acquired from Nokia as partial consideration for a licensing agreement in Q1/07, and in the acquisition of Tri-Vision in Q3/07. This explains most of the increase in patents and other intangibles during the period.

Goodwill and a future income tax liability resulted from the acquisition of Tri-Vision.

Between Q4/06 and Q2/07 approximately 20 million common shares were issued in exchange for cash and in Q3/07 approximately 18 million shares were issued to acquire Tri-Vision.

Operating Highlights

Fiscal quarter	Q4/08	Q3/08	Q2/08	Q1/08
Three months ended	Oct 31/08	July 31/08	Apr 30/08	Jan 31/08
Revenues	$ 13,749	$ 4,828	$ 3,246	$ 4,741
Operating and amortization expenses	(10,143)	(9,634)	(9,086)	(8,435)
Provision for income tax recovery/(expense)	(4,014)	584	962	788
Net earnings/(loss)	$ 277	$ (3,459)	$ (4,089)	$ (1,915)
Pro forma earnings (1)	$ 9,052	$ 494	$ (539)	$ 2,007
Earnings/(loss) per share - basic and diluted				
Basic	$ 0.00	$ (0.04)	$ (0.04)	$ (0.02)
Diluted	$ 0.00	$ (0.04)	$ (0.04)	$ (0.02)
Pro forma earnings/(loss) per share - basic and diluted				
Basic	$ 0.10	$ 0.01	$ (0.01)	$ 0.02
Diluted (2)	$ 0.10	$ 0.01	$ (0.01)	$ 0.02

Fiscal quarter	Q4/07	Q3/07	Q2/07	Q1/07
Three months ended	Oct 31/07	July 31/07	Apr 30/07	Jan 31/07
Revenues	$ 7,169	$ 4,761	$ 75	$ 49,265
Operating and amortization expenses	(8,127)	(5,669)	(3,254)	(4,136)
Provision for income tax recovery/(expense)	1,106	-	-	(16,726)
Net earnings/(loss)	$ 1,231	$ 91	$ (2,275)	$ 28,570
Pro forma earnings (1)	$ 4,865	$ 3,260	$ (1,085)	$ 46,185
Earnings/(loss) per share - basic and diluted				
Basic	$ 0.01	$ -	$ (0.03)	$ 0.45
Diluted	$ 0.01	$ -	$ (0.03)	$ 0.43
Pro forma earnings/(loss) per share - basic and diluted				
Basic	$ 0.05	$ 0.04	$ (0.01)	$ 0.72
Diluted (2)	$ 0.05	$ 0.04	$ (0.01)	$ 0.69

(1) Pro forma earnings/(loss) represents net earnings before stock-based compensation, depreciation & amortization, and provision for income taxes.

(2) Pro forma weighted average diluted number of shares outstanding is 94,301,402 and 94,566,097 for the three and twelve months ended October 31, 2008, respectively.

Beginning in Q3/06, the Company relocated to Ottawa and transitioned to its current intellectual property ("IP") licensing and technology innovation business and began realizing licensing revenues. In Q1/07, the Company obtained a significant licensing agreement from Nokia Corporation that accounted for the majority of the $49 million in revenue recognized in that quarter. Since then, the Company has completed its transition to an IP licensing and technology innovation business. Building on the Nokia license, the Company has continued to establish itself as an IP licensing business, growing revenues with lump-sum settlements for licensing rights and/or past infringement, fixed-price agreements paid over a specified period of time and running royalties. The acquisition of Tri-Vision in Q3/07 resulted in increased running royalties from the acquired business thereafter. Revenues for Q4/08 include a significant lump-sum settlement. Operating costs have grown steadily over the

past 8 quarters, reflecting the build-out of personnel to support the IP licensing business and the acquisition of Tri-Vision.

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 Wi-LAN'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 Wi-LAN operates changes.

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

Goodwill

In accordance with CICA Handbook Section 3062, "Goodwill and Other Intangible Assets", 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 conducted its annual test for impairment in the third quarter of fiscal 2008.

Wi-LAN as a whole is considered one reporting unit. If it is determined that the carrying value of goodwill exceeds the fair value, a goodwill impairment loss would be recognized. This involves comparing the implied fair value of the goodwill (determined as the excess fair value over the fair value assigned to our other assets and liabilities) to the carrying amount of goodwill. On October 31, 2008, the market capitalization of the Company's equity was below its book value, indicating a potential impairment. To test for impairment, the Company estimated the implied fair value of goodwill using a cash flow model with a discount rate of 17.5%. The cash flow model uses revenue forecasts built on 3rd party estimates of the Company's markets and management's internal assumptions based on historical experience and assigned probabilities for success in the identifiable markets. It also incorporates management's estimates of future changes in operating and litigation costs. From this analysis, management concluded that no impairment charge was required.

To coincide with the Company's annual strategic planning and budgeting cycle, the Company has changed the date on which it will conduct its annual test of impairment from June 29 to October 31 for future periods. By using the most current revenue and expenditure forecasts that come out of the Company's strategic planning and budgeting cycle to prepare the discounted cash flow model that is used to estimate fair value, management believes that consistently testing for impairment as at October 31 of each year will result in more timely identification of impairment and therefore more relevant accounting.

Patents and Other Intangibles

Wi-LAN has acquired patents, license agreements and other intangible assets in conjunction with both business acquisitions and 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 October 31, 2008 is being amortized on a straight-line basis over the remaining useful lives of the patents and ranges from 2 to 14 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 charges to amortization expense in the future. Such charges would not affect cash flows.

Management concluded that the global economic turmoil and decrease in the Company's market capitalization were events indicating the carrying amount of the Company's patents and trademarks may not be recoverable.

Management performed an impairment analysis as at October 31, 2008 using the cash flow model incorporated in the goodwill assessment. Based on the results of this analysis, management 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.

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 carryforwards 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 carryforward period and also takes into consideration tax planning strategies that management intends to pursue. This assessment could change materially in the near term.

During fiscal 2008, based on continued growth in revenues from patents acquired with Tri-Vision, management concluded that it is now more likely than not that the income tax loss carryforwards and investment tax credits of Tri-Vision will be realized, and reduced the valuation allowance accordingly. These tax assets were acquired with Tri-Vision and a full valuation allowance applied against them in the purchase price allocation. Since they were pre-acquisition assets, the reduction in the valuation allowance against them has been accounted for as a reduction in the goodwill recorded on the acquisition.

The Company has retained a full valuation allowance against the tax assets of the Wi-LAN corporate entity as management does not believe it has met the more likely than not threshold that these will be realized.

Stock Option Accounting

Wi-LAN 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 lives 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 based on an analysis of options exercised by its employees and the period over which the options can be exercised. Wi-LAN 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, and which contain terms which could impact the amounts ultimately collected, are generally recognized as collection becomes assured.

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 Wi-LAN as reported by licensees during the quarter.

CHANGES IN ACCOUNTING POLICIES, INCLUDING INITIAL ADOPTION

Financial Instruments and Other Comprehensive Income

On November 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, "Financial Instruments – Disclosures" and CICA Handbook Section 3863, "Financial Instruments – Presentation". These new Handbook Sections require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments and enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, operations, and cash flows.

Capital Disclosures

On November 1, 2007, the Company also adopted CICA Handbook Section 1535, "Capital Disclosures". This new Handbook Section requires the Company to disclose its objectives, policies, and processes for managing its capital structure.

DISCLOSURE CONTROLS AND PROCEDURES

In conformance with the Canadian Securities Administrators Multilateral Instrument 52-109, Wi-LAN 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 September 4, 2008, 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 Wi-LAN'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 Wi-LAN operates changes.

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 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 US 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.

RECENT ACCOUNTING CHANGES

Convergence with International Financial Reporting Standards ("IFRS")

In January 2006, Canada's Accounting Standards Board ("AcSB") ratified a strategic plan calling for the evolution and convergence of Canadian GAAP with IFRS, after a specified transition period, by publicly accountable enterprises in Canada. The AcSB has more recently confirmed January 1, 2011 as the date IFRS will replace current Canadian standards and interpretations as GAAP for this category of reporting entity.

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, in the Company's case would result in the application of IFRS for the fiscal year beginning November 1, 2011, at the latest. Listed companies are permitted to adopt IFRS earlier, for financial years beginning on or after January 1, 2009. The Company is currently developing an implementation plan and assessing the impacts of the conversion on the consolidated financial statements and disclosures of the Company.

General Standards of Financial Statement Presentation

In June 2007, CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation" to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company does not expect this standard to have any effect on its consolidated financial statements for the foreseeable future.

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.