Wi-LAN Inc.
2008 Annual Report

CONTENTS

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders:

This year was a very exciting and productive one for Wi-LAN. Allow me to outline how our many accomplishments in fiscal 2008 continued the positive momentum of fiscal 2007.

During fiscal 2008, our licensing program made excellent progress. We signed license agreements with 79 new companies. Companies that licensed our technologies include Research In Motion, Acer, ASUSTek Computer, Bang & Olufsen, Westinghouse Digital Electronics, and Foxconn, China's largest exporter. Of the companies licensed, 39 signed licenses for V-Chip-related technologies, 35 for wireless-related technologies and five for wireline or DSL technologies. The vast majority of licenses signed in fiscal 2008 were long-term running royalty agreements that will grow our recurring revenue base for many years.

In fiscal 2008, Wi-LAN generated revenues of $26.6 million and delivered pro forma earnings of $11 million. The cash generated from operations, at over 40% of revenues, demonstrates the potential of our business to generate very favourable margins. In addition, Wi-LAN ended fiscal 2008 with a net cash position exceeding $101 million – an increase of nearly $10 million during the fiscal year. This stronger cash position was achieved even after Wi-LAN invested over $2 million in combined patent acquisition-related expenses and the retirement of debt.

The success of our licensing program is driven in large measure by our licensing methodology. Key aspects of our methodology are (i) the preparation of materials clearly demonstrating the applicability of the patents to the prospective licensee's products; (ii) anticipating and responding to questions the prospect may have concerning the patents; and (iii) offering royalty rates which are fair to both parties and reflect the value of the patented inventions to the products in question. As part of our methodology we also understand that we need to have patience since it can take a significant amount of time for even the most willing prospect to fully analyze the patents and assess a license offer.

Our experience shows that some companies may refuse to sign a license, and that, regrettably, litigation may be required in order to obtain a fair return for the use of our inventions. In fiscal 2008, Wi-LAN invested in three important litigation efforts: two suits relating to unlicensed use of wireless and wireline technologies in notebooks and access points/router; and one suit relating to unlicensed use of wireless technologies in cellular handsets. We believe this investment in litigation, while increasing short-term expenses, should generate long-term benefits.

The handset and notebook/router litigations are still at a relatively early stage, having been commenced at the beginning of fiscal 2008. In the handset case, preliminary pleadings are being exchanged and in the notebook/router cases discovery has begun. While the cases may be progressing somewhat slower than we would prefer, we ultimately remain confident of a successful conclusion.

In fiscal 2008, our research and development activities focused on the development of enabling technologies for whitespace and femtocell wireless networks. The innovations we discover today may form the critical building blocks of valuable new technologies, markets and products that will benefit industry and consumers in the future. Just as past inventions in our portfolio have proven to be valuable to society – including W-OFDM, which contributed significantly to the realization of today's multi-billion dollar market for low-cost, high-speed Wi-Fi networks, and V-Chip, which gives television viewers the power to protect family members from inappropriate

content – we believe the inventions we develop today will create similar value in the future.

The filing and issuance of patents covering our innovations around the world increased the size of our patent portfolio this year to well over 300 issued and pending patents. Not only are we filing and acquiring additional patents, we are also obtaining more patents in areas outside of North America. Extending the geographic coverage of our portfolio is important for Wi-LAN, as it increases the number of markets in which our patents may apply – and increases the potential licensing revenue that can be generated.

As we enter 2009 facing a somewhat uncertain economic climate, we do so with a cautious optimism that our business and its future prospects will continue to grow. The diversified portfolio of technologies that we license, and the large number of companies that require a license, mean our business is broadly diversified. The fact that many companies pay us running royalties, along with the fixed payment provisions of some license agreements, will help reduce the exposure of our business to market declines that may occur. Our optimism comes from the confidence we have in our ability to sign additional licenses and the expected strengthening of our revenue base from royalties generated by our large number of active running royalty agreements, which currently number over one hundred.

The determination and hard work that has contributed to the success of our licensing program over the past two years will continue in fiscal 2009. Our wireless licensing program has, in a relatively short period, generated over 50 licenses. Our more mature V-Chip program has resulted in approximately 100% of the Canadian market being licensed, however, we still need to license a substantial portion of the US market. Given the digital transition which will be effective in the US in February 2009, and other developments, we are hopeful that we will make significant strides this year toward licensing the balance of the US market. Our wireline licensing program has started to show promising results, having signed five agreements in the latter half of fiscal 2008. We hope that we can build on this initial success in the coming year so that this program becomes a significant contributor to our overall licensing program. In addition, we will continue mining our portfolio to identify new licensing opportunities.

In 2009, we will continue to carefully manage our expenses to ensure our business generates the best possible bottom line. For instance, we hope that shareholders will agree that our decision to produce a relatively low-cost annual report this year, with its simple format and light-weight, low-cost paper, was the right one.

To increase the size and strength of our patent portfolio, we will continue our research and development efforts. We will also continue to evaluate opportunities for acquiring select patent portfolios, and perhaps companies, that we believe offer strategic benefit to Wi-LAN. Responding to the needs of inventors and small companies that require help monetizing their own inventions, we will continue to evaluate the steady stream of acquisition and licensing partnership opportunities presented to us. Our strong financial position gives us the ability to pursue exciting acquisition opportunities and the flexibility to act quickly. We will, however, continue to exercise considerable caution in making any acquisition.

I believe Wi-LAN is poised for continued success in 2009 and beyond. Wi-LAN has significant financial resources, a strong team, and a valuable, diverse and growing patent portfolio, all of which are required to be successful in our business.

In conclusion, I want to thank shareholders, our employees and our board of directors for their support this past year. I believe we have come a very long way in just over two years since the new and revitalized Wi-LAN came into existence.

Best regards,

Jim Skippen
Chairman & CEO

Wi-LAN 2008 HIGHLIGHTS

Revenue

$26.6

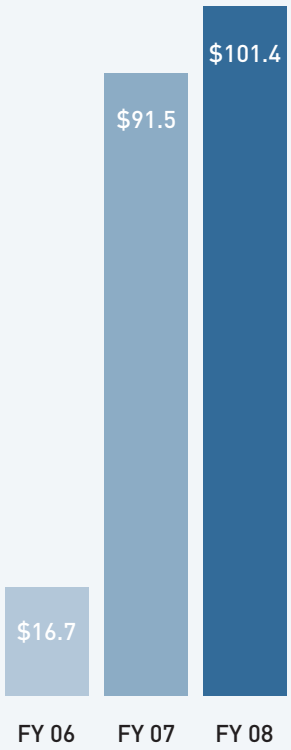
Pro forma Earnings[1]

$11.0

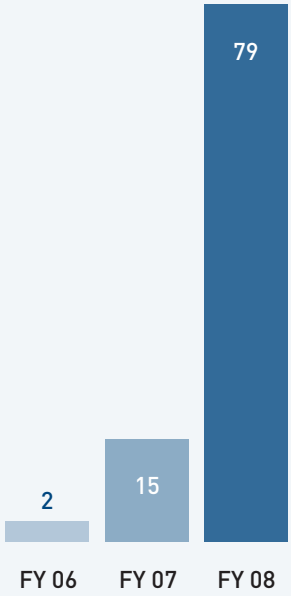
Pro forma FDEPS

$0.12

Cash, Cash Equivalents and Short-term Investments



Companies Licensed



Financial amounts in millions of Canadian dollars except per share amount

1) Pro forma earnings represent earnings from continuing operations before stock-based compensation, depreciation & amortization and provision for income taxes.

Management's Discussion and Analysis

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, 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;

- 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/(loss) (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/(loss) (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.

MANAGEMENT'S REPORT

The consolidated financial statements and other financial information of Wi-LAN included in this annual report are the responsibility of the Company's management and have been examined and approved by its Audit Committee and Board of Directors. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include amounts that are based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

To discharge its responsibility for financial reporting and the safeguarding of assets, the Company maintains internal control systems designed to provide reasonable assurances that financial information is reliable and accurate. Management recognizes its responsibility for conducting the Company's affairs to comply with the requirements of applicable laws and establishes financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information such as the management's discussion and analysis of financial condition and results of operations ("MD&A") through its Audit Committee, which consists solely of outside directors. The Audit Committee meets at least quarterly with management and annually with the independent directors to review performance and discuss audit, internal control, accounting policy and financial reporting matters.

PricewaterhouseCoopers LLP ("PwC") have audited the financial statements in accordance with generally accepted auditing standards. PwC are the external auditors who were appointed by the Company's Board of Directors.

James D. Skippen
CEO

Shaun McEwan, CA
CFO

AUDITOR'S REPORT

To the Shareholders of Wi-LAN Inc.

We have audited the consolidated balance sheets of Wi-LAN Inc. as at October 31, 2008 and 2007, and the consolidated statements of operations and deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Ottawa, Ontario
January 14, 2009

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2008 AND 2007

Wi-LAN Inc.

Consolidated Statements of Operations and Deficit

(in thousands of Canadian dollars, except per share amounts)

Years ended October 31		**2008**		2007
Revenues	**$**	**26,564**	$	61,270
Income/(expenses) from the following				
Operating expenses before depreciation and amortization				
Stock-based compensation (Note 11 (d))		**(2,024)**		(2,222)
Other operating expenses		**(18,778)**		(11,198)
Total operating expenses before depreciation and amortization		**(20,802)**		(13,420)
Depreciation & amortization		**(16,496)**		(7,766)
Interest income, net		**3,228**		3,153
Earnings/(loss) before income taxes		**(7,506)**		43,237
Provision for income tax recovery/(expense) (Note 4)				
Current		**(2,672)**		(16,766)
Future		**992**		1,146
		(1,680)		(15,620)
Net and comprehensive earnings/(loss)		**(9,186)**		27,617
Deficit, beginning of period		**(137,975)**		(165,592)
Deficit, end of period	**$**	**(147,161)**	$	(137,975)
Earnings/(loss) per share - basic and diluted (Note 11 (h))				
Basic	**$**	**(0.10)**	$	0.36
Diluted	**$**	**(0.10)**	$	0.34
Weighted average number of common shares				
Basic		**93,505,899**		77,784,956
Diluted		**93,505,899**		80,092,485

See accompanying notes to consolidated financial statements

Wi-LAN Inc.

Consolidated Balance Sheets

(in thousands of Canadian dollars)

As at October 31		**2008**		2007
Assets				
Current assets				
Cash and cash equivalents	**$**	**38,768**	$	91,542
Short-term investments (Note 6)		**62,679**		-
Accounts receivable		**3,441**		2,916
Prepaid expenses and deposits		**110**		211
Assets held for sale (Note 7)		**2,229**		3,696
Current assets		**107,227**		98,365
Furniture and equipment, net (Note 8)		**816**		785
Patents and other intangibles, net (Note 9)		**132,111**		146,955
Goodwill (Note 10)		**13,449**		16,400
Assets	**$**	**253,603**	$	262,505
Liabilities and Shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**6,530**	$	4,371
Mortgage payable related to assets held for sale		**-**		518
Current liabilities		**6,530**		4,889
Future income tax liability (Note 4)		**21,408**		24,575
Liabilities		**27,938**		29,464
Shareholders' equity				
Common shares (Note 11(c))		**362,041**		362,094
Contributed surplus		**10,785**		8,922
Deficit		**(147,161)**		(137,975)
Shareholders' equity		**225,665**		233,041
Liabilities and Shareholders' equity	**$**	**253,603**	$	262,505

Commitments and contingencies (Note 14)
See accompanying notes to consolidated financial statements

On behalf of the Board of Directors:

Richard Shorkey
Director

John Gillberry
Director

Wi-LAN Inc.
Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)

Years ended October 31		**2008**		2007
Cash provided by/(used in)				
Operations				
Net and comprehensive earnings/(loss)	**$**	**(9,186)**	$	27,617
Non-cash items				
License revenue settled by receipt of patents		**-**		(42,096)
Stock-based compensation		**2,024**		2,222
Depreciation & amortization		**16,496**		7,766
Provision for income tax recovery/(expense)		**(216)**		15,580
		9,118		11,089
Change in non-cash working capital balances				
Accounts receivable		**(525)**		(1,201)
Prepaid expenses and deposits		**101**		873
Net assets held for sale		**1,467**		(162)
Accounts payable and accrued liabilities		**2,051**		1,595
Cash generated from continuing operations		**12,212**		12,194
Cash used in discontinued operations		**-**		(66)
Cash generated from operations		**12,212**		12,128
Financing				
Mortgage repayment		**(518)**		(37)
Proceeds on sale of common shares		**-**		65,929
Common shares repurchased in Normal Course Issuer Bid		**(266)**		-
Common shares issued for cash on the exercise of options		**109**		1,659
Common shares issued for cash from Employee Share Purchase Plan		**51**		-
Common shares issued for cash on the exercise of warrants		**-**		765
Cash generated from/(used in) financing		**(624)**		68,316
Investing				
Short-term investments		**(62,679)**		-
Purchase of net assets including transaction costs		**-**		(1,771)
Cash received on acquisitions		**-**		5,782
Purchase of furniture and equipment		**(320)**		(672)
Purchase of patents for cash		**(1,363)**		(8,921)
Cash used in investing		**(64,362)**		(5,582)
Net cash and cash equivalents generated/(used) in the period		**(52,774)**		74,862
Cash and cash equivalents, beginning of period		**91,542**		16,680
Cash and cash equivalents, end of period	**$**	**38,768**	$	91,542

See accompanying notes to consolidated financial statements

WI-LAN INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2008 AND 2007
(thousands of Canadian dollars, except share and per share amounts, unless otherwise stated)

1. NATURE OF BUSINESS

Wi-LAN Inc. ("Wi-LAN", or the "Company") was continued under the Canada Business Corporations Act on August 7, 2007. The Company was previously incorporated under the Business Corporations Act (Alberta).

Wi-LAN develops, acquires, and licenses a range of intellectual property that drives products in communications and consumer electronics markets. Some of the fundamental technologies covered by the Company's patents include Wi-Fi, WiMAX, CDMA, DSL, DOCSIS, Mesh, multi-mode wireless, Bluetooth and V-Chip. The DSL patents were acquired from Nokia Corporation in December 2006 and Fujitsu Limited in October 2007; a DOCSIS patent was purchased in May 2007; Mesh patents were acquired in July 2007; multi-mode wireless patents were purchased in September 2007; and V-Chip patents were acquired in June 2007 with the acquisition of Tri-Vision International Ltd./Ltée ("Tri-Vision").

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of Wi-LAN include the accounts of Wi-LAN and its subsidiaries and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All inter-company transactions and balances have been eliminated.

The significant accounting policies are summarized below:

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the years. Actual results could differ from those estimates.

Business Acquisitions

Wi-LAN accounts for business acquisitions using the purchase method of accounting and records intangible assets separate from goodwill. Intangible assets are recorded at their fair value as at the date of acquisition. Goodwill is recorded as the residual amount of the purchase price less the fair value assigned to the individual assets acquired and liabilities assumed as at the date of acquisition.

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 installments of cash or in-kind property, such as patents, and which contain terms that 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 patents, often referred to as "running royalties," are recognized based on royalties due to Wi-LAN as reported by licensees during the period.

Stock-based Compensation

The Company has a stock option plan ("Option Plan") for certain employees, directors and consultants. The Company accounts for stock options using the fair value method. Compensation expense is measured at the estimated fair value of the options at the date of grant and charged to earnings on a straight-line basis over the vesting periods. The amount expensed is credited to contributed surplus in the period. Upon the exercise of stock options, cash received is credited to share capital together with any amount previously credited to contributed surplus related to the options exercised.

Deferred Stock Units (DSUs)

The Company has a DSU plan for certain employees and directors. The Company has the right to settle the DSUs in either cash or by the issuance of common shares. The liability for outstanding units and related expense for the DSUs are adjusted to reflect the market value of the common shares at each balance sheet date.

Restricted Share Units (RSUs)

The Company has a RSU plan for certain employees and directors and has granted RSUs pursuant to certain employment agreements and in exchange for surrendered stock options. Under the RSU plan, units are settled in cash based on the market value of Wi-LAN's common shares on the dates on which the RSUs vest. The accrued liability and related expense for the RSUs are adjusted to reflect the market value of the common shares at each balance sheet date.

Income Taxes

The Company uses the liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on the difference between the accounting and tax bases of the assets and liabilities, and measured using the substantively enacted tax rates that are expected to be in effect when the differences are estimated to be reversed.

Per Share Amounts

Basic earnings/(loss) per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for calculation of diluted net earnings/(loss) per share.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. The gains and losses resulting from the translation of these amounts have been reflected in the net earnings/(loss) for the year. Non-monetary items and any related amortization of such items are measured at the rate of exchange in effect when the assets were

acquired or obligations incurred. Revenues and expenses denominated in foreign currencies are translated at the relevant exchange rates prevailing during the year. Exchange gains and losses are included in the net earnings/(loss).

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).

Held to Maturity

Short-term investments "held to maturity" are accounted for at amortized cost 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. 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).

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in bank accounts, term deposits and Guaranteed Investment Certificates with maturities of three months or less at the date of the investment.

Assets Held For Sale

Assets are reported as assets held for sale when management determines that the carrying amount will be recovered principally through a sale transaction, rather than through continuing use, and liabilities related to assets held for sale are those that are directly associated with those assets that will be transferred in the transaction. Long-lived assets are recorded as assets held for sale at the lower of cost or fair value less costs to sell and are no longer amortized or depreciated.

Furniture and Equipment

Furniture and equipment are carried at cost less accumulated depreciation. Depreciation is calculated over the estimated useful lives of the assets as follows:

Computer equipment and software	3 years
Furniture and equipment	5 years
Leasehold improvements	term of the lease

Patents and Other Intangibles

Patents and other intangibles are carried at cost less accumulated amortization. Amortization is calculated on the straight-line basis over the estimated useful life or the remaining term of the patent (up to 20 years), whichever is less. 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.

Goodwill

Goodwill is recorded as at the date of the business combination and represents the excess of the purchase price of acquired businesses over the fair value assigned to identifiable assets acquired and liabilities assumed. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate the asset might be impaired.

The impairment test is carried out in two steps. In the first step, the carrying value of the reporting unit including goodwill is compared with its fair value. When the fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not to be impaired and the second step is unnecessary.

In the event the fair value of the reporting unit, including goodwill, is less than the carrying value, the implied fair value of the reporting unit's goodwill is compared with its carrying value to measure the amount of the impairment loss. When the carrying value of goodwill in the reporting unit exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the consolidated statements of operations and deficit.

Adoption of New Accounting Pronouncements

Financial Instruments

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. These disclosures are included in Note 13 to the financial statements.

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. This disclosure is provided in Note 16 to the financial statements.

Accounting Changes

On November 1, 2007, the Company adopted the recommendations of CICA Handbook Section 1506, "Accounting Changes". This Handbook Section provides for expanded disclosures to be made relating to changes in accounting policies, accounting estimates and corrections of errors. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information.

The Company voluntarily changed its accounting policy for the impairment test of goodwill. Goodwill resulting from the acquisition of Tri-Vision (Note 3) on June 29, 2007, was tested for impairment, in the third quart of fiscal 2008 to meet the requirements stated in CICA Handbook Section 3062, "Goodwill, and Other Intangible Assets". According to this Handbook Section, the impairment test must be carried out annually or more frequently if events or changes in circumstances indicate the asset might be impaired.

The Company also performed the test as at October 31, 2008 and determined that there was no impairment as at that date. 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.

3. ACQUISITION OF TRI-VISION

On June 29, 2007, the Company acquired Tri-Vision, including its wholly-owned subsidiaries, Tri-Vision Electronics Inc., Tri-Vision Electronics 2006 Inc., and Think Broadband Solutions Inc.

The Company issued 17,649,212 common shares valued at $90,212 and reserved an additional 517,696 common shares in exchange for outstanding Tri-Vision warrants valued at $842. In addition, the Company incurred $1,496 in transaction costs and $400 in restructuring costs related primarily to its plan to sell Tri-Vision's cable television products and distribution business.

Total consideration paid and net identifiable assets acquired are as follows:

Total consideration paid comprises		
Issued common shares	$	90,212
Warrants		842
Transaction costs		1,496
Restructuring costs		400
Total consideration as at the date of acquisition	$	92,950
Net identifiable assets acquired		
Cash and cash equivalents	$	5,782
Accounts receivable		1,315
Prepaid expenses and deposits		697
Assets held for sale		3,534
Furniture & equipment		71
Patents and other intangibles		93,264
Accounts payable and accrued liabilities		(1,837)
Mortgage payable related to assets held for sale		(555)
Future income tax liability (1)		(22,770)
Fair value of net assets acquired	$	79,501
Goodwill, the excess of consideration paid over the fair value of net indentifiable assets acquired (1)	$	13,449

(1) Adjusted for future income tax assets recorded as at October 31, 2008 (Note 4).

The restructuring costs of $400 are for severance related to the disposal of Tri-Vision's cable products and distribution operations, and the Company's integration strategy.

4. INCOME TAXES

A reconciliation of the expected provision for income tax recovery/(expense) to the actual provision for income tax recovery/(expense)reported in the consolidated statements of operations is as follows:

		2008		2007
Earnings/(loss) before income taxes	**$**	**(7,506)**	$	$43,237
Expected income tax expense at Canadian statutory income tax rate of 34.77% (2007 - 36.12%)		**2,610**		(15,617)
Permanent differences		**(694)**		(813)
Effect of change in tax rates on opening balance and changes to current year		**(265)**		(259)
Effect of change in tax rates from Ontario income tax harmonization adjustment		**594**		-
Foreign withholding taxes paid		**(1,896)**		(40)
Decrease/(increase) in valuation allowance		**(2,029)**		1,109
Provision for income tax expense	**$**	**(1,680)**	$	(15,620)

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.

The significant components of the Company's future income tax assets and liabilities are as follows:

		2008		2007
Operating tax loss carryforwards	**$**	**20,228**	$	9,936
Scientific research and experimental development ("SR&ED") carryforwards		**5,853**		5,579
Share issue costs		**1,081**		375
Foreign tax credits		**1,896**		-
Investment tax credits		**565**		-
Accounts payable and other		**12**		20
Difference between tax and book value of capital assets		**(27,147)**		(21,673)
Total future income tax asset/(liability)		**2,488**		(5,763)
Valuation allowance		**(23,896)**		(18,812)
Net future income tax liability	**$**	**(21,408)**	$	(24,575)

During the year, management determined that based on the results of its Tri-Vision subsidiary, it was now more likely than not that non-capital losses and investment tax credits acquired with Tri-Vision, against which a full valuation allowance had been applied, would be realized. Consequently, the Company reduced the valuation allowance by $2,951 related to these assets. As these were pre-acquisition losses and investment tax credits, the full amount of this reduction in the valuation allowance was credited to goodwill. The future income tax asset and future income tax liability have been combined in the Company's consolidated balance sheet as at October 31, 2008.

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The realization of future income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. Management assigned probabilities to the Company's expected future taxable income based on significant risk factors, sensitivity analysis, and timing of non-capital tax losses resulting in the release of the valuation allowance. The amount of the future income tax asset considered realizable could change materially in the near term, based on future taxable income during the carryforward period.

As at October 31, 2008, the Company had unused non-capital tax losses of approximately $61,662 (2007 - $30,083) and SR&ED expenditure pool totalling $18,173 (2007 - $16,902) that are due to expire as follows:

	SR&ED Expenditure Pool		**Tax losses**
2009		$	9,725
2010			2,332
2014			6,118
2015			16,671
2026			12,116
2027			5,754
2028			8,946
Indefinite	$ 18,173		-
	$ 18,173	$	61,662

The Company also has investment tax credits of $5,125, that expire in various amounts from 2009 to 2012, and $25,470 of capital losses carried forward with no expiry date.

For the twelve months ended October 31, 2008, the Company incurred research and development ("R&D") costs totalling $594 (2007 – nil) that it believes will qualify for SR&ED deductions and ITCs. R&D costs are comprised primarily of salaries and benefits and are included in other operating expenses excluding depreciation and amortization.

In addition, the Company has approximately U.S.$1,526 of net operating loss carryforwards available for U.S. income tax purposes to reduce taxable income of future years.

5. BANK FACILITIES

The Company has available a bank overdraft facility in the amount of $300. Amounts advanced under this Canadian dollar overdraft facility are payable on demand and bear interest at the bank's Canadian prime rate plus 0.5% per annum. Borrowings under this facility are collateralized by a general assignment of book debts, a general security agreement over all assets, assignment of risk insurance, a charge over cash and deposits of the Company and its subsidiaries and indemnity agreements with respect to issuance of standby letters of credit. As at October 31, 2008, the bank indebtedness was nil.

6. SHORT-TERM INVESTMENTS

Short-term investments are comprised of a bankers acceptance issued by a major Canadian financial institution and acquired by the Company on June 28, 2008. The bankers acceptance matured on December 22, 2008 and paid interest at an effective rate of 3.15%.

7. ASSETS HELD FOR SALE

The Company acquired assets and liabilities in the acquisition of Tri-Vision that related to Tri-Vision's Think Broadband Solutions Inc. cable television products and distribution operations, which it identified as assets held for sale (Note 3). On November 30, 2007, the Company sold its Think Broadband operations to PCT International, Inc. ("PCT") for approximately $1.2 million. Under the terms of the agreement, PCT agreed to acquire certain inventory and capital assets, and all applicable customer contracts, agreements and existing sales prospects relating to Think Broadband.

The assets held for sale as at October 31, 2008 are the remaining land and building. They are carried at $2,229, which is management's estimate of the net recoverable value of these assets. The land and building were classified as held for sale in the prior year, at which time, management intended to market the property for sale. Subsequent to the prior year end, an opportunity to rent the building was identified and accepted by management. This tenancy was terminated on September 30, 2008. The property was put on the market in October 2008 and is expected to be sold before the end of fiscal 2009.

8. FURNITURE AND EQUIPMENT

The cost and net book value of Wi-LAN's furniture and equipment is as follows:

	Cost	Accumulated Depreciation	Net Book Value
As at October 31, 2008			
Leasehold improvements	**$ 434**	**$ 109**	**$ 325**
Computer equipment and software	**573**	**271**	**302**
Furniture	**352**	**163**	**189**
	1,359	**543**	**816**
As at October 31, 2007			
Leasehold improvements	430	23	407
Computer equipment and software	333	142	191
Furniture	284	97	187
	$ 1,047	$ 262	$ 785

The Company purchased furniture and equipment totalling $320 during 2008 (2007 - $672).

9. PATENTS AND OTHER INTANGIBLES

	Cost	Accumulated Amortization	Net Book Value
As at October 31, 2008			
Patents	**$ 157,387**	**$ 25,291**	**$ 132,096**
Trademarks	**18**	**3**	**15**
	157,405	**25,294**	**132,111**
As at October 31, 2007			
Patents	156,024	9,086	146,938
Trademarks	18	1	17
	$ 156,042	$ 9,087	$ 146,955

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 a cashflow 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.

The Company purchased patents totalling $1,363 during 2008 (2007 - $8,921).

10. GOODWILL

The annual impairment test of the goodwill resulting from the acquisition of Tri-Vision (Note 3) was completed in the third quarter of fiscal 2008. On October 31, 2008, as a result of the market value of the Company's equity being below its book value, the Company tested goodwill for impairment. The Company used a cashflow model with a discount rate of 17.5% and concluded that no impairment charge was required.

During the year ended October 31, 2008, goodwill was reduced by $2,951 on the recognition of tax assets of Tri-Vision against which a full valuation allowance had been applied at the date of acquisition (Note 4).

11. SHARE CAPITAL

a) Authorized

Unlimited number of no par value voting common shares.

6,350.9 special preferred, redeemable, retractable, non-voting shares.

An unlimited number of preferred shares, issuable in series.

b) Issued and Outstanding

The issued and outstanding common shares of Wi-LAN, along with equity instruments convertible into common shares, are as follows:

As at October 31,	2008	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	**26,348**	26,348
Warrants	**-**	517,696
	98,900,214	99,895,876

As at October 31, 2008, no preferred shares or special preferred shares were issued or outstanding.

c) Common Shares

Common shares	Number		Amount
October 31, 2006	61,099,073	$	202,396
Issued on sale of shares in December 2006	6,666,700		28,219
Issued on sale of shares in March 2007	5,714,300		37,710
Issued for acquisition of Tri-Vision in June 2007	17,649,212		90,212
Exercise of stock options	1,583,888		1,659
Exercise of warrants	756,660		765
Transfer from contributed surplus on options and warrants exercised	-		1,133
October 31, 2007	93,469,833		362,094
Issued on sale of shares under Employee Share Purchase Plan	**35,200**		**51**
Exercise of stock options	**65,334**		**109**
Repurchased under normal course issuer bid	**(215,000)**		**(266)**
Transfer from contributed surplus on options exercised	**-**		**53**
October 31, 2008	**93,355,367**	**$**	**362,041**

On February 21, 2008, the Company's Board of Directors approved an Employee Share Purchase Plan ("ESPP") and in October 2008 the Company issued 35,200 common shares under the terms of the ESPP for proceeds totalling $51.

During the year ended October 31, 2008, the Company issued 65,334 common shares pursuant to the exercise of stock options for proceeds totalling $109.

On October 8, 2008, the Company announced that it had received regulatory approval to make a normal course issuer bid ("NCIB") through the facilities of the Toronto Stock Exchange ("TSX"). Under the NCIB, the Company plans to purchase up to 4,678,519 common shares, representing up to 5% of the common shares issued and outstanding when the TSX approved the arrangement. The NCIB commenced on October 15 and will not extend beyond April 10, 2009. The Company repurchased 215,000 common shares under the NCIB during the period ended October 31, 2008 for a total of $266.

In December 2006, the Company raised net cash of $28,219 (gross proceeds of $30,000) through the sale of 6,666,700 common shares offered by way of short form prospectus. The financing was priced at $4.50 per common share.

In March 2007, the Company raised net cash of approximately $37,710 (gross proceeds of $40,000) through the sale of 5,714,300 common shares offered by way of short form prospectus. The financing was priced at $7.00 per common share.

On June 29, 2007, the Company acquired Tri-Vision (Note 3), and issued 17,649,212 common shares of Wi-LAN Inc. valued at $90,212 in exchange for all the outstanding common shares of Tri-Vision.

During the year ended October 31, 2007, the Company issued 1,583,888 common shares pursuant to the exercise of stock options for proceeds totalling $1,659 and 756,660 common shares pursuant to the exercise of warrants for proceeds totalling $765.

d) Stock Options

Wi-LAN has a Stock Option Plan, a Deferred Stock Unit Plan for directors, employees and consultants and implemented a Restricted Share Unit Plan for directors, employees, and consultants on January 2, 2007. The current RSU plan calls for settlement in cash. The Company is authorized to issue options plus DSUs totalling up to 10% of the outstanding common shares of the Company. In addition, 850,000 options granted to the President & CEO on joining the Company in June 2006 are treated as "inducement options" and are excluded from the 10% cap.

The options vest at various times ranging from immediate vesting on grant to vesting over a three-year period. Options generally have five-year lives.

Option activity for the two years ending October 31, 2008 and 2007 was as follows:

		Price per share			Exercisable Options	
	Number of options	**Price range**		**Weighted average**	**Number**	**Weighted average**
October 31, 2006	4,039,350	$ 0.70	$ 3.95	$ 1.00	1,263,470	$ 1.06
Granted	3,427,000	2.06	7.26	3.75		
Exercised	(1,583,888)	0.70	3.95	1.04		
Expired	(463)	3.60	3.60	3.60		
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**

The Company uses the Black-Scholes model for estimating the fair value of options granted, using the following weighted average assumptions:

	2008	2007
Risk free interest rate	**3.3%**	4.7%
Volatility	**81%**	77%
Expected option life (in years)	**3.0**	3.0
Dividend yield	**0%**	0%

The weighted average fair value per option granted during the year ended October 31, 2008 is $1.07 (2007 - $1.99).

Details of the outstanding options at October 31, 2008 are as follows:

Range of exercise prices		Outstanding stock options at Oct 31, 2008	Remaining term of options in years	Weighted average	Exercisable stock options at Oct 31, 2008	Weighted average
$ -	$ 1.00	1,380,000	2.45	$ 0.72	1,005,000	$ 0.73
1.01	2.00	1,699,999	3.58	1.51	639,918	1.34
2.01	3.00	1,937,250	4.00	2.59	769,792	2.69
3.01	4.00	180,000	3.94	3.28	90,000	3.28
4.00	6.34	321,250	3.57	5.11	273,750	5.13
$ 0.70	$ 6.34	5,518,499	3.45	$ 1.96	2,778,460	$ 1.93

The Company has recorded total stock-based compensation expense of $2,024 and $2,222 for the fiscal years ended October 31, 2008 and 2007, respectively. Contributed surplus has been increased by the amount of the stock-based compensation costs.

The Company transferred $53 from contributed surplus to capital stock for the options exercised in fiscal 2008 (2007 – $780).

During the year ended October 31, 2008, pursuant to the Option Plan, the Company granted 1,575,500 stock options at various exercise prices ranging from $1.49 to $2.25. The options have a five-year life and vest over three-year periods.

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 at the discretion of the Company's employees and directors. 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 has 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.

e) Deferred Stock Units

The Company has a DSU plan as a tool to assist in the retention of selected employees and directors and to help conserve the Company's cash position. Under the plan, DSUs were awarded and became due when the conditions of retention were met and employment terminated or completed. The value of each DSU was determined in reference to the Company's common share price, and the DSU value was payable (a) in cash, less applicable income taxes withheld for the period through April 20, 2006, and (b) in either cash or

shares, at the employee's option, after April 20, 2006. In order to conserve cash, the Company has settled DSUs in shares since that date.

DSUs issued and outstanding as at October 31, 2008 were 26,348 (2007 – 26,348). The liability recorded in respect of the outstanding DSUs was $33 as at October 31, 2008 (2007 - $100).

f) Warrants

Details of the outstanding warrants at October 31, 2008 are as follows:

		Price per share		
	Number of warrants	**Price range**		**Weighted average**
October 31, 2006	772,332	$ 0.88	$ 3.35	$ 1.06
Assumed in Tri-vision acquisition	517,696	4.45	5.48	5.32
Exercised	(756,660)	0.88	1.35	1.01
Cancelled/expired	(15,672)	3.35	3.35	3.35
October 31, 2007	517,696	$ 4.45	$ 5.48	$ 5.32
Cancelled/expired	**(517,696)**	**4.45**	**5.48**	**5.32**
October 31, 2008	**-**	**$ -**	**$ -**	**$ -**

In January and July 2008, 517,696 warrants that were outstanding as at October 31, 2007, at a weighted average price of $5.32 per share, expired.

In connection with the acquisition of Tri-Vision, the Company issued 517,696 warrants to purchase Wi-LAN common shares with exercise prices ranging from $4.45 to $5.48 per share.

In conjunction with a financing on June 22, 2006, the Company granted brokers' warrants to purchase 545,460 common shares with an exercise price of $0.88 per common share. All were exercised in the fiscal period ended October 31, 2007 for proceeds totalling $480.

In conjunction with a financing on August 17, 2006, the Company granted brokers' warrants to purchase 384,000 common shares with an exercise price of $1.35 per common share. 172,800 of these warrants were exercised in October 2006 and the remaining 211,200 were exercised in the fiscal period ended October 31, 2007 for proceeds totalling $285.

The Company transferred $353 from contributed surplus to share capital for the warrants exercised in 2007.

In November and December 2006, 15,672 warrants that were outstanding as at October 31, 2006, at a price of $3.35 per share, expired.

g) Restricted Share Units

The Company implemented a RSU plan for certain employees and directors in January 2007, and as at October 31, 2008, has granted 760,000 RSUs under the plan. Under the RSU plan, units are settled in cash based on the market value of Wi-LAN's common shares on the dates on which the RSUs vest. The accrued liability and related expense for the RSUs are adjusted to reflect the market value of the common shares at each balance sheet date. During the year ended October 31, 2008, the Company settled in cash 253,334 RSUs for $646. On November 1, 2008, the Company issued a further 300,000 RSUs under the RSU Plan in exchange for stock options surrendered (Note 11(d)).

h) Per Share Amounts

The weighted average number of common shares outstanding, as well as a reconciliation of the weighted average number of common shares outstanding used in the basic earnings per share ("EPS") computation to the weighted average number of common shares outstanding used in the diluted EPS computation, are as follows:

	2008	2007
Basic weighted average common shares outstanding	**93,505,899**	77,784,956
Effect of stock options and warrants	**-**	2,307,529
Diluted weighted average common shares outstanding	**93,505,899**	80,092,485

The effect of stock options, totalling 1,060,198 for 2008, was anti-dilutive.

12. SUPPLEMENTAL CASH FLOW INFORMATION

		2008		2007
Net interest received in cash, net included in operations	**$**	**2,510**	$	3,078
Taxes paid		**1,705**		40
Non-cash investment				
Common shares issued on acquisition		**-**		90,212
Value of stock options granted for acquired patents		**-**		521

13. 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 (Note 14).

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 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 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.

Currency risk

The Company generates revenues primarily in US dollars and incurs expenditures in Canadian and US dollars and Euros, 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.

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.

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.

14. 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 the 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, has 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.

15. 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 have 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.

16. CAPITAL DISCLOSURES

The Company considers share capital and contributed surplus as capital. The Company's objectives when managing its capital structure are to provide sufficient capital to protect the Company's patent and license portfolio, through litigation if necessary, and to support the Company's Technology Acquisition Program, which provides for the acquisition of additional patents when the right opportunities are available and such acquisitions fit the Company's strategic direction in communications and consumer electronics markets. The Company has no externally imposed capital restrictions.

The Company's Officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors are responsible for overseeing this process.

Methods used by the Company to manage its capital include the issuance of new share capital and a NCIB commenced on October 15 (Note 11(c)).

With the exception of the NCIB, the Company's capital management objectives have remained unchanged over the periods presented.

17. RECENT ACCOUNTING STANDARDS

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. On February 13, 2008, the Canadian Securities Administrators issued, for public comment, a Concept Paper proposing that listed companies be 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 Section Handbook 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.

DIRECTORS AND OFFICERS

Directors

Jim Skippen,
Chairman & CEO

Robert Bramson (2,3)

Dr. Michel Fattouche (3)

John Gillberry (1)

Bill Jenkins,
Chairman of the Governance and Nominating Committee (1,3)

Paul Richman,
Chairman of the Compensation Committee (2)

Rick Shorkey,
Chairman of the Audit Committee, Lead Independent Director (1,2)

Member of (1) Audit Committee, (2) Compensation Committee, (3) Governance and Nominating Committee

Officers

Jim Skippen,
Chairman & CEO

Shaun McEwan,
CFO

William Middleton,
Sr. VP Licensing & General Counsel

Najmul Siddiqui,
President, Wi-LAN V-chip Corporation

Prashant Watchmaker,
Corporate Secretary &
Assistant General Counsel

Jung Yee,
CTO

CORPORATE INFORMATION

STOCK EXCHANGE LISTING

THE TORONTO STOCK EXCHANGE
www.tsx.com
Symbol: "WIN"

Wi-LAN's website, www.wi-lan.com, also provides a link to the TSX website

PUBLIC FILINGS – SEDAR

Wi-LAN's publicly filed documents are available at: www.sedar.com

Wi-LAN's website, www.wi-lan.com, also provides a link to the SEDAR website

AUDITORS

PRICEWATERHOUSECOOPERS LLP

INVESTOR RELATIONS

TYLER BURNS
Director, Investor Relations & Communications

Tel: 1 613 688-4330
Fax: 1 613 688-4894
Email: tburns@wi-lan.com

LEGAL COUNSEL

McKOOL SMITH, TEXAS

TOWNSEND and TOWNSEND and CREW LLP, CALIFORNIA

TRANSFER AGENT

COMPUTERSHARE INVESTOR SERVICES INC.

COMMERCIAL BANKERS

ROYAL BANK OF CANADA

HEAD OFFICE

11 Holland Avenue, Suite 608
Ottawa, ON Canada
K1Y 4S1

Tel: 1 613 688-4900
Fax:1 613 688-4894

11 Holland Avenue, Suite 608
Ottawa, ON Canada
K1Y 4S1

Tel: 1 613 688-4900
Fax:1 613 688-4894

www.wi-lan.com