



## **SANDVINE CORPORATION**

### **MANAGEMENT INFORMATION CIRCULAR**

MARCH 11<sup>th</sup>, 2009

#### **SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (THE "INFORMATION CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY AND ON BEHALF OF MANAGEMENT OF SANDVINE CORPORATION (THE "CORPORATION") FOR USE AT THE ANNUAL MEETING OF THE SHAREHOLDERS OF THE CORPORATION (THE "MEETING") TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING (THE "NOTICE OF MEETING") OR ANY ADJOURNMENT THEREOF.** It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by or on behalf of management will be borne by the Corporation.

All dollar amounts set out in this Information Circular are expressed in Canadian dollars, unless otherwise indicated.

#### **APPOINTMENT AND REVOCATION OF PROXIES**

**THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY ARE DIRECTORS AND OFFICERS OF THE CORPORATION. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND, ACT AND VOTE FOR SUCH SHAREHOLDER AT THE MEETING OTHER THAN THOSE NAMED IN THE ENCLOSED FORM OF PROXY. A SHAREHOLDER DESIRING TO APPOINT SOME PERSON OTHER THAN THOSE NAMED IN THE ENCLOSED FORM OF PROXY TO REPRESENT SUCH SHAREHOLDER AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE ENCLOSED FORM OF PROXY AND STRIKING OUT THE NAMES OF THE TWO SPECIFIED PERSONS OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE CORPORATION, C/O COMPUTERSHARE INVESTOR SERVICES INC., THE CORPORATION'S REGISTRAR AND TRANSFER AGENT, AT 100 UNIVERSITY AVENUE, 9<sup>TH</sup> FLOOR, TORONTO, ONTARIO M5J 2Y1 (FAX: (866) 249-7775 or (416) 263-9524), BY NO LATER THAN 11:00 AM (TORONTO TIME) ON APRIL 7, 2009, OR, IN THE CASE OF ANY ADJOURNMENT OF THE MEETING, BY NO LATER THAN 5:00 PM (TORONTO TIME) ON THE SECOND BUSINESS DAY IMMEDIATELY PRECEDING THE DATE OF SUCH ADJOURNED MEETING.**

In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the offices of Computershare Investor Services Inc. as shown above at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such Meeting on the day of the Meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

## EXERCISE OF DISCRETION BY PROXIES

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY WILL VOTE THE SHARES IN RESPECT OF WHICH THEY ARE APPOINTED OR WITHHOLD FROM VOTING, AS THE CASE MAY BE, IN ACCORDANCE WITH THE DIRECTIONS OF THE SHAREHOLDERS APPOINTING THEM. IF NO DIRECTION IS MADE IN A PROXY WITH RESPECT TO ANY MATTER SET OUT THEREIN, THE PROXY WILL BE VOTED FOR EACH SUCH MATTER.

THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSON OR PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING TO WHICH THE PROXY RELATES AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. As at the date of this Information Circular, management of the Corporation knows of no such amendment, variation or other matters to come before the Meeting. However, if any other matters which are not now known to management of the Corporation should properly come before the Meeting, the shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the shares represented by such proxy.

## NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (collectively, the "meeting materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders unless non-registered holders have waived the right to receive them.

Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to the Corporation, c/o the Corporation's registrar and transfer agent, Computershare Investor Services Inc., at the address set forth in the Notice of Meeting; or
- (ii) more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service Corporation, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service Corporation in accordance with the instructions of the Intermediary or its service Corporation.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Holder who receives either form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the persons named in the proxy and insert the Non-Registered Holder or such other person's name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

A Non-Registered Holder may revoke a proxy authorization form (voting instructions) or a waiver of the right to receive meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy authorization form (voting instructions) or of a waiver of the right to receive meeting materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

### **VOTING SHARES**

As at the date of this Information Circular, the issued and outstanding capital of the Corporation consists of 135,638,221 Common Shares, each carrying the right to one vote per share at all meetings of shareholders.

The record date for the purpose of determining the shareholders entitled to receive notice of the Meeting (the "Record Date") has been fixed as March 4, 2009. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of shareholders as at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote, on all resolutions put forth at the Meeting for which such shareholder is entitled to vote, the shares shown opposite his or her name on the said list, except to the extent that: (a) the shareholder has transferred any of his or her shares after the Record Date, and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he or she owns the shares and demands, not later than five (5) days before the Meeting, that his or her name be included in the list of shareholders before the Meeting, in which case the transferee will be entitled to vote his or her shares at the Meeting. The failure of a shareholder to receive the Notice of Meeting does not deprive him or her of the right to vote at the Meeting.

On April 9, 2008 the Corporation received acceptance from the Toronto Stock Exchange of the Corporation's notice of intention to proceed with a normal course issuer bid pursuant to which the Corporation was authorized to repurchase for cancellation up to 10,152,791 of its Common Shares by way of open market transactions through the facilities of the Toronto Stock Exchange during the one year period commencing from April 11, 2008. As of the date of this Information Circular the Corporation had completed the purchase and cancellation of 1,946,683 Common Shares under this normal course issuer bid. A copy of the Corporation's notice of intention to commence the normal course issuer bid is available upon request from the Corporation's Secretary at the address given below.

### **PRINCIPAL HOLDERS OF COMMON SHARES**

As of the date of this Information Circular, the only persons to the knowledge of the Corporation's directors and executive offices who beneficially owned, controlled or directed, directly or indirectly, Common Shares of the Corporation carrying ten percent (10%) or more of the voting rights attached to all outstanding Common Shares of the Corporation and the number and percentage of outstanding Common Shares so owned, controlled or directed, were as follows:

<b><u>Name of Shareholder Beneficial Owner</u></b>	<b><u>Number of Common Shares</u></b>	<b><u>Percentage of Outstanding Common Shares</u></b>
Fidelity Management and Research Company	20,010,588*	14.75%

\* This information not being within the knowledge of the Corporation is based solely on publicly available filings available to the Corporation which may or may not be current as of the date hereof.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Presentation of Annual Report for Fiscal 2008

A copy of the Corporation's Annual Report for the year ended November 30, 2008, including the annual financial statements, the report of the auditors thereon and management's discussion and analysis, is being distributed concurrently with this Information Circular.

### 2. Election of Directors

The number of directors to be elected at the Meeting has been set by the board of directors of the Corporation (the "Board") at seven (7) in accordance with the Corporation's articles and by-laws. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed.

The table below under the heading "Nominees for Election to Board of Directors" sets forth information regarding each person proposed to be nominated for election as a director, including the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by such person or the person's associates as of the date of this Information Circular. Information as to the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by such persons, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

All of the proposed nominees presently serve as directors of the Corporation and having so served since the dates indicated. There are no contracts, arrangements or understandings between any director or executive officer or any other person pursuant to which any of the nominees has been nominated.

It is not anticipated that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy shall be entitled to vote for any other nominee in their discretion.

**If you complete and return the enclosed form of proxy, the persons designated in the enclosed form of proxy intend to vote FOR each of the proposed nominees set out herein at the Meeting, or any postponement or adjournment thereof, unless you specifically direct that your vote be withheld.**

### 3. Appointment of Auditors

On the recommendation of the audit committee of the Board, management proposes to re-appoint the current auditors of the Corporation, PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed and to authorize the Board to fix the auditor's remuneration. PricewaterhouseCoopers LLP were first appointed auditors of the Corporation for the fiscal year ended November 30, 2005.

The breakdown of aggregate fees billed for services provided by the Company's auditors, PriceWaterhouseCoopers LLP, during the two (2) preceding fiscal years is as follows:

	<u>FY 2008</u>	<u>FY 2007</u>
Audit Fees	\$ 150,106	\$ 139,500
Audit Related Fees <sup>(1)</sup>	\$ 36,000	\$ 54,000
Tax Fees <sup>(2)</sup>	\$ 7,583	\$ 28,823
All Other Fees <sup>(3)</sup>	nil	\$ 27,000

(1) - "Audit Related Fees" relate to the interim review of the Company's quarterly financial statements.

(2) - "Tax Fees" relate to fees billed by PriceWaterhouseCoopers LLP related primarily to advisory services for Canadian and international tax compliance as well as general global tax planning services.

(3) - "Other Fees" in fiscal 2007 related to services provided in connection with the preparation of a short-form prospectus by the Company.

**If you complete and return the enclosed form of proxy, the persons designated in the enclosed form of proxy intend to vote FOR the re-appointment of PricewaterhouseCoopers LLP as auditors of the Corporation and to authorize the Board to fix the auditor's remuneration, unless you specifically direct that your vote be withheld.**

**4. Other Matters**

The Corporation knows of no other matters to be brought before the Meeting. If any amendment, variation or other business is properly brought before the Meeting, the enclosed form of proxy and voting instruction confers discretion on the persons named on the form of proxy to vote on such matters in accordance with their best judgment.

## NOMINEES FOR ELECTION TO BOARD OF DIRECTORS

<b>ROGER MAGGS</b> Tetbury, UK	<b>Director and Non-Executive Chairman</b>	Director Since: <b>March 2006</b>	Common Shares: <b>Nil</b> <sup>(1)</sup> Options: <b>Nil</b> <sup>(2)</sup>
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Committee Membership: **Audit, Compensation**

Mr. Maggs is a founder and partner of Celtic House, a recognized leader in the venture capital industry. Prior to founding Celtic House, Mr. Maggs enjoyed a 27-year career with Alcan Aluminum Limited, a global metals company. He held several senior positions including Vice President, Mergers, Acquisitions and Divestments, President, Alcan Metal Marketing and Vice President, Personnel. Mr. Maggs currently sits on the boards of Cavendish Kinetics, LTX Corporation, RedMere Technology Limited, noHold Inc., Third Brigade Inc. and Movidia. Mr. Maggs has a physics degree from The University of Wales and Masters degree from Warwick Business School.

- (1) Mr. Maggs is a partner in various limited partnerships that form the Celtic House group of funds. To the knowledge of the Corporation, Celtic House Venture Partners Fund IIA LP owned less than ten percent of the outstanding Common Shares of the Corporation as of the date of this Information Circular. Mr. Maggs does not exercise control or direction over these Common Shares.
- (2) Mr. Maggs has declined to receive any option grant which forms part of the director remuneration package of the Corporation as further described below under "Director Compensation" and has, to date, declined receiving any other compensation from the Corporation for acting as non-executive Chairman of the Board other than reimbursement of out of pocket expenses. Mr. Maggs has, instead, requested that the Corporation donate \$20,000 on an annual basis to charitable and philanthropic causes in the Kitchener-Waterloo region on his behalf at the discretion of management of the Corporation.

<b>MARK GUIBERT</b> Waterloo, Ontario	<b>Director</b>	Director Since: <b>March 2006</b>	Common Shares: <b>29,366</b> <sup>(1)</sup> Options: <b>120,000</b>
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Committee Membership: **Corporate Governance, Compensation**

Mr. Guibert is the vice president of corporate marketing at Research In Motion Limited ("RIM"), where he is responsible for the strategy and implementation of corporate communication and marketing activities. Prior to joining RIM in 1997, Mr. Guibert held various senior positions in sales and international marketing with Hewlett-Packard, AT&T (NCR) and ALL Computers Inc. Mr. Guibert holds a Bachelor of Business Administration and received an MBA from York University in Toronto.

- (1) Common Shares held by the spouse of Mr. Guibert.

<b>JOHN KEATING</b> Cambridge, Ontario	<b>Director</b>	Director Since: <b>March 2006</b>	Common Shares: <b>130,000</b> Options: <b>120,000</b>
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Committee Membership: **Audit, Corporate Governance, Compensation (Chair)**

Mr. Keating is the CEO of COM DEV International Inc and a member of the Board of Directors of COM DEV. Mr. Keating was born and educated in England where he studied mechanical and production engineering at Leicester Polytechnic (now De Montfort University) under the sponsorship of Marconi Radar Systems. During the following 20 years, Mr. Keating filled a wide range of operational and management positions in high technology companies in Britain, Holland and Canada. Mr. Keating joined COM DEV in 1992, progressing from the management of major programs, business units and operations to President of COM DEV Wireless (later called COM DEV Broadband) in 1998, President of COM DEV Space in 1999 and Chief Operating Officer in 2001. In 2002, Mr. Keating was appointed CEO and has successfully refocused the firm on its core space activity, delivering sustained revenue growth and solid profitability. Mr. Keating was appointed a member of the Board of Directors of COM DEV in 2008.

<b>KENNETH TAYLOR</b> Kanata, Ontario	<b>Director</b>	Director Since: <b>December 2006</b>	Common Shares: <b>Nil</b> Options: <b>120,000</b>
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Committee Membership: **Audit (Chair)**

Mr. Taylor is currently the chief financial officer of March Networks Corporation and has more than 20 years of financial, administrative, and operational experience with various technology companies. Prior to his position with March Networks, Mr. Taylor served as chief financial officer and chief operating officer with Proshred Security International Inc., Mr. Taylor also spent nearly 10 years with Newbridge Networks Corp., and held the position of vice president finance when Newbridge was sold to Alcatel SA for US\$7 billion in 2001. Mr. Taylor is a Chartered Accountant and holds a Bachelor of Business Administration degree from St. Francis Xavier University in Nova Scotia, Canada.

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<b>STEVEN MCCARTNEY</b> Thornhill, Ontario	<b>Director</b>	Director Since: <b>April 2008</b>	Common Shares: Options:	Nil 80,000
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Committee Membership: **Corporate Governance (Chair), Compensation**

Mr. McCartney is CEO of Atria Networks LP<sup>(1)</sup>, which owns and operates one of the largest fibre-optic networks in Ontario. Mr. McCartney began his career with Bell Canada, culminating a 15 year career there as General Manager Ontario, Public Communications. Following this, he led two privately owned telecommunications services companies in the Toronto area. From 1998 to 2002, McCartney was President and CEO of the first carrier in North America to provide high-speed data, telephony and cable TV services over a fibre-to-the-home network. Since joining Atria Networks as President and CEO in 2003, Mr. McCartney has successfully led the company through a rapid expansion including multiple acquisitions.

- (1) Atria Networks is the provider of certain telecommunication and internet connectivity services to the Corporation at its Waterloo, Ontario office. The annual amounts paid by the Corporation for these services are not material.

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<b>DAVE CAPUTO</b> Waterloo, Ontario	<b>Director, President and Chief Executive Officer</b>	Director Since: <b>February 2006</b>	Common Shares: Options:	3,374,100 <sup>(1)</sup> 250,000
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Committee Membership: **N/A**

Mr. Caputo is President and Chief Executive Officer of the Corporation, and is one of the founders of the Corporation. Prior to co-founding Sandvine, Mr. Caputo was the Vice President of Marketing for PixStream. Launched in 1996, Pixstream was acquired by Cisco Systems in 2000 at which time Mr. Caputo joined Cisco Systems as Managing Director for Cisco Systems' video networking business unit. Prior to joining PixStream, Mr. Caputo was the Product Marketing Manager for Hewlett Packard's Storage Systems Division in Colorado. Mr. Caputo holds an MBA from the University of Toronto and a computer science degree from York University.

- (1) Common Shares held by The Dave Caputo Trust.

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<b>SCOTT HAMILTON</b> Waterloo, Ontario	<b>Director and Chief Financial Officer</b>	Director Since: <b>February 2006</b>	Common Shares: Options:	100,000 494,461
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Committee Membership: **N/A**

Mr. Hamilton is Chief Financial Officer of the Corporation and is responsible for managing all of the Corporation's financial functions. Mr. Hamilton has been with the Corporation since its inception and his background includes corporate financial management in various roles, including as a manager within the tax group of Ernst and Young LLP. Mr. Hamilton is a chartered accountant and holds a Bachelor of Business Administration from Wilfrid Laurier University.

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

Except as disclosed below, none of the proposed directors:

- (a) is, or has been within 10 years of the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that while acting in that capacity:
- (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the proposed director ceased to be a director, chief executive office or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any securities exemption for a period of more than 30 consecutive days; or

- (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold assets; or
- (b) has, within 10 years of the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Mr. Maggs was a director of each of the following venture-backed companies at the time such companies ceased operations and went into receivership: M10 Ltd (formerly Pen Op Ltd.), Flexion Systems Ltd. and Global Silicon Ltd..

The foregoing information as to cease trade orders, bankruptcies, and the like, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

**IN THE EVENT THAT PRIOR TO THE MEETING ANY VACANCIES OCCUR IN THE FOREGOING SLATE OF NOMINEES, THE FORM OF PROXY INCORPORATING THIS INFORMATION CIRCULAR CONFERS THE RIGHT ON THE PERSONS NAMED IN THE PROXY, IN THEIR DISCRETION, TO VOTE FOR ANOTHER PERSON OR PERSONS AS DIRECTORS.**

## STATEMENT OF EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table summarizes the compensation paid to the President and Chief Executive Officer of the Corporation and Chief Financial Officer and each of the three other executive officers who had the highest aggregate compensation for the year ended November 30, 2007 (each, a "Named Executive Officer").

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards	All Other Compensation (\$)
		Salary <sup>(1)</sup> (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Options Granted (#) <sup>(2)</sup>	
Dave Caputo <i>President, Chief Executive Officer</i>	2008	\$220,000	Nil	Nil	100,000	Nil
	2007	\$220,000	Nil	Nil	100,000	Nil
	2006	\$195,000	\$48,750	Nil	Nil	Nil
Scott Hamilton <i>Chief Financial Officer</i>	2008	\$180,000	Nil	Nil	70,000	Nil
	2007	\$180,000	Nil	Nil	60,000	Nil
	2006	\$165,000	\$41,250	Nil	200,000	Nil
Tom Donnelly <i>Executive Vice President, Marketing and Sales</i>	2008	\$195,000	\$114,138	Nil	100,000	Nil
	2007	\$195,000	\$156,000	Nil	100,000	Nil
	2006	\$195,000	\$117,000	Nil	Nil	Nil
Angelo Compagnoni <i>Senior Vice President, Sales – Americas</i>	2008	\$150,000	\$217,714 <sup>(3)</sup>	Nil	110,000	Nil
	2007	\$120,000	\$595,635 <sup>(3)</sup>	Nil	20,000	Nil
	2006	\$110,000	\$493,771 <sup>(3)</sup>	Nil	110,000	Nil
Chris Colman <i>Managing Director, EMEA Sales and Marketing</i>	2008	\$164,260 <sup>(4)</sup>	\$131,983 <sup>(3)(4)</sup>	Nil	35,000	Nil
	2007	\$165,097 <sup>(5)</sup>	\$83,727 <sup>(3)(5)</sup>	Nil	15,000	Nil
	2006	\$195,220 <sup>(6)</sup>	\$47,004 <sup>(3)(6)</sup>	Nil	15,000	Nil

Notes:

- (1) Represents the base salary in effect for such individual as of November 30<sup>th</sup> of the specified year.
- (2) Represents stock options for purchases of Common Shares of the Corporation pursuant to the Corporation's stock option plan granted during the relevant fiscal year.
- (3) Sales commissions.
- (4) Converted from British Pound Sterling at an exchange rate of \$1.91: £1.00
- (5) Converted from British Pound Sterling at an exchange rate of \$2.05: £1.00
- (6) Converted from British Pound Sterling at an exchange rate of \$2.21: £1.00

## Option Grants During the Most Recently Completed Financial Year

The following table provides information regarding options for the purchase of common shares of the Corporation granted to the Named Executive Officers during Fiscal 2008.

Name	Securities Under Options Granted (#)	Percent of Total Options Granted to Employees in Financial Year <sup>(1)</sup>	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on Date of Grant	Expiration Date
Dave Caputo	50,000 <sup>(2)</sup>	1.72%	4.05	4.05	January 23, 2018
	50,000 <sup>(2)</sup>	1.72%	1.03	1.03	July 15, 2018
Scott Hamilton	30,000 <sup>(2)</sup>	1.03%	4.05	4.05	January 23, 2018
	40,000 <sup>(2)</sup>	1.38%	1.03	1.03	July 15, 2018
Tom Donnelly	50,000 <sup>(2)</sup>	1.72%	4.05	4.05	January 23, 2018
	50,000 <sup>(2)</sup>	1.72%	1.03	1.03	July 15, 2018
Angelo Compagnoni	10,000 <sup>(3)</sup>	0.34%	4.05	4.05	January 23, 2018
	50,000 <sup>(2)</sup>	1.72%	1.03	1.03	July 15, 2018
	50,000 <sup>(3)</sup>	1.72%	1.03	1.03	July 15, 2018
Chris Colman	5,000 <sup>(3)</sup>	0.17%	4.05	4.05	January 23, 2018
	15,000 <sup>(2)</sup>	0.52%	1.03	1.03	July 15, 2018
	15,000 <sup>(3)</sup>	0.52%	1.03	1.03	July 15, 2018

Notes:

- (1) Based on a total of 2,902,175 options granted to employees and other eligible participants under the Corporation's stock option plan during the fiscal year ended November 30, 2008.
- (2) Options to purchase common shares of the Corporation subject to extended vesting provisions of 30% after 3 years, 30% after 4 years and 40% after 5 years.
- (3) Options to purchase common shares of the Corporation subject to the Corporation's standard vesting provisions of 20% after 1 year and the balance vesting in equal monthly instalments thereafter until the fifth anniversary.

## Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values

The following table sets forth, in respect of each of the Named Executive Officers, information relating to the exercise of stock options during the fiscal year ended November 30, 2008:

Name	Securities Acquired On Exercise (#)	Aggregate Value Realized (\$)	Number of Unexercised Options at November 30, 2008 (#)		Value of Unexercised in-the Money Options at November 30, 2008 <sup>(1)</sup> (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Dave Caputo	Nil	Nil	Nil	250,000	Nil	Nil
Scott Hamilton	Nil	Nil	187,794	306,667	\$10,135	\$4,800
Tom Donnelly	Nil	Nil	Nil	250,000	Nil	Nil
Angelo Compagnoni	Nil	Nil	88,500	196,500	\$5,640	\$4,560
Chris Colman	Nil	Nil	136,333	63,667	\$15,480	\$1,320

Note:

- (1) Based on a share price of \$0.75, representing the volume weighted average price of the Common Shares for the five trading days up to November 30, 2008.

## Employment Contracts for Named Executive Officers

The Corporation has entered into employment agreements with each of the Named Executive Officers, certain material terms of which are summarized below.

*Dave Caputo.* Mr. Caputo entered into an employment agreement with the Corporation effective August 31, 2001, pursuant to which Mr. Caputo is employed as President and Chief Executive Officer.

Mr. Caputo's employment agreement can be terminated by the Board at any time for cause (as defined in the employment agreement), by mutual consent, by disability (as defined in the employment agreement), and by Mr. Caputo giving the Corporation 3 months notice (or 1 month notice after a change of control) of resignation. If Mr. Caputo is terminated by the Board without cause at any time, or Mr. Caputo terminates the employment relationship for good reason (as defined in the employment agreement), then Mr. Caputo is entitled to twelve months of current salary plus the value of benefits (15% of salary) or, at the sole discretion of Mr. Caputo, salary and benefits for 12 months from the date of termination. Mr. Caputo's current salary is \$220,000 and Mr. Caputo is eligible to receive an annual bonus at the discretion of the Board.

*Scott Hamilton.* Mr. Hamilton entered into an employment agreement with the Corporation effective July 13, 2001, pursuant to which Mr. Hamilton is employed as Chief Financial Officer. Mr. Hamilton's employment agreement can be terminated by the Board at any time for cause, by mutual consent, by death or disability or by Mr. Hamilton giving the Corporation one months' notice of resignation. If Mr. Hamilton is terminated by the Board without cause at any time, then Mr. Hamilton is entitled to severance of the greater of the standards contained in the *Employment Standards Act* (Ontario) and two weeks of base pay for each completed year of service to a maximum of 12 months' pay. Mr. Hamilton's current salary is \$180,000 and Mr. Hamilton is eligible to receive an annual bonus at the discretion of the Board.

*Tom Donnelly.* Mr. Donnelly entered into an employment agreement with the Corporation effective August 31, 2001, pursuant to which Mr. Donnelly is currently employed as Executive Vice President, Sales and Marketing. Mr. Donnelly's employment agreement can be terminated by the Board at any time for cause (as defined in the employment agreement) by mutual consent, by disability (as defined in the employment agreement), and by Mr. Donnelly giving the Corporation 3 months notice (or 1 month notice after a change of control) of resignation. If Mr. Donnelly is terminated by the Board without cause at any time, or Mr. Donnelly terminates the employment relationship for good reason (as defined in the employment agreement), then Mr. Donnelly is entitled to 12 months of current salary plus the value of benefits (15% of salary) or, at the sole discretion of Mr. Donnelly, salary and benefits for twelve months from the date of termination. Mr. Donnelly's current salary is \$195,000 and Mr. Donnelly is eligible to receive a quarterly bonuses based on the Corporation's achievement of certain revenue metrics and growth targets.

*Angelo Compagnoni.* Mr. Compagnoni entered into an employment agreement with the Corporation effective July 23, 2002, pursuant to which Mr. Compagnoni is currently employed as Senior Vice-President, Sales - Americas. Mr. Compagnoni's employment agreement can be terminated at any time for cause, by mutual consent, by death or disability or by Mr. Compagnoni giving the Corporation one months' notice of resignation. If Mr. Compagnoni's employment is terminated without cause at any time, then Mr. Compagnoni is entitled to severance of the greater of the standards contained in the *Employment Standards Act* (Ontario) and two weeks of base pay for each completed year of service to a maximum of 12 months' pay. Mr. Compagnoni's salary as of the end of the fiscal year was \$150,000 and Mr. Compagnoni is eligible to receive certain commissions on revenues generated in the geographic region for which he is responsible.

*Chris Colman.* Mr. Colman entered into an employment agreement with the Corporation effective October 21, 2002, pursuant to which Mr. Colman is currently employed as Managing Director, EMEA Sales and Marketing. Mr. Colman's employment agreement can be terminated by the Board at any time for cause or by Mr. Colman giving the Corporation three months' notice of resignation. If Mr. Colman's employment is terminated by the Board without cause at any time, then Mr. Colman is entitled to notice, or severance in lieu of notice, equal to one week for each completed year of service to a maximum of 12 weeks. Mr. Colman's salary as of the end of the fiscal year was £86,000 (plus a monthly car allowance) and Mr. Colman is eligible to receive certain commissions on revenues generated in the geographical region for which he is responsible.

### **Composition of the Compensation Committee**

The compensation committee of the Board (the "Compensation Committee") consists of John Keating (Chair), Mark Guibert and Steven McCartney, with Roger Maggs as an 'ex-officio' member of the committee. All of the members of the Compensation Committee are outside and unrelated directors and

none of whom is presently, or has ever been, an employee of the Corporation. The Compensation Committee was constituted in March 2006.

## **Report on Executive Compensation**

The Compensation Committee is responsible for making recommendations for approval by the Board of Directors with respect to remuneration of executives of the Corporation including the President and Chief Executive Officer of the Corporation and those executive officers of the Corporation who report directly to the President and Chief Executive Officer (the "Executive Officers").

### ***Compensation Philosophy***

The executive compensation program consists of a combination of three components: salary and benefits; short-term incentives and long-term incentives.

The objectives of the program are:

- 1) to attract, retain and motivate quality executives;
- 2) to align the interests of executives with those of the Corporation's shareholders; and
- 3) to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

### ***Salary and Benefits***

Base salaries and benefit packages are intended to adequately remunerate executives for properly fulfilling the requirements of their position. The base salaries and benefit packages of the Executive Officers of the Corporation are believed to be competitive with similar positions with companies of comparable size in similar industries within the regions the Corporation operates. The salary for the President and Chief Executive Officer and any benefits extended to the President and Chief Executive Officer beyond those extended to all other employees of the Corporation are based on the same criteria and are reviewed and approved annually by the Board of Directors.

### ***Short Term Incentives***

Short-term incentives include either bonuses paid in the form of cash bonuses which are expressed as a percentage of the executives' annual salary or, in the case of executives engaged solely in a sales function, commissions calculated based on achievement of revenue targets. Bonuses are awarded at the discretion of the Board upon achievement of certain financial targets as well as other personal objectives.

The assessment of these accomplishments with respect to the Executive Officers, other than the President and Chief Executive Officer, is the responsibility of the President and Chief Executive Officer. The assessment of these accomplishments with respect to the President and Chief Executive Officer is the responsibility of the Board of Directors.

### ***Long-Term Incentives***

The Corporation's stock option program is intended to serve as a long-term incentive program by rewarding executives, directors and other employee participants for their contribution to increasing shareholder value. Option grants to the Executive Officers are made on the recommendation by the Compensation Committee after consultation with the President and Chief Executive Officer.

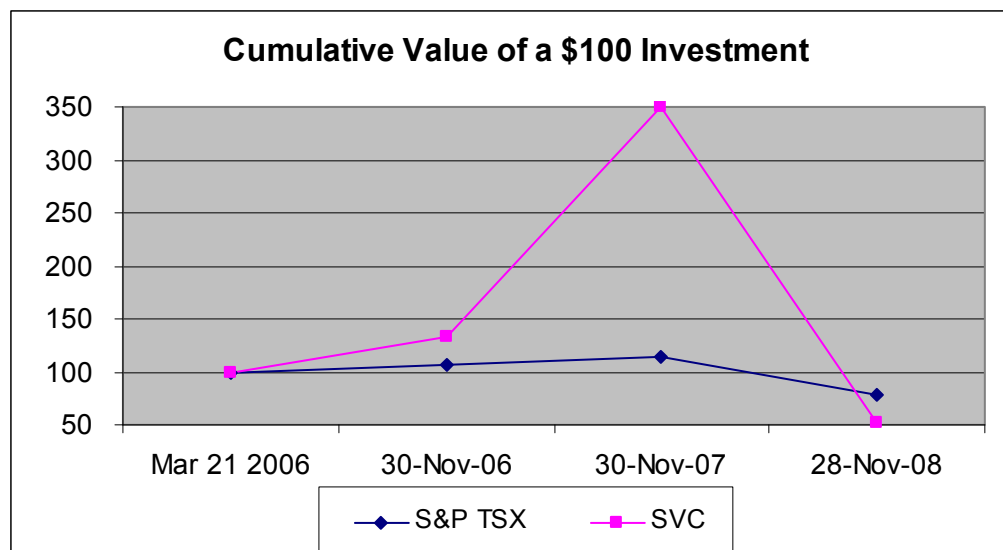
### ***CEO Compensation***

The base salary of the President and Chief Executive Officer as of the end of fiscal 2008 was fixed at \$220,000. During fiscal 2008, the compensation package of the President and Chief Executive Officer consisted of a combination of base salary and stock option grants. The Compensation Committee determines and recommends to the Board of Directors both the base salary level and each award of stock options for the President and Chief Executive Officer. All stock options awarded to the President and Chief Executive Officer during fiscal 2008 were granted subject to a delayed vesting schedule of 30% at three years, 30% at four years and the remaining 40% at five years. The Compensation Committee has recently engaged the services of The Hay Group to conduct a formal review of the current compensation structure within the Corporation, including Director compensation, and to provide benchmark data relating to executive and board compensation for companies similar to the Corporation

for the purposes of the Committee adopting a more formal compensation framework during the course of 2009.

## PERFORMANCE GRAPH

The following graph compares the cumulative shareholder return of the Common Shares of the Corporation with cumulative returns of the S&P/TSX Composite Index for the period commencing March 21, 2006 (the date of admission to trading on AIM) to November 30, 2008. The graph assumes an investment of \$100 on March 21, 2006 in the Corporation's Common Shares.



## COMPENSATION OF DIRECTORS

The directors of the Corporation, other than salaried officers, have each received an initial grant of 80,000 options to purchase Common Shares of the Corporation upon joining the Board and are entitled to receive an annual grant of an additional 20,000 options following each annual re-election to the Board. These options are granted in accordance with the terms of the Corporation's stock option plan and vest over a five year period subject, however, to an immediate vesting of any unvested options upon the occurrence of certain events, including a change in control of the Corporation, and expire after ten (10) years. Directors of the Corporation are entitled to reimbursement for expenses incurred by them in the performance of duties in their capacity as directors.

### ***Directors and Officers Insurance and Indemnification***

The Corporation has purchased insurance for the benefit of the Corporation's and its subsidiaries' directors and officers against any liability incurred by them in their capacity as directors and officers, subject to certain limitations contained in the *Business Corporations Act* (Ontario). In fiscal 2008, the policy provided coverage to directors and officers in the aggregate amount of \$10,000,000 in any policy year. The deductible under the policy ranges depending upon the type of claim up to a maximum of \$150,000 in respect of any loss by the Corporation and the annual premium under this insurance policy for the preceding year was \$82,900, which was paid by the Corporation. The by-laws of the Corporation provide for the indemnification of directors and officers from and against any liability and costs in connection with any action or suit against them in respect of the execution of their duties of office, subject to the limitations contained in the *Business Corporations Act* (Ontario), and the Corporation has entered into indemnification agreements with each of its directors.

**SECURITIES AUTHORIZED FOR ISSUANCE  
UNDER EQUITY COMPENSATION PLAN**

The following table sets out as of November 30, 2008, a summary of compensation plans under which securities of the Corporation are authorized for issuance:

<b>Plan Category</b>	Number of Securities to be issued upon exercise of outstanding options, warrants and rights  (#) <b>(a)</b>	Weighted-average exercise price of outstanding options, warrants and rights  (\$) <b>(b)</b>	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#) <b>(c)</b>
Equity compensation plans approved by security holders	9,337,528	\$2.12	4,200,641
Equity compensation plans not approved by security holders*	330,000	\$4.91	Nil
<b>Total</b>	<b>9,667,528</b>	<b>\$2.22</b>	<b>4,200,641</b>

\*This relates to a plan assumed on the acquisition of Cablematrix Technologies Inc. by the Corporation in June, 2007. No new grants have been made under this plan since the acquisition, nor are any intended, and the grants made under this plan are subject to vesting and expiry terms consistent with those under the Corporation's shareholder approved stock option plan.

**Stock Option Plan**

The Corporation adopted a stock option plan on March 7, 2006 in connection with the listing and posting for trading of our Common Shares on AIM, as amended on September 14, 2006 (the "Option Plan"). The Option Plan is open to executive officers, directors, current employees and consultants engaged by the Corporation and its subsidiaries and has been established to provide incentives to attract and retain such executive officers, directors, current employees and consultants.

Under the Option Plan, options to purchase Common Shares are granted by the Board and have an exercise price of not less than the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the day on which the option is granted. In addition the Option Plan requires that all granted options will have vesting terms, and expiry dates of up to 10 years, as determined by the Board. The maximum aggregate number of Common Shares which may be subject to options under the Option Plan is 10% of the Corporation's issued and outstanding Common Shares. The Option Plan is administered by the Board, which may alter, amend, modify or terminate the Option Plan or any option granted under the Option Plan in its sole discretion and subject to compliance with applicable securities laws and the rules of the Toronto Stock Exchange and the AIM.

**Indebtedness of Directors and Executive Officers**

No director, executive officer, proposed nominee for election as a director, either current or having held such position during fiscal 2008, or any of their respective associates and no employee, former executive officer, former director or former employee of the Corporation or its subsidiaries is, as at the date of this Information Circular, or has been, at any time since the beginning of fiscal 2008, indebted to (i) the Corporation or its subsidiaries; or (ii) another entity in respect of which the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

## **Interests in Material Transactions**

No person who has been a director or an executive officer of the Corporation, at any time since the beginning of fiscal 2008, or any proposed nominee for election as a director, or any associate or affiliate of any such director or executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as otherwise disclosed in this Information Circular. Except as otherwise disclosed in this Information Circular, no informed person, proposed nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed nominee has or had a material interest, direct or indirect, in any transaction since the beginning of fiscal 2008 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **AUDIT COMMITTEE INFORMATION**

Detailed information with respect to the Corporation's audit committee is contained under the heading "Audit Committee" in the Corporation's Annual Information Form for the financial year ended November 30, 2008 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **AVAILABILITY OF ADDITIONAL INFORMATION**

Additional financial and other information with respect to the Corporation is contained in the Corporation's audited consolidated financial statements for the period ended November 30, 2008, the Corporation's Management's Discussion and Analysis for the year ended November 30, 2008 and the Corporation's Annual Information Form dated January 15, 2009, all of which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and which may be obtained on request from the Corporation's Secretary at 408 Albert Street, Waterloo, Ontario, Canada N2L 3V3.

## **GENERAL**

The Board of Directors of the Corporation has approved the contents and the sending of this Information Circular.

Information contained herein, unless otherwise specified, is given as at March 11<sup>th</sup>, 2009.

DATED at Waterloo, Ontario this 11<sup>th</sup> day of March, 2009.



MICHAEL VERHOEVE  
General Counsel and Corporate Secretary

## SCHEDULE A

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

#### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Board of Directors and Management consider good corporate governance to be central to the effective and efficient operation of the Corporation. Management and the Board of Directors have taken significant steps with respect to corporate governance over the past year as part of the Corporation's first year as a public company and will continue to focus on improving corporate governance, increasing corporate accountability and maximizing the transparency of public company disclosure.

The following sets out the Corporation's approach to corporate governance in accordance with the Canadian Securities Administrators National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "Corporate Governance National Instrument") and National Policy 58-201 – *Corporate Governance Guidelines* (the "National Policy"), both of which came into force on June 30, 2005 and effectively replaced the Corporate Governance Guidelines of the Toronto Stock Exchange ("TSX").

#### **Board of Directors**

The National Policy recommends that boards of directors of reporting issuers be composed of a majority of independent directors. With five of seven directors considered independent by the Board, the Board of Directors is composed of a majority of independent directors. The five independent directors are: Roger Maggs, Mark Guibert, John Keating, Ken Taylor and Steven McCartney. Dave Caputo and Scott Hamilton, as executive officers of the Corporation, are not considered to be independent.

Roger Maggs is the non-executive Chairman of the Board and is considered an independent director. The primary responsibilities of the Chair are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities under its charter. The Chairman's duties include scheduling and setting the agenda for meetings of the Board and shareholders, chairing meetings of the Board and shareholders, providing input to the various committees of the Board, providing feedback to the Chief Executive Officer of the Corporation and communicating with shareholders and regulators as necessary.

The independent directors of the Board are encouraged to meet regularly without the presence of the non-independent directors. Each regularly scheduled quarterly meeting of the Board includes portions of the meeting during which non-independent directors are requested to withdraw, where appropriate, from meetings of the Board.

Currently, the following directors serve on the boards of other public companies, as listed below:

<u>Director</u>	<u>Public Company Board Membership</u>
Roger Maggs	LTX Corporation (Nasdaq)
John Keating	COM DEV International Inc. (TSX)

During fiscal 2008, the Board of Directors and its committees held the following number of meetings:

Board of Directors	8
Audit Committee	5
Compensation Committee	2*
Corporate Governance Committee	2*

\* In addition to the separately scheduled meetings, members of the Compensation Committee and the Corporate Governance Committee meet and discuss matters relevant to their respective mandates during the course of regularly scheduled meetings of the entire Board and/or Audit Committee.

The attendance of the directors at such meetings was as follows:

Director	Board	Audit Committee	Compensation Committee	Corporate Governance Committee
Roger Maggs	8 of 8	5 of 5	2 of 2	N/A
Mark Guibert	8 of 8	N/A	2 of 2	2 of 2
John Keating	7 of 8	5 of 5	2 of 2	2 of 2
Ken Taylor	7 of 8	5 of 5	N/A	1 of 1*
Steven McCartney	4 of 4*	N/A	1 of 1*	1 of 1*
Dave Caputo	8 of 8	N/A**	N/A**	N/A**
Scott Hamilton	8 of 8	N/A**	N/A**	N/A**

\* Steven McCartney was appointed to the Board in April, 2008 and his attendance reflects those meetings held after his appointment. Ken Taylor stepped down from the Corporate Governance Committee upon Mr. McCartney's appointment to that committee.

\*\* All committees of the Board are composed entirely of independent directors.

### **Mandate of the Board of Directors**

The Board of Directors is responsible for supervising the management of the Corporation's business and affairs. The Board discharges this responsibility directly and through delegation of specific responsibilities to committees of the Board, the Chairman of the Board, and the executive officers of the Corporation, all as more particularly described in the Board Mandate attached to this Information Circular as Appendix I.

### **Position Descriptions**

The Board has not yet developed written position descriptions for the Chairman of the Board or for the chair of each of the committees of the Board. The Board believes that the current charters of the various committees of the Board adequately delineate the roles of the chairs of each of those committees.

The Board had not yet developed a written position description for the Chief Executive Officer or any other executive officer position. The Chairman of the Board and the chair of the Compensation Committee each meet regularly with the Chief Executive Officer to review the role and responsibilities of the office of Chief Executive Officer.

It is the expectation of the Board that as part of its ongoing development and refinement of the corporate governance practices of the Corporation as a public company, written position descriptions for each of the Chairman, the chairs of each of the respective committees of the Board and the Chief Executive Officer

will be developed. The Corporate Governance Committee of the Board has responsibility for this initiative.

### **Orientation and Continuing Education**

Responsibility for orientation programs for new directors is assigned to the Corporate Governance Committee. In this regard, the Corporate Governance Committee's duties include ensuring the adequacy of the orientation and education program for new members of the Board. The Chairman of the Board, the Chief Executive Officer and/or the Corporate Secretary reviews with each new member: (i) certain information and materials regarding the Corporation and its business and operations; (ii) the role of the Board and its committees; and (iii) the obligations of a director of the Corporation.

The Corporate Governance Committee is also responsible for arranging continuing education for directors in order to ensure that directors maintain the skill and knowledge necessary to meet their obligations as directors. Director education sessions, including presentations from members of the senior management team of the Corporation, are scheduled to coincide with the Corporation's regular quarterly Board meetings to help directors increase their knowledge and skills in respect of the Corporation, its governance and its operations.

### **Ethical Business Conduct**

The Board has adopted the Corporation's Code of Business Conduct (the "Code") applicable to the Corporation's directors, officers and employees. A copy of the Code is available on the Corporation's website and has been filed on and is accessible through SEDAR at [www.sedar.com](http://www.sedar.com). The Code sets out in detail the core values and principles by which the Corporation is governed and addresses topics such as: honest and ethical conduct; conflicts of interest; compliance with applicable laws and the Corporation's policies and procedures; use of corporate assets and opportunities; confidentiality of corporate information; reporting responsibilities and procedures; and reporting of violations relating to the Code.

The Corporation's General Counsel is responsible for communicating the Code to directors, officers, and employees and assisting the Corporate Governance Committee in administering the Code. The Corporate Governance Committee monitors overall compliance with the Code. The General Counsel and Corporate Governance Committee report to the Board at regular quarterly meetings of the Board of Directors on any issues or concerns that have been raised in respect of the Code, provided that any issues or concerns specifically related to accounting, internal financial controls and/or auditing will be reviewed and forwarded to the Audit Committee.

In addition, as part of its internal controls procedures, the Corporation has established an anonymous reporting procedure to encourage employees, officers and directors to raise concerns regarding matters covered by the Code (including accounting, internal controls or auditing matters) on a confidential basis free from discrimination, retaliation or harassment.

In addition, the Corporation has established an internal process to identify any potential non-arm's length or related party transaction involving the Corporation and any director, officer or member of senior management.

### **Nomination of Directors**

The Corporate Governance Committee is responsible for establishing the qualifications for the Directors and for the procedures for identifying possible nominees to the Board. The Corporate Governance Committee is composed entirely of independent directors.

### **Compensation for Directors and Officers**

The Compensation Committee is responsible for recommending to the Board the compensation for directors, the Chief Executive Officer and the executive officers of the Corporation who report directly to

the Chief Executive Officer. The objective of the Compensation Committee is to set compensation which is competitive for the markets in which the Corporation operates and which reinforces the creation of long-term shareholder value. The Compensation Committee seeks to ensure that base salaries, short-term incentives and long-term incentives reflect individual performance in the context of the overall performance of the Corporation, as measured by achievement of the Corporation's goals for revenue growth, profitability, share price appreciation and corporate initiatives undertaken during the year. The Compensation Committee is composed entirely of independent directors.

Further information regarding the activities and recommendations of the Compensation Committee is provided in the section "Executive Compensation" included earlier in this Information Circular.

### **Other Board Committees**

In addition to the Audit Committee and the Compensation Committee, the Board of Directors has also established the Corporate Governance Committee, which includes the responsibilities of a nominating committee. In addition to its nominating responsibilities, the Corporate Governance Committee is responsible for assisting the Board of Directors in fulfilling its corporate governance oversight responsibilities.

### **Assessments**

The Corporate Governance Committee is responsible for assessing the effectiveness of the Board as a whole and the committees of the Board. The Committee anticipates adopting an annual assessment process to evaluate the effectiveness and contribution of the Board, its committees and individual directors.

## APPENDIX I

### **SANDVINE CORPORATION BOARD OF DIRECTORS MANDATE**

#### **1. PURPOSE**

1. The members of the Board of Directors have the duty to supervise the management of the business and affairs of the Company. The Board, directly and through its committees and the Chairman of the Board shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Company.

#### **2. MEMBERSHIP, ORGANIZATION AND MEETINGS**

1. General - The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; residency requirements; quorum requirements; meeting procedures and notices of meetings are as established by the Ontario *Business Corporations Act* and the by-laws of the Company.
2. Independence - The Board shall establish independence standards for the directors in accordance with Applicable Requirements (as defined below), and, at least annually, shall affirmatively determine the independence of each director in accordance with these standards. Unless as a result of a short-term vacancy in a position on the Board, at all times no less than fifty percent of the directors shall be independent in accordance with these standards.
3. Access to Management and Outside Advisors - The Board shall have unrestricted access to the Company's management and employees. The Board shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation of these advisors without consulting or obtaining the approval of any Company officer. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.
4. Corporate Secretary and Minutes - The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.
5. Meetings Without Management - The Board shall, at least twice per year, hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

#### **3. EXPECTATIONS OF DIRECTORS**

1. Attendance at Meetings
  - a. Every Director shall prepare for and attend (absent extenuating circumstances) all scheduled meetings of the Board and meetings of committees of the Board on which the Director serves.

- b. It may be necessary to hold Board meetings by phone from time to time. Although participation in person when meetings are scheduled to be held in person is encouraged, when circumstances prevent a Director from attending a scheduled meeting in person, that Director shall make every effort to participate in the meeting by phone.
2. Preparation for Meetings
- a. Directors will need to set aside adequate time to read and absorb the materials provided to them in advance of any meeting of the Board and any meeting of committees on which the Director serves. Preparation time will vary according to the complexity of the materials.
3. Participation in Meetings
- a. Directors will be expected to participate fully and frankly in the deliberations and discussions of the Board and its committees. They must apply informed and reasoned judgment to each issue that arises and express opinions, ask further questions and make recommendations that they think are necessary or desirable. The Director acts directly, not by proxy, either in person or sometimes by written resolution. Each Director has an equal say with each of the other Directors.

#### 4. FUNCTIONS AND RESPONSIBILITIES

The Board shall have the functions and responsibilities set out below. In addition to these functions and responsibilities, the Board shall perform such duties as may be required by the binding requirements of any stock exchanges on which the Company's securities are listed and all other applicable laws (collectively, the "**Applicable Requirements**").

1. Strategic Planning
- a. Strategic Plans - At least annually, the Board shall review and, if advisable, approve the Company's strategic planning process and short- and long-term strategic plan prepared by management. In discharging this responsibility, the Board shall review the plan in light of management's assessment of emerging trends, the competitive environment, risk issues, and significant business practices and products.
  - b. Business Plans - The Board shall review and, if advisable, approve the Company's annual business plans.
  - c. Monitoring - At least annually, the Board shall review management's implementation of the Company's strategic and business plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.
2. Risk Management
- a. General - The Board shall, with the assistance of the Audit Committee, review the factors identified by management in its annual and interim disclosures as factors that may affect future financial results and review the strategies identified by management to manage these factors.

- b. Review of Controls - The Board shall, with the assistance of the Audit Committee, review the internal, financial, non-financial and business control and information systems that have been established by management and review the standards of corporate conduct that management is applying to these controls.
3. Human Resource Management
- a. General - At least annually, the Board shall, with the assistance of the Compensation Committee, review the Company's approach to human resource management and executive compensation.
  - b. Succession Review - At least annually, the Board shall, with the assistance of the Compensation Committee and the Corporate Governance Committee, as applicable, review the Chairman of the Board, the Chief Executive Officer and the senior management succession plans of the Company.
  - c. Integrity of Senior Management - The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other senior management.
4. Corporate Governance
- a. General - At least annually, the Board shall review the Company's approach to corporate governance.
  - b. Director Independence - At least annually, the Board shall evaluate the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.
5. Financial Information
- a. General - At least annually, the Board shall, with the assistance of the Audit Committee, review the Company's internal controls relating to financial information and reports provided by management on material deficiencies in, or material changes to, these controls.
  - b. Integrity of Financial Information - The Board shall, with the assistance of the Audit Committee, review the integrity of the Company's financial information and systems, the effectiveness of internal controls and management's assertions on internal control and disclosure control procedures.
6. Communications
- a. General - At least annually, the Board in conjunction with the Chief Executive Officer shall review the Company's overall communications strategy, including measures for receiving feedback from the Company's shareholders.
  - b. Disclosure - At least annually, the Board shall review management's compliance with the Company's disclosure policies and procedures. The Board shall, if advisable, approve material changes to the Company's disclosure policies and procedures.
7. Committees of the Board

- a. Board Committees - The Board has established the following committees of the Board: the Compensation Committee and the Audit Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.
  - b. Committee Mandates - The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee.
  - c. Delegation to Committees - The Board has delegated for approval or review the matters set out in each Board committee's mandate to that committee.
  - d. Consideration of Committee Recommendations - As required, the Board shall consider for approval the specific matters delegated for review to Board committees.
  - e. Board/Committee Communication - To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after each meeting of the committee.
- 5. DIRECTOR ORIENTATION AND EVALUATION**
1. Each new director shall participate in the Company's initial and any ongoing orientation program.
  2. At least annually, the Board shall evaluate and review the performance of the Board, each of its committees, each of the directors and the adequacy of this mandate.

**Adopted by the Board of Directors February 17, 2006.**