



SANDVINE CORPORATION

MANAGEMENT INFORMATION CIRCULAR

MARCH 7th, 2011

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 AND SPECIAL 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, 9TH FLOOR, TORONTO, ONTARIO M5J 2Y1 (FAX: (866) 249-7775 or (416) 263-9524), BY NO LATER THAN 11:00 AM (TORONTO TIME) ON APRIL 4, 2011, 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 137,635,909 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 2, 2011. 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.

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:

<u>Name of Shareholder Beneficial Owner</u>	<u>Number of Common Shares</u>	<u>Percentage of Outstanding Common Shares</u>
Fidelity (through various related entities)	13,976,640*	10.15%

* 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 2010

A copy of the Corporation's annual financial statements for the fiscal year ended November 30, 2010, the report of the auditors thereon and the accompanying management's discussion and analysis has been mailed to all registered shareholders and intermediaries and will be submitted to Shareholders at the meeting. Copies of each are also available on www.sedar.com.

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 2010</u>	<u>FY 2009</u>
Audit Fees	\$ 157,377	\$ 161,871
Audit Related Fees ⁽¹⁾	\$ 45,900	\$ 36,000

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

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. Amendments to the Option Plan

In accordance with the rules and policies of the Toronto Stock Exchange ("TSX"), Shareholder approval is required for certain amendments to the Corporation's stock option plan as adopted on March 7, 2006 and amended on September 14, 2006 (the "Option Plan"). Accordingly, at the Meeting, the holders of Common Shares will be asked to consider, and if deemed advisable, to approve, with or without variation, a resolution (the "Option Resolution") authorizing amendments to the Option Plan to (a) further restrict the grant of options that may be made under the Option Plan to, and other share compensation arrangements of the Corporation that may be entered into with, non-executive directors; (b) extend the expiry of options following a Blackout Period (as defined below); (c) amend the Option Plan's amending procedures to comply with TSX rules affecting option plans; and (d) certain other changes of an administrative or housekeeping nature.

The text of the Option Resolution is set out below and the full text of the proposed amended Option Plan is attached as Schedule "B".

Amendment to Limits on Non-Executive Director Participation

The Corporation has proposed, subject to approval of the TSX and approval of the holders of Common Shares, an amendment to the Option Plan to further restrict the grant of options to non-executive directors that may be made under the Option Plan. More specifically, no options would be permitted to be granted to any non-executive director if either (i) the number of shares reserved for issuance to such non-executive director under the Option Plan, or any other share compensation arrangements of the Corporation, would exceed 0.75% of the then issued and outstanding Common Shares or (ii) the aggregate value of options granted under the Option Plan to, or any other share compensation arrangements of the Corporation entered into with, such non-executive director during any fiscal year of the Corporation, would exceed \$100,000. For the purposes of the Option Plan, "value" will be defined to mean, on any date, the amount of the expense associated with the grant of an option or share compensation arrangement, as applicable, as determined in accordance with Canadian generally accepted accounting principles (as determined in accordance with the Black-Scholes option pricing model) and reflected in the financial statements of the Corporation.

Amendment to Extend the Expiry of Options following Blackout Periods

As part of the Corporation's good corporate governance practices, the Corporation may self-impose periods from time to time during which the Corporation's employees, officers, directors and certain other persons are restricted from trading securities of the Corporation, including exercising options ("**Blackout Periods**"). The TSX recognizes that these Blackout Periods might result in options expiring unexercised as a result of option holders being prohibited from exercising expiring options. As a result, the TSX provides a framework for extending the exercise period for options that would otherwise expire during a Blackout Period. Accordingly, the Option Plan will be amended such that, should the expiry date of any vested option fall on or within ten business days immediately following a Blackout Period, the expiry date of such an option will automatically be extended to the tenth business day following the expiration of the Blackout Period.

Amendment to Amendment Procedures of the Option Plan

The Option Plan's amending procedures currently allow the Option Plan to be amended or discontinued by the Board subject to any approval required by applicable laws and, to the extent any such amendment or discontinuance adversely affects existing rights of any participant under the Option Plan, the consent

of that participant. Under TSX rules, if a plan does not have specific amendment procedures, then every amendment will require specific shareholder approval, even simple housekeeping amendments.

The Corporation's proposed amendment procedures would require the approval of Shareholders for the following changes to the Option Plan or options granted under it:

- (a) any amendment to the maximum number of Common Shares in respect of which options may be granted under the Option Plan;
- (b) any amendment that would reduce the exercise price at which options may be granted under the Option Plan;
- (c) any amendment increasing or deleting the percentage limits relating to Common Shares issuable or issued to insiders of the Corporation;
- (d) any amendment extending the term of any outstanding option beyond ten years, subject to any applicable extension with respect to a Blackout Period;
- (e) any amendment that would reduce the exercise price of an outstanding option (other than as may result from general anti-dilution adjustments provided for in the Option Plan); and
- (f) any amendment to the amendment provisions of the Option Plan.

The Corporation's proposed amendment procedures would provide that the Board may, without the approval of Shareholders, but subject to requisite approval as required by the TSX, make all other amendments to the Option Plan that are not contemplated above, including without limitation:

- (a) amendments of a housekeeping nature (such as a change to correct an immaterial inconsistency or clerical omission or a change to update a routine administrative provision such as contact information);
- (b) a change in the vesting provisions of an option or the Option Plan;
- (c) a change to the termination provisions of an option or the Option Plan which does not entail an extension beyond ten years (as may be extended as result of any Blackout Period); and
- (d) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction in the number of underlying securities from the Option Plan's reserve.

Administrative and Housekeeping Amendments

The Option Plan currently requires that notices of the grant of options be sent to eligible participants and that an exercise notice be sent to the Corporation in order to effect an exercise of options. The proposed amendments clarify that these notices can be provided electronically, consistent with current accepted practice. The Option Plan currently contains certain provisions pre-dating the initial public offering of the Corporation which contemplate an initial public offering by the Corporation. As the Corporation has completed its initial public offering these provisions are no longer relevant and therefore the proposed amendments delete them.

The Board of Directors has determined that the proposed amendments to the Option Plan are advisable as it believes that (i) in the case of the amendment to further limit non-executive director participation, such amendment is consistent with the Corporation's option grant practices and is appropriate to codify in the Option Plan; (ii) in the case of the amendment to extend the expiry of options following a Blackout Period, such amendment is fair and reasonable and supportive of good governance practices; (iii) in the case of the amendment of the provisions governing amendment of the Option Plan, such amendment will conform the amendment provisions with the current market practice and with the guidance of the TSX; and (iv) in the case of the administrative and housekeeping amendments, such amendments are consistent with the Corporation's practices.

Pursuant to the policies of the TSX, approval of the Option Resolution by a majority of the votes cast at the Meeting is required and, as a result, the shareholders will be asked at the Meeting to approve these amendments.

For further details on the terms of the Option Plan, please see the discussion under "*Stock Option Plan*" below.

If you complete and return the enclosed form of proxy, the persons designated in the enclosed form of proxy intend to vote FOR the following resolution:

Now Therefore, Be it resolved that:

1. The proposed option plan amendments, all as more particularly described under the heading "Amendment of the Option Plan" in the Corporation's management information circular dated March 7, 2011, are hereby approved.

2. Any one officer or director of the Corporation is authorized to do all such acts and things and to execute such other documents, whether under the corporate seal of the Corporation or otherwise, that may be necessary to give effect to these resolutions.

5. 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

ROGER MAGGS Tetbury, UK	Director and Non-Executive Chairman	Director Since: March 2006	Common Shares: Options:	Nil ⁽¹⁾ Nil ⁽²⁾
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Committee Membership: **Audit, Corporate Governance**

Mr. Maggs joined the Board as chairman on March 7, 2006. 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-Credence 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) As a result of internal policies with Celtic House Venture Partners, up until the end of the Corporation's fiscal year ended November 30, 2010, Mr. Maggs has historically 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 had, previously, 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. Historically, 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. Effective December 1, 2010, Mr. Maggs has commenced receiving the standard compensation provided by the Corporation to Directors, as further detailed under "Director Compensation" below.

MARK GUIBERT Waterloo, Ontario	Director	Director Since: March 2006	Common Shares: Options:	29,366 ⁽¹⁾ 158,000
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Committee Membership: **Corporate Governance, Compensation**

Mr. Guibert joined the Board on March 7, 2006. 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 his Masters degree in Business from York University in Toronto.

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

JOHN KEATING Cambridge, Ontario	Director	Director Since: March 2006	Common Shares: Options:	130,000 158,000
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Committee Membership: **Audit, Corporate Governance, Compensation (Chair)**

Mr. Keating joined the Board on March 7, 2006. Mr. Keating is the former CEO of COM DEV International Inc and a former 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 of ComDev and held that position until 2010.

KENNETH TAYLOR **Director** Director Since: **December 2006** Common Shares: Nil
Kanata, Ontario Options: 158,000

Committee Membership: **Audit (Chair)**

Mr. Taylor joined the Board on December 5, 2006. 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.

STEVEN MCCARTNEY **Director** Director Since: **April 2008** Common Shares: Nil
Thornhill, Ontario Options: 118,000

Committee Membership: **Corporate Governance (Chair), Compensation**

Mr. McCartney joined the Board on April 8, 2008. Mr. McCartney is the President and Chief Executive Officer of Bering Media Inc., a developer of technology to support geo-location based advertising on web-search results pages. Mr. McCartney was formerly a Partner of Tequity Inc., a mergers and acquisition advisory firm which provides services to North American software, hardware, telecom, internet and information technology companies. 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. From 2003 until 2010, Mr. McCartney was President and CEO of Atria Networks LP, which owns and operates one of the largest fibre-optic networks in Ontario, where he successfully led the company through a rapid expansion including multiple acquisitions.

DAVID CAPUTO **Director, President and** Director Since: **February 2006** Common Shares: 3,336,972⁽¹⁾
Waterloo, Ontario **Chief Executive Officer** Options: 530,767

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) 3,314,100 of these Common Shares are held by The Dave Caputo Trust and 22,872 are held by Mr. Caputo in his Employee Share Purchase Plan account.

SCOTT HAMILTON **Director and** Director Since: **February 2006** Common Shares: 8,881
Waterloo, Ontario **Chief Financial Officer** Options: 547,728

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.

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.

COMPENSATION DISCUSSION and ANALYSIS

For the purposes of the following Compensation Discussion and Analysis (“CD&A”) for the fiscal year ended November 30, 2010, the Named Executive Officers (the “NEOs”) to whom this CD&A relate are as follows:

David Caputo – President and CEO
Scott Hamilton – Chief Financial Officer
Tom Donnelly – Executive Vice President, Sales and Marketing
Brad Siim – Chief Operating Officer and Vice President, Engineering
Don Bowman – Chief Technology Officer

Compensation Philosophy and Objectives

The Corporation’s executive compensation philosophy is to provide a compensation framework that will retain and attract high-performing executive talent and provide motivation for them to deliver on the Corporation’s long-term strategic results and create exceptional value to business and, ultimately, the shareholders of the business.

With this philosophy in mind, the Corporation believes that the compensation program adopted should meet the following objectives:

- A portion of compensation should be “at risk” and subject to the achievement of set targets which create a “pay for performance” culture;
- The program should be designed to communicate and focus executives on key business metrics and other values that are important to shareholder’s long-term interests;
- The program should support the desired organizational culture of the Corporation;
- The program should provide the opportunity for significant compensation if significant results are achieved; and
- The program must be competitive in the markets in which the Corporation competes for executive talent.

Process for Determining Executive Compensation

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 independent and unrelated directors and none of whom is presently, or has ever been, an employee of the Corporation. 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 and those executive officers of the Corporation who report directly to the President and Chief Executive Officer, including each of the NEOs.

The Compensation Committee retained The Hay Group to assist it with an Executive Compensation Review during the course of fiscal 2009 (the “2009 Compensation Review”). The Corporation had not conducted any similar study or review since its initial public offering in March 2006. The mandate of the 2009 Compensation Review was to examine the following compensation elements of each of the NEOs, as well as the Vice-President and General Counsel of the Corporation, and to benchmark those elements against similar data from an agreed upon list of comparable companies: base salary; actual annual bonus, total cash compensation, present value of long term incentives and total direct compensation.

Comparator Group

For the purposes of the 2009 Compensation Review, the Corporation used a combination of similarly sized publicly traded technology companies located in North America that compete in similar markets as well as

several technology companies with head offices in Waterloo, Ontario where the Corporation's head office is located. In assessing the market data, the Compensation Committee placed particular emphasis on the Canadian based comparable data, which, on average, reflected lower compensation levels and was believed to be more reflective of the competitive market in which the Corporation currently competes for the majority of its executive talent.

The list of comparable companies which was examined consisted of the following:

Riverbed Technologies, Inc.	Starent Networks	Packeteer Inc.
Acme Packet Inc.	Network Equipment Technologies Inc.	Sunrise Telecom Inc.
Numerex Corp.	EndWave Corp.	Dalsa Corp.
March Networks Corp.	The Descartes Systems Group Inc.	MKS Inc.
Q9 Networks Inc.	Redline Communications Group Inc.	Bridgewater Systems Corp.
DragonWave Inc.		

Role of Management in Compensation Process

During the course of designing the overall compensation program and setting annual Executive Compensation, the Compensation Committee draws upon the expertise of its members and the input of its outside advisor, The Hay Group, but also seeks input from the President and Chief Executive Officer and each of the Corporation's Chief Financial Officer and General Counsel from time to time. In the course of conducting the 2009 Compensation Review, the Compensation Committee held several meetings with representatives from The Hay Group and reviewed several reports and peer group studies prepared by The Hay Group. The President and Chief Executive Officer participated in these meetings, but held no vote in the ultimate decisions with respect to recommendations to be brought before the Board of Directors. No other members of management participated in the meetings of the Compensation Committee.

Elements of Executive Compensation for Fiscal 2010

For fiscal 2010, the Compensation Committee used the same structure and approach as established by the 2009 Compensation Review, with some minor adjustments to individual components as reflected below. The Compensation Committee did not seek updated data on market comparables or percentile comparisons for fiscal 2010.

As in fiscal 2009, the "2010 Executive Compensation Program" consisted of a combination of three components: base salary; short-term incentives and long-term incentives. In determining target levels of compensation, the Compensation Committee set an objective of attempting to structure the 2010 Executive Compensation Program such that the total on target cash compensation and total overall compensation available to be earned by each NEO would fall within the 45th to 50th percentile of each of the respective comparables for each NEO as was determined in the 2009 Compensation Review.

Base Salary

Base salaries are intended to adequately remunerate the NEOs for properly fulfilling the requirements of their position. The results of the 2009 Compensation Review indicated that the base salary compensation of each of the NEOs was below median compensation levels within the Corporation's peer group and considered uncompetitive in the market. Accordingly, certain adjustments were made to the base salaries of each of the NEOs during the course of fiscal 2009, as set out in the summary data presented below.

For fiscal 2010, consistent with a base salary freeze implemented across the Company as part of its fiscal 2010 budget setting in late 2009, there were no increases to any of the base salaries of the NEOs.

Short Term Incentive ("STI")

The 2010 Executive Compensation Program includes “at risk” short-term incentives in the form of an on-target cash bonus component for each NEO to be awarded at the discretion of the Board of Directors upon achievement of certain financial targets as well as other personal objectives.

For fiscal 2010, the Compensation Committee established the following structure and objectives for the NEO short-term incentive program:

David Caputo, President and CEO - maximum STI as a percentage of base salary = 50%

	Measure	Relative Weighting	Assessed Achievement in FY 10
Financial Metrics* (50% of Total)	Annual Revenue Objectives	20%	16%
	Non-GAAP Earnings Objectives	10%	10%
	Net Earnings (GAAP) Objectives	10%	10%
	Cashflow Objectives	10%	10%
Non-Financial Metrics (50% of Total)	Employee Satisfaction Measure	7.5%	7.5%
	Customer Satisfaction Measure	15%	15%
	Social Responsibility Objectives	7.5%	7.5%
	Strategic Deliverables set by the Board of Directors	20%	20%
TOTAL		100%	96%

* each of the Financial Metrics includes a sliding scale range of objectives up to the maximum relative weighting

Scott Hamilton, Chief Financial Officer - maximum STI as a percentage of base salary = 25%

	Relative Weighting	Assessed Achievement in FY10
Achievement of CEO STI Objectives	70%	67.2% (96% x 70%)
Three (3) individual objectives as set by the Compensation Committee and the CEO	10% each (total 30%)	27%
TOTAL	100%	94.2%

Brad Siim, Chief Operating Officer - maximum STI as a percentage of base salary = 25%

	Relative Weighting	Assessed Achievement in FY10
Achievement of CEO STI Objectives	70%	67.2% (96% x 70%)
Three (3) individual objectives as set by the Compensation Committee and the CEO	10% each (total 30%)	27%
TOTAL	100%	94.2%

Don Bowman, Chief Technology Officer - maximum STI as a percentage of base salary = 25%

	Relative Weighting	Assessed Achievement in FY10
Achievement of CEO STI Objectives	70%	67.2% (96% x 70%)
Three (3) individual objectives as set by the Compensation Committee and the CEO	10% each (total 30%)	23%
TOTAL	100%	90.2%

Tom Donnelly, EVP Marketing and Sales *

	Percentage of Base Salary Payable Upon Achievement	Assessed Achievement in FY10
Quarterly Revenue Growth Objectives (both Q on Q growth and Y on Y grow)	Up to 60% (up to 15% per quarter)	45%
Gross Margin Objectives	Up to 40% (up to 10% per quarter) plus additional accelerators for exceeding certain margin levels	20%
Annual Revenue Target	40%	40%

* Mr. Donnelly's overall compensation structure and short-term incentive program varies from the format for the other NEOs and is designed to reflect his role as Executive Vice President of Marketing and Sales.

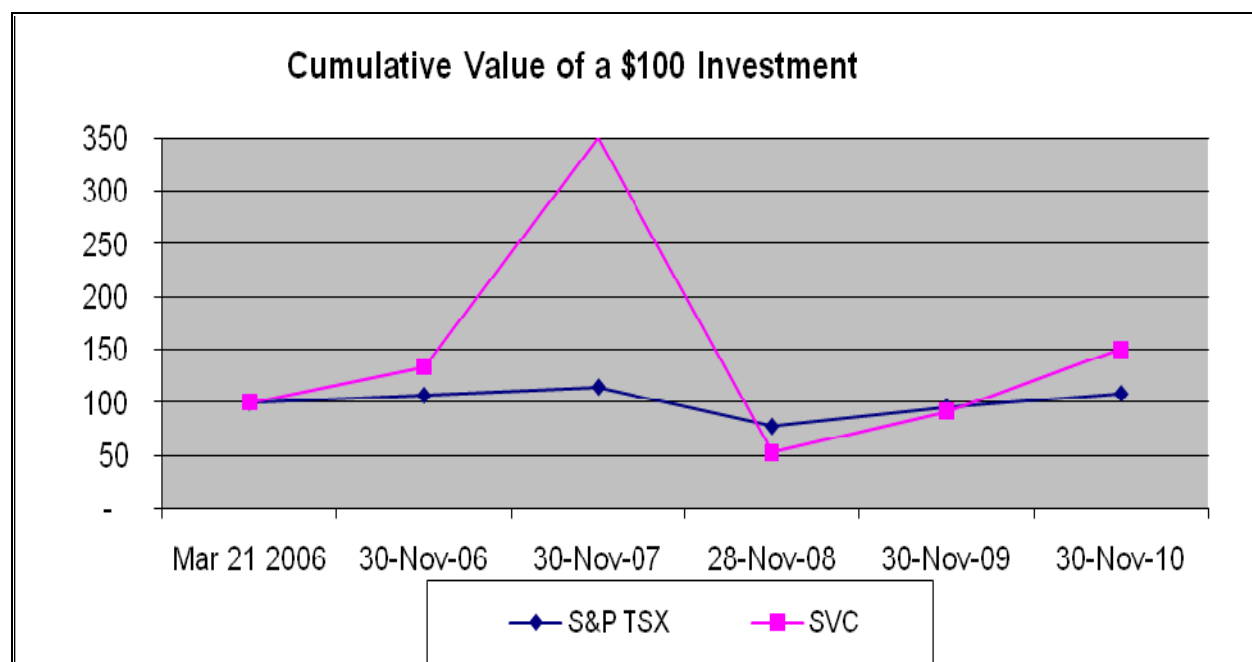
Long-Term Incentive

The long-term incentive component of the 2010 Executive Compensation Program is satisfied through use of the Corporation's stock option program. The Corporation believes that the use of options together with a reasonable vesting schedule provides an effective way to align the long-term compensation of executives with appreciation of shareholder value while also serving a retention objective. Option grants to each of the NEOs are made on the recommendation by the Compensation Committee to the Board of Directors. The quantum of individual option grants to each NEO under the 2010 Executive Compensation

Program is based on a targeted value for the long-term incentive component of the overall compensation for each NEO, which is then used to determine an actual number of options to be recommended to the Board of Directors, based on the fair market value of the options as of the date of grant using the Black-Scholes valuation model.

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, 2010. The graph assumes an investment of \$100 on March 21, 2006 in the Corporation's Common Shares.



Summary Compensation Table

The following table summarizes the compensation paid to the NEOs for the year ended November 30, 2010.

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Annual Incentive Plans (Non-Equity) (\$)	All Other Compensation (\$)	Total Cash Compensation (\$)	Option Based Awards ⁽²⁾ (\$)	Total Compensation (\$)
Dave Caputo <i>President, Chief Executive Officer</i>	2010	\$252,500	\$136,800	\$10,100 ⁽⁴⁾	\$399,400	\$252,534	\$651,934
	2009	\$252,500	\$38,885	\$1,683 ⁽⁴⁾	\$293,068	\$264,180	\$557,248
	2008	\$220,000	Nil	Nil	\$220,000	\$193,500 ⁽⁵⁾	\$413,500
Scott Hamilton <i>Chief Financial Officer</i>	2010	\$198,000	\$46,629	\$3,960 ⁽⁴⁾	\$248,589	\$86,734	\$335,323
	2009	\$198,000	\$13,613	\$660 ⁽⁴⁾	\$212,273	\$101,850	\$314,123
	2008	\$180,000	Nil	Nil	\$180,000	\$125,000 ⁽⁵⁾	\$305,000
Tom Donnelly <i>Executive Vice President, Marketing</i>	2010	\$195,000	\$204,750 ⁽³⁾	Nil	\$399,750	\$135,366	\$535,116
	2009	\$195,000	\$165,059 ⁽³⁾	Nil	\$360,059	\$160,230	\$520,289
	2008	\$195,000	\$114,138 ⁽³⁾	Nil	\$309,138	\$193,500 ⁽⁵⁾	\$502,638

<i>and Sales</i>							
Don Bowman <i>Chief Technology Officer</i>	2010 2009 2008	\$242,000 \$242,000 \$220,000	\$54,571 \$16,638 Nil	Nil Nil Nil	\$296,571 \$258,638 \$220,000	\$135,366 \$160,230 \$193,500 ⁽⁵⁾	\$431,937 \$418,868 \$413,500
Brad Siim <i>Chief Operating Officer and Vice President Engineering</i>	2010 2009 2008	\$242,000 \$242,000 \$220,000	\$56,991 \$16,638 Nil	Nil Nil Nil	\$298,991 \$258,638 \$220,000	\$135,366 \$160,230 \$193,500 ⁽⁵⁾	\$434,357 \$418,868 \$413,500

Notes:

- (1) Represents the base salary in effect for such individual as of November 30th of the specified year.
(2) Option based award values are calculated at their fair market value as of the date of grant, based on the Black-Scholes valuation model, which model is used by the Corporation because it is widely recognized in the investment industry and accepted under Canadian GAAP.

For the purposes of valuing the option based awards above, the following Black-Scholes values were used per option granted (which amounts may not correspond exactly to the accounting fair value used in the Corporation's financial statements):

Grant Date	Strike Price	Black-Scholes Value Used Above
January 23, 2008	\$4.05	\$2.98
July 15, 2008	\$1.03	\$0.89
January 22, 2009	\$0.79	\$0.69
July 16, 2009	\$1.06	\$0.93
January 21, 2010	\$1.41	\$1.14
July 15, 2010	\$1.82	\$1.40

- (3) The annual short-term incentive component of Mr. Donnelly's compensation is based on the achievement of specific revenue and gross margin targets under an annual sales incentive plan, in light of Mr. Donnelly's role as the EVP of Marketing and Sales.
(4) Consists of contributions made by the Corporation to the purchase of shares under the Corporation's Employee Share Purchase Plan, which contributions are consistent with the level available to all employees who choose to participate under the Plan.
(5) On November 30, 2009, each of the NEO's surrendered the options granted to him on January 23, 2008, which amounted to one-half of the total number of options granted to him during fiscal 2008.

Incentive Plan Awards

The following table summarizes all option-based awards outstanding as of November 30, 2010 for each of the Named Executive Officers:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	
				Vested	Unvested
Dave Caputo	50,000	1.03	July 8, 2018	Nil	62,500
	50,000	0.79	January 22, 2019	Nil	74,500
	232,000	1.06	July 16, 2019	Nil	283,040
	99,000	1.41	January 21, 2020	Nil	86,130
	99,767	1.82	July 15, 2020	Nil	45,893
Scott Hamilton	40,000	0.63	May 1, 2013	66,000	Nil
	84,461	0.63	April 1, 2015	139,360	Nil
	200,000	2.43	July 10, 2016	Nil	Nil
	40,000	1.03	July 8, 2018	Nil	50,000
	40,000	0.79	January 22, 2019	Nil	59,600
	75,000	1.06	July 16, 2019	12,200	79,300
	34,000	1.41	January 21, 2020	Nil	29,580
34,267	1.82	July 15, 2020	Nil	15,763	
Tom Donnelly	50,000	1.03	July 8, 2018	Nil	62,500
	50,000	0.79	January 22, 2019	Nil	74,500
	127,000	1.06	July 16, 2019	Nil	154,940
	53,000	1.41	January 21, 2020	Nil	46,110
	53,533	1.82	July 15, 2020	Nil	24,625
Don Bowman	50,000	1.03	July 8, 2018	Nil	62,500
	50,000	0.79	January 22, 2019	Nil	74,500
	127,000	1.06	July 16, 2019	Nil	154,940
	53,000	1.41	January 21, 2020	Nil	46,110
	53,533	1.82	July 15, 2020	Nil	24,625
Brad Siim	50,000	1.03	July 8, 2018	Nil	62,500
	50,000	0.79	January 22, 2019	Nil	74,500
	127,000	1.06	July 16, 2019	Nil	154,940
	53,000	1.41	January 21, 2020	Nil	46,110
	53,533	1.82	July 15, 2020	Nil	24,625

Notes:

(1) This value is based on a \$2.28 closing price of the common shares of the Corporation on the TSX on November 30, 2010.

The following table summarizes the value of all incentive plan awards vested or earned for each Named Executive Officer during the fiscal year ended November 30, 2010:

Name	Option Based Awards Value Vested during the Year ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation Value Earned during the Year (\$)
Dave Caputo	Nil	\$136,800
Scott Hamilton	\$6,794	\$46,629
Tom Donnelly	Nil	\$204,750 ⁽²⁾
Don Bowman	Nil	\$54,571
Brad Siim	Nil	\$56,991

Notes:

(1) This value is based on the difference between the market price of the underlying securities and the exercise price for those securities as of the vesting date.

(2) The annual short-term incentive component of Mr. Donnelly's compensation is based on the achievement of specific revenue and gross margin targets under an annual sales incentive plan, in light of Mr. Donnelly's role as the EVP of Marketing and Sales.

Termination and 'Change in Control' Benefits for Executive Officers

Each Named Executive Officer is a party to a written employment agreement with the Corporation which contains provisions generally consistent with those signed by all employees of the Corporation in the areas of confidentiality and intellectual property rights assignments. In addition to these standard covenants, each NEO is subject to a two (2) year non-solicitation and non-competition covenant. The employment agreements of each NEO also provide for a notice of termination period equal to twelve (12) months, which may, at the option of either the Corporation or the NEO be satisfied by way of a cash payment in lieu of such notice period together with the average annual short-term incentive earned by the NEO during the preceding three (3) fiscal years. In the event of termination of the employment of any NEO within a period of twelve (12) months following a change in control of the Corporation, the NEO is also entitled to an accelerated vesting of all unvested stock options as of such time.

The following chart provides details of the estimated incremental amounts payable to, and, in the case of accelerated option vesting, realizable value on exercise of such accelerated options, each of the Named Executive Officers in the event of termination of employment as of November 30, 2010.

Name	Resignation or Termination with Cause (\$)	Termination without Cause (\$)	Termination without Cause within 12 months following a Change in Control (\$)¹
Dave Caputo	Nil	\$377,158	\$929,220
Scott Hamilton	Nil	\$228,121	\$462,364
Tom Donnelly	Nil	\$356,316	\$718,991
Don Bowman	Nil	\$277,604	\$640,279
Brad Siim	Nil	\$278,814	\$641,489

Notes:

(1) This value is based on a \$2.28 closing price of the common shares of the Corporation on the TSX on November 30, 2010.

COMPENSATION OF DIRECTORS

As of October 2009, the Corporation adopted a non-executive director compensation model that consists of a combination of cash payments and long-term incentives in the form of stock option grants. This model was arrived at after consideration of a director compensation review study prepared by The Hay Group at the request of the Corporate Governance Committee during 2009. There are no additional "per meeting" fees payable under this model.

The cash portion of the director compensation consists of the following:

Annual Board Member Retainer	\$26,000
Board Chair	\$16,000
Audit Committee Chair	\$12,000
Audit Committee Member	\$6,000
Compensation Committee Chair	\$8,000
Compensation Committee Member	\$4,000
Corporate Governance Committee Chair	\$6,000
Corporate Governance Committee Member	\$3,000

In addition, the long-term incentive component consists of an annual award of stock options to each non-executive director having a grant date fair value of \$30,000, calculated in accordance with the Black-Scholes

valuation model. The Board of Directors has adopted an administrative practice that, in the event that the actual Black-Scholes valuation determined a grant date fair value of less than \$1.50 per option, the Corporation will use a minimum value of \$1.50 per option in determining the number of options to be granted, such that the annual grant to any one director under this compensation model would not exceed 20,000 options in any year. In addition to the annual option grant, the non-executive director compensation model provides that each new non-executive director to join the Board of Directors would be entitled to an initial option grant equal to two times what the otherwise annual option grant would be at that time for a non-executive director. All 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 also entitled to reimbursement for expenses incurred by them to attend meetings and otherwise incurred in the performance of duties in their capacity as directors.

The following chart sets out the compensation paid to each of the Corporation's non-executive directors during the fiscal year ended November 30, 2010.

Name	Fees Earned (\$)	Option Based Awards ⁽¹⁾ (\$)	Total (\$)
Roger Maggs	N/A ⁽³⁾	N/A ⁽³⁾	N/A ⁽³⁾
John Keating	\$43,000	\$30,000	\$73,000
Mark Guibert	\$33,000	\$30,000	\$63,000
Steven McCartney	\$36,000	\$30,000	\$66,000
Ken Taylor	\$38,000	\$30,000	\$68,000

Notes:

(1) Option based award values are calculated at their fair market value as of the date of grant, based on the Black-Scholes valuation model, which model is used by the Corporation because it is widely recognized in the investment industry and accepted under Canadian GAAP. The Black-Scholes valuation used in the above calculation was \$1.67 per option granted.

(2) Mr. Maggs has previously declined to receive any portion of the annual director remuneration package of the Corporation and has, to November 30, 2010, 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. Mr. Maggs has commenced receiving regular Director compensation as detailed above effective as of December 1, 2010.

The following table summarizes all option-based awards outstanding as of November 30, 2010 for each of the non-executive directors of the Corporation:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in- the-money Options ⁽¹⁾ (\$)
Roger Maggs	N/A	N/A	N/A	N/A
John Keating	80,000	1.52	March 21, 2016	4,053
	20,000	6.59	July 12, 2017	Nil
	20,000	1.03	July 8, 2018	13,334
	20,000	1.06	April 17, 2019	16,673
	18,000	2.15	April 13, 2020	2,340
Mark Guibert	80,000	0.63	June 21, 2015	132,000
	20,000	6.59	July 12, 2017	Nil
	20,000	1.03	July 8, 2018	13,334
	20,000	1.06	April 17, 2019	16,673
	18,000	2.15	April 13, 2020	2,340
Steven McCartney	80,000	1.62	April 16, 2018	25,520
	20,000	1.06	April 17, 2019	16,673
	18,000	2.15	April 13, 2020	2,340

Ken Taylor	80,000	2.53	January 31, 2017	Nil
	20,000	6.59	July 12, 2017	Nil
	20,000	1.03	July 8, 2018	13,334
	20,000	1.06	April 17, 2019	16,673
	18,000	2.15	April 13, 2020	2,340

Notes:

(1) This value is based on a \$2.28 closing price of the common shares of the Corporation on the TSX on November 30, 2010.

The following table summarizes the value of all incentive plan awards vested for each non-executive director of the Corporation during the fiscal year ended November 30, 2010:

Name	Option Based Awards Value Vested during the Year ⁽¹⁾ (\$)
Roger Maggs	N/A
John Keating	\$15,739
Mark Guibert	\$20,819
Steven McCartney	\$10,383
Ken Taylor	\$9,619

Notes:

(1) This value is based on the difference between the market price of the underlying securities and the exercise price for those securities as of the vesting date.

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 2010, the policy provided coverage to directors and officers in the aggregate amount of \$20,000,000 in any policy year. The deductible under the policy ranges depending upon the type of claim up to a maximum of \$100,000 in respect of any loss by the Corporation and the annual premium under this insurance policy for the preceding year was \$71,000, 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, 2010, a summary of compensation plans under which securities of the Corporation are authorized for issuance:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (#) (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#) (c)
Equity compensation plans approved by security holders	10,091,404	\$1.57	3,606,693
Equity compensation			

plans not approved by security holders ¹	305,833	\$4.91	Nil
Total	10,397,237	\$1.67	3,513,173

Notes:

(1) 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

As of the date of this Information Circular, there are 9,334,097 options outstanding under the Option Plan (representing 6.8% of currently outstanding common shares). In addition, as of the date of this Information Circular, the number of options outstanding under compensation plans not approved by security holders has reduced from 305,833 to 302,500 (representing 0.2% of currently outstanding common shares).

The Corporation adopted the 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 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. Unless otherwise specified by the Board, the standard vesting schedule applied to all options granted under the Option Plan is for twenty percent (20%) to vest on the one year anniversary of the date of grant and the remaining eighty percent (80%) to vest in equal monthly amounts over the following 48 month period thereafter so that one hundred percent (100%) will have vested on the five (5) year anniversary of the date of grant. All options granted under the Option Plan are non-assignable and non-transferable, except by will or under applicable laws of succession.

In the case of termination of employment of any optionholder for cause, all granted options then held by such person shall immediately terminate as of the date of termination of employment. In the case of termination of employment of any optionholder as a result of death or incapacity, all granted options then held by such person shall terminate as of the earlier of the expiry date for such options or one (1) year from the date of death or incapacity, as the case may be. In all other cases where the employment of any optionholder is terminated for reason other than cause, death or incapacity, all granted options then held by such person shall terminate as of the earlier of the expiry date for such options or the date thirty (30) days following the last day of employment of such person.

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, which, as of the date of this Information Circular would be 13,763,590 options issuable under the Option Plan. The total number of Common Shares issuable to all Insiders of the Corporation, at any time, under the Plan (and all other security based compensation arrangements of the Corporation), may not exceed 10% of the Corporation's then issued and outstanding Common Shares and the total number of Common Shares issued to all Insiders of the Corporation, within any one year period, under the Plan (and all other security based compensation arrangements of the Corporation), may not exceed 10% of the Corporation's then issued and outstanding Common Shares. Further, the total number of Common Shares issued to any one individual (including an Insider), at any time, under the Plan (and all other security based compensation arrangements of the Corporation), may not exceed 5% of the Corporation's then 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. The Board may, subject to any necessary regulatory approval, at its discretion from time to time, amend the Option Plan and the terms and conditions of any stock option granted under the Option Plan and, without limiting the generality of the foregoing, may make such amendment for the purpose of complying with any changes in any relevant law, rule, regulation, regulatory requirement or requirement of any stock exchange or over-the-counter market applicable to the Option Plan, any stock option granted under the Option Plan or the shares reserved for issuance under the Option Plan.

Employee Share Purchase Plan

During fiscal 2009 the Corporation adopted an employee share purchase plan (the "ESPP") in order to give employees the opportunity to participate in the growth of the Corporation and help further align the interests of employees with the long-term growth objectives of the Corporation. All employees, including the Named Executive Officers, who have completed a minimum period of service of six (6) months are eligible to participate in the ESPP. Under the ESPP, each participant is entitled to contribute up to eight (8) percent of his or her regular base salary to the ESPP through payroll deduction. The Corporation matches the employee's contributions to the ESPP at a rate of fifty percent. These combined contributions are held in trust by the Corporation's trustee under the ESPP and then used to purchase common shares of the Corporation in the open market through the Toronto Stock Exchange on a regular basis. No shares are issued from treasury in respect of the ESPP. The ESPP is administered on behalf of the Corporation by Canadian Western Trust in conjunction with Solium Capital. All common shares purchased with the portion of the contributions contributed by the Corporation are subject to a two year vesting period conditional upon continued employment and continued holding of the corresponding shares. All expenses related to the purchase of common shares under the ESPP are paid by the Corporation, while all expenses related to the sale of shares from the ESPP are paid by the participant. The Corporation may amend, suspend or terminate the ESPP at any time.

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 2010, 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 2010, 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 2010, 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 2010 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, 2010 filed on SEDAR at 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, 2010, the Corporation's Management's Discussion and Analysis for the year ended November 30, 2010 and the Corporation's Annual Information Form dated January 13, 2011, all of which are available on SEDAR at 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 7th, 2011.

DATED at Waterloo, Ontario this 7th day of March, 2011.



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-Credence Corporation (Nasdaq)

During fiscal 2010, the Board of Directors and its committees held the following number of meetings:

Board of Directors	8
Audit Committee	4
Compensation Committee	3*
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	4 of 4	N/A	2 of 2
Mark Guibert	8 of 8	N/A	3 of 3	2 of 2
John Keating	8 of 8	4 of 4	3 of 3	2 of 2
Ken Taylor	8 of 8	4 of 4	N/A	N/A
Steven McCartney	8 of 8	N/A	3 of 3	2 of 2
Dave Caputo	8 of 8	N/A*	N/A*	N/A*
Scott Hamilton	8 of 8	N/A*	N/A*	N/A*

** 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. 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.

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

During the course of fiscal 2010, the Corporate Governance Committee conducted a formal survey of the members of the Board to assess the effectiveness of the Board as a whole and the committees of the Board. The Committee is acting upon the feedback and results from this survey to pursue several initiatives during the course of the current fiscal year.

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.

Schedule B

SANDVINE CORPORATION (the "Company")

STOCK OPTION PLAN

March 7th, 2006 (as amended April 20th, ~~2006 and further amended~~2006, September 14, 2006 and
•, 2011)

The purpose of this Stock Option Plan (the "Plan") is to allow the Company to maximize its investments by allowing its investee companies to attract, retain and motivate Eligible Participants (as hereinafter defined) and to advance their interests by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Company.

1. Definitions

For the purposes of this Plan, capitalized terms used herein and not otherwise defined shall have the meanings set out in Schedule "A" attached hereto.

2. Previously Issued and Outstanding Stock Options Continued

It is acknowledged that certain stock options that were issued and outstanding under the Amended and Restated Stock Option Plan of Sandvine Incorporated dated as of September 1, 2005 were exchanged for Stock Options issued under this Plan pursuant to Option Exchange Agreements that were executed and delivered by certain optionholders in connection with a capital reorganization of Sandvine Incorporated.

3. Shares Reserved for Issuance

(a) The total number of Shares Reserved for Issuance under the Plan (and all other security based compensation arrangements of the Company) shall be unlimited; provided, however, that the total number of Shares Reserved for Issuance under the Plan shall not at any time exceed 10% of the Company's then issued and outstanding Shares. Subject to the foregoing and any necessary regulatory or shareholder approval, the Board shall have the full discretion to fix, increase or decrease, from time to time, the total number of Shares Reserved for Issuance under the Plan. For greater certainty, any increase in the issued and outstanding Shares will result in an increase in the available number of Shares available under the Plan and any exercise of Stock Options will make new Shares Available under the Plan. For greater certainty, this also represents, for U.S. income tax purposes, the aggregate number of shares that may be issued under options pursuant to the separate stock option plan.

(b) Notwithstanding 3(a), no Stock Options shall be granted to any Participant if such grant could result, at any time, in:

- (i) ~~The~~the total number of Shares ~~Reserved for Issuance~~issuable to all Insiders, ~~at any time,~~ under the Plan (and all other security based compensation arrangements of the Company), ~~shall not exceed~~exceeding 10% of the Company's then issued and outstanding Shares;
 - (ii) ~~The~~the total number of Shares ~~Reserved for Issuance~~issued to all Insiders, within any one year period, under the Plan (and all other security based compensation arrangements of the Company), ~~shall not exceed~~exceeding 10% of the Company's then issued and outstanding Shares;
 - (iii) The total number of Shares Reserved for Issuance to any one Service Provider (including an Insider), ~~at any time,~~ under the Plan (and all other security based compensation arrangements of the Company), ~~shall not exceed~~exceeding 5% of the Company's then issued and outstanding Shares;
 - ~~(iv)~~ the aggregate number of Shares Reserved for Issuance to any one Non-Executive Director under this Plan or any other share compensation arrangements of the Company exceeding 0.75% of the then issued and outstanding Shares; or
 - ~~(v)~~ the aggregate Value of Stock Options granted under this Plan to, or any other share compensation arrangements entered into with, any one Non-Executive Director during any fiscal year of the Company exceeding \$100,000.
- ~~(c)~~ (b) It is the intention of the Corporation that the Plan be treated, for U.S. income tax purposes, as a separate stock option plan with respect to its U.S. Participants only. Stock Options issued to U.S. Participants under this separate stock option plan shall be treated as incentive stock options, as defined in section 422 of the Internal Revenue Code and the regulations promulgated thereunder.

4. Granting of Stock Options

- (a) The Board may from time to time, in its discretion and upon considering the recommendation of the board of directors of Sandvine Incorporated, determine those Eligible Participants to whom Stock Options are to be granted, the number of whole Shares in respect of which each Stock Option may be exercised, and the exercise price for the Shares underlying a Stock Option, and shall grant Stock Options in accordance with such determination. In considering those Eligible Participants to whom Stock Options are to be granted and the number of whole Shares in respect of which each Stock Option may be exercised, the Board shall consider such factors as it considers relevant, including, without limitation, the value of each such Eligible Participant's present and potential contribution to the success of the Company and its investee companies.

- (b) The award of a Stock Option to an Eligible Participant at any time shall neither entitle such Eligible Participant to receive nor preclude such Eligible Participant from receiving a subsequent Stock Option.
- (c) The Plan does not provide a guarantee against any loss or with respect to any profit that may result from fluctuations in the value or price of the Shares.
- (d) Following the approval by the Board of the granting of a Stock Option to an Eligible Participant, the Secretary of the Company ~~shall forward~~ may send or make available to the Eligible Participant a Notice of Grant substantially in the form attached hereto as Schedule "B", a copy of the Plan (on the first grant of a Stock Option and any subsequent grant of a Stock Option) and any other relevant documentation required by law.
- (e) No Optionholder, nor his or her legal representatives, legatees or distributees will be, or will be deemed to be, a shareholder of the Company in connection with the Shares underlying his or her Stock Options unless and until such Stock Options are exercised in accordance with the terms of the Plan and share certificates representing such Shares have been delivered to the Optionholder.
- (f) Any Stock Option granted under the Plan shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the Shares subject to such Stock Option, or the Stock Option itself, upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Stock Option or the issuance or purchase of Shares thereunder, such Stock Option may not be granted, accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval has been effected or obtained on conditions acceptable to the Board, acting reasonably.
- (g) Notwithstanding anything in this Plan, (i) the Company shall not be required to issue any Stock Option, or any Shares subject to a Stock Option, to a person unless such issuance is exempt from prospectus and registration requirements under applicable securities legislation and (ii) the Company's obligation to issue Shares to an Optionholder pursuant to the exercise of a Stock Option shall be subject to receipt from the Optionholder of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Company or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities legislation of any jurisdiction.

5. Terms and Conditions of Stock Options

- (a) **Number of Shares - Expiration or Termination of Stock Options**

Stock Options shall not be granted under the Plan for a number of Shares in excess of the maximum number of Shares Reserved for Issuance, provided that if any Stock Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of which the Stock Option expired or terminated shall again be available for issuance under the Plan.

(b) Expiry and Vesting

- (i) Subject to Section 5(c), the Expiry Date of a Stock Option shall be the tenth (10th) anniversary of the Date of Grant, unless otherwise fixed by the Board by resolution at the time the particular Stock Option is granted and set forth in the Notice of Grant, or as otherwise provided for in an Option Exchange Agreement, provided that such date shall not be later than the tenth (10th) anniversary of the Date of Grant. Notwithstanding the foregoing, if the Expiry Date should otherwise be determined to occur either during a period in which the holder of the Stock Option is restricted from trading in securities of the Company under the insider trading policy or other similar policy of the Company or within ten Business Days following such a period, the Expiry Date shall be deemed to be the date that is the tenth Business Day following the date of expiry of such period (a "Blackout Extension").
- (ii) The Vesting Date of a Stock Option shall be the date, dates or the date of satisfaction of the vesting event or events so fixed by the Board by resolution at the time the particular Stock Option is granted, or as otherwise provided for in an Option Exchange Agreement, subject to amendment from time to time in accordance with the terms hereof.
- (iii) Unless otherwise fixed by the Board by resolution pursuant to Subsection 5(b)(ii) above, Stock Options shall vest over a five (5) year period and may be exercised in whole or in part at any time from time to time as follows:

Period	Number of Shares represented by Stock Option that are Vested
Prior to first anniversary of Date of Grant	Nil
On or after the first anniversary of the Date of Grant	20%
On or after the thirteenth (13 th) month following the Date of Grant and on or after every one (1) month period thereafter	1 ² / ₃ %

- (iv) Notwithstanding anything to the contrary contained in this Plan, the Board may, to the extent that there are sufficient Shares Reserved for Issuance, authorize the grant of a Stock Option as at a future effective date, conditionally or unconditionally, and in such event (provided that the conditions thereto are satisfied in the event of a conditional authorization) the grant shall occur on such future effective date and the Date of Grant shall be deemed to be such future effective date.

(c) **Termination of Stock Option**

Any Stock Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the day immediately following the Expiry Date. Notwithstanding Section 5(b) hereof, the Expiry Date of a Stock Option shall be determined as follows:

- (i) **Death** - The Expiry Date of a Stock Option held by an Optionholder which had vested prior to his or her death shall be the earlier of the expiry date shown on the relevant Notice of Grant and the first (1st) anniversary of his or her death. Stock Options which are outstanding but unvested prior to an Optionholder's death shall immediately terminate and become null, void and of no effect upon the death of the Optionholder.
- (ii) **Incapacity** - In the event that an Eligible Participant who is an employee is terminated due to Incapacity, then the Expiry Date of a Stock Option which had vested on or prior to the date such person is terminated for Incapacity shall be the earlier of the expiry date shown on the relevant Notice of Grant and the first (1st) anniversary of the date of termination for Incapacity. Stock Options which are outstanding but unvested on the date of termination for Incapacity shall immediately terminate and become null, void and of no effect.
- (iii) **Termination for Cause** - If an Eligible Participant who is an employee is terminated for cause, all vested and unvested Stock Options held by such Eligible Participant shall immediately terminate and become null, void and of no effect on the date on which the Company, or any of its Affiliates, gives a notice of termination for cause to such Eligible Participant.
- (iv) **Termination** - Should a person cease to be an Eligible Participant for any reason other than death, termination for cause or Incapacity, then the Expiry Date of a Stock Option which had vested on the date such person ceases to be an Eligible Participant (the "**Cessation Date**"), shall be the earlier of the expiry date shown on the relevant Notice of Grant and the date thirty (30) days following the Cessation Date. Stock Options which are outstanding but unvested on the Cessation Date shall immediately

terminate and become null, void and of no effect on the Cessation Date. For greater certainty, for the purposes of this Plan an Eligible Participant's employment or service shall be deemed to have terminated on the last day of his or her actual and active employment or service whether such day is selected by agreement with the individual, unilaterally by the employer or the Company and whether with or without advance notice, and no period of notice that is or ought to have been given under any applicable law in respect of such termination of employment or service will be utilized in determining the Cessation Date.

(v) For greater certainty:

(A) if an Eligible Participant who is an employee ceases to be an employee, then Section 5(c)(ii), Section 5(c)(iii) and Section 5(c)(iv), as applicable, shall apply to any Options that the Eligible Participant received pursuant to an Option Exchange Agreement or otherwise under this Plan; and

(B) Stock Options of an Optionholder who is an employee shall not be affected by any change of employment or position of the Optionholder or by the Optionholder ceasing to be a director of the Company or an Affiliate where the Optionholder continues to be employed on a full-time basis by the Company or an Affiliate.

(vi) **Discretion of Board** - Notwithstanding Section 5(c)(i), Section 5(c)(ii), Section 5(c)(iii) and Section 5(c)(iv) above, but subject to Section 5(b)(i) hereof, and subject to the laws, rules and regulations of any applicable public agencies and authorities and regulatory approvals, the Board may, by prior notice to any Optionholder or his or her legal representative, in its sole discretion but upon considering the recommendation of the board of directors of Sandvine Incorporated, extend the Expiry Date of any Stock Options in whole or in part.

(d) **Exercise Price**

The exercise price for the Shares underlying a Stock Option shall be the Exercise Price.

(e) **Assignment of Stock Options**

(i) Stock Options (and any rights thereunder) shall not be assignable or transferable otherwise than by will or pursuant to the laws of succession or descent and distribution (subject to Section 5(c)(i), and in which case, only if such transfer is exempt from prospectus and registration requirements under applicable securities legislation).

(f) **Adjustments**

In the event that the number of outstanding common shares of the Company is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, or in the event of a capital reorganization, reclassification or change of the Shares (each a “**Capitalization Event**”), then (i) the number and/or kind of Shares reserved under this Plan and (ii) the Exercise Prices of and the number and/or kind of Shares subject to outstanding Options shall be adjusted accordingly in the manner and amount determined by the Board, subject to any required action by the Board or the shareholders of the Company and compliance with any laws, rules, regulations and requirements, provided however that no fractional Shares or other security shall be issued upon the exercise of any Stock Option and accordingly if, as a result of a Capitalization Event, an Optionholder would become entitled to a fractional Share or other security, such Optionholder shall have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

(g) **Substitution Events and Change of Control**

(i) In the event of (i) a Change of Control or (ii) a reverse or three cornered merger or amalgamation in which the common shares of the Company outstanding immediately preceding the merger or amalgamation are converted by virtue of the merger or amalgamation into other property, whether in the form of securities of another corporation, cash or otherwise (each a “**Substitution Event**”), then any surviving corporation or acquiring corporation shall assume any Stock Option outstanding under the Plan or shall substitute similar stock options (including an award to acquire the same consideration paid to the securityholders in the transaction effecting the Substitution Event) for those outstanding under the Plan. In the event any surviving corporation or acquiring corporation refuses to assume such Stock Options or to substitute similar stock options for those outstanding under the Plan, then with respect to Stock Options held by Optionholders, the vesting of such Stock Options (and, if applicable, the time during which such Stock Option may be exercised) shall, at the discretion of the Board, be accelerated in full, and the Stock Option shall terminate if not exercised (if applicable) at or prior to such event. No fractional Shares or other security shall be issued upon the exercise of any Stock Option and accordingly, if as a result of a Substitution Event, an Optionholder would become entitled to a fractional Share or other security, such Optionholder shall have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

- (ii) Notwithstanding anything else to the contrary herein, in the event of a potential Change of Control, the Board shall have the power, in its sole discretion, to modify the terms of this Plan and/or the Stock Options (including, for greater certainty, to cause the vesting of all unvested Stock Options) to assist the Optionholders to tender into a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board shall have the power, in its sole discretion, to permit Optionholders to conditionally exercise their Stock Options, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of such take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 5(g) is not completed within the time specified therein (as the same may be extended), then notwithstanding this Section 5(g)(ii) or the definition of "Change of Control": (i) any conditional exercise of vested Stock Options shall be deemed to be null, void and of no effect, and such conditionally exercised Stock Options shall for all purposes be deemed not to have been exercised, and (ii) Stock Options which vested pursuant to this Section 5(g) shall be returned by the Optionholder to the Company and reinstated as authorized but unissued Shares and the original terms applicable to such Stock Options shall be reinstated.
- (iii) If the Board has, pursuant to the provisions of Section 5(g)(ii), permitted the conditional exercise of Stock Options in connection with a potential Change of Control, then the Board shall have the power, in its sole discretion, to terminate immediately following actual completion of such Change of Control and on such terms as it sees fit any Stock Options not exercised (including all unvested Stock Options).

6. Exercise of Stock Options

(a) Exercise of Stock Option

A Stock Option may be exercised only by the Optionholder or by his or her legal representative. A Stock Option may be exercised in whole or in part in respect of a whole number of Shares at any time or from time to time during the Exercise Period by delivering to the Company: (i) an Exercise Notice substantially in the form attached hereto as Schedule "C" (or alternatively providing equivalent notice of exercise by any other method made available by the Company, including electronically), and (ii) cash or a certified cheque or bank draft (or an uncertified cheque if determined appropriate by an officer of the Company, other than an officer exercising the Stock Option in question) payable to the Company in an amount equal to the aggregate exercise price of the Shares to be purchased pursuant to the exercise of the Stock Option (the "Exercise Funds"). No

fractional Shares may be purchased or issued upon the exercise of any Stock Option.

(b) **Issue of Shares**

As soon as practicable following the receipt of the Exercise Notice, the Company shall deliver to the Optionholder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Stock Option, the Company shall attach thereto a memorandum of the number of Shares in respect of which the Stock Option has been exercised and shall return a written notice to the Optionholder concurrently with the delivery of the aforesaid Share certificate stating the number of Shares which remain to be purchased under the Stock Option.

(c) **Conditions on Issue**

(i) The issue of Shares by the Company pursuant to the exercise of any Stock Option is subject to compliance with the laws, rules and regulations of all public agencies and authorities applicable to the issuance and distribution of such Shares and to the requirements of any Stock Exchange on which the Shares may be listed or quoted. The Optionholder agrees: (i) to comply with all such laws, rules, regulations and requirements, (ii) to furnish to the Company any information, report and/or undertakings required to comply with all such laws, rules, regulations and requirements and (iii) to fully cooperate with the Company in complying with such laws, rules, regulations and requirements.

~~(ii) Despite the foregoing, in the event that, in connection with an IPO, an underwriter or a public agency, authority, stock exchange or over the counter market requires that any Stock Option be amended to increase the Exercise Price and/or reduce the number of Shares subject thereto, the Company may proceed with such amendments only with: (i) the consent of the Optionholder, or (ii) upon payment to such Optionholder of an amount equal to the value foregone at the date thereof which shall, in the case of an increase in price, be deemed to be the difference in price multiplied by the number of Shares subject to the Stock Option (increased by any amount necessary to compensate the Optionholder for less advantageous tax treatment) and which shall, in the case of a decrease in the number of Shares subject thereto, be deemed to be the difference in the number of Shares subject thereto multiplied by the IPO price (as determined by the Board in good faith if not readily determinable) less the Exercise Price, if positive, without duplication (increased by any amount necessary to compensate the Optionholder for less advantageous tax treatment). In addition, in the case of a decreased number of Shares subject thereto, the Optionholder shall also, subject to any necessary~~

~~regulatory approvals, be granted additional options on similar terms to acquire that number of Shares by which the original entitlement has been decreased, but with an Exercise Price equal to such IPO price.~~

- (ii) ~~(iii)~~ Notwithstanding anything in this Plan, the Company shall not be required to issue any Shares to a person on exercise of any Stock Option unless such issuance is exempt from prospectus and registration requirements under applicable securities legislation.

7. Administration

The Plan shall be administered by the Board. The Board shall have the power, in addition to the other powers noted herein and where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, to:

- (a) establish policies and to adopt, prescribe, amend or vary rules and regulations for carrying out the purposes, provisions and administration of the Plan and make all other determinations necessary or advisable for its administration;
- (b) interpret and construe the provisions of the Plan and to determine all questions arising out of the Plan and any Stock Option granted pursuant to the Plan and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) determine the time or times when Stock Options will be granted and exercisable;
- (d) prescribe the form of the instruments relating to the grant, exercise and other terms of Stock Options;
- (e) subject to regulatory requirements, to make exceptions to the Plan in circumstances which the Board determines to be exceptional; and
- (f) take such other steps as it determines to be necessary or desirable to give effect to the ~~plan~~Plan and to protect the interest of the Company, subject to regulatory requirements.

The Board may at its discretion from time to time make, amend and repeal such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan, and such regulations shall form part of the Plan. The Board may appoint any director (or committee thereof), officer or employee of the Company as administrator of the Plan and delegate to such person such administrative duties and powers as it may see fit.

8. Miscellaneous

- (a) **Amendments**

The Board may, subject to any necessary regulatory approval, at its discretion from time to time, ~~amend the Plan and the terms and conditions of~~without approval by way of resolution of the holders of Shares unless otherwise stated, at any time and from time to time either prospectively or retrospectively, amend, suspend or terminate the Plan, any provision of the Plan, or any Stock Option ~~thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of complying with any changes in any relevant law, rule, regulation, regulatory requirement or requirement of any stock exchange or over the counter market applicable to the Plan, any Stock Option or the Shares, or for any other purpose which may be permitted by law, including for the purpose of completing an IPO, provided always that, except for the purpose of completing an IPO, any such amendment shall not alter the terms or conditions of, or impair any right of any Optionholder pursuant to, any Stock Option awarded prior to such amendment without the consent of the applicable Optionholder(s). For greater certainty, any amendments for the purpose of completing an IPO may include increases in the Exercise Price, reductions in the number of Shares, escrow requirements and other changes to the terms thereof without the consent of the Optionholders, subject to Section 6(c)(ii) hereof.~~granted under the Plan, provided that:

- (i) any such amendment, suspension or termination is subject to any approvals required under Applicable Law;
- (ii) no such amendment, suspension or termination shall be made at any time to the extent such action would materially adversely affect the existing rights of an Eligible Participant with respect to any then outstanding Stock Option, as determined by the Company acting in good faith, without his or her consent in writing, except to the extent required by Applicable Law; and
- (iii) any such amendment in respect of the following shall become effective only upon approval by way of resolution of the holders of Shares:
 - (A) any amendment to the maximum number of Shares specified in Section 3(a) in respect of which Stock Options may be granted under the Plan;
 - (B) any amendment that would reduce the Exercise Price at which Options may be granted below the price provided for in Section 5(d) (other than pursuant to Section 5(f) and (g));
 - (C) any amendment that would increase any of the percentage limits in Section 3(a);
 - (D) any amendment that would increase the maximum term of a Stock Option beyond ten years, subject to any applicable Blackout Extension;

(E) any amendment that would reduce the Exercise Price of an outstanding Stock Option (other than pursuant to Section 5(f) and (g)); and

(F) any amendment to this Section 8(a).

The Board may, without the approval of Shareholders, but subject to requisite approval as required by any applicable Stock Exchange, make all other amendments to the Plan that are not contemplated above, including without limitation:

(i) amendments of a housekeeping nature (such as a change to correct an immaterial inconsistency or clerical omission or a change to update a routine administrative provision such as contact information);

(ii) a change in the vesting provisions of a Stock Option or the Plan;

(iii) a change to the termination provisions of a Stock Option or the Plan which does not entail an extension beyond ten years (as may be extended as result of any Blackout Extension); and

(iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction in the number of underlying securities from the Plan's reserve.

A copy of any amendment to the Plan shall be sent to each Optionholder as soon as possible.

(b) Termination

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Stock Option or impair any right of any Optionholder pursuant to any Stock Option awarded prior to the date of such termination and notwithstanding such termination by the Company, such Stock Options and such Optionholder shall continue to be governed by the provisions of the Plan.

(c) Interpretation

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Optionholder. No member of the Board or any person acting pursuant to authority delegated to it by the Board hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith in connection with the administration, interpretation, construction or application of the Plan, and each member of the Board and each

such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

(d) **Resale Restrictions**

The Company hereby informs each Optionholder that the Stock Options and the Shares are subject to, and may be required to be held indefinitely under, applicable securities legislation and that an Optionholder may not be able to sell the Shares except in accordance with limited exemptions from the prospectus and registration requirements under applicable securities legislation.

(e) **No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

(f) **Governing Law**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

(g) **Compliance with Applicable Law, etc.**

If any provision of the Plan or any Stock Option contravenes any law or any rule, order, policy, by-law or regulation of any regulatory body or stock exchange having jurisdiction or authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith. The granting of Stock Options and the sale and delivery of Shares under this Plan shall be carried out in compliance with applicable statutes and with the applicable regulations and rules of governmental authorities and any Stock Exchange.

(h) **No Right to Continue Employment**

Nothing in the Plan or any Stock Option shall confer upon any Optionholder who is an employee any right to continue in the employ of the Company or any Affiliate of the Company or affect in any way the right of the Company or any such Affiliate to terminate his or her employment at any time; nor shall anything in the Plan or any Stock Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any such Affiliate to extend the employment of any Optionholder who is an employee beyond the time that the Optionholder would normally be retired pursuant to the provisions of any present or future retirement plan of the Company or any Affiliate or any present or future retirement policy of the Company or any Affiliate, or beyond the time at which the Optionholder would otherwise be retired pursuant to the provisions of any contract of employment with the Company or any Affiliate.

(i) No Right to Continue Provision of Services

Nothing in the Plan or any Stock Option shall confer upon any Optionholder who is not an employee any right to continue providing ongoing services to the Company or any Affiliate of the Company or effect in any way the right of the Company or any such Affiliate to terminate his, her or its contract at any time; nor shall anything in the Plan or any Stock Option be deemed or construed as an agreement, or an expression of intent, on the part of the Company or any such Affiliate to extend the time for the performance of the ongoing services beyond the time specified in the contract with the Company or any such Affiliate.

9. Agreement

The Company and every Optionholder shall be bound by the terms and conditions of the Plan by the simple delivery thereof to an Optionholder.

SCHEDULE "A"
DEFINED TERMS

"Acknowledgement and Agreement" has the meaning ascribed thereto in Section 6 hereof.

"Act" means the *Securities Act (Ontario)*, as such legislation may be amended, supplemented or replaced from time to time.

"Affiliate" means a related entity of the Company within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions*, as such instrument may be amended, supplemented or replaced from time to time.

"Applicable Law" means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and Stock Exchange Rules;

"Associate" has the meaning ascribed to it in the Act.

"Blackout Extension" has the meaning ascribed thereto in Section 5(b) hereof.

"Board" means the Board of Directors of the Company.

"Business Day" means any day of the year, other than a Saturday or Sunday or any day on which banks are required or authorized to close in Toronto, Ontario.

"Cessation Date" has the meaning ascribed thereto in Section 5(c)(iv) hereof.

"Change of Control" means:

- (a) a transaction whereby property constituting all or substantially all of the assets of the Company are sold, in one or more related transactions, to any "person" or "company" (as such terms are defined in the Act) or to a combination of persons or companies; or
- (b) an event or series of events (whether a share purchase, amalgamation, merger, reorganization, arrangement, consolidation or other business combination or otherwise), other than solely involving the Company and one or more of its Affiliate, by which any person or company is or becomes the "beneficial owner" (as defined in Section 1(5) of the Act) directly or indirectly of fifty percent (50%) or more of the combined voting power of the then outstanding securities of the Company (for greater certainty, this shall not include a public offering or private placement out of treasury); or
- (c) a formal bid or tender offer for Shares being made (other than by the Company or any Affiliate of the Company or by an employee benefit plan established or maintained by the Company or any Affiliate) as a result of

which the offeror and its affiliates would, if successful, beneficially own, directly or indirectly, fifty percent (50%) or more of the Shares then outstanding; or

- (d) any other transaction (other than a transaction solely involving the Company or any Affiliate) deemed to be a "Change of Control" by the Board for the purposes of the Plan.

"Company" means Sandvine Corporation, or any successor thereto.

"Consultant" means a person or company, other than an employee, senior officer or director of the Company, that:

- (a) is engaged to provide services to the Company or an Affiliate of the Company, other than services provided in relation to a distribution (as defined in Section 1 (5) of the Act);
- (b) provides the services under a written contract with the Company or an Affiliate of the Company; and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company,

and includes, for an individual Consultant, a company of which the individual Consultant is an employee or shareholder, and a partnership of which the individual Consultant is an employee or partner.

"Date of Grant" means the date on which a particular Stock Option is granted by the Board or, in the event of a future grant as referred to under Section 5(b) herein, such deemed date.

"Eligible Participant" means (i) an employee or former employee of Sandvine Incorporated who is resident in Ontario and who received Stock Options pursuant to an Option Exchange Agreement; and (ii) an employee, senior officer, director or Consultant of the Company or an Affiliate thereof.

"Event" means a Capitalization Event as defined in Section 5(f).

"Exercise Funds" has the meaning ascribed thereto in Section 6(a) hereof.

"Exercise Notice" means the notice respecting the exercise of any Stock Option, substantially in the form attached as Schedule "C" hereto, duly executed by the Optionholder or his or her legal representative.

"Exercise Period" means the period from the Vesting Date to the Expiry Date, both inclusive, during which a particular Stock Option may be exercised.

“Exercise Price” means with respect to a Stock Option ~~(a) prior to the Shares being listed on a Stock Exchange, such amount as the Board may determine at the time the particular Stock Option is granted and set forth in the Notice of Grant or as otherwise provided in an Option Exchange Agreement; and (b) after the Shares have been listed on a Stock Exchange,~~ the VWAP of the Shares on the Stock Exchange for the five trading days immediately preceding the relevant date.

“Expiry Date” means the date determined in accordance with Section 5(b) or Section 5(c) after which a particular Stock Option can no longer be exercised, subject to amendment in accordance with the terms hereof.

“Incapacity” for the purposes of Section 5(c) means any medical condition whatsoever which leads to the absence of the Eligible Participant from his or her job function for a continuous period of nine (9) months without the Eligible Participant being able to resume such functions on a full time basis at the expiration of such period, it being understood that unsuccessful attempts to return to work for periods under thirty (30) days shall not interrupt the calculation of the said nine (9) months.

“Insider” means an insider as defined in the Act, other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary, and includes an Associate or Affiliate of an insider.

“Involuntary Termination” means:

- (a) in respect of any employee or officer of the Company or any of its Affiliate, the occurrence of any of the following after a Change of Control:
 - (i) any express or implied termination by the Company or any of its Affiliates of an Eligible Participant’s employment which is not due to the termination of his or her employment for cause, on account of death, Incapacity, or on account of his or her retirement;
 - (ii) the assignment to an Eligible Participant of duties inconsistent with his or her position, duties, responsibilities and status immediately prior to the Change of Control, or a change in his or her position, duties, responsibilities (including reporting responsibilities), titles or offices in effect immediately prior to the Change of Control, or any removal from or any failure to re-appoint him or her to any of such positions, duties or offices;
 - (iii) any reduction of the Eligible Participant’s base salary, or any material reduction in the Eligible Participant’s bonus and incentive compensation package, vacation entitlement or employee benefits; or
 - (iv) any change in the location at which the Eligible Participant predominantly performs his or her duties without his or her consent, except for required travel on business to an extent substantially

consistent with his or her business obligations immediately prior to the Change of Control; and

- (b) in respect of the Eligible Participant who is a director of the Company (and not an employee or officer of the Company or any of its Affiliates) ceasing to be a director for any reason following a Change of Control other than as a result of voluntary resignation, death, Incapacity or his or her retirement, including for greater certainty ceasing to be a director as a result of resignation following a request therefor or following a material reduction in the director's compensation, removal or failure to be elected or appointed.

~~"IPO" means a public offering, whether on a treasury or secondary basis, or any other transaction resulting in a stock exchange listing or over the counter quotation of the Shares, and, where the context requires, includes an amalgamation, share exchange take over bid, reverse take over or other transaction having a similar result. For greater certainty, "IPO" however exclude any admission to trading on AIM, a market operated by London Stock Exchange plc;~~

"Non-Executive Director" means any director of the Company who is not an employee or officer of the Company or any Affiliate;

"**Notice of Grant**" means the notice respecting the granting of any Stock Option, substantially in the form attached as Schedule "B" hereto, duly executed by the Secretary of the Company.

"**Optionholder**" means an Eligible Participant or former Eligible Participant who holds a Stock Option which is not fully exercised and has not expired or, where applicable, the legal representative of such Eligible Participant.

"**Option Exchange Agreement**" means, in respect of a holder of options granted under the Amended and Restated Stock Option Plan of Sandvine Incorporated, an executed agreement together with any ancillary agreements providing for the transfer of all of his or her options under such plan in exchange for Stock Options under this Plan.

"**Plan**" means this Stock Option Plan of the Company.

"**Reorganization**" means the capital reorganization of the Company to be effected on or about March 2006 in connection with the placing and application for the admission of the whole of the Company's share capital, issued and to be issued, to the AIM market operated by London Stock Exchange plc, pursuant to which all of the shares in the capital of the Company will be exchanged for redeemable common shares.

"**Reserved for Issuance**" means Shares which may be issued upon the exercise of Stock Options (Shares are considered "Reserved for Issuance" commencing when the Stock Options are granted, regardless of when they can be exercised).

“Service Provider” means officers, directors, employees and Consultants of, or to, the Company, present and future, provided that a Consultant shall only be a “Service Provider” where such person provides services for an initial, renewable or extended period of twelve (12) months or more.

“Shares” means:

- (a) prior to the Reorganization, common shares in the capital of the Company;
- (b) after the Reorganization, redeemable common shares in the capital of the Company; or
- (c) such other securities specified in Section 5(f) hereof in the case of the occurrence of an Event.

“Stock Exchange Rules” means the applicable rules of any stock exchange or quotation system upon which shares of the Company are listed or quoted, as applicable;

“Stock Exchange” means the Toronto Stock Exchange, the NASDAQ National Market or the New York Stock Exchange provided the Shares are listed on any such exchanges, or in the event that the Shares are not listed on any of these exchanges, such other stock exchange or over-the-counter quotation upon which the Shares are listed.

“Stock Option” means an option to acquire Shares from treasury granted hereunder to an Eligible Participant.

“Subsidiary” has the meaning given to such term in National Instrument 45-106 – *Prospectus and Registration Exemptions*, and any instrument in amendment thereto or replacement thereof.

“U.S. Participant” means any Eligible Participant that is an employee of the Corporation, and a resident of the United States of America, for U.S. income tax purposes.

“Value” on any date means the amount of the expense associated with the grant of a Stock Option or share compensation arrangement, as applicable, as determined in accordance with Canadian generally accepted accounting principles (as determined in accordance with the Black-Scholes option pricing model) and reflected in the financial statements of the Company; and

“Vesting Date” means the date or dates determined in accordance with Section 5(b) on and after which a particular Stock Option, or part thereof, may be exercised, subject to amendment from time to time in accordance with the terms hereof.

“VWAP” means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of securities traded for the relevant period.

SCHEDULE "B"
NOTICE OF GRANT OF STOCK OPTIONS

●
[Address]

Telephone: ●
Facsimile: ●

[Date]

[Name & Address]

Dear [Name]:

This is to advise you that in recognition of your contribution to our endeavours, you have been selected to participate in the (the "**Stock Option**") Stock Option Plan (the "**Plan**") of Sandvine Corporation (the "**Company**"). On _____ (the "**Date of Grant**"), you were granted a stock option (the "**Stock Option**") to acquire _____ common shares of Sandvine Corporation at a price of \$_____ per common share.

Your Stock Option is subject to the provisions of the Plan (as it may be amended from time to time), a copy of which is available on the company intranet. The Stock Option shall vest in accordance with the Plan and as follows:

Period	Number of Shares represented by Stock Option that are Vested
Prior to first anniversary of Date of Grant	Nil
On or after the first anniversary of the Date of Grant	20%
On or after the thirteenth (13 th) month following the Date of Grant and on or after every one (1) month period thereafter	1 ² / ₃ %

The Expiry Date of your Stock Option is _____.

The grant of Stock Option described above is strictly confidential and the information concerning the number or price of common shares granted under this Stock Option should not be disclosed to anyone.

By signing below, you represent to the Company that your participation in the Plan is voluntary, and has not been induced by the expectation of employment or continued employment with the Company or an Affiliate of the Company.

Yours sincerely,

●

Acknowledgement

I confirm my acceptance of this grant of Stock Option under the terms and conditions described above.

Accepted, this ___ day of _____, 200_

Name:

**SCHEDULE "C"
EXERCISE NOTICE**

Sandvine Corporation

●
[Address]

Attention: ●

Dear Sirs / Mesdames:

Please be advised that in connection with a stock option granted to me pursuant to a notice of grant dated _____, the undersigned hereby wishes to exercise his or her option (the "Stock Option") to purchase _____ common shares of Sandvine Corporation (the "Company") at a price of \$_____ per share.

I hereby represent and warrant to the Company that my participation in the Company's Stock Option Plan and the exercise of my Stock Option is voluntary, and has not been induced by the expectation of employment or continued employment with the Company or an Affiliate of the Company.

Please find enclosed cash, a certified cheque or a bank draft in the amount of \$_____ payable to the Company in full payment for the common shares to be purchased hereby. I hereby agree to assist the Company in the filing of, and will timely file, all reports that I may be required to file under the applicable securities legislation.

The common shares issued on the exercise of the Stock Option specified above are to be issued in the following registration:

(Print Optionee's Name)

(Optionee's Signature)

(Residential Address)

(Telephone Number)

(Facsimile Number)

(E-Mail Address)

Dated at _____, this _____ day of _____, _____
(City) (Day) (Month) (Year)