Wi-LAN Inc.

RENEWAL ANNUAL INFORMATION FORM

For the fiscal year ended

October 31, 2005

February 2, 2006

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ANNUAL INFORMATION FORM

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual information form contains forward-looking statements, which reflect management's expectations regarding the Corporation's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "may", "could", "will", "potential", "intend" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk, uncertainties and assumptions. These statements are based on certain assumptions and analyses made by management in light of management's experience and perception of historical trends, current conditions and expected future developments as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform to management's expectations and predictions is subject to a number of risks and uncertainties, including, among other things, the risk factors discussed herein. Consequently, all of the forward-looking statements made in this annual information form and the documents incorporated herein by reference are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on Wi-LAN and its subsidiaries or their businesses or operations.

CERTAIN INTERPRETATION MATTERS

Unless the context otherwise requires, all references to the "Corporation" or "Wi-LAN" include Wi-LAN Inc. and its predecessors. Certain terms have the meanings specified in the Glossary. **All dollar amounts in tables herein are expressed in thousands of Canadian dollars, unless otherwise stated.**

ITEM 1 - THE CORPORATION

THE CORPORATION

Wi-LAN Inc. ("Wi-LAN" or the "Corporation") was incorporated under the *Business Corporations Act* (Alberta) as 529144 Alberta Ltd. on May 14, 1992 and amended its articles to change its name to Wi-LAN Inc. on October 29, 1992. On October 3, 1994, the Corporation amended its articles to remove the prohibition on inviting the public to subscribe for its securities. On March 24, 1998, the Corporation amended its articles to remove the remaining private company restrictions and to reorganize its share capital. The Corporation's registered and records office is located at 3300, 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9, and the head office and principal place of business is located at Deerfoot 17 Building, #200, 2710 – 17th Avenue S.E., Calgary, Alberta, T2A 0P6, telephone: (403) 273-9133, facsimile: (403) 273-5100, website: www.wi-lan.com.

The Corporation has one active wholly-owned subsidiary, Wi-LAN Technologies Inc., incorporated under the laws of the State of Delaware. The Corporation also has a division operating under the trade name "TIL-TEK Antennas". The Corporation's minority interest in the voting securities in three public companies was sold in 2005. The Corporation continues to have a minority interest of less than 10% of the voting securities in two private companies involved in the business of developing and marketing wireless and network infrastructure technologies and products (refer to *Description of the Business – Intercorporate Relationships*).

ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS

OVERVIEW

Wi-LAN is a global broadband wireless equipment and intellectual property company.

Product Division: Wi-LAN's broadband wireless access products offer fixed and mobile broadband wireless communications solutions (data, voice, video) to business enterprises, telecom service providers and government entities.

The Corporation experienced improved revenue from the Product Division in the second and third quarters of fiscal year 2005 from its existing product lines and the commercial availability and initial sales of the Libra MX product. However, commercial availability of Libra MX was later than anticipated and this reduced follow-on revenue. In addition, a major VIP customer curtailed its deployments due to financial constraints, resulting in a drop in Q4 revenue and an increase in allowance for doubtful accounts. On February 1, 2006 Wi-LAN announced that it would be exiting its broadband wireless equipment business in an orderly manner, minimizing costs where possible while continuing to maximize the value of the disposition (refer to *Recent Developments* and *Acquisitions, Dispositions and Restructurings*).

Wi-LAN has five primary **product categories** in its broadband wireless equipment portfolio:

- W-OFDM based systems (LIBRA Product Series);
- MC-DSSS (Multi-Code Direct Sequence Spread Spectrum) based systems (Advance Wireless Ethernet Bridges ("AWE") and Ultima3 Product Series);
- VIP (VINE Internet Protocol) Systems (VIP 110-24 Product Series);
- LR 28-24 product series; and
- Wireless voice solutions (Wireless VoIP and Wireless T1/E1).

Each product line offers a wide range of choices to meet the specific frequency, transmission speed, cost and coverage requirements of Wi-LAN's customers. These products can be used in point-to-point, point-to-multipoint, and any-point-to-multipoint (structured mesh) network architectures, in both licensed and license-exempt radio frequencies. Wi-LAN's products are currently designed to build and extend wide area networks ("WAN's") or metropolitan area networks ("MAN's") and to extend local area networks ("LAN's"), enabling service providers to offer new revenue-generating broadband services to their customers, and enabling enterprise customers to build or extend their private networks. Wi-LAN's broadband wireless access products have been sold globally. Wi-LAN's broadband wireless equipment customer base includes telecommunication service providers, original equipment manufacturers, and vertical market segments including business enterprises, educational institutions and government departments.

Intellectual Property Division: Wi-LAN's Intellectual Property Division provides products and services including semiconductor design expertise, reference design kits for WiMAX subscriber and base stations, IEEE 802.16 PHY and MAC core designs and software, and access to Wi-LAN's broadband wireless patent portfolio. Target customers for Wi-LAN's Intellectual Property Division include integrated circuit companies, original design manufacturers and broadband wireless equipment manufacturers. The Corporation is working with several industry players to execute novel approaches to market its existing intellectual property solutions, patent portfolio and expertise, and to develop new intellectual property solutions for the growing broadband wireless fixed and mobile markets.

The Corporation believes its patented W-OFDM (Wide Band Orthogonal Frequency Division Multiplexing) technology is an essential component of several existing and evolving wireless communications standards, including the standards that are supported by the WiMAX Forum (IEEE 802.16-2004 WirelessMAN and ETSI HiperMAN) and the second generation Wi-Fi Alliance standards (IEEE 802.11a and g). Wi-LAN also owns patents that it believes are essential to the implementation of the MAC of the standards supported by the WiMAX Forum. Wi LAN licenses its technology and has executed non-exclusive license agreements with semiconductor companies, a broadband wireless equipment supplier and a supplier of Wi-Fi equipment.

Antenna Division: The Corporation's TIL-TEK Antennas division is a designer and manufacturer of antenna equipment that owns several US and Canadian antenna patents and an ISO 9001 certified manufacturing plant in Ontario. TIL-TEK Antennas develops, manufactures and markets antennas in frequencies from 800 MHz to 5.8 GHz, with selected products from 300 MHz to 28 GHz, for cellular, GSM, personal communication services, DECT, WLL/WLAN and rural point-to-multipoint systems, as well as special applications such as radar test targets and Digital Audio Broadcast. The Corporation has determined that the Antenna Division is not core to its operations and is seeking a buyer for the division. To date no definitive terms have been arrived at and there is no assurance that a successful transaction will be completed.

ACQUISITIONS, DISPOSITIONS AND RESTRUCTURINGS

During the fiscal year ended October 31, 2004, Wi-LAN acquired 17 US patents and patent applications, including their foreign counterparts, from Ensemble Communications Inc. During fiscal year 2005, the Corporation initiated a divisional restructuring to separate intellectual property activities from broadband wireless access product activities with the formation of separate Intellectual Property and Product divisions.

Acquisition of Ensemble Patent Portfolio

On May 21, 2004, the Corporation entered into a Patent Purchase Agreement with Ensemble Communications Inc. (the "Vendor") to purchase all of the rights, title, and interest in 17 patents (the "Acquired Patents") from the Vendor together with related patent rights (collectively, the "Patents"). The consideration for the Patents consisted partly of a cash payment of US$3,900,000 (Cdn$5,354,936.10), partly of Special Warrants and Price Protection Rights, and partly by way of certain royalties for total consideration valued by the Corporation at approximately US$7,525,000 (Cdn$10,332, 280). This acquisition advances Wi-LAN's goal to produce the world's first WiMAX Certified broadband wireless systems and strengthens Wi-LAN's technology licensing strategy with regard to such systems.

Divisional Restructuring – Separate Product and Intellectual Property Divisions

On August 11, 2005 the Corporation initiated a divisional restructuring to separate intellectual property activities from broadband wireless access product activities with the formation of separate Intellectual Property and Product divisions, a move designed to promote greater customer focus and drive improved business performance from the two key value areas within Wi-LAN. This strategy is intended to enable improved performance through better alignment of corporate resources and expense management with each of Wi-LAN's key opportunity areas. The creation of a separate Intellectual Property Division with dedicated resources provides increased independence from the product side of Wi-LAN's business, and opens up opportunities for more effective partnering in areas such as IEEE Standard 802.16e ("Mobile WiMAX"). John Seliga, formerly Vice President-Marketing for Wi-LAN, has been named Wi-LAN's Senior Vice President & General Manager, Intellectual Property Division. Dave King, formerly Senior Vice President-Operations and Technology for Wi-LAN, has assumed the role of Senior Vice President & General Manager, Product Division. Chris Beadle, previously Vice President – Global Sales for Wi-LAN, has assumed the role of Senior Vice President - Global Marketing and Sales for the Product Division. Engineering staff was transferred to the Intellectual Property Division to support customer contracts.

Subsequent Decision to Exit the Broadband Wireless Equipment Business

On February 1, 2006 Wi-LAN announced that it would be exiting its broadband wireless equipment business in an orderly manner, minimizing costs where possible while continuing to maximize the value of the disposition. The broadband wireless equipment business accounts for the OFDM radios and other broadband wireless radios revenue components, which accounted for $21,326 of revenue in fiscal year 2005, and $20,974 of revenue in fiscal year 2004. Wi-LAN's products incorporate market-leading technology and have been well received by the market, but the equipment business is not profitable and the Corporation is unable to sustain the ongoing development expense and working capital requirements of the product lines while also growing the intellectual property business. Wi-LAN expects to complete this phased action by the end of its second quarter on April 30, 2006, ultimately reducing its workforce by approximately 50 positions. The Corporation is pursuing potential partners interested in purchasing one or more of its commercial broadband wireless access product lines. Wi-LAN will work cooperatively with its suppliers, customers, distributors and other stakeholders to ensure an orderly transition of the business.

As well, the Corporation is seeking a buyer for its antenna business. The antenna business accounted for $3,974 of revenue in fiscal year 2005, and $4,032 of revenue in fiscal year 2004. Combined, the broadband wireless equipment business and the antenna business accounted for $25,300 of revenue in fiscal year 2005, and $25,006 of revenue in fiscal year 2004.

RECENT DEVELOPMENTS

Executive and Board Appointments

On February 24, 2005, Wi-LAN announced that William (Bill) Dunbar, C.M., had been appointed President and Chief Executive Officer, replacing Dr. Sayed-Amr El-Hamamsy. Mr. Dunbar has over forty years of experience in the telecommunications industry and was previously President and CEO of Northwestel Inc. and WIC Connexus Inc. Under his guidance, Northwestel purchased the telecommunications operations for the eastern Northwest Territories from Bell Canada in 1992. WIC ConneXus was the Local Multipoint Distribution System (LMDS) license holder for 33 city markets in Canada including Toronto, Vancouver and Edmonton. Mr. Dunbar led this start-up company through its early stages, arranging investors, vendor selection, vendor financing, and supply agreements. In addition, Mr. Dunbar was the Chief Operating Officer of Vesper S.A., a Bell Canada International investment and a major Brazilian telecommunications company, during its critical start-up phase, implementing telecommunications systems in 29 cities over 16 states in Brazil, and growing the company from start-up to over 2,000 employees. In 1995 Mr. Dunbar became a member of the Order of Canada.

On March 14, 2005, Wi-LAN announced that Dr. Hatim Zaghloul had resigned his position as Executive Chairman. Dr. Zaghloul, a co-founder of Wi-LAN, remains as a member of the Board of Directors (the "Board"). Also on March 14, 2005, Wi-LAN announced that Bill Hews had been appointed Chairman of the Board. Mr. Hews has been a Board member since April 2000 and was President of Wi-LAN from September 1999 to September 2001. He is President of Fideliter Inc., a private investment company, and he serves on various corporate boards. Prior to September 1999 he was a Vice President at Nortel Networks Corporation, where he gained more than 20 years of operations experience in the telecom equipment market. Mr. Hews is a graduate Industrial Engineer from the University of Toronto and holds an MBA from the University of Western Ontario.

On March 23, 2005, Wi-LAN announced that Keith Bittner was appointed Chief Financial Officer. Mr. Bittner joined Wi-LAN in September 1999 as Controller, and was promoted to Vice President, Finance in 2002 and later to Acting CFO. He is a Certified Management Accountant with over 25 years of experience in financial operations, with strength in financial reporting, financial systems and cash management.

On May 19, 2005 the shareholders of Wi-LAN (the "Shareholders") elected eight directors to hold office until the next annual meeting of Shareholders or until their successors are elected or appointed. Henry Burkhalter, William A. Dunbar, William C. Hews, George Horhota and Hatim Zaghloul, all members of the Board in prior years, were re-elected. Frank King and Charles N.D. Hotzel elected to retire from the Board due to personal reasons and other commitments. E. Denis Colbourne, John K. Gillberry and William K. Jenkins were elected to the Board for their first term:

- Mr. Colbourne has over 40 years of experience in the high technology industry. Currently President and CEO of DC-Technologies Ltd., he offers expertise in business operations, technology transfer, and industry-government liaison, and a strong focus on high-tech restructuring and turnarounds. Mr. Colbourne maintains established relationships with high-tech executives, investment banks, governments and educational institutions around the world. His clients include The World Bank, various investment banks, and the Canadian and Ontario Governments.
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  - Mr. Colbourne is Chairman of Spectalis Inc. (Ottawa), Chairman of Instrumar Inc. (St. John's), Chairman of Quantiscript Inc. (Sherbrooke), a member of the board of several other high-tech companies including SiGe Semiconductor Inc. and International Datacasting Inc. He was also a member of the Board of Governors of the Ottawa Hospital.
  - Prior to retiring from Nortel in December 1998, Mr. Colbourne served as Vice President and General Manager of Nortel Semiconductors, operator of Canada's largest IC wafer fabrication facility. Nortel Semiconductors was a full service provider, offering a complete range of silicon design, prototyping, manufacturing, technology development and IC analytical capabilities. He was also Chairman of Shanghai Nortel Semiconductor (SNS), a Nortel joint venture based in Shanghai, PRC.
  - During his career, Mr. Colbourne held several other senior positions with Nortel Networks. He was General Manager of the company's IC wafer fabrication facility in San Diego, California; as well as Vice President of

Supply Management. In addition, he served as Vice President of Marketing & Engineering for Bowmar Canada, a consumer electronics company.
  - Mr. Colbourne was a winner of Ottawa's '2002 Business Person of the Year Award', winner of the Leadership Award for the '2003 Ontario Global Traders Award Program' for Eastern Ontario and winner of the 'ITAC 2004 award for Outstanding Service to the Canadian Microelectronics Industry'.
  - Mr. Colbourne holds a Bachelor's degree in mathematics from the Memorial University of Newfoundland, a Bachelor's degree in electrical engineering from the Technical University of Nova Scotia, and a Master's degree in electrical Engineering from Carleton University in Ottawa. He is a member of the Association of Professional Engineers of Ontario.
- John Gillberry is Chief Financial Officer of Software Innovation, a developer of secure global work-sharing software to support large capital projects.
  - Prior to July 2005, Mr. Gillberry was President of Radiant Energy Corporation, a developer and marketer of infrared aircraft deicing systems, and was also CFO of Skulogix Canada Inc., a provider of inventory and order fulfillment solutions. Prior to leading the restructuring of Radiant Energy, Mr. Gillberry was the founder and president of Bayfield Capital Group, Toronto Canada. Bayfield Capital Group, established in 1996, is a specialized corporate finance advisory firm. Prior to Bayfield Capital, he was the CEO of G.A. Finance, one of Canada's largest specialty wholesale finance companies. Other positions during his career include senior executive positions at RCA Corporation, General Electric, Thomson SA, and Newcourt Credit Group.
  - Mr. Gillberry sits on several boards of both public and private corporations and is active in local and community non-profit organizations.
  - Mr. Gillberry holds a Masters Degree in Business Administration from the Ivey School of Business, University of Western Ontario.
- Mr. Jenkins is a Partner in the Calgary office of Fraser Milner Casgrain LLP, where he has practiced since 1993. His practice focuses on advising corporations, investment dealers and banks with respect to equity and debt financings, mergers and acquisitions, other corporate finance transactions and joint ventures.
  - Mr. Jenkins is a director of the Canadian Association of Income Funds and is a Past Chairman of the Securities Law section of the Canadian Bar Association for Southern Alberta.
  - Prior to joining Fraser Milner Casgrain LLP, Mr. Jenkins was a partner of Blake, Cassels & Graydon, having practiced in their Calgary and Toronto offices from 1981 to 1993.
  - Mr. Jenkins is a member of the law societies of Ontario and Alberta and holds degrees in economics and law from the University of Western Ontario.

In September 2005, Kirk Hamilton was appointed as President of the TIL-TEK Antennas Division, replacing Stephen Tilston. Kirk Hamilton is an executive experienced in leading organizations through change initiatives to deliver greater profitability. In 2000 Mr. Hamilton, as President & CEO of Qnetix Inc., led the company through a turnaround of its managed IT services business, returning the company to profitability for successive quarters and then, as a board member, led the initiatives to sell the company to larger industry players. From 1990 through 1999, Mr. Hamilton assumed executive leadership roles in building two new telecom businesses, TeleZone Corporation and WIC Connexus Inc. Mr. Hamilton was employed by GE from 1975 through 1989. He received his Masters of Business Administration from the University of Toronto and his B.Eng. (Electrical) from McGill University.

Subsequent Agreement and Lawsuit Settlement with Cisco

Consistent with its strategy of maximizing the value of its intellectual property, in early 2005 Management began discussions with Cisco Systems Inc. ("Cisco") with regard to resolution of its patent infringement lawsuit against Cisco. On December 2, 2005, subsequent to Wi-LAN's October 31 fiscal year end, Wi-LAN announced that it has signed an agreement with Cisco (the "Cisco Agreement") in which the companies have agreed to terminate all legal actions pending between them. Under the Cisco Agreement, Cisco purchased from Wi-LAN several issued and pending patents relating to WiMAX and antenna technology, and has granted Wi-LAN a license to use these patents in its products. Wi-LAN will retain ownership of its remaining patent portfolio, including its W-OFDM patents and the majority of its other patents that relate to implementation of WiMAX and other broadband wireless systems. As part of the Cisco Agreement, Cisco also received a license to Wi-LAN's patent portfolio. In January 2006 the Corporation received US$10 million pursuant to the Cisco Agreement, and associated costs are expected to be in the order of US$1 million.

Launch and Demonstration of Wi-MAX System-on-Chip

On April 21, 2005, Fujitsu Microelectronics America, Inc. (”Fujitsu”) introduced its WiMAX System-on-Chip (“SoC”) and Wi-LAN demonstrated the Fujitsu SoC at the seventh annual Broadband Wireless World in Las Vegas, Nevada. Fujitsu and Wi-LAN have been working closely on WiMAX technology since late 2002. Wi-LAN has combined its system expertise and OFDM technology with Fujitsu’s chip design capabilities in a development program that created the new SoC from Fujitsu. The highly integrated, high-performance solution incorporates embedded processors and mixed signal technology in a device that will enable systems developers like Wi-LAN to provide cost-effective WiMAX Forum Certified equipment. Fujitsu is marketing the SoC to a variety of equipment manufacturers. Wi-LAN initiated its own program to market the OFDM physical layer (“PHY”) and MAC technologies developed for the SoC to other industry players who wish to enter the WiMAX-standard broadband wireless access market.

Significant Product Deployments

On January 12, 2005 Wi-LAN announced receipt of a $6.0 million (US$5.0 million) order for Wi-LAN’s broadband wireless solutions to provide data and voice services to remote towns in Australia. On July 25, 2005 Wi-LAN and Bushcom Wireless Broadband Communications PTY Ltd. announced that Bushcom had recently signed up its 3000th customer in its broadband wireless network utilizing Wi-LAN’s VIP and Libra products. Bushcom’s network, by far the largest of its kind in Australia, is being used to provide high-speed data and voice services to residents of rural towns and villages. Wi-LAN filled most of the order in the first three quarters of the fiscal year. In the fourth quarter of fiscal year 2005, Bushcom was unable to complete the balance of its deployment due to financial difficulties, causing a reduction in expected sales of approximately $1 million and an increase in allowance for doubtful accounts of $2.26 million.

On July 6, 2005 Wi-LAN announced receipt of $2 million in orders for its broadband wireless solutions, of which over $1 million is initial orders for its Libra MXTM systems. The orders were from customers in Libya, UAE, Saudi Arabia, Oman, Pakistan and Turkey. Libra MX is Wi-LAN’s WiMAX platform with a guaranteed seamless upgrade path to WiMAX Forum Certified systems.

On July 20, 2005 Wi-LAN, Radionet OY, Ltd. and WebNet Converged Wireless Network Ltd. (“WebNet”) announced the launch of WebNet’s first urban hot zone deployment in Abbotsford, British Columbia, Canada. Owned and operated by WebNet, the network uses a combination of Wi-LAN high-capacity broadband wireless equipment for backhaul and Radionet’s Wi-Fi equipment for last mile connections to enable uninterrupted Wi-Fi connectivity.

On Oct. 24, 2005, Wi-LAN announced receipt of $1.6 million in orders for its broadband wireless solutions from customers in Saudi Arabia, Lebanon and the Gulf Region, including $500,000 of orders for the Libra MX WiMAX platform. The products are being used for large-scale data, voice and video surveillance networks throughout the region. In addition to repeat orders for Libra MX from existing customers, a new Libra MX order for a video surveillance application in Lebanon is included.

New Product Launch

On November 15, 2004 Wi-LAN announced the launch of Libra MX at the Wireless Broadband Forum in Cambridge, U.K. Libra MX is the industry’s first WiMAX platform that meets the performance and throughput requirements of today’s demanding point-to-point and point-to-multipoint broadband applications while providing a guaranteed, economic and straightforward migration path to WiMAX compliant networks. Based on Wi-LAN’s patented W-OFDM technology – the foundation for WiMAX Certified products – Libra MX is a powerful and flexible solution, including both base stations and subscriber units, for a wide variety of broadband wireless applications.

Product Development and Joint Marketing Agreements

On June 27, 2005 Wi-LAN and G7 Soft Co. Ltd. of South Korea announced an agreement to advance the development of Wi-LAN's Libra Mobilis™ products for public transit applications. Once it completes further development of the products, Wi-LAN’s South Korean partner will be the exclusive seller of the products in South Korea, and Wi-LAN will

retain exclusive rights to sell Libra Mobilis products elsewhere. The agreement includes profit-sharing provisions for product sales. In December 2005, Jcast Networks of South Korea assumed G7 Soft's contractual responsibilities.

On October 26, 2005, Altera Corporation (NASDAQ:ALTR) and Wi-LAN announced the formation of a partnership to deliver the first programmable, low-cost WiMAX-compliant base transceiver station (BTS) modem solution supporting the IEEE 802.16-2004 standard. The solution allows base station developers to deliver WiMAX-compliant products that can be upgraded in the field by service providers in response to changing customer requirements and market conditions. The programmability of Altera's Field Programmable Gate Arrays ("FPGA's"), which form an integral part of the solution, also provides developers with the flexibility to rapidly make changes to their design and still meet their time to market goals.

On October 19, 2005, Wi-LAN announced that Wi-LAN and Trans-World Communications Group ("TWC"), a broadband service provider in the Ukraine, have agreed on terms to develop a specialized version of Wi-LAN's Libra MX WiMAX platform. The agreement is backed by a purchase order from TWC, for Wi-LAN's Libra MX products, that is part of TWC's initial deployment of a nation-wide broadband wireless network in the Ukraine. TWC, in collaboration with the IITP, a research and development institute of the Russian Academy of Sciences, intends to accelerate the development of Wi-LAN's Libra MX and Libra MAX product lines optimized for the Ukraine and the Eastern Europe region. TWC's broadband wireless network, expected to be complete by 2007, is planned to provide high-speed data, voice and video services to businesses and residences of rural towns and villages. Additional orders are expected in 2006 and 2007 as the network is expanded throughout the Ukraine.

Sale of Head Office Building

On April 20, 2005 Wi-LAN announced it had entered into an agreement to sell its head office building in Calgary. Wi-LAN remained as a tenant of the building, leasing approximately one-third of the facility. Wi-LAN purchased the building in March 2004 with the intent of selling it and leasing back only the portion of the building that it occupies. Proceeds from the sale of the building, in the amount of $12.2 million, were used to pay off the $7.8 million mortgage on the building and improve the Corporation's cash balance by approximately $4 million, after transaction costs and closing adjustments of approximately $0.4 million. The sale closed on April 29, 2005. In January 2006, in order to further reduce expenses and improve operational efficiency, Wi-LAN moved to its new headquarters at Deerfoot 17 Building, #200, 2710 – 17th Avenue S.E., Calgary, Alberta T2A 0P6.

OTHER MATERIAL EVENTS IN THE LAST THREE COMPLETED FINANCIAL YEARS

New Products and Product Programs

On October 19, 2004, Wi-LAN launched LIBRA Mobilis, the first commercially available two-way broadband wireless product designed for the Intelligent Transportation System ("ITS") market. ITS wireless applications include real-time video surveillance, streaming advertising, and hotspot Internet access for passengers. Mobilis delivers broadband wireless access at speeds that can exceed 110 km/hour. Mobilis features Sequential Soft Fast Handoff, which translates to uninterrupted service for mobile mission-critical security applications, and seamless Internet access for transit passengers.

On August 19, 2004 Wi-LAN launched a new family of products under the VIP brand, which lowers the entry point price for enterprises and wireless internet service providers ("WISP's") with over the air upgradability to allow increased capacity.

On November 19, 2003 Wi-LAN launched its new Wireless Voice-over-Internet-Protocol ("VoIP") Solution, which allows transmission of voice communications over Wi-LAN's broadband wireless access systems with carrier-grade Quality of Service ("QoS"). The Wireless VoIP Solution integrates with Wi-LAN's Ultima3 Fixed Wireless Access product series and can be engineered to provide cost effective voice services for up to 7,200 customers per base station.

New International Resellers

On September 29, 2004 Wi-LAN and Radionet, a leading supplier of Wi-Fi HotZone technology, announced the formation of a global sales and marketing alliance to jointly market end-to-end broadband wireless solutions which combine Wi-LAN's pre-WiMAX LIBRA products with Radionet's Wi-Fi HotZone solutions. Under the terms of the alliance, the two companies will cooperate on joint sales and marketing, and the alliance enables the companies to deliver Wireless Hotzone solutions to customers globally.

Executive and Board Appointments

On October 6, 2004, the following executive appointments were announced:

- John Seliga, formerly Vice President, Marketing – IP Solutions at Telus Communications ("Telus") from 2002 to 2004, was appointed Vice President, Marketing. Mr. Seliga was Vice President, Data and IP and Vice President, National Hosting Solutions at Telus from 2000 to 2002. From 1996 to 2000 he held several senior information technology and e-business positions at Telus and prior to 1996 he worked as a communications technology consultant with Andersen Consulting. Mr. Seliga holds a Bachelor of Science in Engineering (BSc Eng) from Queen's University and has completed executive training programs from the Ivey Business School, University of Western Ontario and from Harvard/MIT.

- Chris Beadle, formerly Vice President, Marketing of Bell West from 2000 to 2002, was appointed Vice President, Global Sales. Mr. Beadle was Vice President, Sales of Bell West from 1999 to 2000. He was Vice President, Sales and Marketing at Telus Marketing Services from 1996 to 1999, and prior to that held several senior sales and marketing positions in the Canadian telecom and technology sectors. From 2002 until his appointment Mr. Beadle was Executive Vice President and Chief Operating Officer of Donorware Inc., a provider of outsourced technology services to non-profit organizations. Mr. Beadle holds a Master of Business Administration degree and a Bachelor of Arts degree from the University of Toronto.

On May 27, 2004 Wi-LAN announced the appointment of George R. Horhota, Co-Founder, Executive Vice President & CFO of Suiteworks Inc. to the Board. Mr. Horhota filled the vacancy created by the resignation of Dr. Robert Schulz from the Board. Mr. Horhota founded and led Royal Bank of Canada's Information Technology and Media Portfolio Group in Corporate Banking between 1993 and 1996 and was seconded from his earlier Systems and Technology position with the bank to serve one year as President (1991 to 1992) and three years as a Director with the Canadian Business Telecommunications Alliance. He then went on to become Chief Financial Officer and Vice President Corporate Development with TSE-listed ACC Canada until 1998 when its NASDAQ listed parent corporation, ACC Corp., was acquired by AT&T Corp. Subsequently, Mr. Horhota spent 3 years as President of Cannect Networks, Canada's first packet-based CLEC, then in 2002 joined BCE Emergis Inc. as its Vice President of Operations before founding Suiteworks Inc. in the later part of 2003. Mr. Horhota is a member of the Law Society of Upper Canada, having received a Juris Doctor Degree from the University of Toronto, Faculty of Law, and was a founding Director of Humber College's Telecommunications Learning Institute.

Research and Development Funding Agreement

On April 2, 2003, Wi-LAN announced it had entered into a research and development funding agreement with the Government of Canada to assist Wi-LAN in developing next-generation wireless technologies, which agreement was amended May 20, 2004. Under the terms of the amended agreement, Technology Partnerships Canada ("TPC") contributes to Wi-LAN 30% of eligible project costs (as defined in the agreement), up to $8.8 million in respect of Wi-LAN's expenditures relating to eligible wireless technology initiatives (as defined in the agreement), retroactive to November 2001 and to extend to the project completion date of June 30, 2006. Beginning February 1, 2007, Wi-LAN will pay to TPC a royalty in the form of 1.24% of Wi-LAN's annual revenue in excess of $30 million. If at January 31, 2012, Wi-LAN has paid more than $12.2 million in cumulative royalties, the royalty would terminate; if not, the royalty is payable until January 31, 2015 or until Wi-LAN has paid $12.2 million, whichever occurs first. In addition, on June 30, 2006, TPC will receive, subject to regulatory approval, warrants valued at $5 million (using the Black-Scholes option pricing model), to purchase Wi-LAN common shares at an exercise price equal to the market price of the underlying

common shares at the time of grant. The warrants will have a term of five years and will be transferable. As of October 31, 2004, since inception of the agreement, the Corporation had received or accrued $4.43 million.

CURRENT LITIGATION

The Corporation is engaged in three separate legal actions and, as the amount of liability is undetermined at this time, no liability has been accrued for claims on these actions:

- In September 2002 the Corporation, its former Executive Chairman, and Wi-Com Technologies Inc. (a private Alberta company), among others, were served with two Statements of Claim. The lawsuits allege the defendants are liable for failing to deliver certain common share certificates in a timely manner to the claimants.
- In August 2001, the Corporation was served with a Statement of Claim for alleged breach of a patent license and technology transfer agreement.
- In June 2005, the Corporation was served with a lawsuit for alleged defective products.

For further information refer to Note 12 to the *Consolidated Financial Statements* and *Intellectual Property*.

CONTINGENT COMMITMENTS

In addition to those commitments disclosed elsewhere in this document, in August 2002 the Corporation signed an agreement, which was amended in April 2004, with Fujitsu Microelectronics America that stipulates that the Corporation is committed to purchase up to 50,000 SoC's from Fujitsu if Fujitsu or the Corporation is not able to find purchasers for at least 100,000 of the SoC's two years from the date that the SoC is completed and in commercial production. Management expects demand for the Fujitsu SoC's to exceed 100,000 units within the first two years of commercial production. As at October 31, 2005 no liability has been accrued for this commitment, as the ultimate amount of SoC's that may need to be purchased cannot be determined.

ITEM 3 - DESCRIPTION OF THE BUSINESS

BUSINESS STRATEGY

Wi-LAN is a global provider of broadband wireless communications products and intellectual property, and is dedicated to maximizing the value of its intellectual property and broadband wireless access product assets.

In 2005, Management began repositioning the Corporation to capitalize on the longer-term opportunities that the transition of the broadband wireless access market offers. The broadband wireless access market is transitioning from a market of small product companies providing proprietary solutions to small niche service providers, to a market dominated by large, multi-billion dollar companies who expect to be providing WiMAX Forum standards-based solutions to large telecom service providers. Wi-LAN's repositioning began in February with changes to management as William A. Dunbar was appointed president and CEO, replacing Sayed-Amr El-Hamamsy (who has resigned and is no longer a member of the Board), and William C. Hews was appointed non-executive chairman, replacing executive chairman and company co-founder Hatim Zaghloul (who remains a member of the Board). On May 19, 2005, three new members were elected to the eight-member Board, and two former directors did not stand for re-election. Since that time, the Board and management have worked together to address many significant challenges and the Corporation is in active discussions with a number of interested parties with respect to a variety of new initiatives.

It is Management's view that the Corporation requires partners and investment to translate its intellectual property position and product offerings into sustainable, profitable participation in the market. A committee of directors, chaired by Hatim Zaghloul, was formed to evaluate a wide range of options and GMP Securities Ltd. is retained to provide advice on strategy and opportunities. The range of alternatives includes, but is not limited to, partnering with industry leaders, selling of assets, and seeking investment from industry partners, strategic investors, existing Shareholders or other investors. The committee's activities progressed through several phases over several quarters, with the Board and Management fully engaged and aligned. As a result of this process companies have expressed interest in partnering in

various aspects of Wi-LAN's business. Discussions are continuing with respect to joint venture alternatives for existing and new product lines as well as possible terms on which Wi-LAN's intellectual property could be combined with the intellectual property of other companies, supported by a joint marketing campaign. To date no definitive terms have been arrived at and there is no assurance that a successful transaction will be completed.

Business Division Strategies

The **Product Division** focuses on growing product sales and gross profit through focusing on key geographies, customer groups, product lines, and applications. On February 1, 2006 Wi-LAN announced that it would be exiting its broadband wireless equipment business in an orderly manner, minimizing costs where possible while continuing to maximize the value of the disposition (refer to *Acquisitions, Dispositions and Restructurings*).

Wi-LAN's **Intellectual Property Division** strategy is to market and license its semiconductor design expertise, reference design kits for WiMAX subscriber and base stations, IEEE 802.16 PHY and MAC core designs and software, and patented W-OFDM, MC-DSSS, VINE (Versatile Intelligent Network Environment), WiMAX MAC and antenna technologies to industry participants. Wi-LAN believes this approach will allow it to leverage its core technologies to effectively penetrate high-growth consumer and business markets. Wi-LAN's licensing strategy is designed to promote its technologies to industry players, such as semiconductor companies and consumer electronics manufacturers, and to spur the development of fixed and mobile broadband wireless access products. Wi-LAN has licensed its patented technology to Philips Semiconductor Inc., Redline Communications Inc. ("Redline"), Fujitsu Microelectronics America and Cisco for use in designing and developing broadband wireless systems and related SoC's.

The Corporation's intellectual property strategy is supplemented by other initiatives including Wi-LAN's active role in the IEEE (Institute of Electrical and Electronics Engineers) and ETSI (European Telecommunications Standards Institute) wireless communications standards bodies, and the Corporation's membership on the board of the WiMAX Forum. Active participation in the IEEE and ETSI enables Wi-LAN to have a voice in setting the specifications of broadband wireless communications standards. The purpose of the WiMAX Forum is to promote deployment of broadband wireless access networks by using a global standard and certifying compliance and interoperability of products and technologies. Members number over 300 including Intel Corporation, Fujitsu Limited, Motorola and Wi-LAN, among others.

Management intends to continue to place increased emphasis on maximizing the value of its intellectual property. Continued growth is expected from the Intellectual Property Division as licensing agreements yield results, and sales of semiconductor design expertise, reference design kits for WiMAX subscriber and base stations, and WiMAX PHY and MAC core designs and software are expected to continue to grow. The Intellectual Property Division also plans to develop enhancements and extensions to these products, including a Mobile WiMAX MAC.

Management believes that Wi-LAN's experience with Fujitsu in developing WiMAX compliant System-on-Chip solutions and the experience it has gained in implementing W-OFDM-based LIBRA products makes Wi-LAN a leader in WiMAX compliant product implementation. Wi-LAN's proprietary LIBRA products provide a working commercial model of the W-OFDM-based physical layer of WiMAX compliant products. The approval by the IEEE of the IEEE Standard 802.11a, and IEEE Standard 802.11g and of the IEEE 802.16-2004 WirelessMAN Standard, the approval by ETSI of the ETSI BRAN HiperLAN/2 standard, and by ETSI of the ETSI BRAN HiperMAN standard, is evidence of industry adoption of OFDM technology. These standards govern wireless LAN and MAN devices operating in below 11 GHz radio bands. Wi-LAN believes its portfolio of patents is necessary for the implementation of WiMAX Forum Certified devices and devices using the IEEE standards 802.11a and 802.11g (the 2nd generation Wi-Fi Alliance standards). Wi-LAN is continuing to investigate other proposed standards and will declare its position once those proposals are definitive.

In September 1999, Wi-LAN entered into a technology licensing agreement (the "Philips Agreement") with Philips Semiconductors Inc. ("Philips"), a subsidiary of Philips Electronics North America Corporation. Under the terms of the Philips Agreement, Wi-LAN granted Philips a worldwide, perpetual, non-exclusive, non-transferable, royalty bearing, non-sublicensable license to make, have integrated, use and sell integrated circuit products incorporating, based on, derived from, or developed using Wi-LAN's patented W-OFDM technology. Pursuant to the Philips Agreement, Philips has agreed to pay Wi-LAN certain one-time licensing fees and future royalty payments until September 13, 2009, which royalty payments are based on the net selling price and volume of Philips products incorporating the W-OFDM technology

sold to its customers. Pursuant to this agreement, Wi-LAN has received $1.5 million ($1.1 million in 2000 and $0.4 million in 2001) for development fees. In 2004 Wi-LAN entered into discussions with Philips regarding the collection of royalties on Philips' second-generation Wi-Fi (802.11a/g and 802.11g) chipsets, which became available in production quantities in Q4 2003. Wi-LAN and Philips have differing interpretations of the nature of the agreement with regard to these royalties and are working towards resolving their differences.

In August 2002 Wi-LAN entered into a non-exclusive Application Specific Integrated Circuit ("ASIC") development and technology license agreement with Fujitsu Microelectronics America ("Fujitsu"). Under terms of the agreement (the "Fujitsu Agreement"), Wi-LAN shared its W-OFDM technology and expertise in collaboration with Fujitsu's ASIC expertise for the development of SoC's based on the IEEE 802.16-2004 WirelessMAN Standard. Under the terms of the agreement, Wi-LAN is to collect royalties on the SoC's and related products sales and receive SoC's to integrate into its LIBRA Series products. In connection with the agreement, Wi-LAN issued 132,812 share purchase warrants, which were exercisable at $1.85 at any time until July 31, 2005. In April 2004 the agreement was amended to include royalties to Wi-LAN for its MAC software, in addition to the original royalties for the use of Wi-LAN's OFDM technology and expertise. The MAC software is an essential component of the SoC that Wi-LAN and Fujitsu co-developed. The amended agreement focused exclusively on the development of a SoC for WiMAX Certified systems and includes increased responsibilities and commitments for Fujitsu and changes to Wi-LAN's obligations. Wi-LAN agreed to compensate Fujitsu with 125,000 warrants priced at $3.15, in addition to the warrants that were granted upon execution of the original agreement. The amended agreement also stipulates that Wi-LAN is committed to purchasing 50,000 SoC's from Fujitsu if Fujitsu fails to sell 100,000 SoC's within two years from the date that the SoC is completed and in commercial production. A similar commitment with a shorter timeline was included in the original August 2002 agreement. On April 21, 2005, Fujitsu introduced its WiMAX SoC and Wi-LAN demonstrated the Fujitsu SoC at the seventh annual Broadband Wireless World in Las Vegas, Nevada. Fujitsu is marketing the SoC to a variety of equipment manufacturers. Wi-LAN initiated its own program to market the PHY and MAC technologies developed for the SoC to other industry players who wish to enter the WiMAX-standard broadband wireless access market. Wi-LAN is continuing to work with Fujitsu on further refinements of the SoC.

On May 27, 2004 Wi-LAN announced settlement of the legal action in Canada that it launched in July 2002 against a private Canadian company, Redline Communications Inc. ("Redline"). Redline produces a wireless device utilizing OFDM technology, and it is Wi-LAN's belief that this device infringes Wi-LAN's W-OFDM patents, specifically Canadian patent number 2,064,975 and US patent number 5,282,222. Redline pays Wi-LAN a royalty for every advanced OFDM wireless device that it produces, regardless of where the devices are sold (the "Redline Agreement").

In June 2004, the Corporation commenced a legal action in Canada for patent infringement against Cisco, for producing and selling IEEE standard 802.11a/g devices without a license from Wi-LAN. Subsequent to the 2005 fiscal year end, on December 2, 2005 Wi-LAN announced that it has signed an agreement with Cisco in which the companies have agreed to terminate all legal actions pending between them. Under the agreement, Cisco purchased from Wi-LAN several issued and pending patents relating to WiMAX and antenna technology, and has granted Wi-LAN a license to use these patents in its products. Wi-LAN will retain ownership of its remaining patent portfolio, including its W-OFDM patents and the majority of its other patents that relate to implementation of WiMAX and other broadband wireless systems. As part of the agreement, Cisco also received a license to Wi-LAN's patent portfolio. In January 2006 the Corporation received US$10 million pursuant to the agreement, and associated costs are expected to be in the order of US$1 million (refer to *Recent Developments)*.

Wi-LAN's patented MC-DSSS technology is a spectrally-efficient spread spectrum modulation technique, and is the technology that makes it possible to multiply the carrying capacity of traditional spread spectrum systems by as much as ten times. Wi-LAN believes that MC-DSSS is essential for third generation ("3G") mobile radio networks, including cellular phones, and Wi-LAN has filed an intellectual property statement with the International Telecommunications Union (the "ITU") offering to make MC-DSSS available for licensing on fair, reasonable and non-discriminatory terms.

The **TIL-TEK Antennas Division** was reorganized in the third quarter to achieve improved results. The headcount was reduced by approximately 25% and senior management was replaced (refer to *Recent Developments – Executive and Board Changes*). The Corporation is seeking a buyer for its antenna business.

Attract and Retain Key People

The Corporation has assembled a talented and experienced team and believes that competition for people is as important as competition for technological leadership**.** Wi-LAN selects people based on their experience, ability and attitude, with the objective of building a highly productive team**.** Wi-LAN believes that people are attracted to the Corporation because they have the opportunity to work with a technology innovator on challenging assignments in their areas of core competency, they have access to cross-functional groups and they can participate in the Corporation's growth. In January 2005 Wi-LAN introduced an incremental performance-based compensation plan that will reward employees with cash and / or share options for achieving corporate, team and personal goals and for demonstrating the Corporation's core values of leadership, ownership, teamwork, integrity and commitment. At the same time the executive team adopted an incremental performance-based compensation scheme that rewards employees for achievement of annual gross margin above the Corporation's target.

Pursue and Foster Strategic Technology Alliances

Wi-LAN is working to build support for the widespread adoption of its patented technologies and related products through its active participation in the IEEE and ETSI, its technical and board participation and membership in the WiMAX Forum and its relationships with other organizations**.** Other activities in which the Corporation is actively involved include building relationships with next generation wireless device manufacturers who may benefit from the use of W-OFDM technology in their products.

An additional benefit of these activities is that they present the Corporation with opportunities to partner with leading technology companies to jointly develop new applications for the Corporation's technologies**.** In addition, Wi-LAN also intends to work with companies to integrate their solutions with Wi-LAN products to address specific customer needs, such as security encryption and bandwidth management requirements.

As complementary opportunities arise for the application of its advanced technologies, the Corporation intends to form additional relationships with original equipment manufacturers ("OEMs") through strategic alliances.

Pursue Selected Strategic Investors and Partnerships

To extend the Corporation's competitive position, Wi-LAN intends to continue to aggressively pursue partnering with industry leaders, and seeking investment from industry partners, strategic investors, existing Shareholders or other investors that bolster its product capabilities, augment its technical and management expertise, expand its distribution capabilities, and access new customer relationships**.** Through the strategic acquisitions and partnerships completed in the past, Wi-LAN has added narrowband and broadband wireless antennas, broadband wireless VINE-based products and the LR 28-24 product series for SCADA and telemetry applications to its product portfolio, patents related to implementation of WiMAX forum Certified systems, gained improved distribution capabilities in the United States and China, gained immediate access to new customers, and added technical and management expertise (refer to *General Development of the Business - Significant Acquisitions*).

PRODUCTS

The following is a description of Wi-LAN's product lines.

Libra Series Products

Wi-LAN's Libra Series products are designed to offer ease of deployment and quick market entry of wireless access in a package that offers greater capacity and competes with the cost and installation of current wired alternatives. These systems feature Wi-LAN's patented W-OFDM technology, which enhances multi-path capabilities for improved signal reception. As a result, the system does not generally require line-of-sight environments, which makes installation easier

than conventional wireless alternatives. Also, the capabilities of W-OFDM technology allows Libra Series products to generally deliver coverage to a much larger percentage of potential customers, compared to typical coverage for conventional wireless solutions. Increased coverage is a crucial metric in the fixed wireless business model, which directly translates into an increased subscriber base, increased revenue, lower installation costs, and lower total cost of customer acquisition.

W-OFDM technology is inherently more secure than narrow band radio or wired networking technologies. Wi-LAN has added many features that make it difficult to intercept and decipher transmissions from its Libra Series, including pseudo-random spreading codes, irregular transmission patterns, proprietary data formatting and specialized filters. For an additional layer of security, Internet protocol address filtering can be added.

The Libra Series uses a polling protocol to eliminate inefficient data collisions that can plague more commonplace CSMA-based systems. Wi-LAN's proprietary Dynamic Time Allocation ("DTA") technique allocates variable time slots to busy stations when needed. DTA does not waste bandwidth by allocating time to idle stations.

Wi-LAN launched LIBRA 3000, part of its series of NLOS BWA products, on November 12, 2002. LIBRA 3000 is certified for use in the majority of telecommunications markets where 3.5 GHz licensed spectrum is available. LIBRA 3000 provides NLOS capability that increases BWA subscriber coverage. The Libra 3000 Series is offered in 3.5 MHz, 7 MHz and 14 MHz channel widths, in various frequencies covering the worldwide 3.x GHz licensed spectrum (3.0 GHz to 4.01 GHz). The series meets the needs of service providers who have obtained spectrum licenses from government licensing bodies in more than 40 countries worldwide. It offers superior multipath robustness, improved NLOS performance and high spectral efficiency, which translate into more customers per cell-site, maximum usage of licensed spectrum, higher effective data transmission rates and a range of up to 40 kilometres. Libra 3000 products have the capacity and capability to meet the high-speed data requirements of service providers in the most demanding NLOS geographies and very high-density urban settings. Operating at a throughput of up to 192 megabits per second per six-sector cell, the Libra 3000 Series includes access points and customer premises equipment ("CPE"), and can be used in broadband access applications alone or in combination with wired alternatives. Using a cellular network design, these products are designed to serve a growing customer base. Network cells can be expanded quickly and cost effectively. The hardware is capable of supporting several generations of enhancement to the system software. Features such as quality of service, voice-over-IP, video services, and differentiated customer access are being made available, as the market requires, via over-the-air software upgrades.

On July 9, 2003 Wi-LAN launched LIBRA 5800, the license-exempt 5.8 GHz version of Wi-LAN's third generation series of NLOS BWA products. The LIBRA 5800 delivers a data rate of up to 32 Mbps in 10 MHz channels with a range of up to 66 kilometres in a point-to-point configuration, or an aggregated data rate of up to 192 Mbps per six-sector cell and a radius of up to 35 kilometres in a point-to-multipoint configuration.

On November 15, 2004 Wi-LAN launched Libra MX, the industry's first WiMAX platform that meets the performance and throughput requirements of today's demanding point-to-point and point-to-multipoint broadband applications while providing a migration path to WiMAX compliant networks. Based on Wi-LAN's patented W-OFDM technology – the foundation for WiMAX Certified products – Libra MX is a flexible solution, including both base stations and subscriber units, for a wide variety of broadband wireless applications.

Ultima3 Series Products

Wi-LAN's Ultima3 Series products are designed for broadband wireless access service providers looking to offer license-exempt high-speed Internet access for serving the growing bandwidth needs of small and mid-sized enterprises, small offices and home offices, and multi-dwelling units, such as apartment buildings and industrial complexes. The products support point-to-multipoint, point-to-point, and backhaul applications. The Ultima3 products feature Wi-LAN's patented MC-DSSS technology, which is designed to support constant service over distance through increased data rates, enhanced reliability and cost-effective performance. The Ultima3 series is the second generation of Wi-LAN's 5.8 GHz MC-DSSS product lines and includes products for both point-to-point and point-to-multipoint applications. The point-to-point systems can deliver a maximum of 12 Mbps with a distance of up to 75 kilometres, and the point-to-multipoint systems can deliver an aggregated throughput of up to 72 Mbps per cell, based on a six-sector design,

with a distance of up to 38 kilometres. MC-DSSS technology also improves security, due to built-in data scrambling that prevents unwanted eavesdropping. Wi-LAN's Ultima3 Series products are designed to be simple to use, install and manage. Enhanced scalability allows a service provider to easily add new customers. Wi-LAN's proprietary data collision avoidance technology - dynamic polling - is also embedded in Ultima3 products to further increase data throughput. Ultima3 products offer flexible service entitlement to network users, are VLAN (802.1q) compatible, and have a network protocol learning technology that supports seamless, wide area network, LAN-to-LAN data delivery.

Wi-LAN's Ultima3 RD product outperformed competing products in various categories of a 5 GHz product comparison conducted by Network Computing magazine in November 2002. The Ultima3 RD (Rapid Deployment) was ranked first for range, advanced features and functionality, and monitoring and management capabilities were the best of any system tested.

VIP 110-24

The 2.4 GHz VIP 110-24 products support data rates up to 11 Mbps. Wi-LAN's patented any-point-to-multipoint VINE technology permits the implementation of long distance, medium subscriber density broadband wireless networks a node-at-a-time. VINE networks can have significantly lower costs than conventional cell-based networks. Full wireless bridging and routing applications are incorporated in the products. The VINE software technology is adaptable to multiple RF bands. VIP 110-24 products have extremely low Bit Error Rate ("BER") performances at distances up to 30 kilometres with only 1 Watt transmit power.

On August 19, 2004 Wi-LAN announced the launch of four new models of its VIP product family, achieving its goal of lowering the entry point price for enterprises and wireless Internet service providers ("WISP's") with these new products, which have data capacities of 2, 5 or 11 Mbps and are priced economically in comparison to other VIP 110-24 products. These products are designed to allow Wi-LAN's customers to purchase the relatively inexpensive products that they need to start their network rollout and later purchase software upgrades to meet their increasing throughput requirements. The software upgrades are activated online without doing diagnostic visits to a customer premise or repeater station.

LR 28-24

The LR 28-24 product series is designed for applications in SCADA and telemetry. LR 28-24 provides high availability radio links with a range of up to 80 kilometres in the license-exempt 2.4 GHz spectrum. Its narrow radio frequency bandwidth allows operation in crowded spectrum with 12 non-overlapping channels. LR 28-24 features Telnet, SNMP or Ethernet console for remote management. Software updates are loaded remotely and its synchronized RF transmissions permit the installation of a large number of co-located radios.

Antenna Products

Wi-LAN, through its antenna division TIL-TEK Antennas, provides antennas designed to be reliable and cost-effective and which employ innovative design and production techniques. In addition, TIL-TEK Antennas can custom design antennas to meet individual customer needs. TIL-TEK Antennas provides a complete line of base station and remote antennas in frequencies from 800 MHz to 5.8 GHz, with selected products from 300 MHz to 28 GHz. Applications include cellular, GSM, personal communication services, DECT, WLL/WLAN and rural point-to-multipoint systems, as well as special applications such as radar test targets and Digital Audio Broadcast antennas. Established in 1979, TIL-TEK Antennas has a manufacturing facility in Kemptville, Ontario, Canada. TIL-TEK Antennas has supplied antennas in over 80 countries for a variety of major wireless projects.

TIL-TEK presently holds several Canadian and United States patents in the following areas: radio wave transmission and reception antennas, surface for use in discriminating between left hand and right hand circular polarization, sectoral reflector antennas, and field adjustable sectoral antennas.

In November 2002 the TIL-TEK Antennas Division met the requirements for upgrading its Quality Management System ("QMS") from the ISO (International Standards Organization) 9001:1994 standard to the ISO 9001:2000 standard. The ISO 9001:2000 standard creates a basis for a higher level of senior management involvement in an organization's QMS. It

ensures that TIL-TEK's QMS is aligned around its business objectives and is designed to ultimately ensure that improved customer satisfaction and increased profitability is achieved.

Wireless Voice Solutions

Wireless T1/E1: Wi-LAN's Wireless T1/E1 Solutions convert voice channels into Internet Protocol for transmission of voice messages over the Corporation's fixed wireless access systems. The Wireless T1/E1 Solutions allow transmission of up to 30 voice channels over license-exempt frequency bands to provide an alternative approach to traditional leased T1 or E1 lines. The core of Wi-LAN's Wireless T1/E1 Solutions is the VIP and Ultima3 radios paired with the TEmux T1/E1 multiplexer. They provide easy connectivity to existing T1/E1 networks to deliver broadband wireless voice capability with a range of up to 75 kilometres. SNMP support simplifies the day-to-day management of these T1/E1 Solutions. They are also available with an additional 10BaseT Ethernet port, allowing additional system capacity to be used for data transmission.

Wireless VoIP Solution: Wi-LAN's Wireless Voice-over-Internet-Protocol ("VoIP") Solution allows transmission of voice communications over Wi-LAN's broadband wireless access systems with carrier-grade Quality of Service ("QoS"). The Corporation believes the Wireless VoIP Solution provides an economic alternative to traditional wired service for voice traffic, particularly in underserved areas and developing countries, and is a solution to allow competitive local exchange carriers to avoid leased line charges to incumbent carriers. The Wireless VoIP Solution integrates with Wi-LAN's Ultima3, VIP and Libra product series and can be engineered to provide voice services for thousands of customers per base station.

INTER-CORPORATE RELATIONSHIPS

Wi-LAN owns a minority interest of less than 10% of the voting securities in two private companies involved in the businesses of developing and marketing wireless and network infrastructure technologies**.** The Corporation's minority interest in the voting securities in three public companies was sold in 2005. The Corporation acquired its shareholdings in each of the wireless companies for strategic and investment purposes**.** The book value of these shareholdings on October 31, 2005 was $nil, compared to $70,000 on October 31, 2003**.** Investments in the two companies in the portfolio were written down by $70,000 during fiscal year 2005**..** The Corporation reviews its interest in said companies on an ongoing basis and may divest itself of all or a portion of its shareholdings in each of the companies from time to time as circumstances dictate.

CUSTOMERS

In fiscal 2004, none of Wi-LAN's customers accounted for greater than 10% of the Corporation's product revenues. In fiscal 2005, Wi-LAN had two customers whose purchases equalled 26% of total product revenue and who individually were greater than 10% of total sales of the Corporation.

Sales outside of Canada currently represent a substantial portion of the Corporation's revenues. In fiscal 2005, approximately 17% of revenues were derived from sales of the Corporation's products in Canada and the remaining 83% of revenues were derived from sales of products outside of Canada. In fiscal 2004, approximately 10% of revenues were derived from sales of the Corporation's products in Canada and the remaining 90% of revenues were derived from sales of products outside of Canada.

Wi-LAN intends to continue to license its patented technologies to semiconductor and equipment manufacturers. The first four such agreements that Wi-LAN has entered into in this regard are the Philips Agreement, the Fujitsu Agreement the Redline Agreement and the Cisco Agreement. (refer to *Description of the Business - Wi-LAN's Business Strategy*).

SALES AND DISTRIBUTION

Wi-LAN has implemented a leveraged distribution strategy to deliver its broadband wireless products to end customers. This leveraged approach takes maximum advantage of relationships with distributors, value-added resellers ("VAR's"), and OEM's in order to effectively multiply the productivity of Wi-LAN's sales team. In nearly every sale to an end-

customer, some of these parties, together with Wi-LAN, play an important role in delivering the broadband wireless solution. Wi-LAN has also used a direct sales force that services the distributors, VAR's and OEM's, and also targets strategic end-customers. With the Corporation's February 1, 2006 decision to exit its broadband wireless equipment business, Wi-LAN's direct sales force will be largely disbanded (refer to *Acquisitions, Dispositions and Restructurings).*

Distributors and Value-Added Resellers

The Corporation's broadband wireless equipment sales strategy utilized selling through distributors wherever possible, which permitted the Corporation to benefit from certain significant advantages over direct sales, including quicker growth potential, better access to a larger number of end users, reduced service and support costs, and increased market presence through distributor networks and communications.

VAR's have purchased Wi-LAN's products either directly from the Corporation or from a distributor and resell them to end customers. Wi-LAN's VAR's bundle Wi-LAN's products with other elements of an overall solution (such as antennas, towers, computer hardware and application software), and deliver a complete wireless communications package to the end customer. The VARs include system integration companies, application developers, engineering installation companies and networking resellers.

The following is a brief description of some of Wi-LAN's key distributors and VAR's in alphabetical order.

Adino Telecom Limited - Adino, a joint venture between ONIDA Group and Enkay Telecom, is a broadband solutions company headquartered in Calcutta, India.

Aglotel Wireless Solutions Sdn. Bhd. - AgloTel Wireless Solutions Sdn. Bhd. ("Aglotel") is an outdoor wireless systems integrator and distributor in Malaysia. AgloTel is a provider of turnkey installation, testing, commissioning and maintenance of telecommunication and ISP systems, data and voice communications, wireless LAN/MAN/WAN and fixed wireless, secured enterprise networks, and security and surveillance equipment.

Allcan Electronic Distributors, Edmonton, Alberta - Allcan Electronic Distributors ("Allcan") began to supply products in May of 1977 and is a wholesale distributor of wireless communication, data, and cellular support equipment.

Altera Corporation, San Jose, California - On October 26, 2005, Altera Corporation and Wi-LAN announced the formation of a partnership to deliver the first programmable, low-cost WiMAX-compliant base transceiver station (BTS) modem solution supporting the IEEE 802.16-2004 standard. The solution allows base station developers to deliver WiMAX-compliant products that can be upgraded in the field by service providers in response to changing customer requirements and market conditions. The programmability of Altera's Field Programmable Gate Arrays (FPGA's), which form an integral part of the solution, also provides developers with the flexibility to rapidly make changes to their design and still meet their time to market goals.

Hutton Communications, Carrolton, Texas - Hutton Communications ("Hutton") has been in the wireless distribution business for carriers, dealers, and self-maintained end users since its founding in 1967. Hutton provides a wide selection and deep inventory of products and has fourteen strategically located sales offices and warehouses throughout North America.

Norban Communications Limited – In July 2004, Wi-LAN and Norban Communications Limited ("Norban") announced that Wi-LAN's broadband wireless access products and accessories have been delivered as part of the Sustainable Development Networking Program, an initiative under the Ministry of Environment and Forest of Bangladesh funded by the United Nations Development Program. Norban is an IT & telecom solution provider. Norban's main focus is to fulfill customer requirements by providing customized technology solutions with unmatched service. Norban provides network solutions and services including data, voice, and video convergence.

O'Connor's Singapore Pte. Ltd. – In May 2004 Wi-LAN Inc. and O'Connor's Singapore Pte. Ltd. ("O'Connor's") announced deployment of Wi-LAN's broadband wireless products at the National Institute of Education ("NIE"), Singapore and the Riau Island Provincial Government Office, Indonesia. The NIE, a national teacher training institute, is

using the products to provide connectivity for trainee teachers to access e-learning and video-based materials. The Riau Island Provincial Government is using the products for Internet, and backhaul for data and VoIP. Wi-LAN's VIP 110-24 and Ultima3 series were deployed. O'Connor's is a systems integrator and distributor in Southeast Asia. O'Connor's is a major provider of turnkey installation, testing, commissioning and maintenance of telecommunication systems, satellite communications, data and voice communications, wireless LAN/MAN/WAN and Fixed wireless, Direct-To-Home (DTH) and MCPC, broadband IP and multi-services, secured enterprise networks, fibre optics, lightning protection, broadcasting & multimedia, lighting & staging systems, medical technologies, scientific and analytical, card access, and security and surveillance equipment.

Radionet Oy **-** In September 2004, Wi-LAN and Radionet Oy ("Radionet") announced the formation of a global sales and marketing alliance to jointly market end-to-end broadband wireless solutions that combine Wi-LAN's pre-WiMAX Libra products with Radionet's Wi-Fi Hotzone solutions. Under the terms of the alliance, the two companies will cooperate on joint sales and marketing, and the alliance enables the companies to deliver Wireless HotZone solutions to customers globally. The combination of Wi-LAN's high-speed backbone wireless equipment and Radionet's outdoor Wi-Fi end-user solutions enables complete coverage of service areas, including differentiated quality of service, instant access for visiting users and mobile roaming capabilities, for private households, business enterprises and large corporate customers. Wi-LAN's Libra products provide the high-capacity non-line-of-sight capabilities that are needed for HotZone backhaul and for large customers who require a large amount of dedicated bandwidth. Radionet's outdoor HotZone equipment provides users with ubiquitous broadband Wi-Fi access within the coverage area, including roaming, with speeds up to 54 megabits-per-second. Radionet specializes in the development, design and sales of large-scale outdoor wireless broadband networks. Radionet's technology is based on the WLAN standard conforming to IEEE 802.11. Radionet offers comprehensive carrier-class wireless broadband networks for operators, ISP's and wireless ISP's, power utilities, industry and logistics, and system integrators.

Talley Communications, Hayward, California - Talley Communications Corp. ("Talley") is a privately held company that was founded in 1983 as Talley Electronics by John R. Talley, previously President/CEO at Uniden Corp. Talley is a distributor in wireless communications infrastructure and mobile products. Talley stocks products from more than 100 leading manufacturers and has four warehouse and sales facilities.

Tulip IT Services **-** Tulip IT Services ("Tulip") is involved in the design, implementation and maintenance of wireless networks. The company currently employs over 450 staff through a multi-branch operation in India.

Wi-COMM United Communications Inc., Beijing, People's Republic of China - Wi-Comm United Communications Inc. ("WCU") is focused on supplying broadband wireless access products to the China market. Wi-LAN's leading W-OFDM and MC-DSSS technologies have allowed WCU a position in providing an advanced solution for the high-speed data and the Internet access market in China.

Original Equipment Manufacturers

OEMs are companies that integrate Wi-LAN's technologies and products into product offerings that they partly manufacturer and sell to end customers through their own direct sales force and indirect distribution channels. Wi-LAN currently has OEM agreements with Hermes Technology Limited (New Zealand) and Wi-Comm Communications Equipment Co. Ltd. (China). The Corporation anticipates that future OEM sales will include the licensing of Wi-LAN's technologies for use in a broad range of wireless networking products.

Direct Sales

Wi-LAN's direct sales force has been focused primarily on servicing and recruiting distributors, VAR's and OEM's, and also target major accounts requiring direct sales and support services or existing customers ordering additional products or accessories. Wi-LAN's direct sales force managed geographical territories, responded directly to requests through the Corporation's website, recruited dealers and distributors, and identified sales opportunities. When a direct sale occurred, the Corporation's application engineers worked with the customer to assist with successful system implementation. With the Corporation's February 1, 2006 decision to exit its broadband wireless equipment business, Wi-LAN's direct sales

force will be largely disbanded, but the Corporation expects to retain personnel to service existing warranty obligations (refer to *Acquisitions, Dispositions and Restructurings).*

International Sales

Wi-LAN's products have been sold in North America, Asia, Europe, South America, Africa, the Middle East and the Pacific Rim. The Corporation's international sales efforts concentrated on establishing the right contacts and distributors in countries identified as having the most potential. The Corporation's international sales efforts focused on nurturing relationships with existing distributors and assisting them by providing training, promoting the Wi-LAN name internationally and generating awareness among potential new distributors. International markets have been important to the Corporation, particularly those in nations where the telecommunications and networking infrastructure is less developed or almost non-existent.

MARKETING

The Corporation's marketing team is responsible for marketing communications, product management and market research. Marketing emphasis is placed on developing business case studies, determining competitive positioning and pricing, and ensuring product completeness, which includes the preparation of documentation, promotional material and marketing programs.

In 2005 the Corporation increased its efforts to target key customer segments in which Wi-LAN had a strong competitive advantage, including transit systems (Libra Mobilis series products) and competitive service providers (Libra MX series products). As well, the Corporation leveraged its Libra MX platform along with its Continuity Program, its path to WiMAX compatibility, to stake out a strong position among the early adopters of WiMAX solutions. Wi-LAN also worked to form mutually beneficial OEM relationships with suppliers to target other key customer segments, including tier-one communications service providers. The Corporation also increased its focus on pre-packaged "application solution sets" such as integrated Wi-Fi HotZone solutions and Voice-over-IP (VoIP) solutions. Finally, Wi-LAN engaged in close collaboration with customers and key partners to design and develop the industry's best-in-class WiMAX compliant products.

The Corporation communicates its corporate and product positioning to channel partners and customers through a wide variety of media, which includes the following: industry, business and trade publications; industry analysts; the Corporation's website; and participation of executives and key technical staff in targeted conferences and trade shows.

RESEARCH AND DEVELOPMENT

The wireless communications industry is characterized by very rapid technological changes, short product life cycles and evolving industry standards. To remain competitive, Wi-LAN believes broadband wireless equipment companies must increase product performance and functionality, reduce product size and improve cost-effectiveness. The Corporation's research and development ("R&D") efforts in the past have been focused on developing new broadband wireless products and implementing enhancements to existing products. Products developed by Wi-LAN employ advanced communication technologies to provide high-speed wireless networking solutions. In addition to strong core competencies in high-speed digital hardware design, software engineering and radio frequency hardware design, Wi-LAN's product development programs have developed and refined core communication algorithms and other intellectual property. Wi-LAN has a highly skilled and experienced R&D team. To augment the Corporation's internal capabilities, the Corporation has contracted, partnered and out-sourced extensively to meet its aggressive product development targets. Many of the Corporation's managers and project engineers have extensive experience in all aspects of wireless product development and production. In fiscal 2004 Wi-LAN's R&D expense was $6,987,000. In fiscal 2005, Wi-LAN's R&D expense was $9,435,000.

With the February 1, 2006 decision to exit the broadband wireless equipment business, Wi-LAN expects to significantly reduce its net R&D expenditures in fiscal year 2006. Beginning in the fourth quarter of fiscal year 2005 the technical staff of the Intellectual Property Division has been increased, primarily through transferring staff from the Product Division, and most of the new intellectual property staff has been assigned to development projects supported by industry partners,

providing immediate revenue to offset expenditures. These projects are primarily focused on enhancements to existing WiMAX PHY and MAC products to add features to the versions designed for fixed WiMAX applications, and to develop products designed for mobile WiMAX. Wi-LAN's IP Division is positioned to provide its customers with industry-leading products and services including key IEEE 802.16 PHY and MAC core designs and software, semiconductor design expertise, reference design kits for WiMAX subscriber and base stations, and access to Wi-LAN's WiMAX-applicable patent portfolio.

In addition, Wi-LAN has an R&D funding agreement with the Government of Canada. Under terms of the agreement, Technology Partnerships Canada ("TPC") contributes 30% of eligible project costs up to $8.8 million to Wi-LAN in respect of eligible wireless technologies initiatives. The funds are repayable after February 1, 2007 (amended from November 1, 2005) as a 1.24% royalty of Wi-LAN's annual revenue in excess of $30 million up to a maximum amount of $12.2 million. In addition, TPC is to receive warrants to purchase Wi-LAN shares valued at $5 million in June 2006. TPC payments are netted against R&D expense, allowing the Corporation to spend additional funds on R&D without impacting its cash position. The TPC warrants are being amortized until they are issued no later than June 30, 2006. The amortization is included in R&D expense (refer to *Other Material Events in the Last Three Completed Financial Years*).

Wi-LAN works closely with its customers throughout its R&D and product management process. Customer requirements for products and systems are considered at each stage of the product cycle, from product design through manufacturing and customer support. In addition, customers are kept abreast of Wi-LAN's technology and capability advancements. Product development emphasis is placed on time-to-market, meeting industry standards and product specifications, ease of integration for OEM products, ease of use, security, cost reduction, design-for-manufacturability, quality and reliability.

MANUFACTURING

Wi-LAN has out-sourced most manufacturing services (including some parts procurement, kitting and assembly) in order to focus on its core competencies, benefit from contract manufacturer economies of scale, access best-in-class manufacturing resources, achieve rapid production scalability, reduce equipment capital costs and reduce equipment obsolescence risk. Wi-LAN maintains quality control and repair facilities and personnel in Calgary, Alberta. The Corporation has established a design/engineering/production process to ensure that the manufactured products meet engineering specifications and operate to full customer expectations. Wi-LAN has quality control procedures that govern all areas of operation relating to the quality of products manufactured, installed and serviced by Wi-LAN.

With the exception of the TIL-TEK Antennas division, which manufactures antenna equipment at its ISO 9001 certified manufacturing plant in Ontario, and final assembly of some products shortly after product introduction, the Corporation uses contract manufacturers. Creation Technologies Inc. of Burnaby, British Columbia, manufactures the majority of Wi-LAN'S broadband wireless products. Creation Technologies Inc. has extensive radio frequency product manufacturing experience, flexibility and ISO 9002 certification.

EMPLOYEES

On October 31, 2005, the Corporation had a total of 154 employees and consultants, of whom 105 were stationed at its head office in Calgary, Alberta, 34 were employed by the TIL-TEK Antennas division at its headquarters in Kemptville, Ontario, and 15 were stationed in geographically dispersed sales locations. Of the 154 employees and consultants of the Corporation, 59 were employed in product development, 33 were employed in intellectual property development, 15 in quality control and operations, 26 were employed in sales and marketing, and 21 were employed in business development, finance, administration, and corporate communications and investor relations. With the February 1, 2006 decision to exit the broadband wireless equipment business, Wi-LAN expects to reduce its workforce by 50 positions by April 30, 2006.

None of Wi-LAN's employees are represented by a labour union or are subject to a collective bargaining agreement. Wi-LAN's employees and consultants are all required to enter into non-disclosure and confidentiality agreements with the Corporation.

INTELLECTUAL PROPERTY

In 1999, Wi-LAN filed an intellectual property statement with the International Telecommunications Union (the "ITU") offering to make Wi-LAN's MC-DSSS patented technology available for licensing on fair, reasonable and non-discriminatory terms. The intellectual property statement targets the ITU's (International Telecommunication Union's) International Mobile Telecommunications standard (the "IMT-2000"), which is the foundation for 3G mobile radio networks, including cellular phones. The intellectual property statement is based on the belief of Wi-LAN's management that the IMT-2000 proposals under consideration for 3G standardization utilize Wi-LAN's MC-DSSS technology. The ITU, headquartered in Geneva, Switzerland, is an international organization that sets global telecommunication network and service standards, and acts as the "one stop shop" for 3G global standards to ensure that the radio recommendations for the IMT-2000 meet industry needs worldwide.

In 2000, Wi-LAN filed an intellectual property statement with the ETSI offering to license both its W-OFDM and MC-DSSS patented technologies. The statement asserts that Wi-LAN believes that its patents may be considered essential to some emerging ETSI standards. Wi-LAN's management believes the W-OFDM technology is the technology of choice for ETSI's Broadband Radio Access Networks ("ETSI BRAN") project that seeks to develop new standards for networks providing broadband radio access. Specifically, Wi-LAN's management believes W-OFDM is used in the HiperLAN/2 standard. This standard is a flexible platform providing high-speed access (up to 54 Mbps) to a variety of networks, including public ATM and IP-based applications, as well as for private use as a wireless LAN system. Wi-LAN's management believes the MC-DSSS technology meets the needs of ETSI's 3rd Generation Partnership Project.

On November 17, 2000 Wi-LAN commenced legal action in Canada against Radiata Inc. ("Radiata") to defend its claim that any devices that implement IEEE standard 802.11a require a license under Wi-LAN's Canadian W-OFDM patent number 2,064,975. Specifically, the action alleged that devices that use the IEEE standard 802.11a infringe Wi-LAN's Canadian patent number 2,064,975. The products in question were offered for sale on the website of Radiata and in product announcements. In response to Wi-LAN's legal action, Radiata brought a motion contesting the jurisdiction of the Federal Court of Canada citing absence of sale or availability of product in Canada. In March 2001 the Federal Court of Canada ruled it had no jurisdiction to hear Wi-LAN's claim on the basis that the products in question were not available for sale and were currently not intended for sale in Canada. As a result, Wi-LAN's W-OFDM patents remain unchallenged.

In 2001, to facilitate the initial proposal of broadband OFDM for the IEEE 802.11g standard, Wi-LAN filed an intellectual property statement with the IEEE, offering to make its patented W-OFDM technology (US patent number 5,282,222 and Canadian patent number 2,064,975) available for licensing on fair, reasonable and non-discriminatory terms. Wi-LAN has offered to license its patent to all parties interested in implementing IEEE 802.11g.

In 2002, to facilitate the initial proposal of broadband OFDM for the IEEE 802.16a standard, Wi-LAN filed an intellectual property statement with the IEEE, offering to make its patented W-OFDM technology (US patent number 5,282,222 and Canadian patent number 2,064,975) available for licensing on fair, reasonable and non-discriminatory terms. Wi-LAN has offered to license its patent to all parties interested in implementing the IEEE 802.16-2004WirelessMAN Standard. The Corporation has signed a licensing agreement with regard to the IEEE 802.16-2004WirelessMAN Standard with Fujitsu.

In July 2002 Wi-LAN announced that it had commenced legal action in Canada against a private Canadian company claiming to produce a NLOS, fixed wireless device utilizing OFDM technology. It is Wi-LAN's belief that this device infringes Wi-LAN's Canadian patent number 2,064,975. This legal action has been settled and the private firm (Redline Communications, Inc.) is now a licensee of the Corporation's patented intellectual property.

On April 30, 2004 Wi-LAN announced an amendment to its product development and technology license agreement with Fujitsu Microelectronics America. Originally, signed in 2002 the agreement has been amended to include royalties to Wi-LAN for its Media Access Control ("MAC") software, in addition to the original royalties for the use of Wi-LAN's OFDM technology and expertise.

In June 2004, the Corporation commenced a legal action in Canada for patent infringement against Cisco, for producing and selling IEEE standard 802.11a/g devices without a license from Wi-LAN. Wi-LAN was seeking compensation for use

of its intellectual property as well as punitive damages. Subsequent to the 2005 fiscal year end, on December 2, 2005 Wi-LAN announced that it has signed an agreement with Cisco in which the companies have agreed to terminate all legal actions pending between them (refer to *Business Strategy – Business Division Strategies).*

On July 13, 2004 Wi-LAN announced that it had filed a letter of assurance with the IEEE Standards Association for the patents and patent applications acquired from Ensemble Communications Inc. Wi-LAN's letter of assurance states that it is prepared to grant a license for the patents and patent applications to an unrestricted number of applicants on a worldwide, non-discriminatory basis on reasonable terms and conditions. Wi-LAN believes the infringement of these patents is unavoidable in any implementation of the IEEE 802.16-2004 WirelessMAN Standard. The WiMAX Forum intends to certify equipment designed to this standard.

The Corporation expects to license its technologies to a variety of interested parties, including semiconductor makers and equipment manufacturers. Wi-LAN will continue to abide by the terms of its intellectual property letters filed with the IEEE and ETSI. To date, no intellectual property of the Corporation has been invalidated or declared unenforceable (refer to *Description of the Business - Risk Factors*).

For further information, refer to *Description of the Business - Wi-LAN's Business Strategy*.

FACILITIES

In March 2004 Wi-LAN purchased a 91,070 square foot head office building in Calgary, which Wi-LAN had been leasing since construction was completed in June 2001. The purchase of the building, when compared to the prior ten-year lease arrangements, improved Wi-LAN's earnings by about $0.3 million per year, gave the Corporation the flexibility to achieve further cost reductions by allowing it to sublease the remainder of the building's excess space, and gave Wi-LAN the option to sell the building in the future. Wi-LAN purchased the building for $13.35 million and financed the purchase with an $8 million mortgage and $5.35 million cash. The balance of cost of excess space of $2.872 million was applied as a credit against the property and the net book value of tenant improvements of $220,000 incurred by the Corporation relating to the building when the Corporation was a tenant was added to the cost of the property. The Corporation had also provided, as additional security for the mortgage, cash on deposit of $775,000. In April, 2005 the Corporation sold its head office building in Calgary for $11.8 million, net of selling costs of $380,000. The proceeds of the sale were used to repay the mortgage balance of $7.8 million and the debt repayment removed the restrictions on cash of $775,000. As part of the sale arrangement, the Corporation committed to a seven-year lease on approximately 35,000 square feet at market rates with the purchaser of the building for a total commitment over the term of the lease of approximately $3.4 million. A lease deposit of $350,000 was required as part of the lease agreement. The gain on the sale of approximately $1.2M was being recognized over the term of the operating lease, in accordance with Canadian generally accepted accounting principles.

In January 2006, in order to further reduce expenses and improve operational efficiency, Wi-LAN moved to its new headquarters at Deerfoot 17 Building, #200, 2710 – 17th Avenue S.E., Calgary, Alberta T2A 0P6. The Corporation entered into a 10-year lease commitment on approximately 22,250 square feet at market rates for a total commitment over the term of the lease of approximately $3.2 million. The Corporation has received $200,000 of its previous $350,000 lease deposit, and expects to receive the balance, less a $20,000 holdback, in February 2006. A lease deposit of approximately $36,000 was required as part of the new lease agreement.

The Corporation owns outright its manufacturing facility and office premises for the TIL-TEK Antennas division at 500 Van Buren Street, Kemptville, Ontario.

GOVERNMENTAL REGULATION

The Corporation's products are subject to certain mandatory regulatory approvals. In the United States, the Federal Communications Commission ("FCC") regulates many aspects of communications devices. In Canada, the Ministry of Industry, through Industry Canada, administers similar regulations. In Europe, similar regulations are administered by ETSI. Other countries have their own regulations which are the same as or similar to the regulations of the FCC and ETSI. Wi-LAN's products must be approved under the above regulations by Industry Canada, the FCC or ETSI prior to these

products being offered for sale in Canada, the United States or Europe respectively, or other countries and jurisdictions that utilize the same or similar regulatory requirements.

All of Wi-LAN's current products are approved for sale in the countries in which they are being sold.

COMPETITION

Wi-LAN believes that its most significant direct competitors in the broadband wireless wide area network equipment market are Alvarion Limited; Aperto Networks, Inc.; Airspan Networks, Inc.; Motorola, Inc.; and Redline Communications, Inc. In addition, a number of large equipment manufacturers have announced that they are developing products based on OFDM technology. Wi-LAN's indirect competition comes from the continued use of wireline operators' services, including cable modems, ADSL and LMDS. As new broadband wireless technology standards arise, it is possible that these companies may attempt to introduce product offerings for these new standards, which could be in direct competition with the Corporation's products. Wi-LAN also competes for strategic partners, channel partners and qualified personnel.

Wi-LAN believes that success in the broadband wireless equipment market depends on the ability to deliver superior cost-reduced products and technologies, superior service functionality and competitive prices and to focus on geographies and applications where superior returns can be generated. The Corporation focused much of its R&D resources in 2004 and 2005 on introducing new cost-reduced feature-rich broadband fixed wireless access products, on iteratively reducing the production costs of those products, on introducing products for the ITS market (Libra Mobilis) and a new product series that is its platform for WiMAX compliant products (Libra MX), and on developing components of a WiMAX SoC in partnership with Fujitsu (refer to *Description of the Business*).

With the February 1, 2006 decision to exit the broadband wireless equipment business, Wi-LAN expects to significantly reduce its net R&D expenditures in fiscal year 2006 and to focus its efforts primarily on enhancements to existing WiMAX PHY and MAC products to add features to the versions designed for fixed WiMAX applications, and to develop products designed for mobile WiMAX (refer to *Research and Development).*

RISK FACTORS

Competition in the Wireless Telecommunications Industry

The Corporation competes in a highly competitive, dynamic and evolving industry. Competition is likely to intensify as current competitors expand their product offerings and as new companies enter the market. The Corporation must compete with a number of competitors that have greater financial resources. Wi-LAN believes that the principal factors affecting all competitors in its markets are standards compliance, product quality, performance, reliability, ease-of-use, application engineering support and price. The Corporation expects that these factors will remain competitive issues in the future. There can be no assurance that the Corporation will be able to compete successfully against current or future competitors, or that the competitive pressures faced by the Corporation will not have a material adverse effect on its business, operating results or financial condition.

Competition from the Wired Telecommunications Industry

The wireless industry remains in an early stage of development. Although the broadband wireless communications industry and the wired telecommunications industry serve markets that are largely distinct, there is currently some degree of overlap between their product and service offerings. Based on recent technological, regulatory, and commercial developments, the degree of overlap between those markets is likely to increase and the Corporation expects that, as a result, competition will increase substantially both within the wired telecommunications marketplace and between wired and wireless telecommunications providers. The wired telecommunications industry is comprised of network developers and operators with substantial capital investments in infrastructure, continuing commitments to upgrade the quality and capacity of their transmission facilities, significant operational presence and visibility in the telecommunications marketplace generally, large subscriber bases, preferred access to equity and debt markets, and R&D expertise. There can

be no assurance that the wireless industry will grow to the extent anticipated by the Corporation in this competitive environment.

Technological Change, New Products and Evolving Industry Standards

The broadband wireless communications industry is an emerging industry. It is currently characterized by rapid technological change, frequent new product introductions and evolving industry standards. Accordingly, the Corporation believes that its future success depends on its ability to enhance current products and develop and introduce new products offering enhanced performance and functionality at competitive prices. The Corporation's inability, for technological or other reasons, to enhance, develop and introduce products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Corporation's results of operations. The market price of the Corporation's Common Shares may also be affected by the timing and acceptance of products introduced by its competitors. There can be no assurance that the Corporation will be successful in identifying, developing, manufacturing and marketing new products. The ability of the Corporation to compete successfully will depend in large measure on its ability to maintain a technically competent R&D staff, and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of its products with evolving industry standards and protocols and competitive network operating environments. There can be no assurance that the Corporation will be successful in its efforts in these respects. In addition, there can be no assurance that products or technologies developed by others will not render the Corporation's products non-competitive or obsolete.

Dependence on Proprietary Technologies

The Corporation relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. Despite the Corporation's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Corporation's products or to obtain information the Corporation regards as proprietary. Policing unauthorized use of the Corporation's proprietary technologies, if required, may be difficult, time-consuming and costly. In addition, the laws of certain countries in which the Corporation's products are sold or licensed do not protect its products and related intellectual property rights to the same extent as the laws of Canada and the United States. There can be no assurance that the Corporation's means of protecting its proprietary rights will be adequate, the effect of which may be materially adverse to the Corporation. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable, limited or not applied for in certain foreign countries where the Corporation markets its products, which may have a material adverse effect on the Corporation.

The Corporation was recently involved in a Canadian legal action in which it alleged that Cisco is producing products that infringe on the Corporation's W-OFDM patents (refer to *Intellectual Property)*. The Corporation's involvement in intellectual property litigation from time to time could result in significant expense adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of management, whether or not such litigation is resolved in favour of the Corporation. The Corporation's patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there can be no assurance that any of the patents owned by the Corporation will not be invalidated, circumvented, challenged, rendered unenforceable, or licensed to others, or that any of the Corporation's pending or future patent applications will be issued with the breadth of claim coverage sought by the Corporation, if issued at all.

Risk of Third Party Claims for Infringement

The industry in which the Corporation competes has many participants who own, or claim to own, intellectual property. From time to time, a third party may claim that the Corporation infringes upon such third party's intellectual property rights, or may challenge the Corporation's right to its own intellectual property. The Corporation's involvement in intellectual property litigation could result in significant expense adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of management, whether or not such litigation is resolved in favour of the Corporation. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to pay substantial damages, cease the development, manufacture, use, sale or importation of products that infringe upon other patented intellectual property, expend significant resources to develop or acquire non-infringing intellectual property, discontinue processes incorporating infringing technology, or

obtain licenses to the infringing intellectual property. There can be no assurance that the Corporation would be successful in such development or acquisition or that such licenses would be available upon reasonable terms. Any such development, acquisition or license could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial results.

Financial Condition, Liquidity, and Requirements Outlook

The Corporation's consolidated cash on October 31, 2005 was $3,690. The Corporation's consolidated working capital (current assets net of current liabilities) on October 31, 2005 was $1,017. Cash flow from operations in fiscal year 2005, including changes in non-cash operating working capital, was $(14,747), and financing and investments transactions increased cash flow in the year by $4,669. On December 2, 2005 the Company signed an agreement with Cisco in which the companies have agreed to terminate all legal actions pending between them. Upon closing of the agreement in January 2006, the Company received US$10 million and expects associated costs to be approximately US$1 million, for a net cash gain of approximately US$9 million. If the Corporation is unable to generate or otherwise obtain sufficient additional funding to finance continuing operations, the Corporation's ability to maintain continued operations will be materially adversely affected.

Management of Future Growth and Expansion

Expansion of the Corporation's business and its future success may depend on its ability to manage growth as it expands its products and marketing capacities, which may place a significant strain on the Corporation's management resources, employees and operations. To manage growth effectively, the Corporation may be required to continue to implement changes in certain aspects of its business, expand its operations, and develop, train, manage and assimilate an increasing number of management-level and other employees. If management is unable to manage growth effectively, the Corporation's business, prospects, financial condition and operating results could be materially adversely affected.

Dependence on Key Personnel

The success of the Corporation is largely dependent on the performance of its key employees. Failure to retain key employees and to attract and retain additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. Competition for highly skilled management, technical, R&D, and other employees is intense in the broadband wireless communications industry. The Corporation's progress to date in commercializing its proprietary products has been dependent, to a significant extent, on the skills of its senior management. The departure or death of certain members of the executive team could have a material adverse affect on the Corporation.

The Corporation has recently experienced changes in its management personnel and further changes may occur in the future. The Corporation may face transitional difficulties in connection with these changes, and there can be no assurance that the Corporation will be able to attract and retain highly-skilled and qualified personnel to replace employees who leave the Corporation.

Customer Dependency

Wi-LAN may at certain times be dependent on a relatively small number of customers with respect to a large portion of its product sales. If any one or more of such customers discontinues its relationship with the Corporation for any reason, or reduces or postpones current or expected purchases of Wi-LAN's products, the Corporation's business, results of operations and financial condition could be materially adversely affected. In addition, Wi-LAN's customers can generally cancel or reschedule orders upon short notice and can discontinue using Wi-LAN's products at any time.

Financial Position of Customers

Many of Wi-LAN's customers and potential customers are emerging competitive local exchange carriers ("CLEC's") and wireless internet service providers ("WISP's"), many of which have been recently formed, have limited operating histories, and are not adequately funded to implement their business plans. If any one or more of such customers is not

able to secure financing, or reduces or postpones current or expected purchases of Wi-LAN's products, the Corporation's business, results of operations and financial condition could be materially adversely affected.

Industry Growth

The overall market for broadband wireless communications devices has experienced significant growth in recent years. There can be no assurance that the market for the Corporation's existing products will continue to grow, that firms within the industry will adopt the Corporation's products for integration with their broadband wireless communications solutions, or that the Corporation will be successful in independently establishing markets for its products. If the various markets in which the Corporation's products compete fail to grow, or grow more slowly than the Corporation currently anticipates, or if the Corporation is unable to establish product markets for its new products, the Corporation's business, operating results and financial condition could be materially adversely affected.

Product Concentration

The Corporation expects sales of its Ultima3 systems, its Libra systems, its VIP products and its TIL-TEK antennas to account for a significant portion of the Corporation's sales in the foreseeable future. A decline in demand for these products, or any of them, could have a material adverse effect on the Corporation's business, results of operations and financial condition.

Dependence on Third Party Licensees

A key element of the Corporation's business strategy is the licensing of its patented W-OFDM technology in North America to semiconductor makers and equipment manufacturers. Examples of this are the Philips Agreement, the Fujitsu Agreement, the Redline Agreement and the Cisco Agreement. There is no assurance that Philips, Fujitsu, Redline, Cisco or any future semiconductor makers or equipment manufacturers that license Wi-LAN's technologies will be able to successfully sell their products based on the Corporation's technologies such that the Corporation will earn royalty income.

Reliance on Third Party Parts Suppliers

Certain parts and components used in Wi-LAN's products are purchased from a limited number of sources. The Corporation's reliance on these limited source suppliers involves certain risks and uncertainties, including the possibility of a shortage or discontinuation of certain key components and reduced control over delivery schedules, manufacturing capability, quality and costs. In addition, the purchase of certain key components may involve long lead times, and, in the event of unanticipated increases in demand for the Corporation's products, the Corporation may in the future be unable to manufacture certain products in a quantity sufficient to meet its customers' demand in any particular period.

Reliance on Third Party Manufacturers

The Corporation relies largely on third party outsourcing for the manufacture of its products. The Corporation's business is therefore dependent upon the development and deployment by third parties of their manufacturing abilities. There can be no assurance that these manufacturers will be able to meet the Corporation's manufacturing needs in a satisfactory and timely manner, or that the Corporation can obtain additional manufacturers when and if needed. Although the Corporation believes alternative manufacturers are available, an inability of the Corporation to develop alternative suppliers quickly or cost-effectively could materially impair its ability to manufacture and install systems. The Corporation's reliance on third party manufacturers involves a number of additional risks, including the absence of guaranteed capacity and reduced control over delivery schedules, production yields and costs, and early termination of, or failure to renew, contractual arrangements. Although the Corporation believes that these manufacturers have an economic incentive to perform such manufacturing for the Corporation, the amount and timing of resources to be devoted to these activities is not within the control of the Corporation, and there can be no assurance that manufacturing problems will not occur in the future. A significant price increase, an interruption in supply from one or more of such manufacturers, or the inability to obtain additional manufacturers when and if needed, could have a material adverse effect on the Corporation's business, results of operations and financial condition.

Potential Fluctuations in Quarterly Results

The Corporation's quarterly financial results will be impacted significantly by the timing of new releases of its products and the timing of substantial orders. The Corporation's operating expenses are based on anticipated revenue levels in the short term, have a large fixed component, and are incurred throughout the quarter. As a result, if expected revenues are not realized on a timely basis as anticipated, the Corporation's financial results could be materially adversely affected. Quarterly financial results in the future may be influenced by these or other factors, including possible delays in the shipment of new products. Accordingly, there may be significant variations in the Corporation's quarterly financial results and the deferral of shipping an accepted order from one quarter to another may have a material adverse effect on quarterly financial results.

Potential Fluctuations in Currency Exchange Rates

The Corporation's results are reported in Canadian dollars. A substantial portion of the Corporation's revenues and expenses are denominated in US dollars. Any fluctuations in the value of the Canadian dollar relative to the US dollar may result in variations in the sales and earnings of the Corporation expressed in Canadian dollars and may have a material effect on the Corporation's business, results of operations and financial condition.

Lengthy and Variable Sales Cycle

Licensing the Corporation's technologies and selling its products is a long and complex process. In the past, the Corporation's sales cycle has generally ranged from one (1) to twelve (12) months. Wi-LAN spends a substantial amount of time educating potential customers about the use and benefits of its technologies and products. Because the adoption of the Corporation's technologies often represents a substantial investment, mobile network operators, application service providers, and telecom service providers may take several months to evaluate the Corporation's technologies and products, determine the size of the user base to be covered, and obtain the necessary expenditure authorizations and financing required to purchase the Corporation's technologies or products. The process of entering into a licensing agreement with a service provider typically involves lengthy negotiations. This process may be extended if the service provider is marketing Wi-LAN's technologies and products as part of a larger project or system. After a prospective customer has signed a license agreement, Wi-LAN may then be required to integrate its technologies and products into the licensee's products and services, which integration must be accepted by the licensee. Because the Corporation's customers typically do not pay up-front fees and the Corporation does not recognize its revenue until its customers have accepted the Corporation's technologies and products, there may be significant delays of weeks or months between the time the Corporation licenses its technologies or signs a product sales agreement and the time it recognizes revenue.

In addition, the Corporation may spend a significant amount of time and money on a potential customer that ultimately does not purchase its technologies or products. Any delay in sales of the Corporation's technologies and products could cause the Corporation's operating results to vary significantly from projected results. Also, the Corporation may not be able to accurately predict the sales of its technologies and products by its alliance partners, since the Corporation's alliance partners do not always keep Wi-LAN informed about the status of possible sales and other revenue opportunities with their customers. Sales of the Corporation's products by the Corporation's alliance partners also depend on the timing of the roll-out of their own products and systems. The Corporation has no control over the timing of its alliance partners' roll-outs, and the Corporation may not be informed of when these roll-outs will occur.

Because of these factors and the Corporation's limited revenue history, it is especially difficult to forecast the Corporation's revenue and operating results. The Corporation's inability to accurately predict the timing and magnitude of the Corporation's sales could cause a number of problems, including the following: (i) the Corporation may have difficulty meeting the Corporation's customers' delivery requirements in the event many large orders are received in a short period of time; (ii) the Corporation may expend significant management efforts and incur substantial sales and marketing expenses in a particular period that do not translate into orders during that period, or at all; and, (iii) the Corporation may have difficulty meeting its cash flow requirements and obtaining credit because of delays in receiving orders or delays in receiving payment for its products and services.

The problems resulting from the Corporation's lengthy and variable sales cycle could impede its growth, harm its valuation, and restrict its ability to take advantage of new opportunities.

Risks Related to Partnerships and Investors

The Corporation intends to improve its competitive position by aggressively pursuing partnering with industry leaders, and seeking investment from industry partners, strategic investors, existing Shareholders or other investors that bolster its product capabilities, augment its technical and management expertise, expand its distribution capabilities, and access new customer relationships**.** Discussions are continuing with respect to joint venture alternatives for existing and new product lines as well as possible terms on which Wi-LAN's intellectual property could be combined with the intellectual property of other companies, supported by a joint marketing campaign. To date no definitive terms have been arrived at and there can be no assurance that a successful transaction will be completed. Furthermore, seeking investors and partnerships involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the Corporation's business, results of operations and financial condition. New investors and partnerships could also result in potentially dilutive issuances of equity securities. The failure of the Corporation to manage its strategic investors and partnerships strategy successfully could have a material adverse effect on the Corporation's business, results of operations and financial condition.

International Markets

Sales outside of Canada represent the majority of the Corporation's total gross revenues. The Corporation believes that its continued growth and profitability will require additional expansion of its sales in foreign markets. Sales to international customers are subject to a number of risks and uncertainties including, but not limited to, complications in both compliance with and unexpected changes in foreign government laws, regulations and telecommunications standards, import and export license requirements, tariffs and other trade barriers, potential adverse tax consequences, fluctuations in currency exchange rates, exchange controls, difficulty in collecting accounts receivable, difficulty in staffing and managing foreign operations, potential political and economic instability, events of international terrorism, economic effects of public health threats such as Severe Acute Respiratory Syndrome, uncertainties of laws and enforcement relating to the protection of property rights including intellectual property rights, unauthorized copying of the Corporation's proprietary technologies, uncertainties in local commercial practices, uncertainties in local accepted business practices and standards which may not be similar to accepted business practices and standards in Canada and which may create unforeseen business or public relations situations, and other factors depending on the country involved. While international sales are typically denominated in US dollars and Wi-LAN typically extends limited credit terms, fluctuations in currency exchange rates could cause the Corporation's products to become relatively more expensive to customers in a particular country, leading to a reduction in sales or profitability in that country. There can be no assurance that these factors will not be experienced in the future by the Corporation or that they will not have a material adverse effect on the Corporation's business, results or operations and financial condition. As a result of these factors, the Corporation may not be successful in entering certain international markets and maintaining or increasing international market demand for the Corporation's products.

Regulatory Environment

Wi-LAN's products are subject to certain mandatory regulatory approvals in the United States, Canada, and other countries in which Wi-LAN operates. In the United States, the Federal Communications Commission regulates many aspects of the wireless communication devices that Wi-LAN provides, including with respect to radio frequency emissions, law enforcement assistance and interference. In Canada, similar regulations are administered by the Ministry of Industry through Industry Canada and in Europe similar regulations are administered by ETSI. These and other regulatory bodies around the world have the power to regulate, limit or prohibit the use of Wi-LAN's products in their particular countries.

Changes in the nature of Wi-LAN's products or in the regulatory requirements or environment in various countries might make it difficult or impossible for Wi-LAN to obtain future regulatory approvals. In addition, the emergence or evolution of industry standards for broadband wireless products, through official standards committees or widespread use by

operators, could require Wi-LAN to modify its systems, which may be expensive and time-consuming and result in substantial compliance costs.

The use of frequency spectrum by Wi-LAN's actual and potential customers is also subject to extensive regulation under the laws of the United States, foreign countries and international treaties. Each country has different regulations and regulatory processes for the use of wireless communications equipment over radio frequencies. Failure by the relevant regulatory authorities to allocate suitable, sufficient radio frequencies to potential customers in a timely and feasible manner could result in the delay or loss of potential orders for Wi-LAN's systems and thereby seriously harm Wi-LAN's business. If granted, licenses to use certain frequencies and other regulations may include terms that affect the desirability of using the Corporation's products in any market. Similarly, a country may require any of the Corporation's products to cease operation in that country if its operation causes, for example, interference with authorized users of the frequency spectrum, or to accept interference caused by others, if Wi-LAN's products operate in the license-free bands. Regulatory changes may also significantly impact the Corporation's operations by rendering its products obsolete or non-compliant or restricting the applications and markets served by such products.

Wi-LAN is also subject to export control laws and regulations with respect to all of its products and technologies. Wi-LAN is subject to the risk that more stringent export control requirements could be imposed in the future on product classes that include products exported by Wi-LAN, which could result in additional compliance burdens and could impair the enforceability of Wi-LAN's contract rights. Wi-LAN may not be able to renew its export licenses as necessary from time to time. In addition, Wi-LAN may be required to apply for additional licenses to cover modifications and enhancements to its products. Any revocation or expiration of any requisite license, the failure to obtain a license for product modifications and enhancements, or more stringent export control requirements, could seriously harm Wi-LAN's business.

Corporate governance standards in Canada are evolving continuously. Despite its best attempts, there can be no assurance that the Corporation will comply with all applicable corporate governance guidelines or best practices and this may have a material adverse effect on the market price of the Common Shares.

Volatility of Common Share Price

The market price of the Corporation's outstanding Common Shares in the past has been and may in the future be volatile. A variety of events, including quarter-to-quarter variations in operating results, the timing of new releases of the Corporation's products, demand for the Corporation's current products, entering into or failing to enter into or renew a material contract or order, news announcements by the Corporation or its competitors, trading volume, general market trends for telecommunications companies and other factors could result in wide fluctuations in the market price for the Common Shares.

Potential Need for Future Financing

The Corporation has fewer financial resources than some of its principal competitors. If the Corporation exceeds its growth expectations it may require additional equity or debt financing. The Corporation has outstanding share purchase warrants which, although they have the potential to increase the Corporation's cash balance, also have a dilutive effect on the Corporation's share capital. There can be no assurance that the Corporation will be able to obtain additional financial resources that may be required to successfully compete in its markets on favourable commercial terms, or at all. Failure to obtain such financing could result in the delay or abandonment of some or all of the Corporation's plans for product development, or in the Corporation being unable to satisfy its obligations as they become due, which could have a material adverse effect on the business and financial condition of the Corporation.

Product Liability

Wi-LAN's products are highly complex and sophisticated and, from time to time, may contain design defects that are difficult to detect and correct. Errors may be found in new products after commencement of commercial shipments or, if discovered, Wi-LAN may not be able to successfully correct such errors in a timely manner, if at all. The occurrence of such errors and failures in Wi-LAN's products could result in a loss or delay in their market acceptance, and correcting

these could require significant expenditure of capital. Wi-LAN's products are integrated into its customers' networks and equipment. The sale and support of these products may entail the risk of product liability or warranty claims based on damage to such networks and equipment. In addition, the failure of Wi-LAN's products to perform to customer expectations could give rise to warranty claims. The consequences of such errors, failures and claims could have a material adverse effect on Wi-LAN's business, results of operations and financial condition.

ITEM 4 - DIVIDENDS

The Corporation has not paid dividends on any shares during the last five completed financial years. The Board has no current intention to pay cash dividends in the foreseeable future but intends to retain future earnings for reinvestment in the Corporation's business. The Board will review this policy from time to time having regard to the Corporation's financial condition, financial requirements and other factors considered relevant.

ITEM 5 - DESCRIPTION OF CAPITAL STRUCTURE OF THE CORPORATION

The Corporation is authorized to issue an unlimited number of common shares ("Common Shares"), 6,350.9 special preferred shares and an unlimited number of preferred shares, issuable in series. There are no special preferred shares or preferred shares outstanding. The Common Shares are the only issued and outstanding voting securities of the Corporation, the holders thereof being entitled to one vote for each Common Share held. At the close of business on October 31, 2005, there were 42,229,184 Common Shares of the Corporation issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares, the special preferred shares and the preferred shares:

- The holders of **Common Shares** are entitled to notice of and to vote at all meetings of Shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. Subject to the preferences accorded to holders of preferred shares and any other shares of the Corporation ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board, such dividends as may be declared thereon by the Board from time to time. In the event of the liquidation, dissolution or winding-up of the Corporation, or any other distribution of assets among its Shareholders for the purpose of winding-up its affairs (such event referred to herein as a "Distribution"), holders of Common Shares, subject to the preferences accorded to holders of preferred shares and any other shares of the Corporation ranking senior to the Common Shares from time to time with respect to payment on a Distribution, are entitled to share equally, share for share, in the remaining property.

- The holders of the **special preferred shares** are not entitled, subject to applicable law, to receive notice of or to attend any meeting of Shareholders and are not entitled to vote at such meetings. The special preferred shares rank ahead of all other classes of shares with respect to the payment of dividends and the holders are entitled to receive a fixed non-cumulative dividend up to a maximum of $3.50 per year. In the event of a Distribution, the holders of the special preferred shares are entitled to receive $50.00 per share together with any declared but unpaid dividends prior to any payment or distribution to any other class of shares of the Corporation, but shall not be entitled to share any further in the Distribution. The Board may at their option redeem all or any of the special preferred shares at any time for $50.00 per share plus the amount of any declared but unpaid dividends. Each holder of the special preferred shares may require the Corporation to redeem all or any of their shares at any time after April 28, 2000 for $50.00 plus the amount of any declared but unpaid dividends.

- The **preferred shares** at any time and from time to time may be issued in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. From time to time the Board may fix, before the designation of a series, the rights, privileges, restrictions and conditions attaching to each series of preferred shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferential to such series on a Distribution; the extent, if any, of further participation in a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the

Corporation, or any other Distribution, holders of each series of preferred shares will be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the preferred shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of preferred shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution. The holders of each series of preferred shares will be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the preferred shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of preferred shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

Common share purchase warrants and underwriters' options have been issued in conjunction with financings and in the normal course of business. Each common share purchase warrant and each underwriters' option is exercisable in exchange for one Common Share. As of October 31, 2005 there were 22,388 common share purchase warrants issued and outstanding with exercise prices of $3.35 and expiry dates ranging from October 29, 2006 to December 29, 2006. As of October 31, 2005 there were no underwriters' options issued, outstanding and exercisable. Details of warrants and options issued with regard to financings are as follows:

- On February 14, 2002 the Corporation issued 1,530,000 units. Each unit consisted of one common share of the Corporation and one-half of one common share purchase warrant of the Corporation. Each whole warrant of the Corporation entitled the holder to acquire one common share of the Corporation at an exercise price of $4.25 at any time on or before February 14, 2004. Concurrent with this offering, the Corporation issued to its underwriters' options to acquire 153,000 units at an exercise price of $3.40 per unit at any time on or before February 14, 2004 equating to 229,500 common shares. Options to acquire 153,000 units and 9,562 common shares were exercised prior to the February 14, 2004 expiry date.

- On August 13, 2003 the Corporation issued 3,910,000 units. Each unit consisted of one common share of the Corporation and one-half of one common share purchase warrant of the Corporation. Each whole warrant entitles the holder to acquire one common share of the Corporation at an exercise price of $3.10 per share at any time on or before August 13, 2005. Concurrent with this offering, the Corporation issued to its underwriters' options to acquire 391,000 units at an exercise price of $2.95 per unit at any time on or before August 13, 2005 equating to 586,500 common shares. Options to acquire 60,000 units were exercised prior to the August 13, 2005 expiry date.

- On October 29, 2003 the Corporation issued 3,335,000 units. Each unit consisted of one common share of the Corporation and one-half of one common share purchase warrant of the Corporation. Each whole warrant entitles the holder to acquire one common share of the Corporation at an exercise price of $5.25 per share at any time on or before April 29, 2005. Concurrent with this offering, the Corporation issued to its underwriters' options to acquire 333,500 units at an exercise price of $4.41 per unit at any time on or before April 29, 2005 equating to 500,250 common shares. No options were exercised prior to the April 29, 2005 expiry date.

On March 21, 2005, the Board adopted a resolution to approve a shareholder rights plan (the "Rights Plan"). The Rights Plan is designed to ensure fair treatment for all Shareholders in the event of a takeover bid and to provide Shareholders and the Board with adequate time to evaluate any bid for the Company and to take steps to maximize Shareholder value in the event of any unsolicited take-over bid. Wi-LAN previously had a Shareholder rights plan in place, which expired in April 2002. The Company is not aware of any contemplated takeover bid. The terms of the Rights Plan are consistent with the terms of plans adopted by other Canadian public companies and with guidelines for such plans as published by shareholder rights advocate groups. The rights issued to the Shareholders under the Rights Plan may be exercised only when a person, including any related party, acquires or announces its intention to acquire more than 20% of the outstanding Common Shares without either complying with the "permitted bid" provisions of the Rights Plan or obtaining the approval of the Board. Should such an acquisition occur, each right would, upon exercise, entitle a holder, other than the person pursuing the acquisition and related parties, to purchase Common Shares at 50% discount to the market price at the time. Under the Rights Plan, a permitted bid is a bid made to all Shareholders and is open for acceptance for no less than 60 days. If more than 50% of the outstanding Common Shares of Wi-LAN, other than those owned by the person pursuing the acquisition and related parties, have been tendered, the person pursuing the acquisition may purchase and pay for the shares but must

extend the bid for a further 10 days to allow other Shareholders to tender. Under the permitted bid mechanism, Shareholders will have more time to consider the bid and any other options that may be available before deciding whether or not to tender to the bid. The Board will also have time to consider and pursue alternatives and to make recommendations to Shareholders.

ITEM 6 - MARKET FOR SECURITIES OF THE CORPORATION

The Common Shares of the Corporation are listed and posted for trading on The Toronto Stock Exchange ("TSX") under the symbol "WIN". Price ranges and trading volumes of the Common Shares on the TSX during fiscal year 2005 were as follows:

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
Nov-04	$1.60	$1.78	$1.36	$1.72	1,782	1,899,898	$3,022,822
Dec-04	$1.70	$1.70	$1.38	$1.51	2,034	2,144,129	$3,223,789
Jan-05	$1.49	$1.55	$1.37	$1.39	1,125	1,267,513	$1,840,642
Feb-05	$1.38	$1.44	$0.98	$1.07	2,430	3,383,096	$3,878,460
Mar-05	$1.10	$1.11	$0.95	$0.98	1,598	2,704,711	$2,729,024
Apr-05	$0.98	$1.07	$0.80	$0.97	1,227	1,991,745	$1,889,469
May-05	$0.97	$1.02	$0.85	$0.96	682	913,798	$858,011
Jun-05	$0.98	$0.98	$0.76	$0.79	730	1,133,217	$968,239
Jul-05	$0.80	$0.85	$0.75	$0.77	736	1,361,570	$1,088,151
Aug-05	$0.76	$0.80	$0.65	$0.74	1,003	2,301,553	$1,647,488
Sep-05	$0.75	$1.20	$0.70	$0.97	1,488	2,340,621	$2,342,702
Oct-05	$0.99	$1.09	$0.82	$0.82	784	1,271,525	$1,245,600
Nov-05	$0.82	$0.94	$0.78	$0.79	707	858,478	$726,933
Dec-05	$0.79	$1.38	$0.72	$0.75	3,087	5,179,978	$5,231,565

ITEM 7 - DIRECTORS AND OFFICERS

The Corporation currently has a Board comprised of eight persons. In accordance with the provisions of the *Business Corporations Act* (Alberta), the directors are authorized from time to time to increase the size of the Board and to fix the number of directors, up to a maximum of nine persons and a maximum increase in the number of directors of 1/3 per year as currently provided for in the articles of the Corporation, without the prior consent of the Shareholders.

The following table sets forth in alphabetical order the name, municipality of residence, present principal occupation, time served as a director, and position with the Corporation of each of the directors and senior officers of the Corporation. Directors are elected at the annual meetings of Shareholders and serve until the next annual meeting or until a successor is elected or appointed.

Name, Municipality of Residence and Present Principal Occupation	Director Since	Position(s) with the Corporation
Lynel Barrow Calgary, Alberta Vice President, Legal, General Counsel & Corporate Secretary, Wi-LAN		Vice President, Legal, General Counsel & Corporate Secretary
Chris Beadle Calgary, Alberta Senior Vice President, Global Marketing and Sales, Product Division, Wi-LAN		Vice President, Global Marketing and Sales, Product Division
Keith Bittner Calgary, Alberta Chief Financial Officer, Wi-LAN		Chief Financial Officer
Henry Burkhalter [(1)(3)] Jackson, Mississippi President and CEO, Investsearch Capital, LLC, a venture capital company	June 2001	Director

Name, Municipality of Residence and Present Principal Occupation	Director Since	Position(s) with the Corporation
Denis Colbourne [(2)(3)] President and CEO, DC-Technologies Ltd.	May 2005	Director
William A. Dunbar Airdrie, Alberta President and Chief Executive Officer, Wi-LAN	January 1999	President and Chief Executive Officer and Director
John Gillberry [(1)] Chief Financial Officer, Software Innovation	May 2005	Director
William Hews [(4)] Calgary, Alberta President, Fideliter Inc., a private investment and management consulting company	April 2000	Chairman of the Board and Director
Kirk Hamilton Kemptville, Ontario President, TIL-TEK Antennas Division, Wi-LAN		President, TIL-TEK Antennas Division
George Horhota[(1)(2)] Toronto, Ontario Executive Vice President, Director & CFO, Suiteworks Inc.	May 2004	Director
William Jenkins [(2)(4)] Partner, Fraser Milner Casgrain LLP, Barristers & Solicitors	May 2005	Director
David King Senior Vice President and General Manager, Product Division, Wi-LAN		Senior Vice President and General Manager, Product Division
John Seliga Calgary, Alberta Senior Vice President and General Manager, Intellectual Property Division, Wi-LAN	-	Senior Vice President and General Manager, Intellectual Property Division
Ken J. Wetherell Calgary, Alberta Vice President, Corporate Communications and Investor Relations, Wi-LAN	-	Vice President, Corporate Communications and Investor Relations
Dr. Hatim Zaghloul[(3)(4)] Calgary, Alberta President and CEO, Innovative Products for Life, Inc.	November 1992 to March 2005; May 2005	Director

Notes:

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Corporate Governance and Nominating Committee

(4) Member of the Corporate Strategy Committee. This committee was formed to deal with certain corporate strategy issues in April 2005, and, having met its objectives, was disbanded in December 2005.

The above directors and senior officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over, approximately 1.9 million common shares of the Corporation, representing approximately 4.5% of the issued and outstanding common shares of the Corporation.

During the past five years, each of the directors and officers of the Corporation has been engaged in his or her principal occupation as specified above, except for:

- Ms. Lynel Barrow, who prior to January 2004 worked as a lawyer at the law firms McCarthy Tetrault and Macleod Dixon;
- Mr. Chris Beadle, who prior to August 2005 was Vice President, Global Sales of the Corporation; prior to October 2004 was Executive Vice President and Chief Operating Officer of Donorware Inc.; and prior to 2002 was Vice President, Marketing of Bell West.
- Mr. Keith Bittner, who prior to March 2005 was Acting CFO of the Corporation; prior to January 2003 was Vice President, Finance of the Corporation; and prior to 2002 was Controller of the Corporation;
- Mr. Henry Burkhalter, who prior to 2001 was Chief Operating Officer of WorldCom Wireless Solutions, Inc.;
- Mr. William Dunbar, who prior to 2002 was Principal of Alta-Bow Consulting Services Inc.;
- Mr. John Gillberry, who prior to July 2005 was CFO (2004) and President (2005) of Radiant Energy Corporation, and CFO, Skulogix Canada Inc; and prior to 2004 was Founder and President, Bayfield Capital Group.

- Mr. Kirk Hamilton, who prior to September 2005 was a management consultant;
- Mr. William Hews, who prior to September 2001 was President of Wi-LAN;
- Mr. George Horhota, who prior to 2003 was Vice President of Operations at BCE Emergis Inc.; and prior to 2002 was President of Cannect Networks;
- Mr. John Seliga, who prior to August 2005 was Vice President, Marketing of the Corporation; prior to October 2004 was Vice President Marketing – IP Solutions at Telus Communications ("Telus"); and prior to 2002 was Vice President Data and IP and Vice President National Hosting Solutions at Telus;
- Mr. Ken Wetherell, who prior to November 2002 was Vice President, Investor Relations; and prior to February 2002 was Director, Investor Relations.
- Dr. Hatim Zaghloul, who resigned his positions with the Corporation in March 2005 and was re-elected to the Board in May 2005; prior to March 2005 was Executive Chairman; prior to December 2003 was Chairman and Chief Executive Officer; and prior to January 2003 was Chairman, President and Chief Executive Officer.

CONFLICTS OF INTEREST

Certain of the directors and officers of the Corporation are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Corporation may become subject to conflicts of interest. The *Business Corporations Act* (Alberta) provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the *Business Corporations Act* (Alberta). To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the *Business Corporations Act* (Alberta).

ITEM 8 - LEGAL PROCEEDINGS

The Corporation is engaged in three separate legal actions and, as the amount of liability is undetermined at this time, no liability has been accrued for claims on these actions (refer to *Current Litigation).*

ITEM 9 - ADDITIONAL INFORMATION AND DOCUMENTS INCORPORATED BY REFERENCE

Additional information, including directors' and officers' remuneration and indebtedness to the Corporation, principal holders of the securities of the Corporation, options to purchase securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's Information Circular dated April 8, 2005. Additional financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for the fiscal year ended October 31, 2005. Additional information relating to the Corporation may be found on Sedar at www.sedar.com.

ITEM 10 - TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada at its principal offices in the cities of Calgary and Toronto.

ITEM 11 - MATERIAL CONTRACTS

With the exception of the TIL-TEK Antennas division, which manufactures antenna equipment at its ISO 9001 certified manufacturing plant in Ontario, and final assembly of some products shortly after product introduction, the Corporation uses contract manufacturers. Creation Technologies Inc. of Burnaby, British Columbia, manufactures the majority of Wi-LAN'S broadband wireless products (refer to *Manufacturing).*

Wi-LAN has product development agreements in place with Jcast Networks of South Korea and Trans-World Communications Group, a broadband service provider in the Ukraine, and a joint marketing agreement in place with Altera Corporation (refer to *Recent Developments – Product Development and Joint Marketing Agreements).*

The Company has licensing agreements in place with Philips, Redline, Fujitsu and Cisco for use in designing and developing broadband wireless systems and related SoC's (refer to *Business Strategy - Business Division Strategies, Contingent Commitments, and Intellectual Property).*

Wi-LAN has a research and development funding agreement with the Government of Canada to assist Wi-LAN in developing next-generation wireless technologies (refer to *Other Material Events in the Last Three Completed Financial Years)*.

ITEM 12 - INTERESTS OF EXPERTS

The auditors of the Corporation (the "Auditors") are KPMG LLP, 1200, 205 - 5th Avenue S.W., Calgary, Alberta, T2P 4B9. KPMG partners are not allowed to own securities of client companies. The Corporation believes that the Auditors do not hold any interests in the securities of Wi-LAN.

GLOSSARY

Set forth below are certain terms defined as they are used in this Annual Information Form:

ADSL	ADSL is an acronym for asymmetric digital subscriber loop, which is a multi-megabit per second data service provided, or to be provided by, telephone companies over existing copper wires. It is asymmetric in the sense that more data can flow from the central office of the telephone company to the subscriber than from the subscriber to the central office.
ATM	ATM is an acronym for asynchronous transfer mode, which is a means of digital communication that is capable of very high speeds and is suitable for the transmission of images, voices, video and data.
AWE	AWE is an acronym for advanced wireless Ethernet bridges, one of the Corporation's principal products (refer to "Description of the Business - Products - Advanced Wireless Ethernet Bridges").
BWA	BWA is an acronym for broadband wireless access.
BWS or BWS Series	BWS or BWS Series is an acronym for broadband wireless access systems, one of the Corporation's principal products (refer to "Description of the Business - Products – Broadband Wireless Access Systems").
CLEC	CLEC is an acronym for competitive local exchange carrier. In the United States, a CLEC is a company that competes with the incumbent local telephone businesses by providing its own network and switching. The term distinguishes new or potential competitors from established local exchange carriers and originates from legislation in the United States that is intended to promote competition among both long-distance and local phone service providers.
CPE	CPE is an acronym for customer premise equipment, which is service provider equipment that is located on the customer's physical premises rather than on the provider's premises or a third party's premises.
CSMA	CSMA is an acronym for carrier sense multiple access, which is the protocol for carrier transmission access in Ethernet networks.
DECT	DECT is an acronym for digital enhanced cordless telecommunications, which is a cordless phone standard widely used in Europe.

DTA DTA is an acronym for dynamic time allocation, a process whereby a network base station automatically allocates longer time slots to busier network modes.

Ethernet Ethernet is a local area network design first developed by Xerox Corp. Ethernet is characterized by a 10 Mbps baseband transmission over a shielded coaxial cable and employs CSMA/DC as the access control mechanism. A minor variation of Ethernet has been standardized by the IEEE as specification IEEE 802.3.

Ethernet bridge Ethernet bridge is a device that connects Ethernet networks that are remote from each other either due to cable length restrictions for a single Ethernet segment or due to physical separation.

ETSI ETSI is an acronym for the European Telecommunications Standards Institute. ETSI is a global standards body that develops and disseminates voluntary, consensus-based industry standards involving leading-edge technologies.

ETSI BRAN ETSI BRAN is a working group of the European Telecommunications Standards Institute that prepares standards for equipment providing broadband (25 Mbps or more) wireless access to wire-based networks in both private and ISP public environments, operating in either a licensed or a license-exempt spectrum.

FCC FCC is an acronym for the Federal Communications Commission, which is the body responsible for coordinating and regulating the use of radio waves and telecommunications in the United States.

GAAP GAAP is an acronym for generally accepted accounting principles.

GHz GHz is an acronym for gigahertz, a measure of frequency. Specifically, one gigahertz represents one billion cycles per second.

GSM GSM is a digital cellular standard used throughout the world. GSM is the primary digital cellular standard used in Europe and South East Asia.

HiperLAN/2 HiperLAN/2 is an acronym for high performance radio local area network type 2, an interoperable standard developed by ETSI-BRAN to provide high-speed connectivity for next generation wireless and mobile communications in corporate, public and home environments at 5 GHz. It has many common elements with the IEEE 802.11a.

IEEE IEEE is an acronym for the Institute of Electrical and Electronics Engineering, which is the global standards body for the development and dissemination of voluntary, consensus-based industry standards involving leading-edge electro-technologies.

IEEE 802.11a IEEE 802.11a is a wireless local area network standard adopted by the IEEE to specify an "over the air" interface between the wireless client and an access point for wireless applications in the 5 GHz frequency band.

IMT-2000 The IMT-2000 is an acronym for the ITU's international mobile telecommunications standard, which is the foundation for third generation mobile radio networks throughout the world that deliver high-speed multimedia data and voice transmissions.

IP IP is an acronym for Internet protocol, which is connectionless, best-effort packet switching protocol. It provides packet routing, fragmentation and re-assembly through the data link layer.

ISDN ISDN is an acronym for integrated services digital network, where data speeds of 128 kbps can be delivered over a conditioned pair of copper wires.

ISM ISM is an acronym for the industrial, scientific and medical band. Several bands of radio frequencies have been designated ISM for license-free applications.

ISO ISO is an acronym for the International Organization for Standardization.

ISO 9001 ISO 9001 is a quality assurance model consisting of 20 sets of quality system requirements. This model applies to organizations that design, develop, produce, install and service products. ISO requires organizations to apply this model and to meet these requirements.

ISO 9002 ISO 9002 is a quality assurance model consisting of 19 sets of quality system requirements. This model applies to organizations that produce, install and service products. ISO expects organizations to apply this model, and to meet these requirements, by developing a quality system. Product design is not required by ISO 9002, as compared to ISO 9001.

ISP ISP is an acronym for Internet service provider.

ITU ITU is an acronym for the International Telecommunications Union, an international organization within which governments and the private sector coordinate global telecommunication networks and services. It is responsible for adopting international treaties, regulations and standards governing telecommunications.

LAN LAN is an acronym for local area network, and generally refers to two or more computers and the equipment used to connect them for the purpose of communication. Traditionally, a LAN has been restricted to an office or a single building.

LMDS LMDS is an acronym for local multipoint distribution system, which is a new service for the distribution of video and data signals. A frequency band in the upper 20 and lower 30 billion hertz is assigned for these services. It is a licensed spectrum. In Canada, it is called local multipoint communications system or LMCS.

MAC MAC is an acronym for Media Access Control layer. The Media Access Control Layer is one of two sub-layers that make up the Data Link Layer of the OSI model. The MAC layer is responsible for moving data packets to and from one Network Interface Card (NIC) to another across a shared channel. The MAC layer uses MAC protocols to ensure that signals sent from different stations across the same channel don't collide. Different protocols are used for different shared networks, such as Ethernets, Token Rings, Token Buses, and WAN's.

MAN MAN is an acronym for metropolitan area network and generally refers to two or more computers and the equipment used to connect them for the purpose of communication. Traditionally, a MAN is a data communications system that provides connectivity between buildings in an urban area.

Mbps Mbps is an acronym for megabits per second, the rate at which data is transferred in thousands of bits (ones or zeros) per second.

MC-DSSS DSSS is an acronym for direct sequence spread spectrum, one of two spread spectrum technologies currently in use. DSSS is a form of encryption and redundancy where each information bit is sent over many code bits. The code is normally a predetermined random code, which has specific mathematical properties that allow the receiver to tell it apart from other codes. DSSS has the advantage of (i) security, since it automatically codes the data, and (ii) evasion, since the received signal could be below natural noise levels and hence not

	detectable nor interfering with other transmission systems. MC-DSSS is an acronym for multicode direct sequence spread spectrum, a technology invented by Dr. Michel Fattouche and Dr. Hatim Zaghloul of Wi-LAN under US patent number 5,555,286, which patent has been assigned to Wi-LAN. MC-DSSS is a technology whereby data is modulated over more than one DSSS code simultaneously, and whereby the modulating and combining of codes is performed digitally. MC-DSSS enables multiple CDMA codes to be assigned to a single user in a CDMA network, thus increasing throughput. Conventional systems with a single user using three codes not only triple the throughput but also triple the cost by requiring three full transceivers. In MC-DSSS implementation, the information on all codes can be decoded in a single transformation.
MCS	MCS is an acronym for multi-point communication services which, like the MMDS spectrum in the United States, is a broadband radio service in Canada providing two-way transmission of voice, high speed data, and video in the 2.5 GHz to 2.596 GHz frequency ranges.
MHz	MHz is an acronym for megahertz, a measure of frequency. Specifically, one megahertz represents one million cycles per second.
MMDS	MMDS is an acronym for multi-channel multi-point distribution service, which is a broadband radio service in the United States providing two-way transmission of voice, high speed data, and video in the 2.1 GHz and 2.5 GHz to 2.7 GHz frequency ranges.
NLOS	NLOS is an acronym for non-line-of-sight, which refers to the ability of certain broadband wireless products to communicate with each other through or around object that block the direct path between their antennas.
OEM	OEM is an acronym for original equipment manufacturer. Equipment (such as a modem) is sold by its manufacturer to an OEM for integration into the OEM's equipment (such as a telemetry device) for resale to the end user.
OFDM	OFDM is an acronym for orthogonal frequency division multiplexing, which is a scheme that puts transmitted information on many carrier frequencies. Wi-LAN has obtained the rights to a patent for some unique applications of OFDM.
OFDM Forum	The OFDM Forum is an impartial association of many of the world's leading wireless technology companies. The OFDM Forum is committed to promoting a single, global compatible OFDM standard.
protocol	A protocol is a set of rules that devices follow when communicating with each other.
SIP	SIP is an acronym for semiconductor intellectual property. An SIP core consists of intellectual property translated into code that is used in the design of SoCs.
SNMP	SNMP is an acronym for simple network management protocol, a network protocol to remotely manage and monitor network equipment.
SoC	SoC is an acronym for system-on-chip, a sophisticated application specific integrated circuit.
Spread spectrum	Spread spectrum is a term that refers to spreading the transmitted signal over a band wider than that needed to transmit the signal.
T1	TI is a telecommunications connection at a North American standard speed of 1.544 Mbps.

UNII	U-NII is an acronym for unlicensed national information infrastructure, which is a license-exempt spectrum in the 5.8 GHz frequency band.
US or United States	US or United States means the United States of America.
VAR	VAR is an acronym for value-added reseller.
VINE	VINE is an acronym for Versatile Intelligent Network Environment, Wi-LAN's patent-pending hybrid-mesh network architecture that supports any point-to-multipoint networks used to overcome non-line-of-sight ("NLOS") challenges. VINE technology permits the implementation of long distance, medium subscriber density broadband Internet access networks a node-at-a-time.
VIP	VIP is an acronym for VINE Internet Protocol Systems. These are Wi-LAN's products that use its VINE technology.
VLAN	VLAN is an acronym for virtual local area network, which is a logical subgroup within a LAN that is created using software rather than manually moving cables in a wiring closet. A VLAN combines user stations and network devices into a single unit, regardless of the physical LAN segment they are attached to, and allows traffic to flow more efficiently.
WAN	WAN is an acronym for wide area network and generally refers to two or more computers and the equipment used to connect them for the purpose of communication. Traditionally, a WAN is a data communications system that provides connectivity between buildings.
WLL/WLAN	WLL/WLAN is an acronym for wireless local loop/wireless local area network, which provides communications to a home or office via wireless transmission (refer to the definition of "LAN").
W-OFDM	W-OFDM is an acronym for wide-band orthogonal frequency division multiplexing, which is a technology invented by Dr. Michel Fattouche and Dr. Hatim Zaghloul under US patent number 5,282,222, which patent has been assigned to Wi-LAN. In W-OFDM, a wide frequency band is intentionally used to carry information. W-OFDM is a variation of OFDM that further improves its characteristics. The signal reception is corrected for distortions, allowing greater transmission speeds, and the signal is processed to maximize the range and multipath resistance. W-OFDM allows lower-power, multipoint RF networks to be implemented, minimizing interference with adjacent networks. W-OFDM effectively permits several independent channels to operate within the same frequency band, allowing multipoint networks and point-to-point backbone systems to be overlaid on one another. Less disruption of adjacent users and insensitivity to external noise means that high-speed multipoint data networks can be simply and rapidly deployed. These systems are tolerant of changes in the RF environment, limiting maintenance requirements, and the systems can be easily and economically expanded to meet the service provider's growing business.