ANNUAL INFORMATION FORM

for the fiscal year ended June 30, 2009

September 28, 2009

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FORWARD-LOOKING STATEMENTS

Certain statements in this annual information form may constitute forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, such statements are generally identified by the use of such words as ‘‘may’’, ‘‘will’’, ‘‘expect’’, ‘‘believe’’, ‘‘plan’’, ‘‘intend’’ and other similar terminology. These statements reflect our current expectations regarding future events and operating performance and speak only as of the date of this annual information form. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors including, but not limited to, the factors discussed under ‘‘Risk Factors’’, could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this annual information form are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this annual information form, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

CORPORATE STRUCTURE

Vecima Networks Inc. ("Vecima") was incorporated under the Business Corporations Act (Saskatchewan) on July 7, 1988 under the name WaveCom Electronics Inc., and amalgamated with 625694 Saskatchewan Ltd. on July 1, 1999. On June 30, 2003, we continued WaveCom Electronics Inc. as a federal corporation pursuant to the *Canada Business Corporations Act* and changed our name to VCom Inc. ("VCom"). On July 1, 2006 VCom amalgamated with its wholly-owned subsidiary WaveRider Communications (Canada) Inc. The Company changed its name to Vecima Networks Inc. on November 13, 2006. On July 1, 2007, the Company amalgamated with its wholly-owned subsidiary Spectrum Signal Processing Inc.

Vecima's registered and head office is located at 4210 Commerce Circle, Victoria, British Columbia, Canada, V8Z 6N6, and telephone number is (250) 881-1982. Our website address is: www.vecima.com. The information on our website is not incorporated by reference in this annual information form.

Our wholly-owned subsidiaries and their respective jurisdictions of incorporation are WaveCom Electronics (2003) Inc. (Saskatchewan), 6105971 Canada Inc. (Canada), Vecima Networks Pty. Ltd. (Australia), Spectrum Signal Processing (USA) Inc. (United States), Spectrum Signal Processing (UK) Ltd. (United Kingdom) and Vecima Telecom India Private Ltd. (India). We also own all of the participating shares, but none of the voting shares, of YourLink Inc. (Canada) ("YourLink"), voting control of which is held, directly and indirectly, by our President and Chief Executive Officer, Dr. Surinder Kumar, and our Chief Operating Officer, Dr. Hugh Wood.

Unless otherwise indicated, or the context otherwise requires, references in this annual information form to "Vecima", "Vecima Networks", the "Company", "we", "us" or "our" refer to Vecima Networks Inc. and its subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Vecima Networks Inc. is a Canadian company, originally founded in Saskatoon, Saskatchewan in 1988. In the 21 years since the Company's inception, it has grown to 921 employees as of June 30, 2009. The Company completed the initial public offering of its Common Shares and their concurrent listing on the Toronto Stock Exchange in November 2005. Vecima has expanded across the country and in the US with offices in Toronto, Saskatoon, Calgary, Burnaby (near Vancouver), Victoria and Columbia, Maryland (near Washington, D.C.). Vecima has also expanded internationally with a sales office in Australia and a software development facility in Mangalore, India. We sell our products to original equipment manufacturers (OEMs), system integrators, Multiple System Operators (MSOs) and other service providers. YourLink's services are sold to residential and business subscribers in a number of communities in Western Canada.

Vecima's business is built on the design and manufacturing of products that provide solutions to customers for the transfer of data on cable and wireless networks. Its hardware products incorporate embedded software developed by Vecima to meet the complex requirements of next generation high-speed digital networks. Service providers use Vecima's solutions to deliver services to a converging worldwide broadband market, including what are commonly known as "triple play" (voice, video and data) and "quadruple play" (voice, video, data and wireless) services. Vecima's cost-effective solutions allow service providers to bridge the final network segment that connects a system directly to end-users, commonly referred to as "the last mile", by overcoming the bottleneck resulting from insufficient capacity carrying in legacy last-mile infrastructures.

Virtually insatiable consumer demand for bandwidth and digital video streaming, brought about in part by the emergence of High Definition digital video, social networking, file sharing and increasingly personalized television offerings, has generated a necessity for advanced

infrastructure products for digital television and data-over-cable services. Multiple-system operators (MSOs) and the original equipment manufacturers (OEMs) that supply them are under increased pressure to meet growing demand for bandwidth across their hybrid fibre-coaxial networks while competing with expanded offerings from traditional telcos wanting to leverage multibillion dollar investments in new all-fibre optic networks. This has in turn translated into very high demand for high-speed internet-over-cable data transmitter modules and our return path demodulator (for processing communications between subscribers and the digital cable infrastructure) from our OEM customers and strong sales of edge devices to multiple-system operators MSOs. Hurried and insatiable growth in demand for bandwidth along with the race to roll out High Definition video has led to a mass exodus to all-digital networks by the largest US MSOs. Our new Terrace MDU Gateway is a mainstay of the all-digital transition, providing a breakthrough technology which allows MSOs to deliver premium, tailored content as well as preserve traditional analog services to high ARPU MDU and hospitality accounts while realizing a 10-fold increase in bandwidth capacity gained from transitioning the network to all-digital.

Vecima has made high-speed internet-over-cable data transmitters for more than 11 years. These devices are made to the standards of the Data over Cable Service Interface Specification (DOCSIS®), a set of standards developed by the cable industry that allows products from various manufacturers to interoperate effectively and therefore to provide lower product prices through competition among many manufacturers. Since 2001, Vecima has been the sole supplier of DOCSIS® 2.0 transmitter modules to a major OEM that has dominated the world market with a 50% to 65% market share for cable modem termination systems (CMTSs). Vecima is proud of the fact that more than 50% of the data-over-cable traffic in the world is transmitted by devices manufactured in Saskatoon.

The DOCSIS® 2.0 standard provides about 38 Mbps of data transmission to subscribers with 30 Mbps upstream from subscribers in its maximum bandwidth configuration. In the early days of the internet, MSOs provisioned one 38 Mbps channel for up to 2,500 subscribers. The predominant usage was for e-mail, which is not bandwidth-intensive. With the rapidly increasing demand for bandwidth and digital video streaming, MSOs have increased the number of channels available and now provision a 38 Mbps channel for 50 subscribers. DOCSIS® 2.0 systems have been installed around the world and operators are continuously adding transmitters to provide additional bandwidth. We expect this activity to continue for two to four more years.

In its 2008 fiscal year, Vecima introduced its first DOCSIS®3.0 devices. The new standard provides for the bonding together of several 38 Mbps channels providing 150 Mbps of bandwidth to subscribers. There is also increased symmetry with higher upstream bandwidth provided for file sharing and video streaming. These services can compete directly with fibre provided by telcos. Important markets are enterprise customers and subscribers with requirements for file sharing and online video streaming. The new standard is extremely stringent and difficult to achieve. Many in the electronics industry believed that it could not be met without relaxation of some specifications. Vecima's successful demonstration of DOCSIS®3.0 performance 37 months ago allowed MSOs to insist that new products meet the DOCSIS®3.0 standard. We believe we will maintain our traditional market leadership in high-speed internet-over-cable data transmitters with a wide range of modules and stand-alone devices. In May of 2009, Vecima announced that we had signed an agreement to supply DOCSIS 3.0 modules to a leading US OEM for both a high-density Modular CMTS EdgeQAM platform and a low-density integrated CMTS platform.

Vecima has developed strong competencies in modern electronic manufacturing. We continually invest in automated test jigs, manufacturing technologies and computer-controlled process to reduce our manufacturing costs. During the 2008 fiscal year we added a third surface mount technology (SMT) line to our plant in Saskatoon and are currently running three SMT lines. This facility has successfully completed the extremely stringent qualification requirements to allow us to directly manufacture product for Cisco Systems, our largest OEM customer.

One of Vecima's key operational strengths is the significant number of subsystem designs we have developed over the years. These subsystems perform numerous functions for data processing, digital video transformation and RF signal manipulation. We regularly package various combinations of subsystems from this library of designs to rapidly develop new products to meet the needs defined by our customers. We then employ our sophisticated computer-managed production processes to manufacture products in various form factors and with the various options desired. The internally-developed manufacturing processes provide specific sequences of testing, calibration and parameter establishment.

The manufacturing processes improve production efficiencies and protect our intellectual property. Modern electronic devices can be reverse engineered, although it has become more tedious and time-consuming with multi-level printed circuit boards. However, replication of our production process is more difficult since the manufacturing processes are not part of the embedded software in devices; the intelligence stays in the factory, it is not shipped with the product. Copyists face the difficult iterative task imposed by the myriad of permutations and combinations of levels, parameters and test settings from dozens of subsystems contained in a device. Without access to the manufacturing processes, reverse engineering becomes an extremely daunting exercise. This is also one of the issues we have with moving our production to contract manufacturers. Vecima is reluctant to put its manufacturing processes in the hands of outside agents. Vecima's IP in manufacturing process is also a source of our competitive differentiation in the marketplace. Meeting technology performance to specification in complex, multi-subsystem designs while producing in high volume requires sophisticated calibration and compensation techniques to manage natural variability in components and to support the operational temperature range. This sophisticated process and its proven success in the marketplace has led in part to our competitive edge.

We generate product sales principally from sales of our Converged Wired Solutions and Broadband Wireless products to OEMs, system integrators, MSOs, distributors and other service providers around the world. We generate service revenue in YourLink from subscribers to voice, video and data services.

Historically, almost all of our sales were derived directly or indirectly from sales of our products to the Data over Cable, Broadband Wireless and Digital Video markets. Since 2003, we have acquired, through our YourLink subsidiary, companies that operate cable and wireless service provision businesses in Western Canada. These businesses provide us with locations to deploy and test new equipment designed by us and stable, recurring revenue streams. YourLink revenue represented 10% of total Vecima revenue in the year ended June 30, 2009.

Our total sales increased at a five-year compound annual growth rate of 21% from fiscal year 2004 to fiscal year 2009. Our total sales for the fiscal year ended June 30, 2009, decreased 5% to $114.2 million from $120.6 million for the fiscal year ended June 30, 2008. Our net income before extraordinary items increased at a five-year compound annual growth rate of 15% from fiscal year 2004 to fiscal year 2009. If changes in the foreign exchange rate for the Canadian dollar compared to the United States dollar are eliminated, Vecima's revenue for fiscal 2004 to 2009 increased at a five-year CAGR of 27% and profits increased at a CAGR of 18% annually. Our net income before extraordinary items for the fiscal year ended June 30, 2009 increased by 12% to $13.2 million from $11.9 million for the fiscal year ended June 30, 2008.

BUSINESS OF THE COMPANY

Company Overview

We design, manufacture and sell products that enable broadband access to cable, wireless and telephony networks. Our hardware products incorporate embedded software developed by us to

meet the complex requirements of next generation high-speed digital networks. Service providers use our solutions to deliver services to a converging worldwide broadband market, including what are commonly known as ‘‘triple play’’ (voice, video and data) and ‘‘quadruple play’’ (voice, video, data and wireless) services. Our solutions allow service providers to rapidly and cost-effectively bridge the final network segment that connects a system directly to end-users, commonly referred to as ‘‘the last mile’’, by overcoming the bottleneck resulting from insufficient carrying capacity in legacy last-mile infrastructures.

Our core expertise is radio frequency (RF) technology. Our products incorporate sophisticated software developed by us that is used for very high-speed digital signal processing, control and compensation functions in RF circuits and for implementation of high-level digital modulation. Our embedded software also facilitates the implementation of other network functions, such as media access control (MAC) and embedded system management, which are required by broadband wireless standards like WiMAX.

Our products are directed at two principal markets: Converged Wired Solutions (CWS) and Broadband Wireless. Our Converged Wired Solutions products include a family of upconverter and modulator modules that process data from routers and convert it to higher frequencies for transmission over cable to subscribers; gigabit network edge devices, EdgeQAM modulators, and transmodulators that accept very high bit rate video streams from central servers and transmit them to subscribers; return path demodulators that process communications between subscribers and the network; and, a new family of last-mile gateway products that provide both premium and core services in all-digital networks. Our Broadband Wireless products include transmitters and transceivers that process data from routers, switches and modems and transmit it to subscribers over wireless infrastructure. We have also developed and continue to focus on developing products to address emerging markets, such as voice over Internet Protocol (VoIP), fibre to the home (FTTH) and IP video.

Our customer base includes original equipment manufacturers (OEMs), system integrators, multiple systems operators (MSOs) and other service providers. We sell to our customers both directly and through distributors. We have entered into major supply agreements with certain of our key customers, including BigBand Networks, Cisco, Mega Hertz, Motorola and SaskTel as well as a major US MSO. YourLink operates several small cable and broadband wireless service providers, and owns certain licences to commercial spectrum. Through YourLink, we are able to test and improve Vecima products, and to demonstrate how our product solutions can be deployed to augment and extend the delivery of voice, video and data to subscribers. In addition, we can use YourLink’s substantial nationwide broadband wireless spectrum assets to deliver interference-free, high-speed Internet access in partnership with other Internet service providers, as standalone ventures or tied to sales of our broadband wireless products.

Industry Overview

The growth in the volume of data traffic and in the use of Internet applications, as well as new bandwidth-intensive applications such as HDTV, Video on Demand (VOD) and VoIP, are continually increasing demand for bandwidth. Service providers are addressing that demand by deploying data over cable and broadband wireless access solutions that are capable of accommodating the greater bandwidth required to deliver those services over the last mile. In addition, MSOs and telephone companies (telcos) are deploying equipment used to bundle voice, video and data ‘‘triple play’’ or voice, video, data and wireless ‘‘quadruple play’’ packages to compete with each other and with satellite services. Industry analysts are projecting rapid growth in Vecima’s existing and emerging markets of Converged Wired Solutions and Broadband Wireless.

Trends

Growing Demand for Broadband Communications

Demand for broadband communications, which has been growing for years, has recently accelerated with the introduction of new bandwidth-intensive applications and services such as HDTV, VOD and VoIP, which require high-speed transmission of a large amount of data. So-called over-the-top applications including file sharing, Facebook, YouTube, Twitter and gaming, are examples of the virtually insatiable consumer demand for bandwidth, digital video streaming and increasingly personalized television. Additionally, novel over-the-top online video distribution models are emerging both from traditional players such as the MSOs, HBO, ABC as well as nascent entrants such as NetFlix and Hulu. It has been reported that over-the-top applications today consume as much bandwidth as was used by the whole internet in 2003. Advances in technology to deploy these applications and services have led to broader adoption by businesses and consumers. Bandwidth demand will continue to grow as even more evolved services and higher-bandwidth end-user devices are adopted. In order to stay ahead of this increased demand and achieve new revenue growth, major service providers must continually deploy new technology. Worldwide engineering standards organizations are evolving next-generation network standards on many fronts to prepare for even higher bandwidth delivery in the telco, cable broadband and broadband wireless arenas.

Limitations of Traditional Network Access Solutions

To meet the growing demand for high-speed data transmission, many network service providers have installed high-speed, fibre-optic transmission equipment, switches and routers in their network backbones. While the network backbone is now capable of delivering data at very high rates, a bottleneck exists in the last mile, which was originally built to support broadcast one-way video or analog voice telephone service rather than bandwidth-intensive data.

Residential subscribers initially connected to the network backbone using relatively low-speed dial-up modems. Conventional low-speed dial-up modem technology does not satisfy the high-speed access needs of many users, and dedicated private high-speed access links to the network backbone are often unavailable or prohibitively expensive. Alternative access technologies have been developed to combat bottlenecks in the last mile, including digital subscriber line (DSL), optical fibre and other dedicated links (such as T1 and T3), satellite, broadband cable and broadband wireless. Each of the alternative broadband access solutions has certain advantages and disadvantages depending on the circumstances under which it is deployed. Most major MSOs and other service providers use a number of these solutions in combination, employing each where it fits most effectively within their overall communications system.

Proliferation of High Definition TV, Mobile Internet Access, and a new breed of network exploiting devices and applications

Consumer appetite for High Definition video services has surged in response to the proliferation of HD sets in the consumer marketplace as well as the rapid emergence and adoption of Blu-ray high definition DVD content. The HD race has also been fueled in part by government mandated transitions to digital broadcast and availability of 100 or more HD channels from some service providers. High Definition format digital video has in turn gained widespread acceptance and familiarity at the consumer level to the extent that is now demanded as an essential service. MSOs then are beholden to their subscriber base to deliver HD format for all broadcast content, particularly as their telco and satellite competitors deploy HD at a large scale. To free up network capacity for this groundswell, the MSOs are rapidly transitioning to all-digital networks, a tactic which not only requires technologies such as Vecima's Terrace to support the all-digital migration, but also requires technologies such as Vecima's DOCSIS modules and EdgeQAMs to provide the new digital services in the freed-up capacity gained from the transition.

As the proliferation of new PC applications once drove the escalation of processing speed and memory requirements in personal computers, so too is the explosive growth in mobile data usage and mobile applications today driving the bandwidth requirements of service providers' networks. The introduction of the iPhone and its applications, for example, has changed forever the landscape of wireless data connectivity: consumer expectations changed and competitive smartphones were soon released that provide similar functionality.

As a primary effect, smartphones connected to home and corporate wifi routers put significant incremental bandwidth demands on the MSO and teleco internet connections which backhaul the wifi router to the internet, leading to further demand for Vecima's internet-over-cable technologies. As a secondary effect, as the smartphones go mobile and consume bandwidth over 3G, 4G, WiMAX, and LTE networks the MSOs are making initial entries into the broadband wireless services market.

Finally, consumer devices which capture and make use of network connectivity through home-networks such as the Apple TV, Microsoft XBOX, and Sony Playstation 3 serve increasingly to drive bandwidth demand from the service providers.

Competition and Deregulation

Regulatory reform has spurred competition among communication service providers worldwide to offer combinations of video, voice, data and wireless services. Historically, long distance carriers and local operating companies provided only telephony services in the residential market, and cable television MSOs provided video programming. Direct broadcast satellite (DBS) services, which became available in the early 1990s, also provided only video programming. Regulations were changed in the mid-1990s to permit service operators to enter each other's markets and to provide a variety of voice, video, data and wireless services. As a result, in the last few years, most cable companies have begun to offer broadband services, including broadcast digital video, VOD, Internet access and telephony, over their cable systems. Similarly, telcos are deploying various DSL technologies for high-speed data and video services over their existing copper networks. Some telcos also have started deploying alternative delivery systems such as hybrid fiber-coax (HFC), FTTH and broadband wireless for data and video transmission, and some are also deploying IP video services over their DSL networks.

Development of Broadband Wireless Infrastructure outside North America

In many parts of the world, such as in certain regions in the Pacific Rim, South and Central America and Africa, communications services are either inadequate or non-existent because of the lack of cable and broadband wireless infrastructure. As a result, many business and residential customers are restricted to using traditional telephone lines. Service providers are increasingly adopting broadband wireless technology as a solution to deliver high-speed data access in areas where high-speed data communication is not otherwise available. In North America, Europe and other areas of the world with highly developed communications systems, broadband wireless technology complements and extends the reach of the wired systems.

Vecima's Key Markets

Our focus is on providing last-mile broadband access solutions. Prior to fiscal 2008, Vecima reported sales by primary markets including Data over Cable, Broadband Wireless and Digital Video. In response to trends in the markets we serve, Vecima transitioned to report revenues broken down into three overall market segments: Converged Wired Solutions, Broadband Wireless and YourLink (service provision). Convergence is taking place at a brisk pace within the cable industry as video and data services unify to use the same delivery technology over the MSOs hybrid fibre-coax network. The lines continue to blur between digital video and high speed data in a technological sense and Vecima's products are used to provide both types of service,

often within the same chassis. For example, Vecima's HyperQAM universal edge QAM could be provisioned by a single customer to use a portion of the QAM channels for switched digital video, other QAMs for DOCSIS 3.0 data services, and still others for broadcast digital video, high definition TV broadcast, and video on demand. A customer could provision one or all of these services within a single HyperQAM chassis, which provides 128 QAM channels. Therefore, sales of such products cannot be classified as Digital Video or Data over Cable exclusively. Similarly, as the cable network evolves to new IPTV services in the future, all services may be viewed as purely data-based, with video, VoIP, etc. merely classified as higher-layer applications of the QAM data pipe.

Converged Wired Solutions

Cable operators have introduced and are expanding digital video, voice and data services in addition to offering traditional analog video services. As a broadband access alternative, *converged wired solutions* have the following advantages for cable service providers:

- *Creates Additional Revenue Streams.* High-speed Internet service can be delivered to an existing base of customers already served with video and pay-per-view entertainment programming. Existing billing systems and technical resources can be used to deliver this service to existing subscribers.

- *Reduces Churn.* By offering bundled packages of broadband services, cable service providers are seeking to gain a competitive advantage over telcos and DBS providers while retaining their traditional video subscribers.

- *Provides Low-Cost Market Entry.* High-speed Internet service can be delivered economically with the installation of an inexpensive cable modem, now available for less than $45 per unit.

The ability of cable operators to deliver digital video, voice and high-speed data services on a broad scale has historically been constrained by the design of their legacy networks. These networks were built initially for one-way broadcast of analog television, and have required substantial upgrades to make them capable of reliably supporting two-way digital services, such as high-speed Internet access and telephony. In order to provide new services, major cable operators must invest in digital head-end equipment that can receive, process and distribute content from a variety of sources in increasingly complex head-ends. For example, the provision of high-definition television (HDTV) channels requires significantly more bandwidth than the equivalent number of standard-definition television channels. MSOs and other service providers use head-end upconverters and QAM modulators to provide high-speed data access. Depending upon the level of service the operator wishes to provide, each high-speed data channel driven by a QAM modulator/upconverter typically serves 200 to 500 subscribers for data services.

Digital Video

Home video entertainment has grown rapidly over the last decade, driven by a number of factors, including:

- greater viewing selection as a result of increased channel capacity;

- better quality audio and video signals resulting from upgraded digital services;

- increased production and marketing of feature films and television programming;

- the availability of higher quality and more affordable home entertainment systems;

- the increasing demand for time shifted, on demand consumption of programming;

- the advent and rapid growth of over-the-top, online video content delivered using IP;

- the emergence of digital video delivery through interactive digital set-top devices; and

- the introduction of HDTV broadcasting and proliferation of affordable HDTV television sets.

Video on Demand (VOD)

VOD has recently become an important service for cable MSOs in terms of revenue growth and retention of digital subscribers. VOD has the following advantages for cable service providers:

- *Interactive Superiority over DBS Services.* VOD, which offers high-quality digital picture and sound, enables cable operators to provide their subscribers with immediate in-home access to a large catalogue of movies and other video content with the interactive functionality of pause, play, fast-forward and reverse. It has become a key tool for cable service providers to compete against DBS delivery systems, which do not provide the interactive functionality of VOD.

- *Provides Incremental Revenue.* Cable operators also see VOD as offering incremental revenue streams that can be delivered to the installed base of digital set-top boxes.

- *Shift from Broadcast to Narrowcast.* Traditional pay-per-view requires continuous broadcasting of programming content to all homes in a cable system. VOD technology delivers programming content to viewers on a unicast basis only when requested by individual subscribers. Narrowcast VOD services require a more sophisticated delivery network.

- *Increased Convenience and Choice.* Interactive VOD substantially increases convenience and choice for subscribers.

Significant technology evolution has revolutionized the VOD marketplace. In only a very short time after its introduction, gigabit Ethernet transport has enabled a new VOD network architecture that permits very high-speed optical backbone delivery systems for large-scale VOD deployments. The last, critical technology component to complete the VOD delivery architecture is the gigabit Ethernet QAM edge device, which deconstructs and converts complex high-speed digital transport feeds into RF signals for last-mile delivery to digital cable set-top boxes. Substantial technology innovation is required in the QAM edge device to meet high-density, low power consumption and low cost-per-video stream constraints mandated by VOD system operators.

All Digital Transition / Analog Reclamation

The continuing pressures on last-mile carrying capacity caused by ever increasing bandwidth demands for high-speed data along with the rapid emergence and proliferation of High definition content have driven major cable MSOs to pursue a full transition to all-digital networks. Where gigabit Ethernet transport and Digital Simulcast allowed digital only backbone and transport networks, the operators are now pursuing the transition to digital only carriage in the last-mile of their networks as well. By removing the analog video in the last-mile and reclaiming its associated bandwidth, the operators enjoy a massive gain in digital video and high-speed data capacity. The all-digital transition then opens up the realm of 100s of HD channels, Gigabits per second of high-speed data, and expansive on-demand interactive services.

The transition to all-digital networks represents a dramatic shift in that the once core service provided by cable MSOs, namely multichannel analog video broadcast that hooks directly into any basic television equipped with an internal channel tuner, is no longer present whatsoever in the MSO network after the all-digital transition. Nonetheless, use cases which are high sources of revenue for the MSO continue to persist where a bulk, multichannel analog service is crucial or desirable. Other scenarios exist where the deployment of a digital set-top-box to every subscriber

television is cost prohibitive or logistically onerous. New innovative technologies are required to restore multichannel analog services at the point of entry to the customer premises in such cases. Basic televisions will then be able to access the recreated multichannel service without the need for a set-top-box. Further, without any analog distribution in the cable plant up to the customer premises, the video signal is immune to degradation due to plant transmission. The result is that multichannel analog services created at the customer entry point by gateway products such as the Terrace have video quality on par with digital video (noting that even set-top-boxes fed with digital signals output analog video to the tv through their composite, s-video, and component video interfaces). Additional advantages include the capability to customize the channel lineup on a per-premises basis, insert local feeds, and include premium channels in the bulk service.

Breakthrough technology enables this on-premises creation of multichannel services in a "headend in a box" with capabilities matching the technologies once used by cable MSOs to create the service at a regional headend at a cost of 100s of thousands of dollars.

Digital Simulcast

State of the art video networks are using gigabit Ethernet transport to move vast quantities of digital content more cost-effectively than legacy video transport networks. Leading communications equipment manufacturers like Cisco and Motorola are starting to provide next-generation video network solutions to ensure large-scale deployment of video services.

As video transport systems evolve towards gigabit Ethernet transport, and as demand for bandwidth continues to rise, increasing pressure is placed on the capacity of cable MSO last-mile delivery systems. Within their digital video networks, cable MSOs already perform substantial digital video signal processing including local advertising insertion and other forms of signal conditioning. Until recently, the programming tier delivered in analog format was unavailable for similar signal processing even though the source video is available to the cable MSO in digital format. With the transition to gigabit Ethernet transport, operators are now employing technology to digitally condition and transport all program tiers to the edge of their networks, where the signals are converted to analog format for last-mile delivery. The device that performs the conversion from digital format to analog format is a gigabit Ethernet analog edge decoder. By using the analog edge decoder, cable MSOs can not only gain the powerful advantage of equivalent processing and transport for digital and analog program tiers, but even more importantly, they are able to recover significant system bandwidth which is then utilized for ever-increasing broadband data and interactive and on-demand video services.

Emerging Markets

VoIP

VoIP (also known as IP telephony or Internet telephony) is the routing of voice conversations over the Internet or any other IP network. VoIP traffic can typically operate simultaneously with other data traffic with minimal impact to the overall quality of the broadband connection. The main benefit of VoIP is that subscribers can use their existing broadband connection to make local and long-distance calls at substantially reduced costs, while maintaining call quality equivalent to that of their normal telephone network. Most cable MSOs and wireless Internet service providers now offer VoIP services and many competitive local exchange carriers feature VoIP offerings as a major incentive to entice customers to switch from the incumbent local exchange carrier.

FTTH

Telcos with deployments of FTTH have substantial unused bandwidth in their networks and are making creative use of this bandwidth to deliver traditional video services to end users using last-mile RF overlay. The source video is carried over the telco's fibre network in digital format using gigabit Ethernet transport to the network edge, where it is converted to QAM format digital video

using a gigabit Ethernet EdgeQAM. The digital video channel line-up is then delivered to the subscriber's premises, where it simply replaces the traditional cable video feed from a cable system operator. Telcos bundle video service with their other services in direct competition with emerging VoIP bundled offerings from cable MSOs.

IP Video

Telcos are facing increasing competition and demand for high-speed residential broadband services. To date, their offerings in residential markets have been aimed primarily at providing Internet access in addition to traditional voice services. Video delivered over DSL lines has bandwidth limitations, but the use of video compression technology and alternative delivery systems such as gigabit Ethernet transport and FTTH have allowed operators to start introducing IP video services. IP video enables video broadcasting, VOD and locally targeted advertising. It is bandwidth-efficient, since it delivers programming content to viewers on a point-cast basis only when requested by individual subscribers. It also allows service providers to insert local advertisements into the programming, with capabilities for precise geographic pinpointing, giving service providers access to additional revenue streams.

Broadband Wireless

Broadband wireless technology has evolved to provide cost-effective broadband communication for business and residential subscribers. Standards-based wireless technology is expected to accelerate and extend worldwide wireless broadband communications. Along with offering the same high-speed access as other broadband access solutions, broadband wireless offers the following additional advantages for network service providers:

- *Enables Rapid Deployment.* Service can be initiated quickly because there is no need to install copper wire, cable or optical fibre past every home before service can commence.

- *Provides Low-Cost Market Entry.* Service can be delivered economically with one base station and a small number of initial subscribers.

- *Offers Scalability.* Subscribers can be added rapidly and cost-effectively, since each installed base station can support thousands of subscribers and the units are supplied only to customers who subscribe for service.

- *Permits Portability.* Next-generation broadband wireless standards will permit subscribers to use a growing family of network access devices to access broadband services throughout large metropolitan areas, across multiple cities, in remote areas, and even across national boundaries.

MSOs and other service providers are now deploying point-to-multipoint broadband wireless transmission services for high-speed Internet data connectivity. Point-to-multipoint wireless technology allows a wireless Internet service provider to build a base station to process high-speed Internet data for over-the-air transmission to multiple subscribers on licensed or unlicensed spectrum allocations. Subscribers use a transceiver on their premises to send and receive signals from the base station. These signals are then processed through a modem connected to a personal computer or delivered directly through an Ethernet connection from the transceiver to the personal computer.

The widespread adoption of Wi-Fi (IEEE 802.11) technology by consumers and service providers and the prevalence of Wi-Fi-enabled laptop computers have served to raise the awareness and utility of broadband wireless as a viable broadband delivery technology. New worldwide broadband wireless standards are emerging to permit even greater utility within this market. In particular, the WiMAX (IEEE 802.16-2004) standard, widely influenced and supported by industry leaders such as Intel and Fujitsu, promises to permit much larger scale deployments using regulated, licensed radio frequency spectrum. Most of the countries representing the major world

markets for this WiMAX technology have already allocated spectrum for its use. This effort is expected to enable end-users to maintain virtually ubiquitous broadband connectivity from laptop computers and a variety of personal digital devices.

Potential applications for WiMAX include:

- Broadband wireless access networks in developing economies and in rural settings in developed economies that are underserved by DSL or cable networks or where there is no wired broadband infrastructure at all.

- Backhaul of cellular and Wi-Fi networks, as it offers a cheaper alternative to T1 lines.

- Deployment by telcos and MSOs for portable or mobile broadband access, particularly in countries where third-generation (3G) cellular networks are not yet available.

Competitive Strengths

Our solutions allow service providers to rapidly and cost-effectively bridge the final network segment that connects a system directly to end-users by overcoming the bottleneck resulting from insufficient carrying capacity in legacy last-mile infrastructures. We believe we are well-positioned to capitalize on anticipated growth trends in the Converged Wired Solutions and Broadband Wireless and emerging markets because of our key competitive advantages:

- *Technical Design Strength.* We have proven expertise in the design and manufacture of leading-edge products that incorporate RF, microwave and field-programmable gate array (FPGA) based gigabit digital technology. We also have extensive expertise in the development of sophisticated embedded software, including the software for FPGAs. Our gigabit Ethernet edge device for video streaming is an example of the successful integration of state-of-the-art RF subsystems and gigabit digital processing subsystems to provide very rapid digital signal processing for high bit rate data transmission.

- *Rapid Product Development.* One of our principal competitive strengths is the design flexibility provided by our extensive and expanding library of proven subsystem designs. Leveraged across our product lines, this technology platform enables us to introduce new products and deliver tailored solutions quickly to meet the needs of end-customers and allow them to achieve time-to-market advantage.

- *Value Engineering and Cost-effective Manufacturing.* For many years, our technology development team has been successfully implementing designs that replace expensive components with less expensive parts and specially designed cost-effective subsystems. We have also developed considerable IP in manufacturing engineering through the design of production processes and test sets that minimize costs, increase efficiency, and serve as a competitive advantage in that we are highly successful at manufacturing complex products meeting stringent specifications in high volume where others fail. Those designs have allowed us to offer high-performance products at attractive prices. Our Saskatoon manufacturing facility is qualified under ISO 9001:2004 certification and we maintain rigorous quality control programs throughout the design, manufacturing and testing phases. Our systemized manufacturing processes translate into efficient utilization of resources and rapid response to customer requests for products. Surface-mount automated assembly technology introduced at our main manufacturing facility in Saskatoon has allowed us to reduce the cost of products further by eliminating the costs associated with outside contract manufacturing. This has also strengthened our ability to provide creative and timely responses to our customers' requirements.

- *Relationships with Key Customers.* We have cultivated strong relationships with a number of leading OEMs including Arris (Broadband Wireless and Converged Wired Solutions), BigBand Networks (Converged Wired Solutions and FTTH), Cisco (Converged Wired Solutions), Huawei

Technologies (Converged Wired Solutions), Motorola (Converged Wired Solutions and Broadband Wireless), Comcast Cable (Converged Wired Solutions), Time Warner Cable (Converged Wired Solutions), NEC (Converged Wired Solutions), SaskTel (Broadband Wireless), and Sumitomo (Converged Wired Solutions). Our relationships with many of our customers have evolved into partnerships where they approach us with new product ideas, which we then develop and produce. These close relationships with market leaders, which allow us to stay ahead of the design cycle, cannot be easily replicated or quickly established by our competitors.

Goals and Strategies

Our goal is to become the leading provider of last-mile broadband access products for the Converged Wired Solutions, Broadband Wireless and other emerging markets. Our business model has historically centered around continuous revenue growth coupled with an emphasis on maintaining profit margins. We intend to continue to align our efforts with these fundamentals going forward. Strategically, the business will grow based on technology development, increased sales and marketing efforts and continued expansion in personnel, plant, and product offerings.

We plan to achieve these goals by pursuing the following strategy:

- *Expand and Leverage Technology Expertise*. Through Vecima's 21 years of experience in the broadband communications equipment industry, we have developed a broad portfolio of advanced products encompassing technologies based on Radio Frequency (RF), microwave, Field Programmable Gate Arrays (FPGAs) and embedded software programming. During the past decade, our core technology has been considerably enhanced through the use of FPGA technology in our products. This has allowed us to innovate and improve designs for both next-generation cable and wireless products. The technology also allows efficient development of products that interface with Gigabit Ethernet networks and that process, manage and route complex digital signals such as MPEG format digital video. We leveraged those technology advancements in the design and development of our leading Gigabit Ethernet Quadrature Amplitude Modulation EdgeQAM product for use in the digital broadcast, narrowcast, and VOD markets and our Gigabit Ethernet Analog RF EdgeDecoder product for the digital simulcast market. We have further expanded our technology portfolio through the Terrace MDU Gateway for the all-digital transition, a development conducted under contract and in partnership with a major US MSO. The Terrace development has leveraged our core capabilities in RF, FPGAs, embedded software, and mpeg processing while adding significant new capabilities in CableCard based decryption, QAM demodulation, and the use of a breakthrough MPEG decoder ASIC. We have also gained an intimate understanding of the MSOs nationwide provisioning mechanisms and implemented this provisioning in the product such that seamless and automated provisioning occurs in the MSO network.

Vecima's research and development department includes the personnel with the advanced skills necessary for complete product development including; RF design, software programming, high speed digital signal processing, mechanical design, networking, FPGA, wireless design, and media access controller (MAC) designers. Our capacity for complex software development has increased significantly over the last five years through the completion of WiMAX, EdgeQAM, and All-Digital Gateway products. Vecima added experienced professionals and new graduates, while augmenting existing staff and the university and technical school graduates through internally created training programs. Specifically, our software and FPGA technical leaders have excelled at creating internal programs allowing Vecima to add and integrate young professionals. Our new hires become productive within their teams in very short time frames.

We plan to expand our research and development efforts by strengthening our software, digital, and RF design capabilities and link them to business development and product management to ensure a continual customer focus. A particularly core aspect of our strategy is to leverage our close partnerships with leading OEMs and MSOs and extrapolate from the new technologies we have added to our suite of IP in the most recent major product developments with these

customers. With an enhanced subsystem portfolio, Vecima will continue to enjoy an industry leading, competitive, best-in-class and profitable set of next-generation and new products. Through improved management structures in R&D, we expect to improve time to market and team efficiencies. Our expansion into India with the initiation of our Indian software team continues to be a work in process. Through increased participation of our teams in Saskatoon and Burnaby, we have begun to see the deliverables from India necessary to support features in current and legacy products.

- *Invest in Research and Development.* Our R&D expenses for the year ended June 30, 2009 decreased 1% to $8.8 million, or 8% of sales, compared to $8.9 million, or 7% of sales, for the prior fiscal year. The small dollar increase included the effects of Technology Partners Canada (TPC) funding that directly reduced GAAP R&D expense and offset increases from regular research efforts and inclusion of research and development costs from the acquired Spectrum Signal Processing. During the 2009 fiscal year, we also developed a new M-DTA product for a major MSO in the US.

Total research and development costs net of deferrals, amortization of deferred development costs and income tax credits for the year ended June 30, 2009 were $21.1 million, or 18% of sales, up from $16.1 million, or 13% of sales, for the year ended June 30, 2008. The TPC funding reduced research and development expenses in Spectrum Signal Processing.

We expect to maintain our investment in research and development as a percentage of sales at levels consistent with our projected revenue through fiscal 2010.

- *Continue to Develop New Families of Products*. While we continue to develop products aligned with our historical markets, our Business Development team actively pursues the development of new corporate relationships to allow us access to new markets in addition to securing new product concepts and design wins from our existing customer base.

Vecima's activities in the WiMAX market continued in fiscal 2009. We have enhanced our sales and marketing efforts in the fixed WiMAX space leading to a number of deployment opportunities. Vecima expects to continue to deliver fixed WiMAX products through distributors in the United States and other areas. Moving forward, we plan to expand our WiMAX sales through our new 5.7 GHz family of products. We are also accessing new verticals through the suite of WiMAX products we have developed in multiple frequency bands, often as an exclusive vendor of WiMAX technology in the frequency band demanded by the vertical. While WiMAX adoption is ongoing, we continue to derive business from our BWIN technology and actively are creating new models of products to meet more market demand.

In the converged wired solutions market during fiscal 2009 we gained significant momentum through a new product development with a major US MSO, culminating in the production release of the Terrace MDTA for the all-digital transition. The Terrace is a QAM to Analog gateway that allows a service provider to continue delivery of a tailored, bulk multichannel analog line-up to certain premises after the provider's network is transitioned to all-digital in the last mile. The recovered network capacity can then be utilized to deliver a myriad of digital services, unlocking the capacity for 100s of HD channels and gigabits per second of high-speed-data services. We are leveraging this new family of all-digital gateway products towards additional products with this customer and others. The first ancillary product in this family is the TerraceQAM, a product designed to provide MSOs with technology delivering both HD and standard definition digital video streams in a secure format connecting directly to newer flat panel TVs, eliminating the need for an additional digital set-top-box. The result is a cleaner and more reliable installation offering a broader range of video services and a simplified user experience at significant cost savings over deploying multiple HD set-tops. This new technology is highly desired by the hospitality industry, hospitals, schools, and other institutions where it streamlines infrastructure requirements and reduces costs. HD ready flat panel televisions have proliferated in these environments, yet HD content is not available from the service provider to take advantage of the capabilities of the

HDTVs without the added expense of a set-top-box. The TerraceQAM unlocks the ability to fully service these HDTVs with a rich content tier, particularly as a service provider takes a quantum leap in HD channel capacity through the all-digital transition. Vecima's strategy is to continue to capitalize on the opportunities opened both by the MSO partnership we have cultivated as well as by the new technology portfolio we have developed in all-digital gateway technology. We will not only work with our blue-chip MSO and OEM customer base to develop additional products in the family, but we will leverage some of the core IP gained through the development towards strategic product developments for applications closer to the customer's premises.

The next generation of data over cable market technology is aligned with the DOCSIS®3.0 standard published by the cable industry standards body CableLabs. DOCSIS®3.0 introduces a number of advancements and has become one of the dominant standards for the cable industry. The advancements serve many purposes, most of which allow data over cable to compete with FTTH in bandwidth accessibility for subscribers. Furthermore, DOCSIS® 3.0 facilitates convergence of digital video, video on demand, HDTV, and data over cable by specifying a uniform technology platform residing at the edge of the cable network, the EdgeQAM.

The first technological driver contained in the DOCSIS® 3.0 standards is the concept of channel bonding, whereby multiple individual DOCSIS® 3.0 channels are bonded into one large channel, thereby allowing the MSOs to provide many times the bandwidth to a single subscriber as compared to previous versions of DOCSIS. This will allow cable MSOs to bond, for example, four 38 Mbps channels into one large channel capable of delivering 150 Mbps to a single user, a data rate more than competitive with FTTH.

Second, the standard aims to enable unified delivery of data and digital video content over the Gigabit Ethernet-based cable networks of today by specifying a convergent platform for data and video. Cable MSOs have invested heavily to deploy fibre within their core networks for the transport of data and digital video. HDTV, Video on demand and digital simulcast services utilize Gigabit Ethernet as a transport mechanism over this fibre. Once the digital video packets are routed to the edge of the Ethernet based network, an EdgeQAM device (such as Vecima's HyperQAM product) performs QAM modulation and upconversion and transmits the signals over the HFC plant to subscriber premises and set top boxes.

However, in the case of data traffic in the legacy DOCSIS 2.0 system architecture, QAM modulation and upconversion is performed within the Cable Modem Termination System (CMTS) core at a central master headend, and much of the enormous capacity of the fibre network is wasted. DOCSIS® 3.0 therefore also aims to unify data over cable traffic and digital video traffic to an all-digital, all-Gigabit Ethernet over fibre transport from the master headend to the edge where an EdgeQAM device will perform QAM modulation and upconversion for all traffic, data and digital video alike, after which the QAM signals will flow to the subscribers over HFC in the last mile. This new architecture is standardized by the Modular Cable Modem Termination System (M-CMTS) standard, as a part of DOCSIS® 3.0.

Vecima is currently producing the HyperQAM, its next-generation Universal EdgeQAM. The Vecima HyperQAM is ideally suited for deployments of Switched Digital Video, M-CMTS and DOCSIS® 3.0. The HyperQAM is able to simultaneously support high speed data (DOCSIS® 3.0), broadcast digital video, HDTV, VOD, HDVOD, and switched digital video services in the same chassis. This presents a tremendous benefit to MSOs in that a universal, scalable, robust, and cost-effective EdgeQAM unit residing at the edge, such as Vecima's HyperQAM, can be used to deliver all varieties of digital services.

Also in fiscal 2009, Vecima announced that we have signed an agreement to supply DOCSIS 3.0 modules to a leading US OEM for both a high-density Modular CMTS EdgeQAM platform and a low-density integrated CMTS platform This solidifies our position as leader in the DOCSIS 3.0 module market.

Switched digital video (SDV) is a key technology within the cable industry that transitions digital video services from a broadcast to a narrowcast system. In SDV, only that video which is currently being watched by one or more subscribers will be transported over the cable network rather than broadcasting all channels all the time as the MSOs do now. This liberates an enormous amount of bandwidth which is currently being occupied through the continuous broadcast of digital and analog video channel tiers on cable. The freed-up bandwidth can then be utilized by HDTV, VOD, data and voice over Internet Protocol (VoIP) services.

Vecima recognizes the movement towards convergence in the cable network and has strategically developed our product portfolio to address all variants of data and digital video.

The virtually insatiable demand for bandwidth continues to grow worldwide. With the advent of online “over-the-top” video distribution, HD video (in on-demand, narrowcast, and broadcast applications), VoIP, social networking, file sharing, and other bandwidth intensive applications, Vecima expects the continued upward trend in consumer demand for bandwidth. Our strategy remains to develop leading-edge products in the broadband wireless, data over cable, and digital video markets that address the most advanced associated standards as service providers cope with and serve this exponential growth in bandwidth demand. We believe that the bandwidth-intensive applications of today and tomorrow only serve to directly correlate to demand for our products, which essentially deliver this bandwidth from the service provider’s network to the consumer.

The virtually insatiable demand for bandwidth continues to grow worldwide. With the advent of online gaming, HD video (in on-demand, narrowcast, and broadcast applications) VoIP, social networking, file sharing, and other bandwidth-intensive applications, Vecima expects the upward trend in consumer demand for bandwidth to continue. Our strategy remains to develop leading-edge products in the broadband wireless, data over cable, and digital video markets that address the most advanced associated standards as service providers cope with and serve this exponential growth in bandwidth demand. We believe that the bandwidth-intensive applications of today and tomorrow will correlate to demand for our products, which essentially deliver this bandwidth from the service provider’s network to the consumer.

- *Increase Sales and Marketing Efforts*. We plan to increase our sales and marketing efforts in North America and elsewhere by developing marketing relationships with selected distributors and system integrators. Additionally, Vecima will enhance our business development approach to nurture new opportunities with our blue-chip customers and new customers alike. We believe that this strategic effort will assist us in achieving regular and more predictable increases in sales levels in Broadband Wireless and Converged Wired markets and in emerging markets. We opened our Asia-Pacific regional sales headquarters in Sydney, Australia in April 2005, and may open other international offices in selected regions.

In fiscal 2009 we spent $6.4 million on sales and marketing activities, representing a 6% decrease over fiscal 2008. We expect to increase our investment in sales and marketing at levels consistent with our projected revenue growth through fiscal 2010. We plan to evaluate our options for increasing sales and marketing activity across all markets to determine if it would be to our advantage to open permanent offices in new areas.

- *Broaden Existing and Pursue New OEM Relationships.* Vecima has long-standing relationships with a number of world-class equipment vendors, such as Cisco, BigBand Networks and Motorola, which allow us to gain insight into their system requirements and to design specific products to meet their needs. We plan to broaden the product portfolios with our existing OEM base and to pursue new key customer alliances. Our strategy continues to focus on further development and expansion of our existing OEM relationships as well as to foster new OEM agreements as our product portfolio is enhanced.

• *Capitalize On and Expand MSO Relationships.* The Terrace program has culminated in a sophisticated product with substantial new IP and has forged a close partnership with a leading US MSO. As the product matures and is deployed in volume, Vecima is broadening the scope of this partnership through new business development with the MSO as well as strategic discussions for future technologies and product families. This represents a tremendous advantage which we will continue to cultivate and expand upon much the same as our strategy for our OEM customer base forged over numerous years through a proven track record.

• *Develop our Executive Leadership Team.* In Fiscal 2009 Vecima enhanced our personnel resource pool by adding new middle management hires in the areas of operations, contract management, project management, and business development. Meanwhile, responsibilities of our executive leadership team evolved substantially as new relationships were forged with a major MSO and a substantial new product development was undertaken. As these new products and relationships mature and are leveraged towards expanding business opportunities we will strategically add additional executive leadership resources as well as broaden the roles of certain key executives.

• *Enhance Product Portfolio to Capture Future and Parallel Markets.* While Vecima has enjoyed past success with the video products for the edge (both in the EdgeQAM and Edge Decoder markets), it is essential that we continue to explore the extension of our core technology. Through our existing business relationships, Vecima has been able to generate significant revenues in both the upstream and downstream channels for cable networks. As new standards and opportunities arise, we must aggressively participate in standards development to identify key areas in which we are able to excel. To this end, Vecima has participated in the M-CMTS standards development group at CableLabs, and has recently dedicated a significant portion of one of our key architect's time to be the lead author on a new management standard for EdgeQAMs. While doing this, we must continue to work with our key MSO customers on understanding their needs for complementary cable products.

Our current family of 3.5 GHz and 1.9 GHz fixed WiMAX products has been enhanced to provide solutions utilizing the 5.7 GHz, 3.65 GHz and 2.3 GHz frequency bands to support deployment in markets where spectrum is available in these varied frequency bands. Spectrum availability varies on a country by country and region by region basis. Vecima's build-out of a complete line of WiMAX solutions across multiple frequency bands is well suited to the varied spectrum requirements of our worldwide customer base. As we add more Vecima-branded products to the WiMAX portfolio, we expect to derive more market share, with lower-cost devices providing the route to further revenues.

• *Diversify into New Market Segments*. We are continuing to evaluate new markets with revenue potential complementing our current core market segments. Some examples of potential markets are video quality monitoring solutions for HFC networks, IPTV and telco video, digital gateway products at customer premises, multiple dwelling unit (MDU) targeted products, hospitality targeted products, 900 MHz mobile broadband radios, and commercial applications of Software Defined Radio Technology.

• *Make Acquisitions that Fit our Strategic Model*. On July 1, 2006 we acquired 100% of the outstanding shares of WaveRider Communications (Canada) Inc. (WaveRider) and a number of its subsidiaries from Wave Wireless Corporation ("Wave Wireless"). The aggregate purchase price of $1.8 million was satisfied with cash. The excess of net assets purchased over consideration paid was $6.5 million. Vecima and WaveRider were amalgamated July 1, 2006 and the Company continued as Vecima Networks Inc. YourLink and Jetstream, a subsidiary of WaveRider, were amalgamated July 1, 2006 and that company continued as YourLink Inc. On October 20, 2006 Vecima completed the purchase of additional assets associated with the sales and marketing components of Wave Wireless' 900 MHz business. Under the finalized terms of the agreement, Vecima acquired the operational assets associated with the 900MHz business of Wave Wireless' wholly-owned subsidiary; WaveRider Communications Inc. On May 2, 2007 we

completed the acquisition of all of the issued and outstanding common shares of Spectrum Signal Processing Inc. ("Spectrum") for a total purchase price of approximately $19.3 million, made up of 820,000 Vecima shares and approximately $10.1 million in cash. Pursuant to a statutory plan of arrangement, Vecima and Spectrum were amalgamated July 1, 2007 and the Company continued as Vecima Networks Inc.

We initiated an acquisition modeling process in 2006 that we continue to use to evaluate candidate corporations. Our acquisition strategy focuses on a number of parameters including complementary technology and markets, enhanced and new sales channels, and potential for United States and/or worldwide operations. We also assess certain intangible factors, including corporate culture, business fundamentals and spending characteristics.

In funding an acquisition, we have the option of paying cash or issuing stock from treasury. In the case of a purchase with stock, we will consider and minimize the effects of dilution. The cash option also requires careful consideration in view of our needs to fund facility expansion and organic growth. Depending on the price of the acquisition, we will choose one or a combination of cash and stock, based on our requirements and financial resources at the time.

• *Increase Focus on the Growth of our Acquisitions.* Both Spectrum Signal Processing and WaveRider have been added to the Vecima family of companies in the last three years. In that time, we have benefited from the addition of their technical expertise to our pool of engineering talent and continued to manufacture the product lines acquired with the purchases. Vecima has begun focusing on driving the growth and profitability of these groups as they begin to introduce new products to the marketplace. A refining of their missions by introduction of products complementary to Vecima's product line is essential to meeting our expectation of growth over the next several years. To that end, Vecima has moved members of the executive team into roles of leadership with Spectrum and WaveRider as their sole areas of responsibility.

• *Develop Vecima Networks as a Worldwide Brand*. Following approval by our shareholders at our 2006 annual general meeting, the Company changed its name from VCom Inc. to Vecima Networks Inc. on November 14, 2006. Our TSX symbol 'VCM' remains unchanged and the Company can be found on the web at www.vecima.com.

A key component of our strategy in fiscal 2010 and beyond is to actively conduct a branding campaign for Vecima along with the associated advertising, trade show presence, public relations and product aesthetic components. Vecima has focused on providing more product information on an enhanced website, and improving our first customer impression with an investment in new marketing materials. With Vecima we are building a brand that is synonymous with our core strengths: technical pre-eminence, time-to-market, agility and solutions tailored to our customers' needs on a case-by-case basis, all of which are hallmarks of our company.

Products

We believe that our products provide leading-edge solutions for the Converged Wired, Broadband Wireless and emerging markets. Our products offer our customers the following features:

• *Cutting-edge performance.* We deliver innovative, high-performance products that allow our customers to provide high-quality services to end-users. For example, we designed and built an upconverter that facilitated some of the first deployments of cable modem broadband technology in the United States.

• *High density.* Physical space in the head-end of a cable system or the base station of a broadband wireless system is extremely valuable. Our products provide high performance in severely restricted physical space. Our gigabit Ethernet QAM edge device has one of the highest densities commercially available today.

• *Network controllability.* System operators need to be able to manage their systems remotely. Vecima is a leader in providing products that can be controlled through the Internet with simple network management protocols (SNMP).

• *Cost-effectiveness.* Our highly efficient components and subsystems enable us to reduce the overall cost of materials and produce more cost-effective products.

The following is a brief description of our existing product families:

Data over Cable	
Upconverter	A device that processes data from routers and converts it to higher frequencies for transmission to subscribers over cable.
Modulator	A device that processes and modulates signals for transmission over the cable plant.
Strand-mount access	A broadband wireless transceiver mounted on the cable plant that extends point broadband access for three kilometres from any cable plant access point.
Broadband Wireless	
Transmitter	A one-way device that processes and wirelessly transmits the data received from routers.
Transceiver	An integrated combination of transmitter and receiver that facilitates the two-way wireless exchange of data.
Subscriber software	Linux-server-based software that provides system operators with important tools to operate and manage wireless networks by allowing network technicians to access, view, and configure crucial subscriber network parameters. The software also facilitates remote web-based technical assistance by us.
Digital Video	
Modulator	A component that converts digital video program streams from a cable video server into analog digitally modulated RF signals.
Modulator/Upconverter	An integrated combination of a modulator and upconverter that processes digital video program streams from a cable video server into higher frequencies
Transmodulator	A component that translates and converts digital satellite signals into frequencies for transmission to subscribers on a cable plant.
Gigabit Ethernet QAM	A fully-integrated device that uses a modulator/upconverter and other edge device components to process video streams from central servers, to provide security scrambling of those signals and then to transmit the video streams to subscribers over fibre or hybrid fibre/coax cable networks.
Emerging Markets	
Gigabit Ethernet analog edge decoder	An edge device that accepts gigabit Ethernet video streams and converts them to analog RF for transmission over cable plant and FTTH for telephone service providers.
WiMAX System	A broadband wireless system compliant with the WiMAX or 802.16 broadband wireless standards. WiMAX system base station transceivers and subscriber station transceivers can be configured for either point-to-multipoint or point-to-point operations.

Customers

We have a broad customer base that includes some of the largest service providers and communications equipment companies in the world. Many of our customer relationships have been in place for a number of years, and have resulted in product extensions. The following is a partial list of notable customers and users of our products in each of our key markets:

Data over Cable Market	Broadband Wireless Market	Digital Video Market
Cisco	Arris	BigBand Networks
Cogeco	CableCable	Comtech Korea
Comcast	Chute aux Outardes	Correlant
Cox	CommScope	Earthvision
Huawei Technologies	IP Connect	Ideal Aerosmith
Motorola	Mountain Cable	NDS
NEC	Neighbourhood Cable	NagraVision
NTT-ME	Northern Communications	National Cable Television
Rogers	Q-kon	Cooperative
Shaw	RipNet	Optinel
Sumitomo Electric	SaskTel	Scopus
Terayon	Sterling Wireless	Skystream
Time Warner	TV Cable SA	Tectonics
Videotron		Thompson Multimedia

We derive a significant portion of our revenues from a small group of key customers. For the fiscal year ended June 30, 2009, we derived approximately 67% of our revenues from our top four customers. For the fiscal year ended June 30, 2008, the proportion was 69% from our top four customers.

OEM Agreements

We have entered into a number of major supply agreements. We believe that these agreements demonstrate market acceptance of the quality and reliability of our engineering expertise and manufacturing capabilities and our ability to design and deliver leading-edge communications equipment.

Cisco OEM Agreement. Under our June 1, 2000 OEM Hardware (with Software) License and Purchase Agreement with Cisco, as amended, we design, manufacture and supply a custom

upconverter module for the Data over Cable, Digital Video and VoIP markets. The agreement has a perpetual term and provides for the development of additional products. Under certain circumstances, Cisco may arrange for the manufacture of certain of our products pursuant to a perpetual non-exclusive licence granted by us. The agreement may be terminated at any time by Cisco on written notice to Vecima, and individual purchase orders may be rescheduled for up to six months.

SaskTel Agreement. We signed an agreement with SaskTel effective August 4, 2004 to provide the equipment for deployment of a 57-hub site wireless Internet system covering most of Saskatchewan. The project was completed in 2007. The agreement's term was continued and additional purchases are forecasted in fiscal 2010.

Motorola Agreements:

1. Vecima entered into an agreement with Motorola on April 30, 2007 to supply an advanced radio frequency (RF) return path product to Motorola for use in broadband cable systems. We have seen continued strong demand for the reverse path product which is the cornerstone technology used to process upstream traffic from subscriber set top boxes to the intelligent cable network for all manners of interactive services including switched digital video and on demand programming in both standard and high definition.

2. Vecima entered into an agreement with Motorola on October 30, 2008 to co-label and resell our Cable Vista edge decoder products throughout Motorola's worldwide sales organization. In making this decision, Motorola has chosen Vecima's edge decoder to replace a competitor's product, which Motorola no longer offers for sale. This further strengthens CableVista's position as the market-leading Edge Decoder. Also at the specific request of Motorola, Vecima created a new non-redundant version of CableVista which is supplied exclusively to Motorola and further extends Vecima's CableVista product offering and utility.

Major MSO Agreement. In October 2008, Vecima announced a multi-year design, supply and maintenance contract for a new network infrastructure product for a significant deployment by one of the largest cable MSOs in the US. For many years, we have had long-term supply relationships with major equipment manufacturers like Cisco, Motorola and BigBand. And for more than a decade, we have sold equipment to MSOs, both directly and through our US distributer, Mega Hertz. This is Vecima's first direct long-term supply contract with a major MSO. We delivered prototypes of the new product in the second quarter of our 2009 fiscal year and delivered early production volumes late in our fourth fiscal quarter.

The new contract calls for supplying a multiunit digital-to-analog converter (M-DTA) a fundamental product required for the all-digital transition. Most existing multi-dwelling units (MDU) like apartments, hotels, condominium complexes and nodes serving groups of homes, have an existing analog distribution structure that receives programming from a cable operator and redistributes it to each unit. Using Vecima's new Terrace M-DTA, the MDU can add services like closed-circuit security cameras, special events notices, video-on-demand, customized channel line-ups, etc. When the MSO converts its analog backbone network to all-digital signal carriage to reclaim bandwidth and to allow large increases in programming availability, the M-DTA reconverts the digital programming to analog to distribute services over the existing physical infrastructure. Vecima's new product facilitates the Cable MSOs transition to all-digital operation across its entire network, maximizing the value of existing infrastructure, while allowing them to continue to provide both high quality digital services and basic analog cable TV services to subscribers.

According to industry studies, the global market for bandwidth reclamation products is expected to reach $1.5 billion in the next five years as the industry-wide transition to all-digital networks is completed. Our exciting new MSO contract is part of our broader growth strategy, as we continue to exploit opportunities to develop products with innovative technologies that meet the needs of

our customers and we believe we are well-positioned to capture a meaningful piece of this market. Vecima's new products allow cable MSOs to reclaim analog spectrum all the way to an MDU or a network node servicing group of households, at the very outer edge of the network. This increases available bandwidth for the 100+ HDTV channel race and provides additional revenue-generating opportunities for cable MSOs.

Our use of OEM agreements to develop new technology or new products for specific customers allows us to retain ownership of the intellectual property created. Unless there are exclusivity clauses in the agreements, we are then able to modify the products to meet the requirements of other customers. OEM agreements are subject to risks of changes in plans or circumstances of specific OEM customers. Markets may not evolve as our customers expect, they may have difficulties in securing financing, or corporate strategies may change, eliminating the need for our products. For example, two product development agreements with Cisco were terminated before the products could be marketed. We have generally been able to negotiate satisfactory arrangements in such circumstances.

Sales and Marketing

We sell and market our products through direct and indirect channels in order to maximize market coverage on a cost-effective basis. Our primary distribution channels are through major OEMs, system integrators, MSOs and other service providers, and selected distributors. OEMs sell to end-users through their own direct sales forces and indirect distribution channels. MSOs and other service providers typically require direct sales and support, as do existing customers ordering additional products or accessories. We use local distributors to sell our products in markets where we have no physical presence, or where local conditions or language make it difficult to market directly to customers.

We communicate our corporate and product information to customers through trade publications and other media, through industry associations, opinion leaders and industry analysts, and through participation in selected trade shows and conferences. Trade shows provide an opportunity to promote the breadth of our product line and the strength of our design capability. We are active participants in major worldwide trade shows featuring broadcast, cable television and wireless products.

Our marketing emphasis is placed on developing the business case for our products by highlighting our innovative designs, superior performance, competitive pricing and rapid time-to-market capability. We also provide customers with extensive product and technical support.

Research and Development

We place great emphasis on our research and development capabilities. Over the past five years, we have undertaken considerable research and development work to expand our technology to introduce devices with extensive embedded software on high-power, state-of-the-art FPGA platforms. Our total research and development expenses before deferrals, amortization of deferred development costs and income tax credits for the fiscal years ended June 30, 2009, 2008 and 2007 were approximately $21.1 million, $16.1 million and $12.5 million, respectively.

Going forward, we plan to accelerate our research and development efforts. We are currently designing a number of new products for each of our target markets and certain emerging markets. We have been and plan to continue to increase staffing at our Saskatoon, Victoria, Burnaby and Mangalore, India facilities. We also plan to acquire additional test equipment and design simulation software in order to facilitate the continuing development of leading-edge products. See ‘‘Goals and Strategies’’.

YourLink

YourLink operates seven small cable television service providers in British Columbia and several broadband video and Internet service providers in Saskatchewan. As at June 30, 2009, these systems provide video services to approximately 5,800 subscribers and broadband Internet access to approximately 11,600 subscribers. Through these service providers, which can deliver content to a large number of subscribers at a relatively low cost, we are able to demonstrate how our products can be deployed to augment and extend the delivery of voice, video and data services to subscribers. They also give us the opportunity to test and improve new products in a variety of operating environments prior to their general introduction to the market, while providing stable, recurring revenue. We account for YourLink as a variable interest entity to consolidate YourLink's financial results with ours.

YourLink's growth in its wireless customer base to 11,238 subscribers at June 30, 2009 represents an increase of 15% from 9,740 subscribers a year earlier. The growth can be attributed primarily to the establishment of the long-term strategic relationship announced in September 2006 between Vecima and Viterra (formerly Saskatchewan Wheat Pool Inc.) to expand high-speed technology to Viterra, its farm customers and communities throughout the Province of Saskatchewan. As part of the seven-year agreement which extended YourLink's wireless network coverage to over 100 of Viterra's grain marketing and agri-product centres across Saskatchewan, many of Viterra's sites have become high-speed wireless access points that additionally provide service to nearby farms and small communities within range of Viterra's locations.

In February 2004, Industry Canada auctioned 392 licences for 2.3 GHz and 3.5 GHz frequency bands across Canada. There was one block of 30 MHz at 2.3 GHz, three blocks of 50 MHz at 3.5 GHz, and one block of 25 MHz at 3.5 GHz. Industry Canada defined an ''average licence'' to consist of 25 MHz of bandwidth, serving a population of approximately 20,000. Vecima acquired 855 average licences, covering all of British Columbia and Alberta as well as Ottawa and much of rural Ontario, for total consideration of $1.3 million, or approximately $1,500 per average licence, and subsequently transferred those licences to YourLink. In February 2005, Industry Canada auctioned the remaining licences in those frequency bands at prices representing $13,882 per average licence, more than nine times the price paid by YourLink in the first round of the auction in February 2004. In addition, effective August 9, 2007, YourLink acquired spectrum licences for 2.3 GHz and 3.5 GHz frequency bands covering Yorkton, Watrous and Prince Albert, Saskatchewan from Bogend Broadband Inc. in bankruptcy.

We can use YourLink's 2.3 GHz and 3.5 GHz spectrum, which is freely transferable, to deliver interference-free, high-speed Internet access in partnership with other Internet service providers, as standalone ventures or tied to sales of our Broadband Wireless products. We are also in ongoing discussions with a number of parties for the sale of spectrum and other broadband assets.

Human Resources

One of our most important competitive strengths is our highly skilled and dedicated workforce. Our employees have access to company-funded training and professional development opportunities, both on the job and through outside educational programs, and through participation in cooperative work/study programs with local universities and community colleges. Our strong relationships with the University of Saskatchewan and the University of Victoria provide us with a competitive advantage in hiring talented employees. We have low turnover in professional staff, and believe our relationship with employees is strong. We do not have any unionized staff. All employees are eligible to participate in our employee stock option plan.

Vecima Staffing as at June 30, 2009

	Saskatchewan	British Columbia	Other	Total
Manufacturing	436	7	0	443
Research & Development	135	9	62	206
Sales & Marketing	34	9	11	54
General & Administration	118	17	16	151
Test-Bed Systems (YourLink)	51	16	0	67
TOTAL	774	58	89	921

Intellectual Property

We protect our intellectual property using a combination of contractual provisions, copyrights, trademarks, trade secrets, licences and patents. We enter into non-disclosure, confidentiality and intellectual property assignment agreements with all new employees as a condition of employment, and with consultants and third parties who have access to our proprietary technology. In addition, when we consider it to be advantageous, we leverage intellectual property and access third party intellectual property by entering into commercial licences and cross-licences. In addition to 13 issued patents, we have further patents pending.

Operations and Facilities

We own three buildings in Saskatoon, aggregating 200,000 square feet, which house a manufacturing plant, research and development facilities, and a marketing and administration centre. As a result of our growth, our Saskatoon facilities needed to be expanded to house additional production and research personnel. In July 2006, we purchased a building in downtown Saskatoon, Saskatchewan with more than 80,000 square feet of usable space for $2.7 million. This new space has been used to accommodate the expansion of our Saskatoon staff since early 2007. Vecima also owns 40 acres of prime industrial land near the Saskatoon Airport for future expansion.

Vecima owns one acre of land in Victoria's Commerce Circle industrial park, on which two buildings with a total of 18,500 square feet of space house sales, marketing and administrative offices as well as wireless manufacturing and wireless research and development operations.

Manufacturing

In addition to our subsystem design library, we have developed a number of processes, procedures and test fixtures for manufacturing cost-effective and reliable products. Our Saskatoon plant, which is qualified as an ISO 9001:2004 manufacturer, maintains a rigorous quality program throughout the design, manufacture and testing of our products. Using a bar-code system, our proprietary manufacturing productivity software allows us to track all stages of design and manufacturing, including document control, incoming component qualification and final product testing. Product tracking throughout the manufacturing process translates into efficient utilization of resources and rapid response to customer requests for product. We perform most of the critical manufacturing-related functions in-house, including RF alignment, final integration and testing, manufacturing engineering and development of manufacturing test procedures. Many of the subsystem components are sourced from specialized manufacturers and contractors. Our in-house surface-mount assembly production facility has been expanded to three lines and has passed extremely stringent manufacturing quality standards imposed by Cisco Systems for manufacture of modules to be included in their products. It also provides us

with flexibility for pre-testing and rapid turn-around of new products and significant improvements to bottom-line performance.

We periodically put products out to tender to determine if cost reductions would be available by using contract manufacturers. To date, we have found that outsourcing is more expensive than self-manufacture, particularly for the cost of components. Our staff is adept at searching out the lowest cost material for our devices. Contract manufacturers tend to price based on components placed while passing through component costs to their customers. Additionally, one of Vecima's key operational strengths is our ability to achieve a short time to market for sophisticated products. Having supply lines that stretch across the globe would significantly reduce our ability to rapidly design and deliver new products, or variations of current products, to rapidly address our customers' requirements. Keeping our resources centralized allows us to quickly ramp up or down, shift the product mix to meet changing customer demands, improve customer service and reduce our environmental impact.

One of Vecima's key operational strengths is the significant number of subsystem designs we have developed over the years. These subsystems perform numerous functions for data processing, digital video transformation and RF signal manipulation. We regularly package various combinations of subsystems from this library of designs to rapidly develop new products to meet the needs defined by our customers. We then employ our sophisticated computer-managed production processes to manufacture products in various form factors and with the various options desired. The internally-developed manufacturing processes provide specific sequences of testing, calibration and parameter establishment.

The manufacturing processes improve production efficiencies and protect our intellectual property. Modern electronic devices can be reverse-engineered, although it has become more tedious and time-consuming with multi-level printed circuit boards. However, replication of our production process is more difficult since the manufacturing processes are not part of the embedded software in devices; the intelligence stays in the factory, it is not shipped with the product. Copyists face the difficult iterative task imposed by the myriad permutations and combinations of levels, parameters and test settings from dozens of subsystems contained in a device. Without access to the manufacturing processes, reverse-engineering becomes a daunting exercise. This is also one of the issues we have with moving our production to contract manufacturers. Vecima is reluctant to put its manufacturing processes in the hands of outside agents.

Competition

We believe that our significant direct competitors are Harmonic, Motorola, RGB and Scientific Atlanta (Cisco) in the Converged Wired market; and, AirSpan, Alvarion, Aperto and Redline in the Broadband Wireless market. Indirect competition for our products comes from suppliers of high-speed data systems utilizing optical fibre, satellite and DSL, and from network suppliers that may develop competitive in-house products.

RISK FACTORS

The following is a brief discussion of those distinctive or special characteristics of Vecima's operations and industry which may have a material impact on, or constitute risk factors in respect of, Vecima's future financial performance. The risks and uncertainties below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business operations and cause the price of our Common Shares to decline. If any of the following actually occurs, our business may be harmed and our financial condition and results of operations may suffer significantly. In that event, the trading price of our Common Shares could decline.

Our operating results are expected to fluctuate.

We have experienced fluctuations in our operating results on a quarterly and annual basis. We expect that operating results will continue to fluctuate in the foreseeable future due to a variety of factors, including:

- changes in general economic conditions and specific market conditions in the communications and Internet industries, including fluctuations in demand for existing products, the rate of development of new products and the degree of market acceptance of new products;
- the timing, size and contractual terms of significant orders for product or the entering into of new major contracts, and the lack of certainty that existing customer contracts will be renewed upon expiry;
- competition;
- our ability to maintain existing strategic relationships and to create new ones; and
- the timing and magnitude of operating expenses, capital expenditures and expenses relating to the expansion of sales, marketing, operations and acquisitions, if any, of related or complementary businesses and assets.

Any of the foregoing factors, or other factors discussed elsewhere in this Annual Information Form, could have a material adverse effect on our business, results of operations or financial condition. Although we have generally experienced quarterly revenue growth, that growth pattern is not necessarily indicative of future operating results.

We derive a substantial part of our revenue from a few key customers.

A key element of our business strategy is to expand the market for our products by expanding our relationships with major OEMs in the Converged Wired Solutions and Broadband Wireless. In order to implement that strategy, we will have to foster our existing relationships, and to form new OEM and other corporate relationships with leading companies. There can be no assurance that we will be able to develop additional relationships, that existing relationships will continue or be successful in achieving their purposes, or that such companies will not form competing relationships.

In addition, while we have a diverse and expanding customer list, our relationships with four major customers together accounted for 67% of our sales for the fiscal year ended June 30, 2009. For the fiscal year ended June 30, 2008, our relationships with four major customers accounted for 69% of our total sales. If any one or more of our key customers discontinues its relationship with us for any reason, or reduces or postpones current or expected purchases of our products, our business, results of operations and financial condition could be materially adversely affected.

We may be unable to deliver products associated with key contracts.

We have entered into important supply contracts with a few key customers. Our right to receive revenue under these contracts depends upon our ability to manufacture and supply products that must meet defined specifications. In order to realize the benefit of these agreements, we will have to successfully manage the following risks:

- *Lack of Sufficient Resources.* If we are unable to commit the necessary resources or to deliver our products as required by the terms of those contacts, customers may cancel the contracts. In that event, any costs incurred by us may not be recovered and we may incur additional costs as penalties.

- *Delivery.* If we fail to meet a delivery deadline or a customer determines that the products we have delivered do not meet the agreed-upon specifications, we may have to reduce the price we can charge for our products or may be liable to pay damages to the customer.

- *Production Costs.* We price all client orders on the basis of our estimates of future production costs. If we incur higher costs than anticipated, our gross margins on those contracts could decline.

Some major customers are also entitled to terminate their contracts with us by giving us written notice. If we are unable to manage those risks successfully or to meet required deadlines in connection with one or more of those key contracts, our reputation could be harmed and our margins and revenues may decrease.

Failure to manage our business or our growth successfully may adversely affect our operating results.

Our ability to manage our business will be substantially dependent upon our ability efficiently and effectively to allocate resources to conduct research and development, product introduction, sales and marketing activities, financial management and customer support services. Accordingly, our future results of operations will depend on the continuing ability of our officers and other key employees to conduct business effectively and to improve operations. We will need to continue to improve our operational financial and management systems. Our business has also grown rapidly. Our ability to support the growth of our business will be substantially dependent on having in place highly-trained employees and sufficient internal and third-party resources. Planned expansion of our business may increase the strain upon our management resources, and there can be no assurance that we will be able to manage any future expansion successfully. Failure to manage successfully any such expansion or any business shortfalls may have a material adverse effect on our business, results of operations and financial condition.

About 10% of our revenues in the year ended June 30, 2009 were derived from our YourLink subsidiary. Accordingly, our future results of operations will depend in part on our ability to conduct the business of YourLink effectively, while not having voting control over YourLink. Furthermore, YourLink is controlled by certain of our senior officers, whose attention may be diverted from the operation of our primary business. Some or all of these factors related to YourLink could have a material adverse effect on our business, results of operations and financial condition.

If we cannot meet customers' requirements for manufacturing capacity, sales may suffer.

The markets in which we operate generally require us to produce a high volume of products in a short period of time. As a result of our major supply agreements with key customers such as Cisco, Motorola, Comcast and BigBand Networks and continued expected growth in the Company's business, we may need to increase our manufacturing capacity. If we cannot successfully manufacture our products in the future at volumes, yields or cost levels necessary to meet our customers' needs, we may lose customers and sales may suffer. In addition, there is no assurance that we will be able to obtain a sufficient amount of high-volume orders to absorb the capital costs incurred in increasing our manufacturing capacity.

Our success depends on our ability to develop new products and enhance our existing products.

To keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance of our products, we must enhance and improve existing products and we must also continue to introduce new products and services. If we are unable successfully to develop new products or enhance and improve our existing products or if we fail to position and/or price our products to meet market demand, our business and operating results will be adversely affected.

Accelerated product introductions and short product life-cycles require high levels of expenditures for research and development that could adversely affect our operating results. Further, any new products we develop could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue. As we develop new products, many of our older products will reach the end of their lives. As we discontinue the manufacturing and sale of these older products, we must manage the liquidation of inventory, supplier commitments and customer expectations. If we are unable to manage properly the discontinuation of these older products, it could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on the expansion of our current, and development of new, distribution channels.

We sell our OEM products directly to OEM customers and to parties with whom we have strategic relationships. We expect to continue to utilize these relationships to sell to companies that will incorporate our products into their products and services. Accordingly, our success will be dependent in large part on our ability to continue existing relationships and to develop new OEM and other third-party relationships.

A material loss of any OEM customers or strategic partners, either as a result of competitive products offered by other companies or products developed internally by our OEM customers and strategic partners, or their inability to penetrate their respective market segments, could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we can continue to attract OEM customers, dealers and strategic partners and any inability to do so could materially adversely affect our business, financial condition and results of operations. While we plan to continue expanding our distribution channels, there can be no assurance that such expansion will be successfully completed, that the cost of such expansion will not exceed the revenues generated, or that our sales and marketing organization will be able to compete successfully against the more extensive and well-funded sales and marketing operations of many of our current or potential competitors. Our inability to manage effectively our distribution expansion could have a material adverse effect on our business, financial condition and results of operations.

Our ability to recruit and retain management and other qualified personnel is crucial to our ability to develop market and support our products.

Our success is largely dependent on the abilities, dedication and experience of our executive officers and other key employees. Competition for highly-skilled management, technical, research and development and other employees is intense in the Converged Wired Solutions and Broadband Wireless markets.

There can be no assurance that we can retain our current key employees or attract and retain additional key employees as needed. The loss of certain key employees could have a material effect on our business, results of operations and financial condition.

If we are required to change our pricing models to compete successfully, our margins and operating results may be adversely affected.

We generally price our products based on our estimate of future production costs. If actual production costs are higher than anticipated, our gross margins will decrease. In addition, competitive pressures may force us to lower product prices, which may further decrease our margins if we are unable to offset that effect by cost-reduction measures. If gross margins are reduced with respect to an important product line or if sales of lower-margin products exceed sales of higher-margin products, our profitability may decrease and our business could suffer.

Our reliance on third-party suppliers and contract manufacturers reduces our control over our performance.

We rely on third-party suppliers, in some cases sole suppliers or limited groups of suppliers, to provide us with materials necessary for the manufacture of our products. As a result of worldwide demand for and shortage of components, some suppliers have from time to time limited the number of components we may purchase. These components include chips and other components necessary for the production of our products. If we are unable to obtain sufficient allocations of these components, our production and shipment of products will be delayed, we may lose customers and our profitability will be affected.

Reliance on suppliers also reduces our control over production costs, delivery schedules, reliability and quality of materials. Any inability to obtain timely deliveries of acceptable-quality materials, or any other circumstances that would require us to seek alternative suppliers, could adversely affect our ability to deliver products to our customers. In addition, we outsource some aspects of the manufacture of some of our products to contract manufacturers and a significant increase in the price of the services provided by these manufacturers, or delays in their deliveries, could have a material adverse effect on our business, results of operations and financial condition.

Our revenues are substantially concentrated in a single market category.

Sales of our products for the Converged Wired Solutions market accounted for 72% of our sales for the fiscal year ended June 30, 2009, 74% of our sales for the year ended June 30, 2008 and 76% of our sales in the year ended June 30, 2007. While we expect sales of our products for the Broadband Wireless market to increase in the future, sales from the Converged Wired Solutions product line will continue to account for a significant portion of our sales in the foreseeable future. A decline in demand for these products as a result of competition, technological change or other factors could have a material adverse effect on our business, results of operations and financial condition.

If our intellectual property is not adequately protected, we may lose our competitive advantage.

We rely on a combination of contractual provisions, copyright, trademarks, trade secrets, licences and patent protection to establish and protect our proprietary rights. Despite our best efforts to protect our intellectual property rights, unauthorized parties may attempt to copy aspects of our products or to obtain information we regard as proprietary. Policing unauthorized use of our proprietary technology, if required, may be difficult, time-consuming and costly. There can be no assurance that our means of protecting our proprietary rights will be adequate. Failure to protect our proprietary rights could have a material adverse effect on our business, results of operations and financial condition.

Successful warranty or product liability claims could harm our business.

We provide product warranties that typically run for two years, as is standard in the industry. If our products fail to perform as warranted and we are unable to resolve product quality or performance issues in a timely manner, we may lose sales or be forced to pay damages. In addition, because our products are sold and marketed in different countries, the products must function in and meet the requirements of many different communication environments and be compatible with various communication systems and products. Any failure of our products to meet these requirements could have a negative impact on sales and a material adverse effect on our business, results of operations and financial condition. Further, there is a risk that customers may uncover latent design defects in our products that were not apparent at the time the product was sold. This type of defect may be discovered before or after the warranty period has expired. Performance failure due to a design defect may cause loss of customers, damage to our

reputation for delivering high-quality products, delay in or loss of market acceptance and additional warranty expense or costs associated with product recall.

We may be unable to identify and complete acquisitions. Acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to shareholders.

We may expand operations by acquiring additional complementary businesses, products or technologies. There can be no assurance that we will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses, products or technologies into Vecima without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions may involve a number of special risks, including diversion of management's attention, expenses of amortizing the acquired company's intangible assets, failure to retain key personnel, unanticipated events or circumstances and legal liabilities, some or all of which could have a material adverse effect on our business, results of operations and financial condition. Acquisitions could also result in potentially dilutive issuance of equity securities. Any failure to manage our acquisition strategy successfully could have a material adverse effect on our business, results of operations and financial condition.

There are risks associated with our international operations.

We derive a significant portion of our revenues from international sales. We plan to continue to expand our international sales and marketing efforts. There are a number of risks inherent in our international business activities, including unexpected changes in Canadian, United States or other government policies concerning the import and export of goods, services and technology and other regulatory requirements, tariffs and other trade barriers, costs and risks of localizing products for foreign countries, higher credit risks, potentially adverse tax consequences, limits on repatriation of earnings and the burdens of complying with a wide variety of foreign laws. Fluctuations in currency exchange rates could materially adversely affect sales denominated in currencies other than the Canadian dollar and cause a reduction in revenues derived from sales in a particular country. The financial stability of foreign markets could also affect our international sales. There can be no assurance that such factors will not materially adversely affect the revenues from our future international sales and, consequently, our results of operations. In addition, revenues that we earn abroad may be subject to taxation by more than one jurisdiction, which could materially adversely affect our earnings. Each of these factors could have an adverse effect on our business, financial condition and results of operations.

Currency fluctuations may adversely affect us.

Our financial results are reported in Canadian dollars. For the year ended June 30, 2009, approximately 85% of our revenues and a portion of our costs were denominated in United States dollars. Any fluctuation in the value of the Canadian dollar relative to the United States dollar may result in variations in our sales and earnings expressed in Canadian dollars as a result of the geographic mix of our customers, and may have a material effect on our business, results of operations and financial condition.

Growth in our key markets may not continue.

The overall market for voice, video and data communications equipment has experienced significant growth in the past year. There can be no assurance that the market for our products will continue to grow, that firms within the industries will adopt our products to deliver their services or that we will be able independently to establish additional markets for our products. If the various markets in which our products compete fail to grow or grow more slowly than we currently anticipate, or if we were unable to establish markets for our products, our business, results of operations and financial condition could be materially adversely affected.

Our inability to adapt to technological change, new products and standards could harm our business.

The Converged Wired Solutions and Broadband Wireless markets are characterized by rapidly changing technology and evolving industry standards. Our products embody complex technology and these products may not always be compatible with current and evolving technical standards and products developed by others. Our ability to anticipate changes in technology, technical standards and product offerings will be a significant factor in our ability to compete. There can be no assurance that we will be successful in identifying, developing, manufacturing and marketing products that will respond to technological change or evolving service-provider standards or requirements. In addition, there can be no assurance that the products or technologies developed by others will not render our products or technologies non-competitive or obsolete. Failure or delays by Vecima to meet or comply with evolving industry or user standards or to anticipate changes in technology and product offerings, or failure of our products to gain market acceptance, could have a material adverse effect on our business, results of operations and financial condition.

Part of the success of the Converged Wired Solutions market is contingent on content providers, such as movie studios, permitting their content to be licensed for use in this market. Because of concerns regarding marketing or illegal duplication of the content, or both, content providers may limit the extent to which they provide content to the Converged Wired Solutions market. The limitation of content for the Converged Wired Solutions market would indirectly limit the market for our Converged Wired Solutions products.

Increased competition could have an adverse effect on our business.

The markets for our products are highly competitive. As some of these markets continue to develop, additional competitors with more established and larger marketing and technical resources than Vecima may enter the market and competition may intensify. In addition, current competitors may develop products that are comparable or superior to our products or achieve greater market acceptance due to pricing, sales channels or other factors. In addition, OEMs and system integrators could develop greater internal capabilities and manufacture these products exclusively in-house, rather than outsourcing them. Such developments would have a material adverse effect on our business, results of operations and financial condition.

Our future success depends on growth in the Converged Wired Solutions market.

Some of the markets in which we sell products have only recently begun to develop. Digital video and broadband wireless access technologies are relatively new and unproven in the marketplace. Because the market for these technologies is new, it is difficult to predict the rate at which they will grow, if at all, and the technologies may prove unsuitable for widespread commercial deployment. Further, many of our customers are system integrators who use our products as part of data systems for networks operated by third parties. System integrators may not have or devote the financial, marketing and other resources necessary to ensure that their solutions succeed in the marketplace. In such circumstances, we may not be able to generate enough sales of our Converged Wired Solutions and Broadband Wireless products to sustain our current rate of growth.

Competition from new or existing technologies may adversely affect our business.

Cable and broadband wireless access solutions compete with other high-speed solutions such as DSL, optical fibre and satellite. These alternative technologies have existing installed infrastructure and have achieved significant market acceptance and penetration. We expect cable and broadband wireless access technologies to face significant competition from both current and future alternative technologies. In light of these factors, the market for data over cable access solutions may fail to grow or, in the case of broadband wireless, may fail to develop or may

develop more slowly than expected. Any of these outcomes could have a material adverse effect on our business, results of operations and financial condition.

Government regulation of our products and new government regulation could harm our business.

Our products are subject to certain mandatory regulatory approvals and are incorporated into cable and wireless communication systems that are regulated in Canada by Industry Canada, in the United States by the Federal Communications Commission (FCC) and internationally by other government agencies.

Although we have all necessary Industry Canada and FCC approvals for products we currently sell, there can be no assurance that such approvals can be obtained for future products on a timely basis, or at all.

Regulatory changes could also negatively affect our business by restricting development efforts by our customers, making our current products obsolete or increasing the potential for additional competition.

Our business, results of operations and financial condition could be adversely affected if our products fail to comply with all applicable domestic and international regulations. Further, delays inherent in the governmental approval process have in the past caused, and may in the future cause, cancellation, postponement or rescheduling of the installation of communication systems by our customers. This in turn may have a negative impact on the sale of our products to those customers, and hence have a material adverse effect on our business, results of operations and financial condition.

Third parties may allege that we infringe on their intellectual property.

The industries in which we compete have many participants, who own, or claim to own, intellectual property. Although we have conducted prudent reviews of our products to ensure that they do not knowingly use unlicensed intellectual property, third parties may allege that Vecima infringes on their intellectual property. Should such an allegation be made, the outcome of any litigation is impossible to predict and, should the outcome be unfavourable to us, we may not be able to negotiate acceptable, or indeed any, licensing terms. Such an event could materially adversely affect our business, results of operations and financial condition.

Our share price will fluctuate. The market price of our Common Shares may be volatile and could be subject to wide fluctuations due to a number of factors, including:

- actual or anticipated fluctuations in our results of operations;
- changes in estimates of our future results of operations by us or securities analysts;
- announcements of technological innovations or new products by us or our competitors; or
- other events or factors.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many technology companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the software industry specifically, may adversely affect the market price of our Common Shares.

We may not pay significant, or any, cash dividends on our Common Shares in the future. Our current policy is to use our earnings to finance expansion and to develop, license and acquire new software products and otherwise to reinvest in the Company. We do not have a policy of paying regular dividends to shareholders. Our dividend policy will be reviewed from time to time by our Board of Directors in the context of our earnings, financial condition and other relevant

factors. If the Board concludes that we have funds in excess of our requirements and the payment of either a special dividend or regular dividends would be an appropriate use of the Company's cash resources, we may choose to declare one or more dividends. Until we pay dividends, which we may never do, our shareholders will not be able to receive a return on their Common Shares unless they sell them.

Future sales of Common Shares by our existing shareholders could cause our share price to fall.

The Company's President and Chief Executive Officer and its Chief Operating Officer (the "Principal Shareholders") agreed with the underwriters for the Company's initial public offering on certain restrictions on their ability to sell Common Shares held by them in the 12 months ended November 13, 2006. Those restrictions have now expired. The Principal Shareholders have advised us that they intend to reduce their shareholdings in the Company over time through gradual sales in the market. If our Principal Shareholders sell substantial amounts of our Common Shares in the public market, the market price of our Common Shares could fall. The perception among investors that these sales will occur could also produce this effect.

A small number of our shareholders control the Company.

Our officers, directors, Principal Shareholders and their affiliates beneficially own or control, directly or indirectly, approximately 76% of our outstanding Common Shares. As a result, if some of these persons or entities act together, they will likely have the ability to control all matters submitted to our shareholders for approval, including the election and removal of directors, amendments to our articles of incorporation and bylaws and the approval of any business combination. This may delay or prevent an acquisition or cause the market price of our shares to decline. Some of these persons or entities may have interests different from yours. For example, because these shareholders purchased their shares at prices substantially below the price at which shares were sold in Vecima's initial public offering and have held their shares for a relatively longer period, they may be more interested than other investors in selling Vecima to an acquirer, or may want us to pursue strategies that are different from the wishes of other investors.

DIVIDENDS

Vecima declared a dividend of $0.04 per Common Share effective December 15, 2006, but has not otherwise declared any dividends in the three most recently completed fiscal years.

Our current policy is to use our earnings to finance expansion and to develop, license and acquire new software products and otherwise to reinvest in the Company. We do not have a policy of paying regular dividends to shareholders. Our dividend policy will be reviewed from time to time by our Board of Directors in the context of our earnings, financial condition and other relevant factors. If the Board concludes that we have funds in excess of our requirements and the payment of either a special dividend or regular dividends would be an appropriate use of the Company's cash resources, we may choose to declare one or more dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Vecima is authorized to issue an unlimited number of Common Shares and an unlimited number of preference shares.

The rights, privileges, restrictions and conditions attaching to the Common Shares and the preference shares of the Company, in each case as a class, are as follows:

Common Shares

Each holder of Common Shares is entitled to receive notice of and to attend any meetings of the shareholders of Vecima and is entitled to one vote in respect of each Common Share held at such time. Each holder of Common Shares is entitled to receive dividends, if any, as and when declared by our Board of Directors. Holders of Common Shares are entitled to participate equally in any distribution of our net assets upon liquidation, dissolution or winding-up. There are no pre-emptive, retraction, surrender, redemption, repurchase for cancellation or conversion rights attaching to the Common Shares.

Preference Shares

The preference shares may be issued from time to time in one or more series, the number of shares, designation, rights, privileges, restrictions and conditions of which will be determined by our Board of Directors. The preference shares are entitled to priority over the Common Shares with respect to payment of dividends and distributions in the event of dissolution, liquidation or winding-up of the Company. Except as required by law or the provisions of any series, the holders of preference shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company. No preference shares are outstanding, and we have no present intention to issue any preference shares.

MARKET FOR SECURITIES

Our Common Shares trade on the Toronto Stock Exchange under the stock symbol 'VCM'. The Toronto Stock Exchange reported the following price ranges and volumes traded in respect of the Common Shares in each month of the fiscal year ended June 30, 2009:

Period	Volume	High	Low
Jul-08	98,936	$ 6.45	$ 4.30
Aug-08	57,495	$ 5.29	$ 4.51
Sep-08	357,513	$ 5.50	$ 3.75
Oct-08	182,087	$ 5.24	$ 4.00
Nov-08	183,614	$ 6.27	$ 4.76
Dec-08	301,287	$ 7.24	$ 5.00
Jan-09	511,377	$ 6.90	$ 5.37
Feb-09	267,038	$ 8.19	$ 4.29
Mar-09	255,804	$ 4.84	$ 4.07
Apr-09	330,044	$ 5.05	$ 3.94
May-09	264,414	$ 5.24	$ 3.95
Jun-09	55,938	$ 5.25	$ 4.47

DIRECTORS AND OFFICERS

The following table sets forth the names of and certain additional information regarding the directors and executive officers of Vecima. Except as noted, each of the following persons has held the stated principal occupation for the past five years. The term of office of each of the directors will expire at the Company's next annual general meeting.

Name and Municipality of Residence	Position with the Company	Principal Occupation During the past five years	Director Since
DR. SURINDER G. KUMAR Victoria, British Columbia	President, Chief Executive Officer, Chairman of the Board of Directors	President and Chief Executive Officer of Vecima	July 1988
DR. HUGH C. WOOD [1] Saskatoon, Saskatchewan	Chief Operating Officer and Director	Chief Operating Officer of Vecima	October 1991
BARRY A. BAPTIE [1] [2] Edmonton, Alberta	Lead Independent Director, Audit Committee Chairman	Retired telecommunications executive [3]	November 2004
JAMES MUTTER [1] [2] Kelowna, British Columbia	Independent Director, Corporate Governance and Compensation Committee Chairman	Partner, Benson Salloum Watts [4]	September 2005
REGINALD BIRD [1] [2] Victoria, British Columbia	Independent Director	Retired telecommunications executive[5]	November 2007
GERALD D. HARRON Martensville, Saskatchewan	Chief Technology Officer	Chief Technology Officer of Vecima	N/A
J. MICHAEL BARRY Victoria, British Columbia	Chief Financial Officer	Chief Financial Officer of Vecima	N/A
DOUGLAS FAST Burnaby, British Columbia	President (Spectrum)	President (Spectrum)	N/A
RICHARD BLENKINSOP Victoria, British Columbia	Vice President, Business Development	Vice President, Business Development of Vecima	N/A
TRACY MILLER Saskatoon, Saskatchewan	Vice President, Manufacturing	Vice President, Manufacturing of Vecima [6]	N/A
ROBERT COLWILL Victoria, British Columbia	Vice President, OEM and Customer Support	Vice President, OEM and Customer Support of Vecima	N/A
SUMIT KUMAR Victoria, British Columbia	Vice President, Corporate Strategy	Vice President, Corporate Strategy of Vecima [7]	N/A
MARK BRIGGS Burnaby, British Columbia	Vice President, Marketing (Spectrum)	Vice President, Marketing (Spectrum)[8]	N/A
LAIRD FROESE Saskatoon, Saskatchewan	Vice President, Research & Development	Vice President, Research & Development, Associate Vice President, Research & Development of Vecima [9]	N/A
ANDREW F. WOOD Victoria, British Columbia	Legal Counsel and Secretary	Legal Counsel and Secretary of Vecima [10]	N/A

(1) Member of the Corporate Governance and Compensation Committee of Vecima.
(2) Member of the Audit Committee of Vecima.
(3) Mr. Baptie was employed as Executive Vice President, Technology and Operations for TELUS Corporation until his retirement in August 2004.
(4) Mr. Mutter was a Senior Client Partner with Korn/Ferry International from October 2007 until March 2009. Mr. Mutter was the President of the British Columbia Premier's Technology Council from July 2003 through July 2006, before which he co-founded and was chairman of the board of directors, and was formerly a vice-president, of Apparent Networks, a Vancouver-based network intelligence software company.
(5) Mr. Bird was employed as President, South East Asia for Nortel Networks until his retirement in 2001.
(6) Ms. Miller was Vecima's Director, Manufacturing and Facilities from 2000 to 2006.
(7) Mr. Kumar was a Business Development Engineer for Vecima from 2001 to 2006.
(8) Mr. Briggs, who joined Vecima in 2007, was Vice President, Marketing at Spectrum Signal Processing Inc. from July 2001 through May 2007.
(9) Mr. Froese, who joined Vecima in 1997, has held various research & development positions leading to his appointment as Vice President, Research & Development in January 2008.
(10) Mr. Wood joined Vecima in 2008 following a career in private practice in Canada (1979 – 2006) and the British West Indies (2006-2007) where he gained experience in civil litigation to banking, corporate and commercial law.

To the knowledge of the Company, as at September 28, 2009, the directors and executive officers of Vecima together beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 17,403,642 Common Shares, representing 76% of the outstanding Common Shares. In addition, all of the voting (but none of the participating shares) of YourLink Inc. are held, directly and indirectly, by our President and Chief Executive Officer, Dr. Surinder Kumar, and our Chief Operating Officer, Dr. Hugh Wood.

None of the directors or executive officers is or has been subject to a cease trade order, bankruptcy, penalty or sanction that is required to be disclosed under Item 10.2 of Form 51-102F2.

AUDIT COMMITTEE – FURTHER INFORMATION

General

Vecima is required by law to have an audit committee and to disclose certain information concerning that committee pursuant to Multilateral Instrument 52-110 of the Canadian Securities Administrators ("MI 52-110").

The Board has established the Audit Committee, which is composed of three members: Barry Baptie (Chair), James Mutter and Reg Bird. The Board has determined that each of the members of the Audit Committee is "independent" and "financially literate" within the meaning of MI 52-110.

Mandate

The Audit Committee's terms of reference are attached to this Annual Information Form as Appendix A – Audit Committee Mandate.

Relevant Education and Experience of Members

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with,

among other things, an understanding of the accounting principles used by Vecima to prepare its annual and interim financial statements.

Barry Baptie

Mr. Baptie has acquired significant financial experience and exposure to accounting and financial issues in various executive positions. Until his retirement in August 2004, he was Executive Vice President, Technology and Operations for TELUS Corporation. Previously, Mr. Baptie was Chief Financial Officer at Edmonton Telephones. Following the acquisition of Edmonton Telephones by TELUS, he again held senior positions in finance and regulatory areas, including Executive Vice President and Chief Financial Officer, before assuming his final role in November, 2000. Mr. Baptie holds a B.A. and an M.B.A. from the University of Alberta. He received his C.M.A. certification in 1979, and was elected a fellow of the Society of Management Accountants in 2000. He also holds a diploma from the Banff School of Advanced Management.

Reg Bird

Mr. Bird has been a director of the Company since November 2007. He is a member of the Premier's Technology council here in BC, a member of the Royal Roads University Foundation Board, a Fellow of Royal Roads University, sits on the business advisory board of the University of Victoria, sits on the steering committee of the ICTC (Information Communication Technology Council) in Ottawa and is a member of the MITACS advisory board here in BC. He was a member of the Greater Victoria United Way board form 2003 until 2007. Mr. Bird has recently retired as Chairman of the Board of Saskatchewan Telecommunications Ltd., where he was Chairman since 2002. Mr. Bird was also Chairman of TRLabs Ltd. from 2002 through 2004. He is the former president of Nortel Networks Asia South Pacific, where he was responsible for Nortel's activities in all of Asia except China and Japan. Mr. Bird was based in Singapore but also had offices in Sydney, Australia. From 1990 to 1998 he was vice president of Nortel Western Canada. He was also a member of TRLabs from 1992 to 1998, responsible for ensuring that the lab achieved its mission and goals for technology development and research and development projects. From 1987 to 1990, Mr. Bird was President of Manitoba Telephones, the fourth-largest telecommunications company in Canada. From 1986 to 1987, he was General Manager of Edmonton Telephones.

Mr. Bird holds a degree in electrical engineering from the Royal Military College of Canada, as well as diplomas from the Banff School of Advanced Management and the Harvard Business School's advanced management program.

James Mutter

Mr. Mutter is a partner in the law firm of Benson Salloum Watts. From October 2007 to March 2009 he was a Senior Client Partner with Korn/Ferry International. He was President and CEO of hyperWallet Systems Inc., a privately-held Canadian financial services technology company in 2006 and 2007. He was the President of the British Columbia Premier's Technology Council from July 2003 through July 2006. He was a co-founder and was the chairman of the board of directors, and was formerly a Vice President, of Apparent Networks, a Vancouver-based network intelligence software company. Mr. Mutter was formerly a partner in the Vancouver office of the law firm of Fasken Martineau DuMoulin LLP, where he specialized in Corporate Finance and Mergers & Acquisitions. Mr. Mutter holds a B.B.A. from the University of Prince Edward Island and an LL.B. from the University of Calgary.

Pre-Approval Policies and Procedures

The Audit Committee of the Board of Directors is mandated to review and pre-approve all non-audit service engagement fees and terms in accordance with applicable law, including those provided to the subsidiaries of the Company by the external auditors or any other person in its

capacity as external auditors of such subsidiary. The Audit Committee may delegate this responsibility to one or more of its members who will present the pre-approvals to the full Audit Committee at its next scheduled meeting. The Audit Committee is authorized to establish specific policies and procedures to engage the external auditors to perform non-audit services, provided that:

(i) the pre-approval policies and procedures are detailed as to the particular service to be provided;
(ii) the Audit Committee's responsibilities are not delegated to management; and
(iii) the Audit Committee is informed of each non-audit service for which the external auditors are engaged.

Between scheduled Audit Committee meetings, the Chair of the Audit Committee, on behalf of the Audit Committee, is authorized to pre-approve any audit or non-audit service engagement fees and terms. At the next Audit Committee meeting, the Chair of the Audit Committee will report to the Audit Committee any such pre-approval given.

External Auditor Service Fees

The following table sets forth all services rendered to Vecima by its auditors (Deloitte & Touche LLP) by category, together with the corresponding fees billed by the auditors for each category of service for the financial years ended June 30, 2009 and 2008.

	Year Ended June 30, 2009	Year Ended June 30, 2008
Audit Fees[(1)]	$253,000	$277,000
Tax Fees[(2)]	55,000	61,000
All Other Fees[(3)]	16,000	122,000
Total Fees	$324,000	$460,000

(1) Represents the aggregate fees billed by Vecima's auditors for audit services.
(2) Represents the aggregate fees billed for professional services rendered by Vecima's auditors for tax compliance, tax advice and tax planning.
(3) Represents the aggregate fees billed for products and services provided by Vecima's auditors other than those services reported under "Audit Fees" and "Tax Fees". Other fees related to consultation relating to International accounting standards as well as a regulatory research and development audit.

LEGAL PROCEEDINGS

Our management is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against us which would be material to a holder of Common Shares.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On March 31, 2009 Dr. Surinder Kumar the CEO, and Chairmen of the Board purchased an administrative building in Saskatoon for $2.7 million in cash. The building was sold at its fair

market value determined by an independent real estate agent. The transaction resulted in a $1.1 million gain on the sale of a capital asset for the Company. The building was subsequently leased back from Dr. Kumar at the current market rate of $10.00 per square foot.

Except as disclosed in this annual information form, no director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Company or any subsidiary of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal transfer offices in Vancouver, British Columbia and Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Company has not entered into any material contract within the last financial year or before the last financial year that is still in effect.

INTERESTS OF EXPERTS

The Company's consolidated financial statements for the fiscal years ended June 30, 2009 and 2008 have been audited by Deloitte & Touche LLP, Chartered Accountants, of Saskatoon, Saskatchewan. Deloitte & Touche LLP is independent of the Company in accordance with the auditor's rules of professional conduct in Canada.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the Company's management proxy circular in connection with its annual general meeting of shareholders to be held on November 10, 2009, a copy of which will be filed on SEDAR as soon as it is available. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the fiscal year ended June 30, 2009, which is available on SEDAR.

Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com.

GLOSSARY

Customer Premises Equipment (CPE). The equipment required at the subscriber's location to receive transmissions and to send messages, including a modem, transceiver and required mounting hardware and power supplies.

Digital Subscriber Line (DSL). A technology that increases the digital capacity of ordinary telephone lines (the local loops) into the home or office beyond the capacity for voice service only. DSL speeds are dependent on the distance between the customer and the central office of the telecommunications company providing the service.

Direct Broadcast Satellite (DBS). Satellite television systems in which the subscribers receive signals directly from geostationary satellites. Signals are broadcast in digital format at microwave frequencies.

Edge device. A physical device that can pass packets of information between one type of network and another, using the routing information it finds in the network layer.

Fibre to the Home (FTTH). FTTH (sometimes called fibre to the premises, or FTTP) systems involve the installation of optical fibre cable directly to the home or business environment from a central point. They can bring high-speed service to premises at a greater distance from a central switch than DSL.

Field-Programmable Gate Array (FPGA). An integrated circuit that can be programmed in the field after manufacture. FPGAs are used by engineers in the design of specialized integrated circuits that can later be produced hard-wired in large quantities for distribution to computer manufacturers and end-users.

Gateway device. A fully-integrated device that uses a modulator/upconverter and other components to process video streams from central servers, to provide security scrambling of those signals and then to transmit the video streams to subscribers over cable.

Gigabit Ethernet. A transmission technology based on the Ethernet frame format and protocol used in local area networks that provides a data rate of one billion bits per second.

Hybrid Fibre Coax (HFC). A technology in which optical fibre cable and coaxial cable are used in different portions of a network to carry broadband content.

Internet Protocol (IP). The method or protocol by which data is sent from one computer to another on the Internet.

Multiple Systems Operators (MSOs). Cable television, broadband wireless systems and telecommunications companies that operate multiple systems in different geographic areas.

Original Equipment Manufacturers (OEMs). A manufacturer that sells equipment to a reseller for rebranding or repackaging.

Point-to-Multipoint. A wireless communications network that provides a path from one location to another location or to multiple locations.

Quadrature Amplitude Modulation (QAM). A modulation technique that generates four bits out of one baud. For example, a 600-baud line (600 shifts in the signal per second) can effectively transmit 2,400 bits using this method. Both phase and amplitude are shaped with each baud, resulting in four possible patterns.

Radio Frequency (RF). The range of electromagnetic frequencies above the audio range and below visible light. All broadcast transmission, from AM radio to satellites, falls into this range, which is between 30 KHz and 300 GHz.

Set-Top Box (STB). A device that enables a television set to become a user interface to the Internet and to receive and decode digital television broadcasts.

Simple Network Management Protocol (SNMP). A widely used network monitoring and control protocol. Data are passed from SNMP agents, which are hardware and/or software processes reporting activity in each network device (hub, router, bridge, etc.) to the workstation console used to oversee the network.

Video on Demand (VOD). The ability to deliver a movie or other video program with high-quality digital picture and sound to an individual Web browser or TV set whenever the user requests it. VOD provides subscribers with VCR-like functionality of pause, play, fast-forward and reverse.

Voice over Internet Protocol (VoIP). A category of hardware and software that enables people to use the Internet as the transmission medium for telephone calls.

Wi-Fi. Short for ‘‘wireless fidelity’’, Wi-Fi describes an internationally-recognized broadband wireless technology conforming to the Institute of Electrical and Electronic Engineers (IEEE) 802.11 prescribed standard for wireless equipment operating in unlicensed frequency bands.

WiMAX. A wireless industry coalition whose members organized to advance standards for broadband wireless access networks. WiMAX technology is expected to enable multimedia applications with wireless connection and, with a range of up to 30 miles, enable networks to have a wireless last-mile solution.

APPENDIX A

AUDIT COMMITTEE MANDATE

VECIMA NETWORKS INC.

1 Purpose

The Audit Committee will assist the Board of Directors of Vecima Networks Inc. in its oversight of the integrity and reliability of the Corporation's accounting principles and practices, financial statements and other financial reporting, and disclosure principles and practices used by the Corporation's management. The Committee shall also assist the Board of Directors in its oversight of (i) the qualifications, independence and performance of the independent auditors (hereafter also referred to as the "external auditors") of the Corporation, (ii) the establishment by management of an adequate system of internal controls and procedures, (iii) the effectiveness of the internal controls and procedures, and (iv) the compliance by the Corporation with legal and regulatory requirements.

2 Composition

The Board of Directors will appoint the Audit Committee members and a Committee Chair. The audit committee shall be composed of three members of the Board of Directors. Each committee member will be financially literate. The composition and qualifications of all committee members shall comply with all applicable legal and regulatory requirements and will be kept current as regulations evolve.

3 Meetings

The committee will meet at least four times per year and at least once every fiscal quarter, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via telephone conference. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and executive sessions. The committee may meet privately with any single member of management or any combination of members of management, as it deems appropriate. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

4 Duties and Responsibilities

4.1 Financial Reporting

4.1.1 Review with management and the external auditors any items of concern, any proposed changes in the selection or application of major accounting policies and the reasons for the change, any identified risks and uncertainties, and any issues requiring management judgment, to the extent that the foregoing may be material to financial reporting.

4.1.2 Consider any matter required to be communicated to the Audit Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the external auditors' report to the Audit Committee (and

management's response thereto) on: (i) all critical accounting policies and practices used by the Corporation; (ii) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the external auditors; and (iii) any other material written communications between the external auditors and management.

4.1.3 Require the external auditors to present and discuss with the Audit Committee their views about the quality, not just the acceptability, of the implementation of generally accepted accounting principles with particular focus on accounting estimates and judgments made by management and their selection of accounting principles.

4.1.4 Discuss with management and the external auditors (i) any accounting adjustments that were noted or proposed (i.e., immaterial or otherwise) by the external auditors but were not reflected in the financial statements; (ii) any material correcting adjustments that were identified by the external auditors in accordance with generally accepted accounting principles or applicable law; (iii) any communication reflecting a difference of opinion between the audit team and the external auditors' national office on material auditing or accounting issues raised by the engagement; and (iv) any "management" or "internal control" letter issued, or proposed to be issued, by the external auditors to the Corporation.

4.1.5 Discuss with management and the external auditors any significant financial reporting issues considered during the fiscal period and the method of resolution. Resolve disagreements between management and the external auditors regarding financial reporting.

4.1.6 Review with management and the external auditors (i) any off-balance sheet financing mechanisms being used by the Corporation and their effect on the Corporation's financial statements; and (ii) the effect of regulatory and accounting initiatives on the Corporation's financial statements, including the potential impact of proposed initiatives.

4.1.7 Review with management and the external auditors and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed or reflected in the financial statements.

4.1.8 Review with the external auditors any audit problems or difficulties experienced by the external auditors in performing the audit, including any restrictions or limitations imposed by management, and management's response. Resolve any disagreements between management and the external auditors regarding these matters.

4.1.9 Review the results of the external auditors' audit work including findings and recommendations, management's response, and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.

4.1.10 Review and discuss with management and the external auditors the audited annual financial statements and related management's discussion and analysis, make recommendations to the Board with respect to approval thereof, before being released to the public, and obtain an explanation from management of all significant variances between comparable reporting periods.

4.1.11 Review and discuss with management and the external auditors all interim unaudited financial statements and quarterly reports and related interim management's discussion and analysis and make recommendations to the Board with respect to the approval thereof, before being released to the public.

4.1.12 Review all earnings press releases. Discuss the type and presentation to be included in earnings releases (paying particular attention to any use of *pro forma* or "adjusted" non-GAAP information).

4.1.13 Review all other press releases containing financial information based upon the Corporation's financial statements prior to their release or earnings guidance.

4.1.14 Approve the appointment and replacement of the Chief Financial Officer and review with the Chief Financial Officer the appointment and replacement of other members of senior management who will be involved in financial reporting.

4.1.15 In conjunction with the Corporate Governance Committee, review succession plans for the Chief Financial Officer and the Controller.

4.1.16 Review the necessary information to file the Annual Information Form and to distribute management information circular as required by Form 52-110F1.

4.2 Disclosure Controls, Internal Controls and Risk Management

4.2.1 Review the adequacy of the internal controls over financial reporting that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records and any special audit steps adopted in light of material control deficiencies.

4.2.2 Review the disclosure controls and procedures that have been adopted by the Corporation to confirm that:

4.2.2.1 adequate procedures are in place for the review of all other audited or unaudited financial information extracted or derived from the Corporation's financial statements which is to be contained in public disclosure documents (including without limitation, any prospectus, or other offering or public disclosure documents and financial statements requested by regulatory authorities); and

4.2.2.2 material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

4.2.3 Review periodically the Corporation's policies with respect to financial risks, including the steps taken to monitor and control such risks.

4.3 External Auditors

4.3.1 Recommend to the Board the external auditors to be nominated for appointment or re-appointment by the shareholders.

4.3.2 Instruct the external auditors that:

4.3.2.1 they are ultimately accountable to the Board and the Audit Committee, as representatives of shareholders; and

4.3.2.2 they must report directly to the Audit Committee.

4.3.3 Confirm that the external auditors have direct and open communication with the Audit Committee and that the external auditors meet regularly with the Audit Committee without management present to discuss any matters that the Audit Committee or the external auditors believe should be discussed privately.

4.3.4 Evaluate the external auditors' qualifications, performance, and independence and report its conclusions to the Board. As part of that evaluation, the Audit Committee will:

4.3.4.1 at least annually, request and review a formal report by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all

relationships between the external auditors and the Corporation, including the amount of fees received by the external auditors for the audit services and for various types of non-audit services for the periods prescribed by applicable law;

4.3.4.2 annually review and confirm with management and the external auditors the independence of the external auditors, including the extent of non-audit services and fees, the extent to which the compensation of the audit partners of the external auditors is based upon selling non-audit services, the timing and process for implementing the rotation of the lead audit partner, reviewing partner and other partners providing audit services for the Corporation, whether there should be a regular rotation of the audit firm itself, and whether there has been a "cooling off" period of one year for any former employees of the external auditors who are now employees with a financial oversight role, in order to assure compliance with applicable law on such matters; and

4.3.4.3 annually review and evaluate senior members of the external audit team, including their expertise and qualifications, taking into account the opinions of management and the internal auditor.

4.3.5 Review and approve the Corporation's policies for hiring employees and former employees of the external auditors. Such policies should include, at minimum, a one-year hiring "cooling off" period.

4.3.6 Meet with the external auditors to review and approve the annual audit plan of the Corporation's financial statements prior to the annual audit being undertaken by the external auditors, including reviewing the year-to-year co-ordination of the audit plan and the planning, staffing and extent of the scope of the annual audit. This review should include an explanation from the external auditors of the factors considered by the

external auditors in determining their audit scope, including major risk factors. The external auditors will report to the Audit Committee all significant changes to the approved audit plan.

4.3.7 Review and recommend to the Board the basis and amount of the external auditors' fees with respect to the annual audit in light of all relevant matters.

4.3.8 Review and pre-approve all non-audit service engagement fees and terms in accordance with applicable law, including those provided to the subsidiaries of the Corporation by the external auditors or any other person in its capacity as external auditors of such subsidiary. The Audit Committee may delegate this responsibility to one or more members who will present the pre-approvals to the full Audit Committee at its next scheduled meeting. If desired, the Audit Committee may establish specific policies and procedures for the engagement of the external auditors to perform non-audit services, provided that (i) the pre-approval policies and procedures are detailed as to the particular service to be provided; (ii) the Audit Committee's responsibilities are not delegated to management; and (iii) the Audit Committee is informed of each non-audit service for which the external auditors are engaged. Between scheduled Audit Committee meetings, the Chair of the Audit Committee, on behalf of the Audit Committee, is authorized to pre-approve any audit or non-audit service engagement fees and terms. At the next Audit Committee meeting, the Chair of the Audit Committee will report to the Audit Committee any such pre-approval given.

4.4 Compliance

4.4.1 Monitor compliance by the Corporation with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the Corporation personally liable.

4.4.2 Obtain regular updates from management regarding compliance with laws and regulations and the process in place to monitor such compliance.

4.4.3 Review, with corporate counsel where required, any litigation, claims, tax assessments, transactions, material inquiries from regulators and government agencies or other contingencies which may have a material impact on financial results or which may otherwise affect the financial well-being of the Corporation the findings of any examination by regulatory authorities and any external auditors' observations relating to such matters.

4.4.4 Establish and oversee the procedures in a Code of Ethics Policy to address:

4.4.4.1 the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

4.4.4.2 the confidential, anonymous submission by employees of concerns regarding such matters.

4.4.5 Receive periodically a summary report from the Corporate Secretary on such matters as required by any Code of Ethics Policy.

4.4.6 Monitor related party transactions and confirm that any political and charitable donations conform to policies and budgets approved by the Board.

4.4.7 Monitor management of hedging, insurance, debt and credit, and make recommendations to the Board respecting policies for management of such risks, and review the Corporation's compliance therewith.

4.4.8 Review on an annual basis the expenses submitted for reimbursement by the Chief Executive Officer.

5 Matters for which the Audit Committee is not responsible

The Committee is not responsible for those matters which are the responsibility of management or the external auditors including, without limitation:

5.1 planning and conducting the external audit;

5.2 ensuring that the financial statements of the Company have been prepared in accordance with generally accepted accounting principles;

5.3 ensuring that the financial statements of the Company and the other financial information of the Company contained in regulatory filings and other public disclosure of the Company fairly present in all material respects the financial condition, results of operations and cash flows of the Company;

5.4 ensuring the adequacy of the internal control over financial reporting structure and the financial risk management systems of the Company; and

5.5 ensuring compliance with applicable laws and regulations.

6 Reporting

The Audit Committee will regularly report to the Board on:

6.1 The independence of the external auditors.

6.2 The performance of the external auditors and the Audit Committee's recommendations regarding its re-appointment or termination.

6.3 The adequacy of the Corporation's internal controls over financial reporting and disclosure controls.

6.4 Its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements.

6.5 Its review of the annual and interim management's discussion and analysis.

6.6 The Corporation's compliance with legal and regulatory requirements related to financial reporting.

6.7 All other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

7 Minutes

Minutes will be kept of each meeting of the Committee and will be available to each member of the Board. Any action of the Committee (other than actions for which the Committee has sole authority as set forth herein) shall be subject to revision, modification, rescission, or alteration by the Board.

8 Review and Evaluation

The Audit Committee will annually review and evaluate the adequacy of its mandate and recommend any proposed changes to the Corporate Governance Committee.

The Audit Committee will participate in an annual performance evaluation by the Corporate Governance Committee, the results of which will be reviewed by the Board.

9 Chair

Each year, the Board will appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair of the Audit Committee, the incumbent Chair of the Audit Committee will continue in office until a successor is appointed.

10 Removal and Vacancies

Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee upon ceasing to be a director. The Board may fill vacancies on the Audit Committee by appointment from among its members. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum (at least two committee members) remains in office. Subject to the foregoing, each member of the Audit Committee shall remain as such until the next annual meeting of shareholders after that member's election.

11 Access to Outside Advisors

The Audit Committee may, without seeking approval of the Board or management, select, retain, terminate, set and approve the fees and other retention terms of any outside advisor, as it, acting reasonably, deems appropriate. The Corporation will provide for appropriate funding, for payment of compensation to any such advisors, and for ordinary administrative expenses of the Audit Committee.

12 Definitions

Legal terms used in this Mandate have the meanings attributed to them below. Terms not otherwise defined herein have the meanings attributed to them in Multilateral Instrument 52-110, as amended from time to time.

"**Financially Literate**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

"**Independent Director**" means a director who has no direct or indirect material relationship with the Corporation. For this purpose, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. Despite the foregoing, the following individuals are considered to have a material relationship with the Corporation:

- An individual who is, or has been, an employee or executive officer of the Corporation, unless three years have elapsed since the end of the service or employment.
- An individual whose immediate family member is, or has been, an executive officer of the Corporation unless three years have elapsed since the end of the service or employment.
- An individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended.

- An individual whose immediate family member is, or has been, an affiliated entity of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation unless three years have elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended.

- An individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Corporation's current executive officers serve on the entity's compensation committee unless three years have elapsed since the end of the service or employment.

- An individual who:

  - has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or

  - receives, or whose immediate family member receives, more than $75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee, unless three years have elapsed since he or she ceased to receive more than $75,000 per year in such compensation.

- An individual who is an affiliated entity of the Corporation or any of its subsidiary entities.