

# **REDKNEE**

**REDKNEE SOLUTIONS INC.**

**NOTICE OF  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MARCH 6, 2013**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**





**NOTICE OF ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS  
Wednesday, March 6, 2013**

**NOTICE IS HEREBY GIVEN THAT** the Annual and Special Meeting (the “Meeting”) of holders of common shares of Redknee Solutions Inc. (the “Corporation”) will be held on Wednesday, March 6, 2013, at The Albany Club, 91 King Street East, Toronto, Ontario M5C 1G3 commencing at 9:30 a.m. for the following purposes:

1. to receive the Corporation’s annual report (“Annual Report”) together with the consolidated financial statements of the Corporation for the fiscal year ended September 30, 2012 together with the auditors’ report thereon;
2. to elect directors;
3. to re-appoint auditors and to authorize the directors to fix the remuneration of the auditors;
4. to consider and, if thought advisable, to approve, with or without amendment, a resolution continuing, amending and restating the Corporation’s Shareholders Rights Plan; and
5. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by a form of proxy (“Form of Proxy”), the management information circular (the “Circular”) and the Corporation’s Annual Report to shareholders (“Shareholders”). The specific details of the foregoing matters to be put before the Meeting are set forth in the management information circular. The board of directors (the “Board”) of the Corporation have fixed the close of business on January 30, 2013 as the record date for the determination of the Shareholders entitled to notice of, and to vote at, the Meeting, and any adjournment thereof.

Registered Shareholders who are unable to attend the meeting in person may complete, date and sign the enclosed Form of Proxy and send it in the enclosed envelope or otherwise to the attention of the Proxy Department of Computershare Investor Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1. To be effective, a proxy must be received not later than 9:30 a.m. on March 4, 2013. Instead of mailing your proxy, you may choose to vote using the telephone or the Internet. To vote using the telephone, call (866) 732-8683. To vote using the Internet log on to [www.investorvote.com](http://www.investorvote.com). If you vote by telephone or the internet, do not mail back your proxy. Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the management nominees named on the reverse of your proxy.

Non-registered Shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

DATED at Toronto, this 30<sup>th</sup> day of January 2013.

**BY ORDER OF THE BOARD OF DIRECTORS**  
*“Lucas Skoczkowski”*  
**Lucas Skoczkowski**  
Chief Executive Officer



## **REDKNEE SOLUTIONS INC.**

### **MANAGEMENT INFORMATION CIRCULAR**

In this management information circular (the “Circular”) all information provided is current as of January 30, 2013 unless otherwise indicated. All dollar amounts set out in this Circular are expressed in Canadian dollars, unless otherwise indicated.

#### **FOREIGN CURRENCY**

In this Circular, unless otherwise specified or the context otherwise requires, all references to “\$” and “US\$” are to U.S. dollars and all references to “CAD \$” are to Canadian dollars.

Up until September 30, 2011, the Company's functional currency was the Canadian dollar ("CAD") and was the U.S. dollar for certain subsidiaries. Effective October 1, 2011, the functional currency of the Company and certain subsidiaries was changed from the CAD to the U.S. dollar. Effective October 1, 2011, the parent company and all subsidiaries have a functional currency of U.S. dollars. The change in functional currency was a result of the increased influence of the U.S. dollar on the economic environment in which the companies operate and the increased reliance on U.S. dollar financing.

For Fiscal 2012, all currency amounts, except where otherwise indicated, have been converted into U.S. dollars at end-of-day foreign exchange rate on September 30, 2012, the last business day of fiscal 2012. At that date, the exchange rate, as reported by the Bank of Canada, was CAD \$1.00 = US\$ 1.0166.

Unless otherwise stated, all comparative information in this circular for periods prior to October 1, 2011 have been translated from CAD to U.S. dollars at the October 1, 2011 spot rate, as reported by the Bank of Canada, was CAD \$1.00 = US\$ 0.9626.

#### **SOLICITATION OF PROXIES**

**THIS CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION, BY OR ON BEHALF OF THE MANAGEMENT OF REDKNEE SOLUTIONS INC. (“REDKNEE” OR THE “CORPORATION”), OF PROXIES TO BE USED AT THE CORPORATION’S ANNUAL AND SPECIAL MEETING OF THE HOLDERS OF COMMON SHARES OF THE CORPORATION (THE “COMMON SHARES”) TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING (THE “NOTICE OF MEETING”) OR AT ANY ADJOURNMENT THEREOF.**

It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Corporation’s transfer agent, Computershare Investor Services Inc., at nominal cost. The cost of soliciting will be borne by the Corporation.

## **APPOINTMENT OF PROXIES**

**THE PERSONS SPECIFIED IN THE ENCLOSED FORM OF PROXY ARE AUTHORIZED REPRESENTATIVES OF THE CORPORATION. EACH SHAREHOLDER HAS THE RIGHT TO APPOINT AS PROXYHOLDER A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION) TO ATTEND, ACT AND VOTE FOR SUCH SHAREHOLDER AT THE MEETING OTHER THAN THOSE NAMED IN THE ENCLOSED FORM OF PROXY.**

A person or company whose name appears on the books and records of the Corporation as a holder of Common Shares is a registered shareholder (“Registered Shareholder”). A non-registered shareholder (“Non-registered Shareholder”) is a beneficial owner of Common Shares whose Common Shares are registered in the name of an intermediary (such as a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates).

### **Registered Shareholders**

A Registered Shareholder can vote Common Shares owned by it at the Meeting in one of two ways – either in person at the Meeting or by proxy. A Registered Shareholder who wishes to vote in person at the Meeting should not complete or return the Form of Proxy included with this Circular. A Shareholder desiring to appoint some person other than those named in the enclosed Form of Proxy to represent such Shareholder at the meeting may do so either by inserting such person’s name in the blank space provided in the enclosed Form of Proxy and striking out the names of the two specified persons or by completing another proper Form of Proxy and, in either case, delivering the completed proxy to the Corporation, c/o Computershare Investor Services Inc., the Corporation’s Registrar and Transfer Agent, at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, by no later than 9:30 am (Toronto time) on March 4, 2013, or, in the case of any adjournment of the Meeting, by no later than 9:30 am (Toronto time) on the second business day immediately preceding any adjournment thereof. Alternatively, you may choose to vote using the telephone or the Internet by following the instructions on your Form of Proxy. Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the management nominees named on the reverse of the Form of Proxy.

### **Non-Registered Shareholders**

Non-registered Shareholders who receive these materials through their broker or other intermediary should complete and send the Form of Proxy in accordance with the instructions provided by their broker or other intermediary. To be effective, the Form of Proxy must be received by Computershare Investor Services Inc. no later than March 4, 2013 at 9:30 a.m. (Toronto time), or in the case of any adjournment of the Meeting, on the second business day immediately preceding any adjournment thereof.

The Corporation has distributed copies of the Form of Proxy, Circular and the Corporation’s Annual Report (the “Meeting Materials”) to intermediaries for distribution to Non-registered Shareholders. Unless you have waived your right to receive the Meeting Materials, intermediaries are required to deliver them to you as a Non-registered Shareholder of the Corporation and to seek your instructions on how to vote your Common Shares. Typically, a Non-registered Shareholder will be given a voting instruction form which must be completed and signed by the Non-registered Shareholder in accordance with the instructions on the form. The purpose of these procedures is to allow Non-registered Shareholders to direct the voting of those Common Shares that they own but which are not registered in their own name.

Please note that the Corporation has limited access to the names of its Non-registered Shareholders. If you attend the Meeting, the Corporation may have no record of your shareholdings or of your entitlement to vote unless your intermediary has appointed you as proxy holder. If you are a Non-registered

Shareholder and wish to attend and vote in person at the Meeting, you must insert your own name in the space provided for the appointment of proxy holder on the voting instruction form and carefully follow the instructions for return of the executed form. Do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the Corporation's transfer agent, Computershare Investor Services Inc., upon arrival at the Meeting.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the Non-registered Shareholder with respect to the voting of Common Shares will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common Shares represented by intermediary "non-votes" will, however, be counted in determining whether there is a quorum.

### **REVOCATION OF PROXIES**

A Shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the Shareholder or by the Shareholder's attorney, who is authorized in writing, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the chairman of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A Shareholder may also revoke a proxy in any other manner permitted by law.

### **VOTING OF PROXIES**

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the person(s) designated by management of the Corporation in the enclosed Form of Proxy will be voted or withheld from voting in accordance with the instructions given on the Form of Proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, management of the Corporation is not aware of any such amendment or other matter to come before the Meeting. However, if any amendments to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the person(s) designated by management of the Corporation in the enclosed Form of Proxy will be voted on such matters pursuant to such discretionary authority.

### **VOTING OF COMMON SHARES**

#### **Voting Common Shares**

As at the date of this Circular, the issued and outstanding capital of the Corporation consists of 79,633,359 Common Shares, each carrying the right to one vote per share at all meetings of Shareholders. A simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote except with respect to the continuation, amendment and restatement of the Shareholders Rights Plan as referred to under "Continuation, Amendment and Restatement of the Shareholders Rights Plan – Vote Required."

## **Record Date**

The record date for the purpose of determining the Shareholders entitled to receive notice of and votes at the Meeting (the "Record Date") has been fixed as January 30, 2013.

## **Principal Shareholders**

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular no person beneficially owns, directly or indirectly, or controls or directs voting securities carrying 10% or more of the voting rights attached to the outstanding Common Shares of the Corporation except as stated below.

<b>Name</b>	<b>Number of Common Shares Beneficially Owned or Controlled or Directed</b>	<b>Percentage of Outstanding Common Shares</b>
Lucas Skoczkowski	9,230,840	11.60

## **INTEREST IN MATTERS TO BE ACTED UPON**

The Corporation is not aware of any material interest of any director or nominee director, or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than the election of directors.

## **MATTERS TO BE ACTED UPON AT MEETING**

### **1. Presentation of Annual Report for Fiscal 2012**

A copy of the Corporation's Annual Report for the year ended September 30, 2012 which includes the Corporation's consolidated financial statements for the year then ended, the report of the auditors thereon, and management's discussion and analysis ("MD&A"), was mailed to all registered shareholders and intermediaries concurrently with this Circular and will be submitted to shareholders at the meeting. Copies of each are also available at [www.SEDAR.com](http://www.SEDAR.com).

### **2. Election of Directors**

The number of directors to be elected at the Meeting is six (6). Under the by-laws of the Corporation, directors of the Corporation are elected annually. Each director will hold office until the next annual meeting or until the successor of such director is duly elected or appointed in accordance with the by-laws.

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

Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by

properly executed proxies given in favour of such nominee(s) may be voted by the person(s) designated by management of the Corporation in the enclosed Form of Proxy, in their discretion, in favour of another nominee.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including the number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person or the person's associates or affiliates as at January 30, 2013. The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

Nominee Name and Place of Residence	Principal Occupation	Became Director	Common Shares	Options
Stephen Davies <sup>(2)(3)</sup> Hemel Hempstead Herts, England, United Kingdom	Director The Practice Plc	January 9, 2007	183,730	20,000
Greg Jacobsen Littleton, Colorado, United States	Retired	May 4, 2011	NIL	NIL
Alan Michels <sup>(1)(3)</sup> Scottsdale, Arizona, United States	Consultant	December 10, 2008	125,000	20,000
Terry Nickerson <sup>(1)(2)</sup> Mississauga, Ontario, Canada	Corporate Director	October 5, 2010	50,000	-
Lucas Skoczkowski Oakville, Ontario, Canada	Chief Executive Officer, Redknee	November 1, 2006	9,230,840	875,000
Kent Thexton, Chairman <sup>(1)(2)(3)</sup> Vancouver, British Columbia, Canada	Chairman Redknee	November 1, 2006	1,267,285	182,500

<sup>(1)</sup> Member of Audit Committee.

<sup>(2)</sup> Member of Compensation Committee.

<sup>(3)</sup> Member of Nomination and Governance Committee.

**STEPHEN DAVIES** – Mr. Davies joined Redknee's Board as a non-executive director in January 2007. Prior to joining Redknee, Mr. Davies served as the Chairman of United Clearing, the Director of Business Markets at O2 UK and the Chief Operating Officer at Genie Internet. Prior to this he was Chief Executive Officer of Cibernet Plc, the first financial clearing specialist for the GSM industry and Managing Director of Inter\$Link, the UK's first online banking business for import and export companies. Mr. Davies is currently a director of The Practice Plc, a UK primary healthcare company and is Chairman of Creativity Software a provider of end to end location solutions for mobile operators. Mr. Davies holds a Bachelors of Science degree from University of Hertfordshire and is a Chartered Engineer, MIEE.

**GREG JACOBSEN** - Mr. Jacobsen joined Redknee's Board as a non-executive director in May 2011. He is a senior technology executive with over 30 years of diverse experience in telecommunications, information technology and software. Mr. Jacobsen most recently led Capgemini's global TME practice of over 8,000 business and technology consultants. A three-time CEO, he is an entrepreneur, having founded two successful firms, and has worked within large corporations such as EDS and MCI. Mr. Jacobsen's career spans consulting, outsourcing, systems integration, sales, marketing and executive management. Mr. Jacobsen holds a Bachelor of Science in Journalism and a Master of Science in Telecommunications from the University of Colorado in Boulder.

**ALAN MICHELS** – Mr. Michels joined Redknee’s Board as a non-executive Director in December 2008. He brings over 30 years of experience in information technology and telecommunications industries, previously serving as President of Kenan Systems Inc. and President and CEO of Telewest Communications, Plc., and as Chief Financial Officer in the telecommunications and software industries. Mr. Michels holds a Master of Business Administration in Finance, and a Bachelor of History degree from Rutgers, the State University of New Jersey-New Brunswick. Mr. Michels is currently providing business consulting services.

**TERRY NICKERSON** – Mr. Nickerson joined Redknee’s Board as a non-executive Director in October 2010. Prior to joining Redknee’s Board, Mr. Nickerson held several senior financial positions at ATI Technologies, Inc., the Molson Companies Ltd., Northern Telecom Ltd. and IBM Corporation. Mr. Nickerson is currently a director of ViXS Systems Inc. Mr. Nickerson holds a Bachelors of Science degree in Metallurgical Engineering from Queens University and a Master Business Administration from Harvard University.

**LUCAS SKOCZKOWSKI** – Mr. Skoczowski joined Redknee’s Board in 2006, having served on the Board of Redknee Inc. since it was established in 1999. Mr. Skoczowski is one of the Corporation’s founders and is currently Redknee’s Chief Executive Officer. Previously, Mr. Skoczowski worked at Nortel Networks Limited and Clearnet Communications Inc. (now TELUS Mobility, the wireless business unit of TELUS Corporation) in various areas of product management. Mr. Skoczowski previously served as a non-executive director on the Board of 20-20 Technologies Inc., a Canadian public company. Mr. Skoczowski has a Bachelor of Science in Electrical Engineering from the University of Waterloo, where he was a Loran Scholar.

**KENT THEXTON** – Mr. Thexton joined Redknee’s Board as a non-executive director in 2006, having served on the Board of Redknee Inc. since 2004. Mr. Thexton is also on the boards of Mobidia, a private Canadian company, Plus Consulting, a private Canadian company and Sierra Wireless, a Canadian public company. Previously, Mr. Thexton was the Chairman of i-wireless, chief data and marketing officer for O2 Group plc and a member of the O2 Company plc board of directors. Mr. Thexton holds a Master Business Administration and a Bachelor's Degree in Electrical Engineering from the University of Western Ontario.

Messrs. Davies, Michels, Nickerson and Thexton are independent directors.

Shareholders will vote for the election of each individual director separately. The Corporation has adopted a majority voting policy for the election of directors whereby any nominee (in an uncontested election at which more than 65% of the then outstanding Common Shares have been voted in person or by proxy) who receives a greater number of Common Shares withheld from voting than Common Shares voted in favour of his or her election is expected to immediately tender his or her resignation to the Board of Directors, to take effect upon acceptance by the Board. The Board of Directors will, within 90 days of receiving the final voting results, determine whether to accept such director’s offer to resign. See “Statement of Corporate Governance Practices – Majority Voting Policy”.

**In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed Form of Proxy intend to vote FOR the election as directors of the proposed nominees whose names are set forth below, each of whom has been a director since the date indicated below opposite the proposed nominee’s name.**

### **3. Appointment of Auditors**

The current auditors of the Corporation are KPMG LLP, effective December 30, 2011. At the Meeting, the holders of Common Shares will be requested to appoint KPMG LLP as auditors of the Corporation to

hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorize the Board of Directors to fix the auditors' remuneration.

The following table sets out the approximate fees the Corporation incurred in using the services of KPMG LLP for the fiscal 2012 and PricewaterhouseCoopers LLP for fiscal 2011. PricewaterhouseCoopers LLP served as auditors of the Corporation for the period from September 11, 2007 to December 30, 2011.

Category	Year Ended September 30	
	2012	2011
	(\$)	(\$)
Audit Fees <sup>(1)</sup>	\$483,706	\$399,733
Tax Fees <sup>(2)</sup>	\$117,181	\$177,605
All Other Fees <sup>(3)</sup>	\$ 22,538	\$ 62,569
Total	\$677,425	\$639,907

(1) "Audit Fees" relate to quarterly reviews and audit services completed for the year ended September 30, 2012.

(2) "Tax Fees" relate to fees for tax preparation of all legal entities and transfer pricing study.

(3) "Other Fees" in fiscal 2012 related to preparation of SRED returns and related work.

**In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed Form of Proxy intend to vote FOR the appointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed and the authorization of the Board of Directors to fix the remuneration of the auditors.**

#### **4. Continuation, Amendment and Restatement of the Shareholders Rights Plan**

In 2010 shareholders approved the adoption of the Corporation's Shareholders Rights Plan (the "Rights Plan"). At the Meeting, shareholders will be asked to consider and if deemed advisable to approve, with or without amendment, a resolution (the "Rights Plan Resolution") approving the continuation, amendment and restatement of the Rights Plan. The text of the Rights Plan Resolution is attached as Schedule "A" hereto.

##### *Background*

The Corporation and Computershare Investor Services Inc. (the "Rights Agent") entered into an agreement dated as of December 22, 2009 to implement the Rights Plan (the "Rights Plan Agreement"). The Corporation's Board of Directors have approved an amended and restated shareholder rights plan to be dated March 6, 2013 ("the "Amended Rights Plan") if approved at the Meeting.

The Amended Rights Plan continues (with the amendments described below) a right (which may only be exercised if a person acquires control of 20% or more of the Common Shares) for each shareholder, other than the person that acquires 20% or more of the Common Shares, to acquire additional Common Shares at one-half of the market price at the time of exercise. This significantly dilutes the share position of the person that acquires 20% or more of the Common Shares and practically prevents that person from acquiring control of 20% or greater of the Common Shares unless the rights plan has been withdrawn or

the buyer makes a Permitted Bid (as defined in the Amended Rights Plan). The most common approaches that a buyer may take to have a rights plan withdrawn are to negotiate with the Board of Directors to have the rights plan waived, or to apply to a securities commission to order withdrawal of the rights plan if the Corporation cannot develop an auction. Both of these approaches will give the Board of Directors more time and control over any sale process and increase the likelihood of a better offer to the Corporation's shareholders. See "Objectives of the Amended Rights Plan" below.

The Amended Rights Plan contains the following amendments:

- The recitals in the introduction to the Amended Rights Plan have been revised to clarify that the alternatives available to the Board of Directors to identify, develop and negotiate value-enhancing alternatives for the Corporation may include the continued implementation of the Corporation's long-term strategic plans, as those may be modified by the Corporation from time to time. See "Objectives of the Amended Rights Plan" below for a description of the alternatives that the Board of Directors could pursue.
- The definition of "Stock Acquisition Date" has been amended to allow the Board of Directors to determine, whenever appropriate, a later time for the deemed occurrence of a Stock Acquisition Date. This amendment is consistent with other provisions of the Amended Rights Plan and the shareholder rights plans of other issuers.
- Section 4.4 of the Amended Rights Plan which addresses a change of the Rights Agent has been amended to broaden the types of corporations that can be appointed as a successor rights agent to more than corporations authorized to carry on the business of a trust company. This amendment is consistent with shareholder rights plans of other issuers.

Apart from the above-mentioned amendments and certain other non-substantive amendments of a housekeeping nature to permit greater clarity and consistency, the Amended Rights Plan is identical to the Rights Plan in all material respects. If the Rights Plan Resolution is passed at the Meeting, the Corporation and the Rights Agent will execute the Amended and Restated Shareholder Rights Plan Agreement (the "Amended Rights Plan Agreement") as of the date the resolution is passed and the Amended Rights Plan will come into effect. If the Rights Plan Resolution is not passed, the Rights Plan will become void and of no further force and effect, the Amended Rights Plan Agreement will not be executed and will not become effective and the Corporation will no longer have any form of shareholders rights plan.

A summary of the key features of the Amended Rights Plan is attached as Schedule "B" hereto. All capitalized terms used in this section of the Circular and Schedule "B" have the meaning set forth in the Amended Rights Plan Agreement unless otherwise indicated. The Complete text of the Amended Rights Plan is available on the Corporation's website at [www.redknee.com](http://www.redknee.com). The complete text of the Rights Plan is available on SEDAR at [www.sedar.com](http://www.sedar.com). Both the Rights Plan and the Amended Rights Plan are also available to any shareholder upon request to the Secretary of the Corporation. Shareholders wishing to receive a copy of the Rights Plan or the Amended Rights Plan should contact the Secretary of the Corporation by telephone at 905-625-2622 or by facsimile at 905-625-2773. If approved, the complete text of the Amended Rights Plan will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) after the Meeting.

#### *Objectives of the Amended Rights Plan*

Approval of the Amended Rights Plan is not being proposed in response to or in anticipation of any pending or threatened take-over bid, nor to deter take-over bids generally. As of the date of this Circular, the Board of Directors is not aware of any third party considering or preparing any proposal to acquire control of the Corporation. The primary objectives of the Amended Rights Plan are to ensure that, in the

context of a bid for control of the Corporation through an acquisition of the Common Shares, the Board of Directors has sufficient time to explore and develop alternatives for maximizing shareholder value, including implementation of the Corporation's long-term strategic plans, as those may be modified by the Corporation from time to time; to provide adequate time for competing bids to emerge; to ensure that shareholders have an equal opportunity to participate in a bid and adequate time to properly assess the bid and lessen the pressure to tender typically encountered by a shareholder of an issuer that is subject to a bid. The Amended Rights Plan in no way prohibits a change of control of the Corporation in a transaction that is fair and in the best interests of the Corporation and its shareholders. The rights of shareholders to seek a change in the management of the Corporation or to influence or promote action of management in a particular manner will not be affected by the Amended Rights Plan. The approval of the Amended Rights Plan does not affect the duty of a director to act honestly and in good faith with a view to the best interests of the Corporation and its shareholders.

In approving the Rights Plan, the Board of Directors considered the following concerns inherent in the existing legislative framework governing take-over bids in Canada:

- (a) *Time.* Current legislation permits a take-over bid to expire in 35 days. The Board of Directors is of the view that this generally is not sufficient time to permit shareholders to consider a take-over bid and to make a reasoned and considered decision concerning available alternatives. The Amended Rights Plan provides a mechanism whereby the minimum expiry period for a take-over bid must be 60 days after the date of the bid and the bid must remain open for a further period of ten business days after the bidder publicly announces that the Common Shares deposited or tendered and not withdrawn constitute more than 50% of the Common Shares outstanding held by Independent Shareholders (generally, shareholders other than the bidder or Acquiring Person (someone who beneficially owns greater than 20% of the outstanding Common Shares), their associates and affiliates, and persons acting jointly or in concert with the bidder or Acquiring Person). The Amended Rights Plan is intended to provide shareholders with adequate time to properly evaluate the offer and to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value. Those alternatives could include pursuit of the Corporation's long-term strategic plans, identifying other potential bidders, conducting an orderly auction, or developing a restructuring alternative that could enhance shareholder value.
- (b) *Pressure to Tender.* A shareholder may feel pressured to tender to a bid that the shareholder considers to be inadequate out of a concern that failing to tender may result in the shareholder being left with illiquid or minority discounted securities in the Corporation. This is particularly so in the case of a partial bid for less than all securities of a class, where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. The Amended Rights Plan provides a mechanism in the Permitted Bid provision that is intended to ensure that a shareholder may remove the uncertainty as to whether a majority of shareholders will support a take-over bid from the decision to tender to the take-over bid by requiring that a take-over bid remain open for acceptance for a further 10 Business Days following a public announcement that more than 50% of the Common Shares held by Independent Shareholders have been deposited and not withdrawn as at the initial date of take-up or payment by the bidder. This mechanism therefore will lessen any undue pressure to tender that may be encountered by a shareholder if a take-over bid is made for the Common Shares.
- (c) *Unequal Treatment.* While existing securities legislation has substantially addressed many concerns of unequal treatment, there remains the possibility that control of an issuer may be acquired pursuant to a private agreement in which a small group of securityholders dispose of their securities at a premium to market price which premium is not shared with other securityholders. In addition, a person may slowly accumulate securities through stock exchange

acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all securityholders. The Amended Rights Plan addresses these concerns by applying to all acquisitions of greater than 20% of the Common Shares, to better ensure that shareholders receive equal treatment.

#### *General Impact of the Rights Plan*

It is not the intention of the Board of Directors, in approving the Amended Rights Plan, to secure the continuance of existing directors or management in office, nor to avoid a bid for control of the Corporation in a transaction that is fair and in the best interests of the Corporation and its shareholders. For example, through the Permitted Bid mechanism, described in more detail in the summary contained in Schedule “B” hereto, shareholders may tender to a bid that meets the Permitted Bid criteria without triggering the Amended Rights Plan, regardless of the acceptability of the bid to the Board of Directors. Furthermore, even in the context of a bid that does not meet the Permitted Bid criteria, the Board of Directors will continue to be bound to consider fully and fairly any bid for the Common Shares in any exercise of its discretion to waive application of the Amended Rights Plan or redeem the Rights. In all such circumstances, the Board of Directors must act honestly and in good faith with a view to the best interests of the Corporation and its shareholders.

The Amended Rights Plan does not preclude any shareholder from utilizing the proxy mechanism under the *Canada Business Corporations Act* and securities laws to promote a change in the management or direction of the Corporation, or its Board of Directors, and has no effect on the rights of holders of outstanding Common Shares to requisition a meeting of shareholders in accordance with the provisions of applicable corporate and securities legislation, or to enter into agreements with respect to voting their Common Shares. The definitions of “Acquiring Person” and “Beneficial Ownership” have been developed to minimize concerns that the Rights Plan may be inadvertently triggered or triggered as a result of an overly-broad aggregation of holdings of institutional shareholders and their clients.

The Amended Rights Plan will not interfere with the day-to-day operations of the Corporation. The issuance of the Rights does not in any way alter the financial condition of the Corporation, impede its business plans or alter its financial statements.

The Board of Directors believes that the dominant effect of the Amended Rights Plan will be to maximize the Corporation’s opportunity to enhance shareholder value, and ensure equal treatment of all shareholders in the context of a take-over bid for the Common Shares.

#### *Vote Required*

The Amended Rights Plan has been conditionally approved by the TSX, subject to shareholder approval. The Rights Plan Resolution must be approved by a simple majority of 50% plus one vote of the votes cast in favour of the Amended Rights Plan by all shareholders, whether in person or by proxy, at the Meeting. If the Rights Plan Resolution is passed at the Meeting, then the Amended Rights Plan will become effective as of the date the Rights Plan Resolution is passed. If the Rights Plan Resolution is not passed at the Meeting, the Amended Rights Plan will not become effective.

#### *Recommendation of the Board of Directors*

The Board of Directors has reviewed the Amended Rights Plan for conformity with current practices of Canadian issuers with respect to shareholder rights plan design. Based on its review, the Board of Directors has determined that it is advisable and in the best interests of the Corporation and its shareholders that the Corporation has in place a shareholder rights plan in the form of the Amended

Rights Plan. Accordingly, the Board of Directors unanimously recommends a vote “FOR” the continuation, amendment and restatement of the Rights Plan.

**In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the Rights Plan Resolution.**

The Board of Directors reserves the right to alter any terms of or not proceed with the Rights Plan at any time prior to the meeting if the Board of Directors determines that it would be in the best interests of the Corporation and its shareholders to do so, in light of developments subsequent to the date of this Circular.

## **5. Other Matters**

The Corporation knows of no other matters to be brought before the Meeting. If any amendment, variation or other business is properly brought before the Meeting, the enclosed Form of Proxy and voting instruction confers discretion on the persons named on the Form of Proxy to vote on such matters.

### **STATEMENT OF EXECUTIVE COMPENSATION**

The Corporation’s executive compensation policies and practices, including information about the compensation of the CEO, the CFO and the three other most highly compensated officers of the Corporation, who were serving as executive officers of the Corporation on September 30, 2012 (collectively, the “Named Executive Officers” or “NEOs”) are discussed in this section.

#### **Compensation Discussion and Analysis**

##### *Compensation Philosophy and Policy*

The Compensation Committee of the Board is responsible for annually reviewing the Corporation’s compensation philosophy and policy that rewards the creation of shareholder value and reflects an appropriate balance between short and long-term performance. The compensation philosophy of the Corporation is based on the following two principles: reward performance and market competitive pay. To determine market competitive pay the Compensation Committee considered companies within the same industry and of comparable size to the Corporation to assess whether the Corporation’s base salaries, short term incentives and long term incentives are competitive. The Corporation’s merit-based compensation policies are intended to provide the highest rewards to employees who contribute the most to the success of the Corporation. This philosophy is applied across the Corporation, including the NEOs.

##### *Role of the Compensation Committee*

The Compensation Committee of the Board is responsible for the oversight of the Corporation’s compensation policies and practices in support of the Corporation’s business strategy. The Compensation Committee is generally responsible for, among other things, (A) reviewing, considering and making recommendations to the Board regarding (i) the Corporation’s executive compensation policy; (ii) the total compensation of the CEO and the base salary of other executives; (iii) review the adequacy and form of compensation of Independent Directors; and (iv) all aspects of any share option scheme, share unit plan or other compensation plan operated by or to be established by the Corporation (including the selection of eligible employees, timing of grants, the number of shares over which options, units or other forms of compensation are to be granted and the exercise price; and vesting conditions), and (B) reviewing, considering and approving (i) the corporate goals and objective relevant to the compensation of the CEO and evaluation of the CEO’s performance in light of those corporate goals and objectives; (ii) the compensation and other material benefits to be paid to other executives, based upon recommendations from the CEO; (iii) the eligibility of executives for bonus compensation and benefits under long term

incentives and to formulate suitable performance related criteria and monitor their operation in respect of any element of compensation for executives which is performance related, based upon recommendations from the CEO; (iv) the disclosure of compensation in accordance with required by law or stock exchange regulation; and (v) the terms of the contracts entered into with executives and any material changes to them, based upon recommendation from the CEO.

The Compensation Committee is authorized to investigate any matter under its responsibility, to seek any information it requires from any employee and to obtain, at the cost of the Corporation, outside professional advice if it considers it appropriate to do so. The Compensation Committee meets at least quarterly and conducts an annual self-assessment of its performance and its Charter.

The Compensation Committee considers the implications of the risks associated with the Corporation's compensation policies and practices. The Compensation Committee concluded that the Corporation has policies and practise to ensure that the NEOs do not have incentives to take inappropriate or excessive risks, including the following:

- an appropriate mix of fixed and variable compensation, and an appropriate weighting of share-based compensation;
- quantitative and qualitative Corporation-wide metrics are used to determine the amount of awards to NEOs pursuant to the Corporation's short-term incentive plan;
- there is a comprehensive Code of Conduct and a Whistleblower policy that encourages reporting of imprudent corporate behaviour;
- the Compensation Committee is comprised entirely of independent directors; and
- the entire Board of Directors reviews the Corporation's risk inventory, ensuring that all members of the Compensation Committee have an understanding of the Corporation's enterprise risks when making its decisions in respect of compensation.

The Compensation Committee has not identified any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

The Corporation has no policy which prevents an NEO or Director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of common shares granted as compensation or held, directly or indirectly, by the NEO or director.

The Compensation Committee is comprised of the following three directors: Stephen Davies (Chairman), Kent Thexton and Terry Nickerson, all of whom are considered "independent" (as such term is defined in National Instrument 52-110). In addition to each member's general business experience (See their biographical information under *Matters To Be Acted Upon At the Meeting – 2. Election of Directors*) the following direct experience (and the skills gained from this experience) is also relevant to their responsibilities as a member of the Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

**Stephen Davies** – Mr. Davies has held a number of management positions which included responsibility for compensation matters, including the compensation design for multi-national operations with Genie Internet where he build an ran sales and operational business units in six European countries and five Asian countries. Mr. Davies has been a director and chairman of various public (AIM listed) companies and has been chair of the compensation committee of other companies.

**Kent Thexton** – Mr. Thexton is currently Chairman of the Sierra Wireless compensation committee where he has worked with compensation consultants to design their compensation programs. He has

extensive executive management and board experience where he had responsibility for executive compensation matters, including determining CEO compensation.

**Terry Nickerson** – Mr. Nickerson’s management roles with IBM Corporation, Northern Telecom Ltd. and ATI Technologies, Inc. included responsibility for compensation matters, including designing compensation structures for management. He was responsible for designing an incentive structure for senior executives, including the CEO, at Northern Telecom Ltd. As a board member of Silicon Storage Technology, Inc. Mr. Nickerson hired and worked with compensation consultants to create a competitive incentive structure for executives. Mr. Nickerson is also the Chair of the Compensation Committee of ViXS Systems Inc., a private semiconductor designer and manufacturer.

### **Elements of Executive Compensation**

See “Statement of Corporate Governance Practices – Board Committees – Compensation Committee” for further information regarding the responsibilities of the Compensation Committee.

The Corporation’s compensation policies and practices are structured to attract and retain key employees, reward them for performance and align the Corporation’s interests. The compensation payable to the Corporation’s employees consists of three main elements: base salary, short term incentives, and long-term equity-based incentives in the form of options and share unit awards. The following table summarizes the purpose of each element.

<b>Element of Compensation</b>	<b>Summary and Purpose of Element</b>
Base Salary	Base salaries are established by taking into account individual performance and experience, level of responsibility and competitive pay practices. Base salaries are periodically reviewed and adjusted appropriately to reflect individual performance and market changes.
Short Term Incentives	The Corporation’s annual performance plans are intended to focus and reward executives on the achievement of current year financial targets, key Corporation and/or group objectives and some individual performance objectives. Financial thresholds are approved by the Board at the commencement of the fiscal year and are required to be met for payments to be made according to plan criteria.
Long Term Incentives	Our equity-based compensation plans were established to provide long-term incentives to attract, motivate and retain certain key employees, officers and service providers with the knowledge, experience and expertise required by the Corporation, as well as promote further alignment of interests between those individuals and the Corporation.

All employees of the Corporation receive compensation based on market value for the type of role they perform. Additional consideration is given to internal pay equity and performance. Each element of compensation is taken into consideration when determining each other element of compensation for each executive.

### *Base Salary*

Base salary recommendations are determined based on market data for positions of similar responsibilities and complexity, on internal comparisons and on the individual's ability, experience and contribution level. Base salaries are considered also in the full context of any accompanying Short Term Incentives and Long Term Incentives. Base salaries for each NEO are established in employment agreements with the Corporation and are reviewed as required in consideration of market pressures.

### *Short Term Incentives*

All permanent full time executives and certain employees have the opportunity to earn an annual performance bonus reflective of their position. All executives and eligible employees have specific goals based on factors such as individual performance and corporate performance relating to revenue, profitability, cash on hand, individual performance and customer satisfaction. The corporate targets are established by the CEO and CFO on an annual basis for review by the Compensation Committee and if approved, are recommended for approval by the Board. For fiscal 2012, the CEO's performance bonus was entirely based on factors related to corporate performance. Seventy-five (75%) of the CFO's and other NEOs' short term incentives were based on factors related to corporate performance, with twenty-five (25%) based on factors related to individual performance.

### *Long Term Incentives*

#### *Stock Option Plan*

Options to purchase Common Shares are granted to the NEOs and other key employees to sustain commitment to long-term profitability and to maximize shareholder value over the long term. The vesting of these Options is spread evenly over four (4) years in the case of the NEOs in order to achieve this long term objective. Under the terms and conditions of the Stock Option Plan, participants are granted options which, once vested, are exercisable for periods of time determined by the Board, based on the recommendations of the Compensation Committee. In December 2010, the Board, based on a recommendation by the Compensation Committee reduced the expiry date for newly-issued stock options from ten (10) years to seven (7) years following the date of grant at an exercise price equal to the closing market price of the Common Shares on the TSX on the date of the grant or four (4) clear trading days after grant if the grant is made in conjunction with the release of interim or fiscal financial results. Stock options are granted to NEOs from time to time based on various factors, including individual performance and contribution.

When determining whether and how many new options are to be granted, the Compensation Committee of the Board will consider a number of factors including salary, position and level of responsibility within the Corporation and the amount and terms of outstanding options.

Further information about the Stock Option Plan is set out below under "*Equity Compensation Plan Information – Stock Option Plan*" below.

#### *Restricted and Performance Share Unit Plan*

In 2010, the Board, based on the recommendation of the Compensation Committee, introduced a restricted share unit plan (the "RSU Plan") which enables eligible individuals to receive the right to receive a share or the market value of one share, that generally becomes vested after a period of continuous employment and/or is subject to financial and/or personal performance criterion as may be determined by the Compensation Committee or the Board from time to time.

RSUs are granted based upon the achievement of performance targets. For the year ended September 30, 2012, the CEO, CFO, Mr. Kothari and Mr. Singhal were granted RSUs with a grant date fair value of \$203,320. The RSUs will vest 50,000 in fiscal 2013, 60,000 2014 and 90,000 fiscal 2015, upon achieving certain annual revenue, recurring revenue and EBITDA targets set by the Board of Directors.

Recurring revenue and EBITDA are not financial measures calculated and presented in accordance with International Financial Reporting Standards (IFRS). Recurring revenue is comprised of the revenue from all of the Corporation’s support and subscription services, long-term professional services and term-based license revenues. The company defines EBITDA as net income (loss) from continuing operations excluding amounts for depreciation and amortization, finance costs, finance income, income taxes, foreign exchange (gain) loss and share-based compensation and is a common measure of operating performance in the industry. EBITDA should not be considered as an alternative to net income, operating income or any other financial measures so calculated and presented, or as an alternative to cash flow from operating activities as a measure of liquidity.

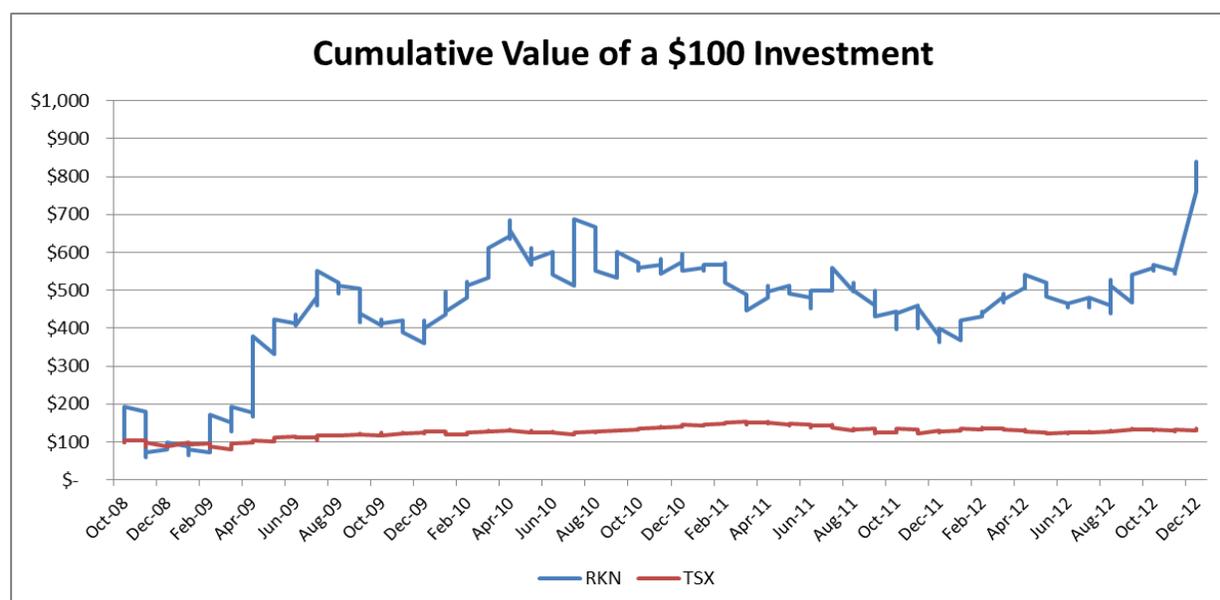
Further information about the RSU Plan is set out below under “*Equity Compensation Plan Information – Restricted and Performance Share Unit Plan*” below.

Employee Share Purchase Plan

All permanent full time or part-time Canadian employees, including the NEOs, are eligible to participate in the Corporation’s Employee Share Purchase Plan. This is a voluntary plan that provides employees of the Corporation with the ability to purchase shares of the Corporation through payroll deductions. Employees can contribute an amount equal to up to 15% of their base annual earnings to the Employee Share Purchase Plan. The Corporation matches 50% of the employee’s contribution.

**Performance Graph**

The following graph shows the total cumulative return from the time that the Corporation became a reporting issuer (October 22, 2008) to December 31, 2012 on an investment of \$100, compared to the S&P/TSX Composite Total Return Index.



Redknee became a reporting issuer when its Common Shares were listed on the Toronto Stock Exchange (“TSX”) on October 22, 2008. The NEOs’ compensation plan is not based on the Corporation’s stock price performance and therefore the NEOs’ compensation may not directly compare to the trend shown above.

### **Summary Compensation Table**

The following table sets forth information regarding compensation earned by the Corporation’s Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), and each of the three other executive officers who had the highest aggregate compensation, for the year ended September 30, 2012 (collectively, the “Named Executive Officers”):

Name and Principal Position	Year	Salary <sup>(1)</sup> \$	Share-based awards <sup>(2)</sup> \$	Option-based awards <sup>(3)</sup> \$	Non-equity incentive plan compensation \$		All other compensation \$	Total compensation \$
					Annual incentive plans	Long-term incentive plans		
Lucas Skoczowski Chief Executive Officer	2012	401,557	203,320	174,991	227,220	-	10,206 <sup>(4)</sup>	1,017,294
	2011	380,227	-	-	159,695	-	-	539,922
	2010	264,715	-	-	-	-	2,514 <sup>(5)</sup>	267,229
David Charron Chief Financial Officer	2012	228,735	203,320	174,991	107,858	-	17,155 <sup>(4)</sup>	732,059
	2011	216,585	108,293 <sup>(6)</sup>	-	75,805	-	-	292,390
	2010	216,585	-	-	-	-	-	216,585
Vishal Kothari Vice-President Global Sales & Marketing	2012	254,150	203,320	174,991	188,659	-	15,884 <sup>(4)</sup>	837,004
	2011	192,520	-	-	134,764	-	-	327,284
	2010	192,520	-	-	-	-	-	192,520
Nitin Singhal Vice-President Global Research & Development	2012	203,320	203,320	174,991	52,594	-	9,988 <sup>(4)</sup>	644,213
	2011	150,888	-	-	26,401	-	1,267 <sup>(4)</sup>	178,556
	2010	110,458	-	-	23,415	-	-	133,873
Derek Rickaby <sup>(7)</sup> Vice-President Global Sales	2012	211,140	34,460	-	32,949	-	-	278,549
	2011	51,092	-	-	-	-	-	51,092
	2010	-	-	-	-	-	-	-

<sup>(1)</sup> All compensation is paid in Canadian dollars. For 2012, amounts included in this table have been converted to US dollars at foreign exchange rate on the last business day as reported by the Bank of Canada, which was 1 CAD dollar = US\$1.0166 US at September 30, 2012. All amounts for periods prior to October 1, 2011 have been translated from CAD to U.S. dollars at the October 1, 2011 spot rate, as reported by the Bank of Canada, which was CAD \$1.00 = US\$ 0.9626.

<sup>(2)</sup> This represents the performance share units granted in accordance with the terms and conditions of the RSU Plan. These were awarded in Canadian dollars. The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012.

<sup>(3)</sup> Amounts set forth in this column for fiscal year 2012 represent the amount recognized as the accounting share-based payment expense in our consolidated financial statements for fiscal 2012 and do not reflect whether the Named Executive Officer has actually realized a financial benefit from the exercise of the awards. The grant date fair value of a stock option is determined using the Black-Scholes model. This model is used as it is the model used to value stock options for the purposes of the Corporation’s consolidated financial statements. In determining the grant date fair value of options granted on August 8, 2012, assumptions and estimates used included a 57.5% volatility factor, 1.2% risk-free rate and 5-year expected life. Additional details on key assumptions and estimates used for financial statement purposes are discussed in Note 15 “Capital Stock” to our Consolidated Financial Statements for fiscal 2012.

<sup>(4)</sup> Represents the contributions made by the Corporation to match the employee contributions under the Employee Share Purchase Plan described earlier.

<sup>(5)</sup> Represents a tenure award bonus under the Corporation’s Stock Option Loan Program which was established in November 2006, and retired in fiscal 2009. Under the Program, the Corporation enabled its employees and executive officers to exercise their vested options and acquire Class B common shares in Redknee Inc. (which shares subsequently converted to Common Shares of the Corporation). Employees and executives were eligible for a cash tenure-award bonus annually for a period of three years equal to 10% of the outstanding loan amount provided they remain an employee of the Corporation as of the anniversary date of the original loan.

<sup>(6)</sup> The performance criteria for these RSUs were not achieved and they have been terminated.

<sup>(7)</sup> Derek Rickaby ceased to be employed with the Corporation effective July 5, 2012

### **Outstanding share-based awards and option-based awards**

The following table sets forth for each Named Executive Officer all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#) <sup>(3)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(3)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
Lucas Skoczkowski Chief Executive Officer	325,000 550,000	1.12 0.37	08 Aug 19 13 Mar 19	82,599 553,539	181,818	203,320	-
David Charron Chief Financial Officer	325,000 50,000 300,000	1.12 0.37 1.27	08 Aug 19 13 Mar 19 14 Aug 19	82,599 36,598 -	181,818	203,320	-
Vishal Kothari Vice-President Global Sales & Marketing	325,000 275,000	1.12 0.37	08 Aug 19 13 Mar 19	82,599 201,287	181,818	203,320	-
Nitin Singhal Vice-President Global Research & Development	325,000 45,000 30,000	1.12 2.00 0.37	08 Aug 19 18 Aug 13 13 Mar 19	82,599 - 30,193	181,818	203,320	-
Derek Rickaby Vice-President Global Sales <sup>(4)</sup>	-	-	-	-	-	-	-

<sup>(1)</sup> All options were granted with Canadian dollar exercise prices. The exercise prices noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012

<sup>(2)</sup> The value of unexercised in-the-money options has been calculated using the difference between the closing price of the Corporation's Common Shares on the TSX as at September 30, 2012 (Cdn. \$1.35) and the option exercise price. No adjustment has been made for options that have not yet vested and are therefore not yet exercisable. The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012.

<sup>(3)</sup> This represents the performance share units granted on August 8, 2012, in accordance with the terms and conditions of the RSU Plan. These were awarded in Canadian dollars. The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012.

<sup>(4)</sup> Derek Rickaby ceased to be employed with the Corporation effective July 5, 2012.

### Incentive plan awards - value vested or earned during the year

The following table sets forth details of the value vested or earned during the most recently completed financial year for each incentive plan award:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Lucas Skoczkowski Chief Executive Officer	118,815	-	-
David Charron Chief Financial Officer	10,801	-	-
Vishal Kothari Vice-President Global Sales & Marketing	59,407	-	-
Nitin Singhal Vice-President Global Research & Development	6,481	-	-
Derek Rickaby Vice-President Global Sales <sup>(3)</sup>	508	34,460	-

<sup>(1)</sup> The total value of stock options that vested in fiscal 2012. The value is equal to the difference between the closing price of the Corporation's Common Shares on the TSX on the vesting date and the Canadian dollar option exercise price. The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012

<sup>(2)</sup> The total value of RSU vested and paid during fiscal 2012. The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012

<sup>(3)</sup> Derek Rickaby ceased to be employed with the Corporation effective July 5, 2012

### Employment Contracts for Named Executive Officers

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

**Lucas Skoczkowski** is employed as the Chief Executive Officer pursuant to the terms of a service agreement with Redknee dated October 1, 2006 and amended on October 1, 2010. The agreement can be terminated by Redknee at any time for cause or by Mr. Skoczkowski upon 12 months' notice. If Mr. Skoczkowski's employment is terminated by Redknee without cause at any time, then Mr. Skoczkowski is entitled to all outstanding and accrued salary, performance incentive pay, vacation pay, and 24 months of current salary plus a performance incentive pay equal to 100 percent of his base salary for this period, continuation of benefit coverage for 24 months or a payment of an amount equal to such coverage, and the immediate vesting of 100 percent of his unvested RSUs (defined under "*Equity Compensation Plan Information – Restricted and Performance Share Unit Plan*" below). If Mr. Skoczkowski's employment is terminated without cause within 12 months after the occurrence of a change in control of Redknee, then Mr. Skoczkowski is entitled to all outstanding and accrued salary, performance incentive pay, and vacation pay, and 24 months of current base salary plus a performance incentive pay equal to 24 months' base salary, continuation of benefit coverage for 24 months, or a payment of an amount equal to such coverage, and immediate vesting of 100 percent of his unvested RSUs. Mr. Skoczkowski is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the

termination of his employment. Mr. Skoczowski is paid a base salary of \$395,000 and is eligible to receive an annual performance incentive of 60% of his base salary for achieving financial objectives as determined and set by the Board.

**David Charron** is employed as the Chief Financial Officer pursuant to the terms of a service agreement with Redknee dated August 1, 2009 and amended effective December 1, 2011. The agreement can be terminated by Redknee at any time for cause or by Mr. Charron upon six (6) months' notice. If Mr. Charron's employment is terminated by Redknee without cause at any time, then Mr. Charron is entitled to all outstanding and accrued salary and vacation pay, a performance incentive pay amount equal to 50 percent of the total base salary paid or earned for the current fiscal year up to the last day of active employment, twelve (12) months of current salary, an amount in respect of performance incentive pay of 50 percent of twelve (12) months' salary, continuation of benefit coverage for twelve (12) months or a payment of an amount equal to such coverage, and the immediate vesting of those of his unvested options due to vest within twelve (12) months, exercisable for up to 42 months or the date of expiry of the options, whichever is earlier. If Mr. Charron's employment is terminated without cause or Mr. Charron resigns, in either case within 12 months after the occurrence of a change in control of Redknee, then Mr. Charron is entitled to all outstanding and accrued salary and vacation pay, a performance incentive pay amount equal to 50 percent of the total base salary paid or earned for the current fiscal year up to the last day of active employment, 12 months of current salary, an amount in respect of performance bonus of 50 percent of 12 months' salary, continuation of benefit coverage for 12 months or a payment of an amount equal to such coverage, and only in the event that Mr. Charron is terminated without cause within the first 6 months, the immediate vesting of 25 percent of his unvested options. Mr. Charron is subject to certain non-competition and non-solicitation covenants for a period of 6 months following the termination of his employment. Mr. Charron is paid a base salary of \$225,000 and is eligible to receive an annual performance incentive of 50% of his base salary for achieving financial objectives as recommended by the CEO and approved by the Compensation Committee.

**Vishal Kothari** is employed as the Vice President, Global Services pursuant to the terms of a service agreement with Redknee dated November 14, 2006, as amended effective October 1, 2011. The agreement can be terminated by Redknee at any time for cause or by Mr. Kothari upon 2 months' notice. If Mr. Kothari's employment is terminated by Redknee without cause at any time, then Mr. Kothari is entitled to all outstanding and accrued salary, performance incentive pay, and vacation pay, 12 months of current salary, an amount in respect of his performance incentive pay equal to 100 percent of base salary, continuation of benefit coverage for 12 months or a payment of an amount equal to such coverage, and the immediate vesting of 25 percent of his unvested options (not including the March 13, 2009 option grant to executives, which has been specifically excluded from any accelerated vesting rights under applicable contracts of employment arising from termination or change of control related to a going private transaction), exercisable for up to 5 years or the date of expiry of the options, whichever is earlier. If Mr. Kothari's employment is terminated without cause or Mr. Kothari resigns, in either case within 12 months after the occurrence of a change in control of Redknee, then Mr. Kothari is entitled to all outstanding and accrued salary, performance bonus, and vacation pay, 18 months of current salary plus a performance incentive pay equal to 100 percent of 18 months' base salary, continuation of benefit coverage for 12 months, or a payment of an amount equal to such coverage, and only if Mr. Kothari is terminated without cause within the first 6 months, the immediate vesting of 25 percent of his options and all then vested options are exercisable for up to 5 years or the date of expiry of the options, whichever is earlier. Mr. Kothari is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment. Effective October 1, 2011, Mr. Kothari is paid a base salary of \$250,000 and is eligible to receive an annual performance incentive pay of 75% of his base salary for achieving financial objectives as determined and set by the CEO.

**Nitin Singhal** is employed as the Vice President, Global Research and Development pursuant to the terms of a service agreement with Redknee dated July 16, 2001, as amended effective November 15, 2011. The

agreement can be terminated by Redknee upon six months' notice. Mr. Singhal can resign upon six months' notice. Effective November 15, 2012, Mr. Singhal is paid a base salary of \$200,000 and is eligible to receive an annual performance incentive pay of 50% of his base salary for achieving financial objectives as determined and set by the CEO.

**Derek Rickaby** was employed as the Vice President, Sales (Americas) pursuant to the terms of a service agreement with Redknee dated May 30, 2011. Mr. Rickaby's employment agreement could be terminated by Redknee at any time with cause and upon six months' notice without cause. Mr. Rickaby is subject, following the termination of his employment, to certain non-competition covenants for a period of four months and non-solicitation covenants for a period of 12 months. Effective December 6, 2011, Mr. Rickaby was paid a base salary of \$200,000 and was eligible to receive an annual performance incentive pay of 100% of his base salary for achieving financial objectives as determined and set by the CEO. Mr. Rickaby ceased to be employed with the Corporation effective July 5, 2012 and he was paid six months base salary in lieu of notice, his benefits were continued for the same period and he was paid for ten vacation days.

Except as disclosed above, upon termination of employment any unvested options of the NEOs terminate in accordance with the Stock Option Plan.

## **DIRECTOR COMPENSATION**

### Elements of Director Compensation

Directors' compensation is paid only to non-management Directors. For the year ended September 30, 2012, compensation to non-executive Directors, was composed of the following: (a) annual board retainers ("Annual Board Retainer"), and (b) annual retainers for committee chairpersons.

### ***Fees Earned***

Each non-management Director is paid an Annual Board Retainer of \$40,000, which amount was paid quarterly in arrears.

Non-management Directors are also entitled to an annual retainer for each of the committees of the Board on which he or she serves as a Chairperson. In fiscal 2012, the Chairman of the Board was paid a retainer of \$20,000, the Chairman of the Audit Committee was paid a retainer of \$10,000, the Chairman of the Compensation Committee was paid a retainer of \$5,000 and the Chairman of the Nomination and Governance Committee was paid a retainer of \$5,000. All such retainers were paid quarterly in arrears.

### ***Equity-Based Compensation for Directors***

#### ***Deferred Share Units***

On August 11, 2010 the Corporation established a deferred share unit plan (the "DSU Plan") to promote a greater alignment of long-term interests between eligible directors and shareholders of the Corporation and to provide a compensation system for eligible directors that, together with the other director compensation mechanisms of the Corporation, is reflective of the responsibility, commitment and risk accompanying a Board member's membership and the performance of the duties required of the various Board Committees. An eligible director may elect to receive his or her annual cash remuneration in the form of deferred share units ("DSUs"), cash or any combination thereof.

In addition to the DSUs granted, the Board may award such number of DSUs to an eligible director as the Board deems advisable to provide the eligible director with appropriate equity-based compensation for the services he or she renders to the Corporation. The Board will determine the date on which such DSUs may be granted and the date as of which such DSUs will be credited to a participant's DSU account, together with any terms or conditions with respect to the vesting of such DSUs.

An eligible director, or the beneficiary of an eligible director, as the case may be, who redeems DSUs hereunder will be entitled to receive a cash payment in an amount equal to the fair value of the DSUs that are being redeemed as of the entitlement date applicable to such DSUs, net of any applicable withholding taxes and other required source deductions.

In March 2012, following the 2012 Annual General Meeting of Shareholders, the Board, based on a recommendation of the Compensation Committee, awarded all non-management directors an annual DSU allocation of \$15,000.

### ***Out of Pocket Expenses***

Non-management Directors are also reimbursed for expenses incurred by them in their capacity as directors.

### **Director Compensation Table for Fiscal Year Ended September 30, 2012**

The following table sets forth compensation earned by the directors of the Corporation (other than Lucas Skoczowski, who is not separately compensated for his service as director and whose compensation is reflected in the "Summary Compensation Table" under "Statement of Executive Compensation" above) for the fiscal year ended September 30, 2012:

<b>Name</b>	<b>Fees Earned</b>	<b>Share-Based Awards</b>	<b>Option-Based Awards</b>	<b>All other compensation</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Stephen Davies <sup>(1)</sup>	40,330	•	•	•	40,330
Greg Jacobsen <sup>(1) (2)</sup>	42,500	•	•	60,000	102,500
Alan Michels <sup>(1)</sup>	42,500	•	•	•	42,500
Terry Nickerson <sup>(1)</sup>	50,830	•	•	•	50,830
Kent Thexton <sup>(1)</sup>	60,996	•	•	•	60,996

<sup>(1)</sup> Fees for Mr. Davies is paid in GBP. Fees for Mr. Jacobsen and Mr. Michels are paid in US dollars. Fees for Mr. Nickerson and Mr. Thexton are paid in Canadian dollars. For 2012, amounts included in this table have been converted to US dollars at foreign exchange rate on the last business day as reported by the Bank of Canada, which was 1 GBP = US\$1.6132 USD and 1 CAD dollar = US\$1.0166 US at September 30, 2012.

<sup>(2)</sup> Effective August 8<sup>th</sup>, 2011 the Corporation and Greg Jacobsen entered into an agreement whereby Mr. Jacobsen provides consulting services for the purpose of identifying go-to-market sales channel partners. For his consulting services Mr. Jacobsen is entitled to receive \$5,000 per month and is eligible, at the discretion of the Board, for additional compensation equal to 5% to 10% of the value of any commercial agreement achieved as a result of his consulting services, in the form of supplemental fees, warrants or stock options. Mr. Jacobsen is also entitled to reimbursement of all reasonable expenses.

## Outstanding share-based awards and option-based awards for Directors as at September 30, 2012

The following table sets forth all unexercised options outstanding as of September 30, 2012 for each director of the Corporation (other than Lucas Skoczowski, who is not separately compensated for his service as director and whose unexercised options are reflected in the table entitled “Outstanding share-based awards and option-based awards as at September 30, 2012” under “Statement of Executive Compensation” above).

Name	Option-based Awards				Share-based Awards <sup>(3)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(4)</sup>	Market or payout or value of vested share-based awards not paid out or distributed (\$)
Stephen Davies	20,000	0.65	30 Jun 18	14,232	46,209	63,418	
Greg Jacobsen	-	-	-	-	36,811	50,520	
Alan Michels	20,000	0.23	10 Dec 18	22,772	46,209	63,418	
Terry Nickerson	-	-	-	-	34,311	47,089	
Kent Thexton	125,000 37,500 20,000	1.23 1.23 0.65	5 Feb 14 16 May 15 30 Jun 18	17,791 5,337 14,232	46,209	63,418	

<sup>(1)</sup> The exercise prices noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012

<sup>(2)</sup> The value of unexercised in the money options has been calculated using the difference between the closing price of the Corporation’s Common Shares on the TSX as at September 30, 2012 (Cdn. \$1.35) and the option exercise price. No adjustment has been made for options that have not yet vested and are therefore not yet exercisable. Director options vest immediately. The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012.

<sup>(3)</sup> All share-based awards are in the form of DSUs granted on August 11, 2010.

<sup>(4)</sup> The market value of DSUs that have not vested was determined using the closing price of the Common Shares on the TSX as at September 30, 2012 (Cdn. \$1.35). The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012.

### **Incentive Plan Awards - Value Vested or Earned During the Year**

The following table sets forth details of the value vested or earned during the most recently completed financial year for each incentive plan award:

<b>Name</b>	<b>Option-based awards – Value vested during the year</b>	<b>Share-based awards – Value vested during the year <sup>(1)</sup></b>	<b>Non-equity incentive plan compensation – Value earned during the year</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Stephen Davies	-	16,210	-
Greg Jacobsen	-	16,210	-
Alan Michels	-	16,210	-
Terry Nickerson	-	16,210	-
Kent Thexton	-	16,210	-

<sup>(1)</sup> DSUs vest on Grant, however, are not paid to the director until the director ceases to serve on the Board of Directors. The value noted in this table have been converted to US dollars at foreign exchange rate of 1 CAD dollar = US\$1.0166 US being the end-of-day foreign exchange rate reported by the Bank of Canada on September 30, 2012, the last business day of fiscal 2012

### **EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth certain information with respect to the Stock Option Plan and obligations assumed on behalf of the Corporation's predecessor company as at September 30, 2012.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
<i>Equity Compensation plans approved by securityholders</i>	2,437,537 <sup>(1)</sup> 3,917,250 <sup>(2)</sup>	1.18 0.95	- 1,332,750
<i>Equity Compensation plans not approved by securityholders</i>	-	-	-
<b>TOTAL</b>	6,354,787	1.04	1,332,750

<sup>(1)</sup> Options outstanding under the predecessor company's Stock Option Plan dated January 9, 2007.

<sup>(2)</sup> Options outstanding under the Corporation's Stock Option Plan dated October 16, 2008.

## **Stock Option Plan**

The Corporation adopted the Stock Option Plan to provide long-term incentives to attract, motivate and retain its employees, directors, officers and service providers. Prior to becoming a reporting issuer, Redknee assumed responsibility for the stock option plan in place at one of its predecessor companies, the remaining outstanding options for which are outlined in the *Equity Compensation Plan Information* table shown above. No more options are issuable under that plan. The following is a description of certain provisions of the Stock Option Plan that is currently in place and active for the Corporation.

### (a) *Eligibility*

Under the Stock Option Plan, the Corporation may grant options to (i) any of its or its affiliates' (as defined in the *Securities Act* (Ontario)) directors, officers or employees, or any service provider (an "Eligible Individual"), or (ii) a corporation controlled by an Eligible Individual, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned by such Eligible Individual and/or the spouse, children and/or grandchildren of such Eligible Individual.

### (b) *Grant of Options, Exercise Price and Vesting*

The maximum number of Common Shares that may be issued by the Corporation pursuant to options granted and outstanding under the Stock Option Plan or other share compensation arrangements is 5,250,000 (which represent approximately 6.6% of the total issued and outstanding Common Shares). Stock options representing 4,219,750 Common Shares have been granted (which represent approximately 5.3% of the total issued and outstanding Common Shares). Of these, 1,030,250 options granted remain unexercised (which represent approximately 1.3% of the total issued and outstanding Common Shares).

No stock options can be granted to any Eligible Individual if the total number of Common Shares issuable to such person under the Stock Option Plan (or pursuant to any other arrangements) would exceed 5% (3,981,667) of the issued and outstanding Common Shares of the Corporation. The total number of Common Shares (i) issuable to Insiders at any time; and (ii) issued to Insiders within a one year period (pursuant to stock options or other share compensation arrangements) shall not exceed 10% (7,963,335) of the issued and outstanding Common Shares of the Corporation. The total number of Common Shares issuable to Insiders and their associates within a one year period (pursuant to stock options or other share compensation arrangements) shall not exceed 5% (3,981,667) of the issued and outstanding Common Shares of the Corporation. The total number of Common Shares reserved for issuance pursuant to stock options granted to non-executive directors shall not exceed 0.5% of the issued and outstanding Common Shares of the Corporation.

The Stock Option Plan defines "other share compensation arrangements" as a stock option, stock option plan, stock purchase plan or stock appreciation rights involving the issuance of securities from treasury, or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from treasury.

An Insider under the Stock Option Plan is defined in accordance with the *Securities Act* (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation, but includes an associate of any person who is an Insider.

When granting options, the Corporation will designate the maximum number of the Corporation's Common Shares that may be purchased under the options, taking into account the amount and terms of outstanding options and shares to establish the exercise price of the options, designate the conditions under which the options will vest, determine the expiry date for exercise of the options (which shall be no later than 7 years after the date the options are granted), and with respect to options granted to US

residents or citizens, whether the option is intended to constitute an incentive stock option. Stock options grants vest in increments of 25% per year over four years and expire after 7 years. Effective December 1, 2010, all stock option grants expire after 7 years. Previously issued grants expired after 10 years.

The exercise prices for options shall not be less than the fair market value of the Common Shares on the date the options are granted, which so long as the Corporation's Common Shares are traded on a stock exchange, is defined to be the closing price for the Common Shares on the day immediately prior to such date on the stock exchange on which the highest aggregate volume of Common Shares have traded on such date. However, it is the Board's policy that if such options are granted in conjunction with the release of interim or fiscal financial results, the exercise price for such options shall not be less than the fair market value of the Common Shares determined at the close of the fourth (4<sup>th</sup>) clear trading day following disclosure of such results.

Upon termination of employment, unless provided by written agreement with the Corporation, any options not vested shall terminate immediately. For vested options, an individual has thirty (30) days to exercise such options unless terminated for cause. Stock options are transferrable only between Eligible Individuals and in accordance with the requirements of the Stock Option Plan.

(c) *Amendments*

The following types of amendments to the Stock Option Plan require shareholder approval:

1. any increase in the maximum number of Common shares in respect of which may be granted as options under the Stock Option Plan;
2. any amendment that would reduce the exercise price, including a cancellation of an option and re-grant of an Option in conjunction therewith, at which options may be granted below the minimum price currently provided for in the Corporation's Stock Option Plan;
3. any amendment that would increase the limits on the total number of Common shares issuable to any one individual under the Stock Option Plan or to any one insider and the insider's associates;
4. any amendment that would increase the limits on the total number of Common shares reserved for issuance pursuant to options granted to insiders of the Corporation for issuance to insiders within a one year period;
5. any amendment that would increase the maximum term of an option granted under the Stock Option Plan;
6. any amendment that would extend the expiry date of any outstanding option, except in the case of termination of an employee of the Corporation or any of its affiliates in which case no option shall be extended beyond the exercise date specified at the time of grant;
7. any amendment that would reduce the exercise price of an outstanding option (other than as may result from adjustments contemplated by the Stock Option Plan);
8. any amendment that would permit assignments to persons not currently permitted under the Plan;
9. any amendment to the definition of "Participant" or any amendment that would expand the scope of those persons eligible to participate in the Stock Option Plan; and

10. any amendment to the types of amendments requiring shareholder approval, other than as permitted under the rules of the TSX.

Any amendments to the Stock Option Plan, other than those listed above, may be made by the Board of Directors of the Corporation without shareholder's approval.

### **Restricted Share Unit Plan**

The Corporation adopted the RSU Plan effective August 11, 2010 in connection with its acquisition of Nimbus Systems S.L. On December 1, 2010, the Corporation extended eligibility to participate in the plan to all full-time employees. Pursuant to the RSU Plan all Redknee employees are eligible to receive restricted share units ("RSUs") in respect of services rendered in a fiscal year. A participant is entitled to receive a payout in respect of each vested RSU, with each RSU having a value equal to the market price of the Common Shares, which under the RSU Plan is equal to the volume weighted-average closing price of the Common Shares in the period of five trading days preceding the date of the payout. Vesting terms and conditions for the RSUs are set out in a separate grant agreement and may be based on fulfilling a defined period of continuous employment or the attainment of performance vesting conditions, provided that vesting period shall not be later than December 15th of the third calendar year following the end of the calendar year in which services to which the grant of RSUs relates were rendered. Vested RSUs shall be settled by the Corporation upon, or as soon as reasonably practicable following, the vesting of the RSUs. No Common Shares are issuable pursuant to the RSU Plan. The Corporation may amend the RSU Plan as it deems necessary or appropriate, but no such amendment may adversely affect the rights of a participant in RSUs granted prior to the date of amendment without the consent of the participant.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee, former director, former executive officer or former employee of the Corporation or any of its subsidiaries was indebted to the Corporation or any of its subsidiaries as at the date of this Circular.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation maintains liability insurance for its directors and officers acting in their respective capacities in an aggregate amount of \$15,000,000 subject to a \$100,000 deductible/loss payable by the Corporation for securities claims and a \$50,000 deductible/loss payable for all other claims, such deductibles/loss payables payable by the Corporation. The premium paid by the Corporation for this coverage was \$80,522 for the year ended September 30, 2012.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **Corporate Governance**

The Board has developed and adopted this Statement of Corporate Governance Practices in accordance with the corporate governance guidelines set forth in National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”), National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) and TSX requirements. The Corporation's corporate governance practices are comprised of a number of policies and resolutions adopted by the Board from time to time. These policies include the charter for the Board (the “Board Charter”) (see Schedule “A” attached), the charter for each of the committees of the Board (the “Board Committees”), the code of conduct and business ethics (the “Code of Conduct and Business Ethics”), the insider trading policy (the “Insider Trading Policy”), the disclosure policy (the “Disclosure Policy”) and the whistleblower policy (the “Whistleblower Policy”).

NI 58-101 mandates disclosure of corporate governance practices and this disclosure is set out as follows:

### ***Composition of the Board***

The Board is currently comprised of six directors; four of whom (or 66%) are independent within the meaning of NI 52-110.

The table below sets forth each current Director’s membership on the Board Committees:

	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nomination and Governance Committee</b>
Mr. Stephen Davies		<b>Chair</b>	<b>X</b>
Mr. Alan Michels	<b>X</b>		<b>Chair</b>
Mr. Terry Nickerson	<b>Chair</b>	<b>X</b>	
Mr. Kent Thexton	<b>X</b>	<b>X</b>	<b>X</b>

### ***Chairman of the Board***

Pursuant to our Board Charter and our corporate governance guidelines (the “Corporate Governance Guidelines”), our Chairman, Mr. Kent Thexton is independent within the meaning of NI 52-110.

### ***Independence***

The Corporation believes that in order to be effective our Board must be able to operate independently of management. Our Board Charter requires that a majority of the Board, including the Chairman, shall be independent, as defined under Canadian securities laws. In making a determination of independence, the Board considers all relationships of the director, including business, familial and other relationships. On an annual basis as part of the Corporation’s corporate disclosure review, the Board reviews the relationships that each director has with the Corporation in order to satisfy itself that the independence criteria have been met.

In applying the definitions of independence set out in NP 52-110, the following members of the Board have been determined to be independent: Messrs. Kent Thexton, Chairman of the Board; Mr. Stephen Davies, who joined the board on January 9, 2007, Mr. Alan Michels, who joined the Board on December 10, 2008 and Mr. Terry Nickerson, who joined the Board on October 5, 2010. All of these members have no direct or indirect material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgement, including any business, familial or other relationship.

Mr. Lucas Skoczowski, as the Corporation's Chief Executive Officer has a material relationship with the Corporation and, therefore, is not independent and not eligible to serve on each of the Audit Committee, the Compensation Committee or the Nomination and Governance Committee.

Effective August 8th, 2011 the Corporation and Greg Jacobsen entered into an agreement whereby Mr. Jacobsen provides consulting services for the purpose of identifying go-to-market sales channel partners. For his consulting services Mr. Jacobsen is entitled to receive \$5,000 per month and is eligible, at the discretion of the Board, for additional compensation equal to 5% to 10% of the value of any commercial agreement achieved as a result of his consulting services, in the form of supplemental fees, warrants or stock options. Mr. Jacobsen is also entitled to reimbursement of all reasonable expenses.

### ***Meetings of the Board***

During the Corporation's financial year ended September 30, 2012, there were eleven (11) meetings of the Board, six (6) meetings of the Audit Committee, six (6) meetings of the Compensation Committee, and three (3) meetings of the Nomination and Governance Committee.

The attendance record of each of the Corporation's directors at these meetings (as applicable) is set out below. Each meeting was attended by all directors, subject to the following qualifications:

<b>Summary of Attendance of Directors</b>				
<b>Name</b>	<b>Board Meetings</b>	<b>Audit Committee Meetings</b>	<b>Compensation Committee Meetings</b>	<b>Nomination Committee Meetings</b>
Stephen Davies	10 of 11	Not a member of this Committee	6 of 6	2 of 2
Alan Michels	11 of 11	7 of 7	Not a member of this Committee	2 of 2
Greg Jacobsen <sup>(1)</sup>	11 of 11	Not a member of this Committee	3 of 3	Not a member of this Committee
Terry Nickerson <sup>(1)</sup>	11 of 11	7 of 7	3 of 3	Not a member of this Committee
Lucas Skoczowski	11 of 11	Not a member of this Committee	Not a member of this Committee	Not a member of this Committee
Kent Thexton	11 of 11	7 of 7	6 of 6	2 of 2

<sup>(1)</sup> On February 8, 2012 Greg Jacobsen stepped down from and Stephen Davies was made interim chairman of the Compensation Committee. Terry Nickerson joined the Compensation Committee on March 7, 2012.

### ***Meetings of Independent Directors***

The Board has taken steps to ensure that adequate structures and processes are in place to allow the Board to function independently of management. The independent directors hold a regularly scheduled *in camera* session at each meeting of the Board in order to facilitate open and candid discussion amongst the Board's independent directors. From October 1, 2011 to and including September 30, 2012, six *in camera* sessions were held. The Board Committees are currently comprised solely of directors considered by the Board to be independent within the meaning of National Instrument 52-110.

### ***Other Directorships***

Currently, the director nominees listed below serve as directors on the boards of other public companies.

<b>Director</b>	<b>Public Company</b>
Stephen Davies	The Practice Plc
Kent Thexton	Sierra Wireless

### ***Board Mandate***

The Board is responsible for the overall stewardship of the Corporation and its business, including supervising management of the Corporation's business and affairs. The Board discharges its responsibilities in accordance with the *Canada Business Corporation's Act*, the Corporation's articles and by-laws, the Corporation's Code of Conduct and Business Ethics and the Charters of the Board and each of its Board Committees.

As set out in the Board Charter which is attached to this Circular as Schedule "C", the Board has established three committees to assist with its responsibilities: the Audit Committee, the Compensation Committee and the Nomination and Governance Committee. Each committee has a charter defining its responsibilities. Copies of the Corporation's Code of Conduct and Business Ethics and Charters of the Board and the Board Committees can be found on the Corporation's website at [www.redknee.com](http://www.redknee.com).

Under the Board Charter, which is reviewed at least annually, the Board is responsible for among other things, the following:

- Developing and approving our approach to and practices regarding corporate governance;
- Developing and approving management authority guidelines delineating authority retained by the board and authority delegated to the Chief Executive Officer and other members of management;
- Reviewing and ensuring the integrity of our internal controls;
- Updating and ensuring compliance with the Code of Conduct and Business Ethics;
- Updating and ensuring compliance with the Whistleblower Policy; and
- Succession planning.

The Board requires management to obtain the Board's approval for:

- All decisions that are outside the ordinary course of business (including, without limitation, major financings, major acquisitions, major dispositions, significant investments, significant licensing and new commercial relationships and litigation strategies);
- Any expenditure above an amount specified by the Board;
- Significant changes to the Corporation's organizational structure;
- Appointment of officers; and
- Such other matters as the Board may determine from time to time.

### ***Strategic Planning Process***

Pursuant to our Board Charter, the Board is responsible for reviewing and approving at least annually, a strategic planning process. As part of this review, the Board receives presentations from management, which take into account the principal risks and opportunities of the Corporation's business. The strategic plan of the Corporation for 2012 was reviewed by the Board in July 2012. The Board monitors management's execution of the Corporation's strategic plan through quarterly updates during Audit Committee and Board meetings.

### ***Business and Risk Management***

The Board of Directors, through its Audit Committee, is responsible for ensuring that management has identified the principal risks of the business of the Corporation and has implemented appropriate practices to manage these risks. The principal risks of the Corporation can be found in its Annual Information Form on the Corporation's website at [www.redknee.com](http://www.redknee.com) or posted on [www.SEDAR.com](http://www.SEDAR.com). The Audit Committee meets regularly to consider reports from management and to discuss significant risk areas and management's risk mitigation practices.

### ***Position Descriptions***

The Board has developed written position descriptions for the Chairman of the Board, the Chair of each Board Committee, the Chief Executive Officer, the Chief Financial Officer and for individual directors (collectively, the "Position Descriptions"). Each of these Position Descriptions are reviewed and updated annually by each of the Board Committees and subsequent recommendations are made to the Board.

### ***Orientation and Continuing Education***

Pursuant to its mandate, and with the assistance of the Nomination and Governance Committee, the Board is responsible for ensuring that all new members receive a comprehensive orientation to increase their effectiveness as soon as possible after their appointment to the Board. New directors are educated regarding the Board's role and the Board Committees, the expected contributions of individual directors (including the commitment of time and energy) as well as strategic and operational direction of the business. This is accomplished through a series of meetings with the Chairman of the Board, key members of management and others members of the Board. In addition, all new directors receive a comprehensive Director's Handbook on CD, which includes, but not limited to the following:

- Corporation overview;
- Strategic plan;
- Risk management overview;
- Organizational charts;
- Board and executive management contact lists;
- Corporate governance documentation;
- Director remuneration;
- Key legal documents; and
- Significant Corporation policies and procedures.

Under the guidance of the Nomination and Governance Committee, the Board is also responsible for providing continuing education opportunities for all directors, so that individual members maintain or enhance their skills and abilities as directors, as well as remain current in their knowledge and understanding of the Corporation's business. This is achieved through regular presentations and ongoing open discussion with members of senior management.

## **Ethical Business Practices**

### ***Code of Business Conduct and Ethics***

The Board has adopted a Code of Conduct and Business and Ethics. The purpose of the Code of Conduct and Business Ethics is to ensure that the Corporation maintains a high level of trust and integrity and meets high ethical standards applicable to all directors, officers and employees and to subsidiaries. The Code of Conduct and Business Ethics can be viewed at [www.redknee.com](http://www.redknee.com). Each director, officer and employee is required to review and acknowledge the Code of Conduct and Business Ethics annually. Currently, the Board (through the Audit Committee and the Nomination and Governance Committee), has the responsibility to monitor compliance with the Code of Conduct and Business Ethics and to recommend improvements as deemed necessary or desirable. The Audit Committee and Board receive quarterly reports from the Corporation's Disclosure Committee and annual reports from the Corporation's Ethics Committee. The Code of Conduct and Business and Ethics is reviewed annually by the Ethics Committee and recommendations, if any, are provided to and decided on by the Board.

### ***Whistleblower Policy***

The Board has adopted a Whistleblower Policy and has set up a confidential hotline from which summary activity reports are provided and reviewed by selected members of management monthly. The Board monitors compliance with the Whistleblower Policy through quarterly updates (or more frequently if applicable) from the Audit Committee.

## **Board Committees**

As noted above, the Board has three standing committees: the Audit Committee, the Compensation Committee and the Nomination and Governance Committee. The specific responsibilities of each of the Board Committees are identified in such committee's charter. A copy of each Board Committee Charter is available on our website at [www.redknee.com](http://www.redknee.com).

### **Audit Committee**

The Audit Committee, which shall be made up of no less than three members, is currently comprised of the following three (3) directors: Terry Nickerson (Chairman), Alan Michels and Kent Thexton. Each member is considered "independent" and "financially literate" (as such terms are defined in National Instrument 52-110 - *Audit Committees*).

### ***Relevant Education and Experience of Members of the Audit Committee***

The education and experience of each Audit Committee member that is relevant to such member's responsibilities as a member of the Audit Committee is set out below.

***Alan Michels*** – Mr. Michels has over 30 years of experience in IT and telecommunications, previously serving as President of Kenan Systems Inc., President and CEO of Telewest Communications, Plc. and as Chief Financial Officer in the telecommunications and software industries. Mr. Michels holds a Master of Business Administration in Finance, and a Bachelor of History degree from Rutgers, the State University of New Jersey-New Brunswick.

***Terry Nickerson*** - Mr. Nickerson has served as the Chief Financial Officer of ATI Technologies, Inc. and of Northern Telecom Limited. While with IBM and Northern Telecom, he served on international assignments covering Asia, Europe and Latin America. Mr. Nickerson has also served as Audit

Committee Chairman of Silicon Storage Technology, Tundra Semiconductor and Miranda Technologies Inc. He holds a Bachelors of Science degree in Metallurgical Engineering from Queens University and an M.B.A. from Harvard University.

***Kent Thexton*** - Mr. Thexton has over 17 years international wireless experience and executive positions at major wireless carriers. Mr. Thexton is now engaged in building and growing a range of wireless companies. Mr. Thexton co-founded and chaired i-wireless LLC. Previously, Mr. Thexton was Chairman and CEO of SEVEN, a leading global white label provider of push email service for wireless. Mr. Thexton joined SEVEN from leading UK operator O2, where he served as chief data and marketing officer, president of O2 Online and a member of the board of directors. Prior to joining O2, Mr. Thexton spent eight years in the Canadian mobile industry, holding the position of Chief Operating Officer and Executive Vice President of Rogers Cantel (now Rogers Wireless). Prior to this he held management positions at Northern Telecom and Bell Canada. Mr. Thexton holds an M.B.A. and B.S. in electrical engineering from University of Western Ontario.

#### *Audit Committee Charter*

The Board has adopted a Charter for the Audit Committee which sets out the mandate and responsibilities of the Audit Committee. The Audit Committee is responsible for, among other things, the following:

- ensuring compliance with legal and regulatory requirements, including reviewing and recommending to the Board our financial statements, MD&A and reviewing and approving our interim financial statements, MD&A and Annual Information Form;
- reviewing the qualifications, performance and independence of the Corporation's external auditor;
- monitoring the quality and integrity of the Corporation's financial statements;
- overseeing the design, implementation and assessment of disclosure controls and procedures and internal control over financial reporting;
- monitoring the effectiveness of the Corporation's risk management program;
- monitoring and reviewing the effectiveness of the Corporation's internal audit function; and
- monitoring compliance with the Corporation's Whistleblower Policy and procedures.

As contemplated in its Charter, the Audit Committee meets at least four (4) times annually with our internal auditor and with our external auditors without management being present.

A copy of the Corporation's Audit Committee Charter is set out in the Corporation's Annual Information Form which is available on our website at [www.redknee.com](http://www.redknee.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Compensation Committee**

The Compensation Committee is comprised of the following three directors: Stephen Davies (Chairman), Kent Thexton and Terry Nickerson, each of whom are considered "independent" (as such term is defined in NI 52-110). The Board has adopted a charter for the Compensation Committee which sets out its purpose, mandate and its duties and responsibilities. The Compensation Committee is responsible for, among other things, as follows:

- recommending the Corporation's framework or broad policy for the compensation of executives (including pension rights and compensation payments);
- recommending the compensation of the Chief Executive Officer, including salary, bonus, long-term incentives and material benefits;
- approving compensation paid to members of senior management based on recommendations made by the Chief Executive Officer;

- determining performance-related formulae and targets relevant to executive compensation, based on recommendations made by the Chief Executive Officer;
- reviewing and approving all compensation-related disclosure;
- reviewing periodically the adequacy and form of compensation paid to non-executive directors; and
- succession planning

A copy of the Compensation Committee Charter is available on our website at [www.redknee.com](http://www.redknee.com).

### **Nomination and Governance Committee**

The Nomination and Governance Committee is comprised of the following three directors: Alan Michels (Chairman), Stephen Davies and Kent Thexton each of whom are considered "independent" (as such term is defined in NI 58-101).

The Board has adopted a Charter for the Nomination and Governance Committee which sets out its purpose, mandate and its duties and responsibilities. As described in the Nomination and Governance Committee's Charter, the key responsibilities of the Nomination and Governance Committee include, but are not limited to the following:

- reviewing and recommending to the Board the Corporation's approach to corporate governance policies and practices;
- monitoring compliance with the Corporation's Code of Conduct and Business Ethics;
- providing all new directors with comprehensive orientation on the nature and operation of the Corporation's business;
- providing continuing education opportunities for all directors;
- overseeing the annual board assessment process, including a review of each individual director's performance;
- reviewing and identifying directors for election to the Board;
- developing a process for identifying and reviewing potential conflict of interest situations;
- reviewing annually and recommending to the Board changes to the Board and Committee Charters and Position Descriptions; and
- monitoring compliance of each of the Corporation's Disclosure and Insider Trading policies.

### *Conflict of Interest*

The Nomination and Governance Committee has oversight responsibility with respect to identifying and reviewing potential conflict of interest situations. If such arrangements were to arise, they would be considered and approved, as appropriate, by the Board, under the guidance of the Nomination and Governance Committee. To facilitate the detection of any independence issues or conflicts of interests, directors and officers annually complete a Directors and Officers Information Form in which they identify any material interest they have in transactions of the Corporation or other conflicts of interest. In addition, Directors and officers are required to inform the Board regarding and recuse themselves from a particular matter where there is or may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.

### *Nomination of Directors*

The Nomination and Governance Committee is responsible for making recommendations to the Board regarding the size, composition of the Board and qualification criteria for Board members reflecting an appropriate mix of expertise, skills, attributes and personal and professional backgrounds for service as an independent director of the Corporation. When recruiting new members, the Nomination and Governance

Committee considers the skills and competencies of the current directors, the existence of any gaps in Board skills and the attributes and experience new directors should have in order to best address the needs of the Board. The Nomination and Governance Committee also ensures through discussion with potential board candidates that they have the time available to fulfill their obligations on the Board. In consultation with the Chairman of the Board, the Nomination and Governance Committee develops a desirable mix of attributes and experience, including relevant industry experience, and may retain an external consultant to assist in the identification of candidates meeting the requisite criteria.

A copy of the Corporation's Nomination Committee Charter is available on our website at [www.redknee.com](http://www.redknee.com).

### ***Board Access to Management, Outside Counsel and Advisors***

The Board or each of the Board Committees has exclusive access to all employees of the Corporation (including members of senior management). The Board or any one of the Board Committees is entitled to engage independent counsel and other advisors as considered necessary to carry out its duties and to set and pay the compensation for any such advisors. In 2010, one outside advisor, a compensation specialist, was hired to help assess the competitiveness of senior management's compensation and non-executive director compensation and one advisor, a search firm, was hired to help identify potential candidates to serve on the Board.

### ***Performance Assessment of the Board and its Committees***

The Board annually reviews the effectiveness of the Board and the Board Committees in fulfilling their duties and responsibilities. The Board, the Board Committees and individual directors are assessed annually with respect to their effectiveness and contribution. The Chairman of the Board in consultation with the Chair of the Nomination Committee conducts informal assessments of the Board Committees and each director annually.

### ***Majority Voting Policy***

The Board of Directors has approved a Majority Voting Policy to which all nominees for election to the Board are asked to agree prior to the Board of Directors recommending that they be elected. Pursuant to the Majority Voting Policy, forms of proxy for meetings of the shareholders of the Corporation at which directors are to be elected provide the option of voting in favour of, or withholding from voting for, each individual nominee to the Board of Directors. If, with respect to any particular nominee, the number of Common Shares withheld from voting exceeds the number of Common Shares voted in favour of the nominee, then the nominee will be considered to have not received the support of the Shareholders for the purpose of the Majority Voting Policy and such elected director is expected to immediately submit his or her resignation to the Board of Directors. Within 90 days of receiving the final voting results for the applicable shareholders' meeting, the Board of Directors will announce either the resignation of such director or that the Board of Directors has decided not to accept the resignation. If the resignation is accepted, subject to any corporate law restrictions, the Board of Directors may (i) leave the resultant vacancy in the Board unfilled until the next annual meeting of shareholders of the Corporation, (ii) fill the vacancy through the appointment of a director whom the Board considers to merit the confidence of the Shareholders, or (iii) call a special meeting of the shareholders of the Corporation to consider the election of a nominee recommended by the Board to fill the vacant position. The Majority Voting Policy applies only in the case of an uncontested election of directors at which more than 65% of the outstanding Common Shares have been voted by holders in person or by proxy.

## **FEEDBACK**

The Board welcomes input and comments from shareholders of the Corporation. Input or comments for the Board or its committees should be directed to the Corporate Secretary at:

Redknee Solutions Inc.  
2560 Matheson Blvd. East  
Suite 500  
Mississauga, Ontario  
L4W 4Y9

## **AUDIT COMMITTEE INFORMATION**

The Audit Committee has a formal charter and is comprised of three directors who are independent and financially literate (for education and experience, please refer to section “Nominees for Election to Board of Directors” above). The Audit Committee Charter sets out the mandate and responsibilities of the Audit Committee. Detailed information with respect to the Corporation’s Audit Committee is contained under the heading “Audit Committee” in the Corporation’s Annual Information Form for the financial year ended September 30, 2012 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **INTEREST IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed in this Circular, no informed person, proposed nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed nominee has or had a material interest, direct or indirect, in any transaction since the beginning of fiscal 2012 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **AVAILABLE INFORMATION**

Financial information is provided in the Corporation’s financial statements, Management’s Discussion and Analysis (MD&A) for the year ended September 30, 2012 which are posted on the Corporation’s website, [www.redknee.com](http://www.redknee.com).

Shareholders of the Corporation may request copies of the Corporation’s financial statements including its MD&A and Annual Report by contacting the Corporate Secretary of the Corporation, in person, by mail, telephone, facsimile, or e-mail at: 2560 Matheson Blvd. East, First Floor, Mississauga, ON, Canada, L4W 4Y9, Tel 1-905-625-2622, Fax 1-905-625-2773, Email: [contact@redknee.com](mailto:contact@redknee.com).

Additional information relating to the Corporation is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **SHAREHOLDER PROPOSALS**

Persons entitled to vote at the next annual meeting of the Corporation who wish to submit a proposal for consideration at the meeting, must submit their proposal to the Corporation by November 5, 2013.

**DIRECTORS' APPROVAL**

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

DATED at Toronto, as of the 30<sup>th</sup> day of January 2013.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Lucas Skoczowski”*

**Lucas Skoczowski**  
Chief Executive Officer

**Schedule “A”  
RIGHTS PLAN RESOLUTION**

**BE IT RESOLVED THAT:**

1. The shareholder rights plan of the Corporation be continued, amended and restated, and the Amended Rights Plan Agreement to be made effective as of March 6, 2013 between the Corporation and Computershare Investor Services Inc. (the “Rights Agent”), which amends and restates the Shareholder Rights Plan Agreement dated December 22, 2009, between the Corporation and the Rights Agent (the “Rights Plan”) and continues the rights issued under the Rights Plan, is hereby approved; and
2. Any director or officer of the Corporation is hereby authorized to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the above resolution.

## **Schedule “B”**

### **SUMMARY OF AMENDED AND RESTATED SHAREHOLDERS RIGHTS PLAN**

The following is a summary of the features of the Amended Rights Plan. The summary is qualified in its entirety by the full text of the Amended Rights Plan, a copy of which is available on request from the Corporate Secretary of the Corporation as described in the Circular or on the Corporation’s website at [www.redknee.com](http://www.redknee.com)

All capitalized terms used in this summary without definition have the meanings attributed to them in the Amended Rights Plan unless otherwise indicated.

#### **Issuance of Rights**

One Right was issued by the Corporation for each Common Share outstanding at the close of business on December 22, 2009 the date that the Rights Plan came into effect, and one Right was issued and will continue to be issued for each Common Share of the Corporation after such date and prior to the earlier of the Separation Time and the Expiration Time. The Amended Rights Plan confirms the Rights and the Corporation’s authority to continue issuing one new Right for each Common Share issued.

Each Right entitles the holder thereof, after the Separation Time and prior to the Expiration Time, to (subject to adjustment) purchase from the Corporation one Common Share at the exercise price equal to five times the Market Price of the Common Share, subject to adjustment and certain anti-dilution provisions (the “Exercise Price”).

The Corporation is not required to issue or deliver Rights, or securities upon the exercise of Rights, outside Canada where such issuance or delivery would be unlawful without registration of the relevant Persons or securities.

#### **Trading of Rights**

Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing the Common Shares and will be transferable only together with the associated Common Shares. From and after the Separation Time, separate certificates evidencing the Rights (“Rights Certificates”) will be mailed to holders of record of Common Shares (other than an Acquiring Person) as of the Separation Time. Rights Certificates will also be issued in respect of Common Shares issued prior to the Expiration Time, to each holder (other than an Acquiring Person) converting, after the Separation Time, securities (“Convertible Securities”) convertible into or exchangeable for Common Shares. The Rights will trade separately from the Common Shares after the Separation Time.

#### **Separation Time**

The Separation Time is the Close of Business on the tenth Trading Day after the earlier of (i) the “Stock Acquisition Date”, which is generally the first date of a public announcement of facts indicating that a Person has become an Acquiring Person or such later date as determined by the Board of Directors, acting in good faith; (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid) or such later date as may be determined by the Board of Directors acting in good faith; and (iii) the date on which a Permitted Bid ceases to qualify as such or such later date as may be determined by the Board of Directors acting in good faith, provided that if any Take-over Bid or

any Permitted Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid or Permitted Bid, as the case may be, shall be deemed never to have been made.

### **Acquiring Person**

In general, an Acquiring Person is a Person who is or becomes the Beneficial Owner of 20% or more of the outstanding Common Shares. Excluded from the definition of “Acquiring Person” are the Corporation and its Subsidiaries, a Grandfathered Person and any Person who becomes the Beneficial Owner of twenty percent (20%) or more of the outstanding Common Shares as a result of any one or any combination of: (A) Corporate Acquisitions, (B) Permitted Bid Acquisitions, (C) Corporate Distributions, (D) Exempt Acquisitions, or (E) Convertible Security Acquisitions.

The definitions of “Permitted Bid Acquisition”, “Exempt Acquisition”, “Convertible Security Acquisition” and “Pro Rata Acquisition” are set out in the Rights Plan. In general:

- i. a “Permitted Bid Acquisition” means an acquisition of Common Shares made pursuant to a Permitted Bid (the definition of which includes a Competing Permitted Bid);
- ii. an “Exempt Acquisition” means an acquisition of Common Shares or a Convertible Securities Acquisition
  - A. in respect of which the Board of Directors has waived the application of the Rights Plan;
  - B. which were made pursuant to a dividend reinvestment plan;
  - C. pursuant to a distribution of Common Shares or Convertible Securities by the Corporation pursuant to a prospectus, provided that the Person does not acquire a greater percentage of the securities offered in the distribution than the percentage of Common Shares owned by the Person immediately prior to the distribution
  - D. pursuant to an issuance and sale by the Corporation of Common Shares or Convertible Securities by way of a private placement or securities exchange takeover bid circular or by award of employee share-based compensation granted under a share-based compensation plan, provided that the purchaser does not become the Beneficial Owner of more than 25% of the Common Shares outstanding immediately prior to the distribution; and
  - E. pursuant to an amalgamation, arrangement or other statutory procedure requiring shareholder approval;
- iii. a “Convertible Security Acquisition” means an acquisition of Common Shares upon the exercise of Convertible Securities received pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Corporation Distribution;
- iv. a “Corporate Distribution” means an acquisition as a result of
  - A. a stock dividend or stock split or other event pursuant to which a Person receives or acquires Common Shares on the same pro rata basis as all other holders;
  - B. the receipt or exercise of rights issued by the Corporation and distributed to all holders of Common Shares to subscribe or purchase Common Shares or Convertible Securities, provided the Person does not acquire a greater percentage of the securities offered in the distribution than the percentage of Common Shares owned by the Person immediately

prior to the distribution; and

- v. a “Corporate Acquisition” means an acquisition by the Corporation or a subsidiary or the redemption by the Corporation of Common Shares which by reducing the number of Common Shares outstanding increases the proportionate number of Common Shares held by any Person.

Also excluded from the definition of “Acquiring Person” are underwriters or members of banking or selling group acting in such capacity that acquires Common Shares from the Corporation in connection with a distribution of securities by way of prospectus or private placement to the public.

## **Beneficial Ownership**

### ***General***

A Person shall be deemed the Beneficial Owner, and to have Beneficial Ownership of, and to Beneficially Own: any securities of which such Person or any Affiliate or Associate of such Person is the owner at law or in equity or over which such Person or any Affiliate or Associate of such Person exercises control or direction; any securities as to which such Person or any of such Person’s Affiliates or Associates has the right to acquire (A) upon the exercise of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding, in each case if such right is exercisable immediately or within a period of sixty (60) days and whether or not on condition or the happening of any contingency (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities or pursuant to a pledge of securities in the ordinary course of business); and any securities that are Beneficially Owned within the meaning of (i) or (ii) hereof by any other Person with whom such Person is acting jointly or in concert.

### ***Exemptions from Beneficial Ownership***

The definition of “Beneficial Ownership” contains several exclusions whereby a Person is not considered to “Beneficially Own” a security. There are exemptions from the deemed “Beneficial Ownership” provisions for institutional shareholders acting in the ordinary course of business. These exemptions apply to (i) an fund manager (“Fund Manager”) which holds securities in the ordinary course of business in the performance of its duties for the account of any other Person (a “Client”) including, the acquisition or holding of securities for non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable securities laws); (ii) a licensed trust company (“Trust Company”) acting as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent persons (each an “Estate Account”) or in relation to other accounts (each an “Other Account”) and which holds such security in the ordinary course of its duties for such accounts; (iii) the administrator or the trustee of one or more pension funds or plans (a “Pension Fund”) registered under applicable law (the “Independent Person”); (iv) a Person who is a Plan or is a Person established by statute (the “Statutory Body”), and its ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans, or various public bodies; (v) a Crown agent or agency (“Crown Agent”); provided the Fund Manager, Trust Company, Pension Fund, Statutory Body, Crown Agent is not then making and has not announced a current intention to make a Take-over Bid alone or by acting jointly or in concert with any other Person, other than pursuant to a distribution by the Corporation or by means of ordinary market transactions executed through the facilities of the a stock exchange. A Person will not be deemed to Beneficially Own a security because (i) the Person is a Client of the same Fund Manager, an Estate Account or an Other Account of the same Trust Company, or Pension Fund with the same Independent Person as another Person or Pension Fund on whose account the Fund Manager, Trust Company or Independent Person, as the case may be, holds such security; or (ii) the Person is a Client of an Fund Manager, Estate Account, Other Account or Pension Fund, and the security is owned at law or in equity by the Fund Manager, Trust Company or Independent Person, as the case may be.

### ***Permitted Lock-up Agreement***

A Person will not be deemed to Beneficially Own any security where the holder of such security has agreed to deposit or tender such security, pursuant to a Permitted Lock-up Agreement, to a Take-over Bid made by such Person or such Person's Affiliates or Associates or a Person with which such Person is acting jointly, or such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or such Person's Affiliates, Associates or any other Person with which such Person is acting jointly or in concert provided that: (i) the terms of such agreement are publicly disclosed and a copy of such agreement is made available to the public (including the Corporation) not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such agreement is entered into, not later than the first business day following the date of such agreement; (ii) the agreement permits a Locked-Up Person to terminate its obligation to deposit or tender Common Shares to or not to withdraw such Common Shares from the Lock-Up Bid, and to terminate any obligation with respect to the voting of such Common Shares, in order to tender or deposit the Common Shares to another Take-over Bid or to support another transaction where the price or value of the consideration per Voting Share offered under such other Take-over Bid or transaction is greater than the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Common Shares to the Lock-Up Bid or exceeds by as much as or more than a Specified Amount the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Common Shares to the Lock-Up Bid, provided that such Specified Amount is not greater than seven percent (7%) of the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Common Shares to the Lock-Up Bid; and for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to match a higher price in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Voting

Shares from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Common Shares during the period of the other Takeover Bid or transaction; and (iii) no "break-up" fees, "top-up" fees, penalties, expenses or other amounts that exceed in a certain threshold set out in the Amended Rights Plan shall be payable by such Locked-Up Person pursuant to the agreement if the Locked-Up Person fails to deposit or tender Common Shares to the Lock-Up Bid, withdraws Common Shares previously tendered thereto or supports another transaction.

### **Flip-in Event**

A Flip-in Event occurs when any Person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-in Event occurs, which has not been waived by the Board of Directors, the Corporation shall take such action as may be necessary to ensure and provide within ten Trading Days of such occurrence, or such longer period as may be required to satisfy all applicable requirements of the *Securities Act* (Ontario), and the securities legislation of each other province of Canada, and any other applicable law, rule or regulation that, except as provided below, each Right shall thereafter constitute the right to purchase from the Corporation upon exercise thereof in accordance with the terms hereof that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 of the Amended Rights Plan in the event that after such date of occurrence an event of a type analogous to any of the events described in Section 2.3 of the Amended Rights Plan shall have occurred with respect to such Common Shares).

### **Permitted Bid and Competing Permitted Bid**

A Permitted Bid is a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions: (i) the Take-over Bid shall be made to all registered holders of Common Shares (other than the Common Shares held by the Offeror); (ii) the Take-over Bid shall contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Common Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than sixty (60) days following the date of the Take-over Bid and that no Common Shares shall be taken up or paid for pursuant to the Take-over Bid unless, at such date, more than fifty percent (50%) of the then outstanding Common Shares held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn; (iii) the Take-over Bid shall contain an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Common Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in (ii) and that any Common Shares deposited pursuant to the Take-over Bid may be withdrawn at any time until taken up and paid for; and (iv) the Take-over Bid shall contain an irrevocable and unqualified provision that should the condition referred to in (ii) be met: (A) the Offeror will make a public announcement of that fact on the date the Take-over Bid would otherwise expire; and (B) the Take-over Bid will be extended for a period of not less than ten (10) Business Days from the date it would otherwise expire.

For purposes of the Amended Rights Plan, (A) should a Take-over Bid which qualified as a Permitted Bid cease to be a Permitted Bid because it ceases to meet any or all of the requirements mentioned above prior to the time it expires (after giving effect to any extension) or is withdrawn, any acquisition of Common Shares made pursuant to such Take-over Bid shall not be a Permitted Bid Acquisition and (B) the term “Permitted Bid” shall include a Competing Permitted Bid.

A Competing Permitted Bid is made after a Permitted Bid or while another Competing Permitted Bid is in existence, and satisfies all the components of the definition of a Permitted Bid, except that the requirements set out in Clause (ii) of the definition of a Permitted Bid shall be satisfied if the Take-over Bid shall contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Common Shares shall be taken up or paid for pursuant to the Competing Permitted Bid prior to the close of business on the date that is no earlier than the date which is the later of thirty-five (35) days after the date the Competing Permitted Bid is made (or such other minimum period of days as may be prescribed by applicable law in Ontario) or sixty (60) days after the earliest date on which any other Permitted Bid or Competing Permitted Bid that is then in existence was made and only if at that date, more than fifty percent (50%) of the then outstanding Common Shares held by Independent Shareholders have been deposited or tendered to the Competing Permitted Bid and not withdrawn.

### **Anti-Dilution Adjustments**

The Exercise Price of a Right, the number and kind of securities subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including: (i) declare or pay a dividend on the Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities) other than pursuant to a dividend reinvestment plan or a dividend payable on Common Shares in lieu of a regular periodic cash dividend; (ii) a subdivision or change to the then outstanding Common Shares into a greater number of Common Shares; (iii) combination or change to the then outstanding Common Shares into a smaller number of Common Shares; and (iv) the issuance of any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities) in respect of, in lieu of or in exchange for existing Common Shares in a reclassification, amalgamation, merger, statutory arrangement or consolidation.

### **Supplements and Amendments**

The Corporation may make amendments to correct any clerical or typographical error or which are necessary to maintain the validity of the Amended Rights Plan Agreement as a result of any change in any applicable legislation or regulations or rules there under. Any changes made to maintain the validity of the Amended Rights Plan shall be subject to subsequent confirmation by the holders of the Common Shares or, after the Separation Time, the holders of the Rights.

The Board of Directors reserves the right to alter any terms of or not proceed with the Amended Rights Plan at any time prior to the Meeting if the Board of Directors determines that it would be in the best interests of the Corporation and its shareholders to do so, in light of subsequent developments.

### **Expiration**

If the Amended Rights Plan is approved at the Meeting, it will become effective immediately following such approval and remain in force until the earlier of the Termination Time and the termination of the annual meeting of the Corporation's shareholders in the year 2016. Provided that a Flip-in Event has not occurred prior to such time, the Board of Directors shall submit a resolution ratifying the continued existence of the Amended Rights Plan to all holders of Common Shares for their consideration and, if thought advisable, approval. Unless the majority of the votes cast by all holders of Common Shares or the Independent Shareholders, as applicable, who vote in respect of such resolution are voted in favour of the continued existence of the Amended Rights Plan, the Board of Directors shall, immediately upon the confirmation by the chairman of such shareholders' meeting of the results of the votes on such resolution and, without further formality, be deemed to elect to redeem the Rights at the Redemption Price.

**Schedule “C”**

**REDKNEE SOLUTIONS INC.  
BOARD OF DIRECTORS CHARTER**



## **REDKNEE SOLUTIONS INC.**

(the "Company")

### **CHARTER FOR THE BOARD OF DIRECTORS**

1. **Purpose**  
The Board of Directors (the "Board") have the duty to supervise management of the business and the affairs of the Company. The Board, directly and through its committees, and the Chair of the Board shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the interests of the Company.
2. **Corporate Governance Statement**  
The Board shall develop the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company and shall publish a Corporate Governance Statement annually that describes how it achieves good governance. The Corporate Governance Statement shall, as a minimum, describe how each of the principles of good governance and best practices contained in the Corporate Governance Guidelines set out under National Policy 58-201 issued by the Canadian Securities Administrators, is put into practice by the Company and also describe any additional corporate governance standards and procedures that the Company applies beyond these basic levels. Where, the Company is unable to comply with these guidelines, the Corporate Governance Statement shall describe how the features of good governance are being achieved.
3. **Independence and Conflict of Interest**  
The majority of the Board Members, including the Chairman, shall be independent Directors, as that term is defined under applicable law. The Board shall establish formal processes for determining the independence of its members as well as dealing with any conflict of interest situations.
4. **Committees of the Board**  
The Board shall establish appropriate Committees to deal with subject matter areas. These Committees shall be comprised entirely of independent Directors and shall set out their roles and responsibilities in formal Charters which shall be approved by the Board and made publicly available. Each Committee Chair shall report the Board after each Committee meeting and shall annually provide the Board with a report on its activities in the previous year.  
As a minimum the Committees shall comprise:
  - a) Audit Committee
  - b) Compensation Committee
  - c) Nomination Committee

5. **Position Descriptions**  
The Board shall develop clear position descriptions for the Chair of the Board and the Chair of each Board Committee. In addition, the Board, together with the Chief Executive Officer, shall develop a clear position description for the Chief Executive Officer, which includes delineating management's responsibilities.
6. **Management Authority Guidelines**  
The Board should develop formal Management Authority Guidelines delineating authority retained by the Board and authority delegated to the Chief Executive Officer and the other members of the Executive Team. The Authority Guidelines shall also clearly state matters which should be presented to the Board and its Committees. These matters shall include significant changes to management structure and appointments; strategic and policy considerations; major acquisitions and capital expenditures; major marketing initiatives; significant agreements, contracts and negotiations; significant finance related and other general matters.
7. **Strategic Planning**  
The Board shall adopt a strategic planning process and approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business with frequent input from management on the Company's performance against the strategic plan.
8. **Risk Management and Internal Controls**  
The Board shall identify the principal risks of the Company's business, shall ensure that appropriate systems are implemented to manage these risks, and shall receive frequent updates on the status of risk management activities and initiatives. The Board shall, at least annually, provide oversight to a review of the effectiveness of the Company's system of internal controls. The review should cover all material controls, including financial, operational and compliance controls and risk management systems. The Board shall provide adequate oversight to the financial reporting process including the information systems processing. The Board shall verify the internal financial, operational and compliance controls and risk management systems have been established by management.
9. **Ethical Standards**  
The Board shall adopt a written Code of Ethics and Business Conduct and shall establish the appropriate "tone at the top". To the extent feasible, the Board shall satisfy itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the organization. Any waivers from the Code that are granted for the benefit of the Company's directors or executive officers should be granted by the Board only. The Board shall review and approve the mandate of the Company's Ethics and Compliance Committee and on an annual basis receive the report of the Ethics and Compliance Committee with respect to the Committee's activities during the quarter.
10. **Whistle Blower Policy**  
The Board shall establish a Whistleblower policy and ensure that there are adequate procedures for it to be apprised on a timely basis and in sufficient detail of all concerns raised by employees, officers and directors of the Company and external parties regarding instances of misconduct including illegal or unethical behaviour, fraudulent activities, and violation of Company policies, particularly with respect to accounting, internal accounting controls or auditing matters and that

such concerns are properly received, reviewed, investigated, documented and brought to an appropriate resolution.

11. **Oversight of Financial Performance**

The Board shall approve the annual budget and periodically shall receive an analysis of actual results versus approved budgets. The Board shall approve the annual and interim reports to shareholders.

12. **Management Oversight**

The Board should develop or approve the corporate goals and objectives that the Chief Executive Officer is responsible for meeting. The Board shall provide oversight to a succession planning process (including appointing, training and monitoring the Chief Executive Officer and other members of the Executive Teams). The Board shall provide oversight in determining the compensation of executive officers and the appointment and termination of those individuals. All management incentive plans tied to performance shall be approved by the Board. The Board shall provide oversight to the determination of Senior Management responsibilities.

13. **Dialogue with Shareholders**

The Board shall adopt a communication policy for the Company and there shall be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place. The Board shall appoint one of the independent non-executive Directors to be the senior independent Director who shall be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or the Chief Financial Officer has failed to resolve or for which such contact is inappropriate. The Chairman of the Board shall be available at the Annual General Meeting of the Company to respond to any shareholder questions on the activities and responsibilities of the Board

14. **Meeting Procedures**

- 14.1 The Board shall meet at least quarterly and at such times and with such frequency as the Board shall determine is appropriate to meet its responsibilities. A quorum of the Board shall consist of a majority of the Directors. At least seven days' notice of any meeting of the Board shall be given, although such notice may be waived or shortened with the consent of all the members of the Board.
- 14.2 The independent directors shall hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.
- 14.3 In setting the meeting agendas, the Chairman of the Board shall encourage members of the Board to provide input in order to address emerging issues.
- 14.4 The Board shall set its annual agenda to ensure compliance with the requirements of the Board's Governance Guidelines and shall cause the same to be done by its Committees with respect to their Charters. The Board shall review and approve the annual agendas of its Committees.
- 14.5 The Board shall be supplied in a timely manner with information (including regular management financial information) and resources in a form and of a quality appropriate to enable it to discharge its duties and to allow monitoring of management's objectives and strategies.
- 14.6 The Secretary of the Board shall circulate the minutes of meetings of the Board to all members of the Board for review and comments.

14.7 Directors are expected to attend every Board meeting and review all meeting materials in advance of the meetings.

15. **Board Effectiveness**

15.1 The Board shall review its Governance Guidelines on an annual basis to ensure that they remain relevant and cause the same to be done by each of its Committees of their Charter.

15.2 The Board, its Committees and each individual Director shall regularly conduct a self-assessment regarding his, her or its effectiveness and contribution. A self-assessment shall consider in the case of the Board or a Board Committee, its Charter and in the case of an individual Director, the applicable position description(s), as well as the competencies and skills each individual Director is expected to bring to the Board.

15.3 The Board shall provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of the Company's business remains current.

15.4 The Board shall ensure that all new Directors receive a comprehensive orientation. All new Directors should fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including, in particular, the commitment of time and resources that the Company expects from its Directors). All new directors should also understand the nature and operation of the Company's business.

16. **Board Administration**

16.1 The Board shall establish and monitor procedures for identification of and dealing with conflicts of interest. Directors shall recuse themselves from a particular matter where there may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.

16.2 The Board shall not take any action which may confer on certain shareholders or other parties an unfair advantage at the expense of other shareholders or the Company.

16.3 Directors shall annually complete a Directors and Officers Information Form to facilitate the detection of any independence issues or conflicts of interest at the Board level.

16.4 The Board shall oversee an annual review of Director Compensation to ensure development of a compensation strategy that properly aligns the interests of Directors with the long-term interests of the Company and shareholders.

16.5 The Company shall indemnify Directors against losses that may arise from the appropriate exercise of their authority as Directors, and shall arrange for an adequate level of Directors and Officers Liability Insurance to supplement this indemnification.

16.6 The Board shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers being necessary or advisable in order to perform its duties and responsibilities.

16.7 The Board shall be entitled to engage independent counsel and other advisors as it considers necessary to carry out its duties and to set and pay the compensation for any such advisors.

17. **No Rights Created**

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements as well as in the context of the Company's article and By-laws, it is not intended to establish any legally binding obligations.