

## TECSYS INC.

### MANAGEMENT PROXY CIRCULAR

#### SOLICITATION OF PROXIES

This Management Proxy Circular (the "Proxy Circular") is furnished in connection with the solicitation by the management of TECSYS Inc. (the "Corporation") of proxies to be used at the annual meeting of shareholders (the "Meeting") of the Corporation to be held at the time and place and for the purposes set forth in the attached Notice of Meeting. It is expected that the solicitation will be conducted primarily by mail but proxies may be solicited by other means of delivery or in person or by telephone by regular employees of the Corporation or by Computershare Investor Services Inc., its transfer agent and registrar, at nominal cost. The cost of solicitation will be borne by the Corporation.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed Form of Proxy are officers of the Corporation. **A shareholder desiring to appoint a person to represent him at the Meeting other than the persons whose names are printed as proxy may do so either by striking out the printed names and inserting the name of his chosen proxy in the blank space provided in that Form of Proxy or by completing another proper form of proxy** and, in either case, depositing the completed Form of Proxy (the "Proxy") with the Corporation's transfer agent and registrar, Computershare Investor Services Inc., 1500 University Street, Suite 700, Montréal, Québec, H3A 3S8, Attention: Corporate Services, not later than the close of business on the date that is two business days preceding the date of the Meeting or delivering the Proxy to the chairman at the Meeting or any adjournment thereof. To be valid, a Proxy must be executed legally by a registered shareholder, as registered. A Proxy executed by a registered shareholder which is a corporation must be properly executed and evidence of authority to sign, satisfactory to the Corporation, may be filed with such Proxy or may be requested by the Corporation prior to accepting such Proxy for use at the meeting.

A shareholder may revoke a Proxy given pursuant to this solicitation with respect to any matter brought before the Meeting on which a vote has not already been cast, by depositing an instrument in writing executed by him or by his attorney authorized in writing, with the Corporation's transfer agent and registrar, Computershare Investor Services Inc., 1500 University Street, Suite 700, Montréal, Québec, H3A 3S8, Attention: Corporate Services, at any time up to and including the last business day immediately preceding the day of the Meeting or any adjournment thereof, or with the Chairman of the Meeting at the Meeting or any adjournment thereof. A shareholder may also revoke a Proxy in any other manner permitted by law.

Non-registered shareholders or shareholders that hold their shares in the name of a "nominee", such as a bank, trust company, securities broker or other financial institution, must seek instructions as to how to complete their Proxy and vote their shares from their nominee. Non-registered shareholders will have received this Proxy Circular in a mailing from their nominee, together with the Proxy or a voting instruction form. It is important that non-registered shareholders adhere to the voting instructions provided to them by their nominee. Since the Corporation's transfer agent and registrar, Computershare Investor Services Inc., does not have a record of the names of the Corporation's non-registered shareholders, it will have no knowledge of a non-registered shareholder's right to vote, unless the nominee has appointed the non-registered shareholder as a proxyholder. Non-registered shareholders that wish to vote in person at the Meeting must insert their name in the space provided on the Proxy or a voting instruction form, and adhere to the signing and return instructions provided by their nominee. By doing so, non-registered shareholders are instructing their nominee to appoint them as proxyholder.

#### 2010 SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than April 30, 2010 to be considered for inclusion in the management proxy circular to be prepared for the 2010 annual meeting of shareholders of the Corporation.

## VOTING OF PROXIES

The persons named in the enclosed Proxy will vote the shares in respect of which they are appointed by proxy in accordance with the instructions given by the shareholder thereon. **In the absence of such instructions, shares will be voted for matters identified in the Notice of Meeting.** The enclosed Proxy confers discretionary authority upon the person or persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing of this Proxy Circular, the Management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

## SHARES ENTITLED TO BE VOTED

The share capital of the Corporation presently consists of an unlimited number of common shares (the "Common Shares"), and an unlimited number of Class A Preferred Shares issuable in series. The Corporation has fixed July 30, 2009 as the record date (the "Record Date") for the purpose of determining the shareholders entitled to receive notice of and to vote at the Meeting. As of July 7, 2009, there were 12,409,274 Common Shares and no Class A Preferred Shares outstanding. Each Common Share entitles its holder or any proxy named by him to one vote at the Meeting or at any adjournment thereof. Any Common Share that is registered at the close of business on the Record Date will entitle its holder or any proxy named by him to receive notice of and to vote at the Meeting and at any adjournment thereof. Shares may be voted for or be withheld from voting with respect to the election of directors and the appointment of auditors and the authorization of the directors to fix their remuneration. On all other matters, the shareholders may vote for or against the proposal.

The Corporation shall prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date at the Meeting that indicates the number of shares held by each shareholder. The list of shareholders entitled to vote at the meeting is available for inspection during usual business hours at the office of the Corporation's transfer agent and registrar, Computershare Investor Services Inc., located at 1500 University Street, Suite 700, Montréal, Québec, H3A 3S8, and at the Meeting.

Unless otherwise indicated, the matters submitted to a vote at the Meeting must be approved by a majority of the votes cast by the holders of Common Shares attending the meeting in person or by proxy.

The Chairman of the Meeting may conduct the vote on any matter by a show of hands of shareholders and proxyholders present at the Meeting and entitled to vote thereat unless a ballot is demanded by a shareholder present at the Meeting or by a proxyholder entitled to vote at the Meeting or unless the Chairman declares that proxies representing not less than 5% of the shares entitled to be voted at the Meeting would be voted against what would otherwise be the decision of the Meeting on such matter.

## PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Corporation for the year ended April 30, 2009 and the report of the auditors thereon will be placed before the Meeting.

## ELECTION OF DIRECTORS

The board of directors (the "Board") has set the number of directors to be elected at the Meeting at seven. Each director elected at the Meeting will hold office until the next annual meeting of the shareholders or until the election of his successor unless he resigns or his office becomes vacant by death, removal or other cause.

**The persons whose names are printed in the Proxy intend to vote for the election of the seven persons whose names are set out below unless specifically instructed on the Proxy to withhold such vote.** Management of the Corporation does not contemplate that any such person will be unable or for any reason will become unwilling to serve as a director, but if that should occur for any reason prior to the election, the persons named in the Proxy reserve the right to vote for another properly qualified nominee in their discretion.

**The vote of the majority of shareholders or their proxies attending the meeting for the election of the directors will be required for their election.**

The following table and notes thereto set out the name of each of the nominees for election as directors, their province or state and country of residence, all positions and offices with the Corporation held by such nominee, if any, his principal occupation, the period of service as a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by him or over which he exercises control or direction as at July 7, 2009:

<u>Name</u>	<u>Office held</u>	<u>Principal occupation/Directorships with other reporting issuers</u>	<u>Director since</u>	<u>Number of Common Shares</u>
Frank J. Bergandi California, USA	Director	Business Consultant	June 29, 1998	—
David Brereton <sup>(1)</sup> Quebec, Canada	Executive Chairman of the Board and Director	Executive Chairman of the Board, TECSYS Inc.  <u>Other Directorships:</u> Silanis International Ltd.	September 17, 1997	5,204,440
Peter Brereton <sup>(2)</sup> Quebec, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer, TECSYS Inc.	September 17, 1997	489,830
André Duquenne <sup>(3)(4)</sup> Quebec, Canada	Director	President, T2ic Inc. (service firm in technology transfer innovation capital)  <u>Other Directorships:</u> D-Box Technologies Inc. H2O Innovation (2000) Inc. J.A.G. Mines Ltd.	September 17, 1997	—
Vernon Lobo <sup>(3)(4)(5)</sup> Ontario, Canada	Director	Managing Director, Mosaic Venture Partners Inc. (private venture capital fund)  <u>Other Directorships:</u> Cyberplex Inc. Decision Dynamics Technology Ltd. Silanis International Ltd. Soundbite Communications Inc.	October 17, 2006	149,300
Steve Sasser <sup>(6)</sup> North Carolina, USA	Director	Chief Executive Officer, Merlin Technologies Corporation (Human resources software company)	April 29, 2009	—
David Wayland <sup>(4)</sup> Quebec, Canada	Director	Corporate Secretary, MRRM Inc. (consumer products and food processing company)	September 17, 1997	10,000

- (1) David Brereton and his spouse, Kathryn Ensign-Brereton, hold respectively 3,989,338 and 1,215,102 Common Shares of the Corporation which represent respectively 32.1% and 9.8% of the outstanding Common Shares (see "Principal Shareholders").
- (2) Peter Brereton and his spouse, Sharon House, hold respectively 369,671 and 120,159 Common Shares of the Corporation.
- (3) Member of the Compensation Committee.
- (4) Member of the Audit Committee.
- (5) Vernon Lobo and his spouse, Ingrid Lobo, hold respectively 65,000 and 84,300 Common Shares of the Corporation.

- (6) Prior to being named the Chief Executive Officer of Merlin Technologies Corporation in February 2007, Mr. Sasser served as the Chief Executive Officer of Peopleclick, Inc., a software and services company specializing in Human Resources.

To the knowledge of the Corporation, no proposed director of the Corporation is, at the date of this Proxy Circular, or has been, in the ten years prior to the date of this Proxy Circular, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (a) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (b) that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, no proposed director of the Corporation (a) is, as at the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, other than André Duquenne. André Duquenne was a director of Bigknowledge Enterprises Inc., a public company incorporated under the *Companies Act* (Québec), the common shares of which were listed on the TSX Venture from June 2005 to November 2005. Bigknowledge Inc. filed for bankruptcy in November 2005. André Duquenne was also a director of Groupe Conseil Omnitech Inc., a public company incorporated under the *Companies Act* (Québec), the common shares of which were listed on the TSX Venture from January 2006 to September 2007. Groupe Conseil Omnitech Inc. filed for bankruptcy in September 2007.

### Directors Attendance Record

The overall attendance rate for the Board for the financial year ended April 30, 2009, including special meetings, was 98% for the Board, 100% for the Compensation Committee and 100% for the Audit Committee. Detailed meeting and attendance information is provided in the following table.

Name	Attendance		
	Board of Directors	Compensation Committee	Audit Committee
Frank J. Bergandi	7 of 7	N/A	N/A
Brian Bowyer	3 of 3	1 of 1	2 of 2
David Brereton	7 of 7	N/A	N/A
Peter Brereton	7 of 7	N/A	N/A
André Duquenne	7 of 7	1 of 1	5 of 5
Vernon Lobo	6 of 7	1 of 1	N/A
David Wayland	7 of 7	N/A	5 of 5

### APPOINTMENT OF AUDITORS

At the meeting, management of the Corporation will propose that KPMG LLP, Chartered Accountants be appointed as auditors of the Corporation for the ensuing year at a remuneration to be fixed by the directors of the Corporation. KPMG LLP has been the auditors of the Corporation since October 17, 2006. To be effective, the

resolution appointing auditors must be passed by a majority of the votes cast by the shareholders who vote in respect of that resolution.

**Unless otherwise instructed, the persons named in the Proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the termination of the next annual meeting of the Corporation, at a remuneration to be fixed by the directors of the Corporation.**

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board and senior management consider good corporate governance to be central to the effective, efficient and prudent operation of the Corporation.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”), the Corporation is required to disclose information relating to its corporate governance practices. The Corporation’s approach to corporate governance is set out in tabular form and is attached to this Proxy Circular as Schedule A. Management is available to shareholders at all times to respond to questions and concerns. Shareholder concerns are dealt with on an individual basis, usually by providing requested information.

## AUDIT COMMITTEE INFORMATION

Reference is made to the Annual Information Form of the Corporation for the financial year ended April 30, 2009 for a disclosure of information relating to the Audit Committee required under Form 52-110F1 to Multilateral Instrument 52-110 – *Audit Committees*. A copy of this document can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Secretary of the Corporation upon request at 87 Prince Street, 5th Floor, Montréal, Québec H3C 2M7, telephone: (514) 866-0001.

## EXECUTIVE COMPENSATION

The Corporation’s executive compensation policies and practices, including information about the compensation of the Chief Executive Officer (the “CEO”), the Chief Financial Officer (the “CFO”) and the three other most highly compensated executive officers of the Corporation who were serving as executive officers of the Corporation on April 30, 2009 (collectively, the “NEOs”) are discussed in this section.

### Compensation Committee

In February 2007, the Board adopted a Charter (the “Compensation Committee Charter”) for the compensation committee of the Board (the “Compensation Committee”). The Compensation Committee Charter states that the Compensation Committee is appointed by the Board to discharge the Board’s duties and responsibilities relating to the compensation of the Corporation’s Executive Chairman, CEO and senior management, as well as to review the human resource policies and practices that cover the Corporation’s employees. The Compensation Committee reviews the Corporation’s overall compensation philosophy and corporate succession and development plans at the executive officer level. The members of the Compensation Committee are independent directors of the Corporation, are Vernon Lobo, Chairman, and André Duquette, both of whom are independent directors. The Compensation Committee, consisting of business leaders, is familiar with compensation packages in the industry and familiarizes itself with remuneration practices in general. The Compensation Committee has also been mandated to recommend to the Board the corporate objectives which the President and CEO are responsible for meeting, to review the annual performance of this officer in light of these objectives, and to make recommendations to the Board with respect to his remuneration. The Compensation Committee is authorized, pursuant to the Compensation Committee Charter, to retain external legal counsel, executive compensation consultants and other advisors to assist it in its responsibilities should it deem it necessary to do so.

## **Compensation Discussion and Analysis**

### **General Principles of Executive Compensation**

The Corporation's compensation program consists principally of salary and bonuses. Consistent with market practice, incentive stock options are also awarded from time to time as an effective means to align the interest of management and shareholders.

Further, the Corporation's executive compensation programs are designed to attract and retain highly qualified senior executives and recognize that long-term performance incentives are an integral part of aligning the interest of executive officers and the Corporation's shareholders. Long-term incentives are principally in the form of stock options and when determining whether and how many new options are to be granted, the Compensation Committee will consider a number of factors including salary, level of responsibility and the amount and terms of the outstanding options.

The Corporation's executive compensation packages are designed to enable the Corporation to increase its profitability and shareholder value, and attract and retain those key individuals who can realize and ensure the short-term and long-term success of the Corporation. As such, the policies and programs link rewards to individual contribution, the Corporation's success and shareholder financial interests.

### **Benchmarking**

TECSYS' executive compensation program is designed so that the annual compensation for executive officers remains competitive with the compensation for comparable employment, responsibilities and performance of other North American companies whose business endeavours are similar to those of the Corporation.

The prime comparator group is nine software and high technology companies, the shares of which are listed on the Toronto Stock Exchange ("TSX"). The comparator group (the "Comparator Group") was most recently used in the financial year ended April 30, 2008 ("Fiscal 2008").

### **Components of Executive Compensation**

During Fiscal 2009, the components of the total compensation of executive officers were:

- base salary
- an annual, variable incentive payment or bonus
- grants under the TECSYS Stock Option Plan ("Option Plan")

#### **Base Salary**

Base salary recommendations are determined based on market data for positions of similar responsibilities and complexity in the comparator groups, on internal comparisons and on the individual's ability, experience and contribution level. Base salaries for each NEO were established in his employment agreement with the Corporation and each NEO's base salary and those of the executive group are reviewable on an annual basis. Base salaries for individual executive positions may also be reviewed outside of the regular cycle so as to take into consideration market pressures.

#### **Annual Incentive Compensation Arrangements**

The Corporation's annual incentive plans are intended to focus and reward executives on the achievement of current year financial targets, key Corporation and/or group objectives and some strategic individual performance objectives. Financial threshold targets 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.

The performance bonus for Fiscal 2009 of the President and CEO was based on meeting an adjusted operating earnings (“AOE”) target which took into account earnings from operations plus an adjustment for; amortization of intangibles of previously acquired companies and deferred license revenue. On that basis, performance bonuses were earned in Fiscal 2009 by the President and CEO.

The performance bonus of the CFO was based on four criteria: (1) meeting a quarterly target for days sales outstanding (DSO); (2) the implementation of internal controls over financial reporting; (3) the implementation of International Financial Reporting Standards (“IFRS”); (4) implementing an effective treasury policy; and (5) meeting an AOE target similar to the President and CEO.

The performance bonus of the other executive officers is based on AOE of a specific group of the Corporation and/or the overall AOE.

The target incentive levels of the executive group are reviewed at the same time as the base salaries. The actual total cash compensation (salaries plus annual incentives) of the Corporation’s executive group are currently competitive with those of the Comparator Group.

#### Equity Incentives

Options to purchase Common Shares are granted to the NEOs and other key employees to sustain commitment to long-term profitability and maximize shareholder value over the long term. Under the terms and conditions of the Option Plan, participants are granted options which are exercisable for periods of time determined by the Compensation Committee to a maximum of ten years following the date of grant at an exercise price equal to the average market price of the Common Shares on the Toronto Stock Exchange (“TSX”) during the five trading-day period immediately preceding the date of grant. See “TECSYS Stock Option Plan”, below.

Stock options are granted to NEOs on an annual basis and, from time to time, based on the current number of options outstanding for each NEO.

The Corporation and Board believe that stock options provide strong links between executive and key employee rewards, shareholder interests and the success of the Corporation. Stock option grants to executives and to other top contributors and critical skilled individuals are generally made on an annual basis. The size of grant for the executive group is determined based on the available option pool, the levels and values of options provided by companies in the external comparator group, and the number of options required for motivating and retaining the executives and other top contributors and critical skilled employees.

#### Summary Compensation Table

The following table sets forth the compensation information for the NEO’s for the financial year ending on April 30, 2009 (“Fiscal 2009”). For NEO compensation for previous fiscal years, please refer to the Corporation’s management proxy circulars filed with the Canadian securities regulators and available at [www.sedar.com](http://www.sedar.com).

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
David Brereton Executive Chairman	2009	154,687	N/A	Nil	47,711	N/A	N/A	N/A	202,398
Peter Brereton President & Chief Executive Officer	2009	292,134	N/A	14,250	95,311	N/A	N/A	N/A	401,695
Berty Ho-Wo-Cheong Vice President Finance & Administration & Chief Financial Officer	2009	180,469	N/A	Nil	43,749	N/A	N/A	N/A	224,218
René Poirier Senior Vice President & General Manager	2009	229,219	N/A	Nil	47,604	N/A	N/A	N/A	276,823
Greg MacNeill Senior Vice President, World Wide Sales	2009	198,010	N/A	Nil	63,574	N/A	N/A	N/A	261,584

- (1) This amount is the weighted average fair value of stock options granted during Fiscal 2009 pursuant to the Option Plan, calculated using the Black-Scholes option pricing model in accordance with accounting treatment. The weighted average assumptions used to determine the stock option compensation cost, for Fiscal 2009, were as follows: expected stock price volatility 43.2%, risk-free interest rate 2.5%, expected dividend yield 2.7% and expected option life 4 years.

### Incentive Plan Awards – Option Plan

The following table sets forth details of options to purchase Common Shares granted to NEOs which were outstanding at the end of Fiscal 2009.

Name	Option-based Awards			Value of unexercised in-the-money options <sup>(1)</sup> (\$)
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	
David Brereton	500	1.40	Sept. 12, 2011	100
Peter Brereton	500	1.40	Sept. 12, 2011	100
	100,000	1.40	Nov. 28, 2011	20,000
	25,000	1.58	Sept. 11, 2012	500
	25,000	1.59	July 8, 2013	250
Berty Ho-Wo-Cheong	7,500	1.50	June 21, 2010	750
	500	1.40	Sept. 12, 2011	100
	25,000	1.40	Nov. 28, 2011	5,000

Name	Option-based Awards			Value of unexercised in-the-money options <sup>(1)</sup> (\$)
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	
René Poirier	50,000	1.36	Oct. 17, 2011	12,000
Greg MacNeill	35,000 25,000	2.01 1.40	April 12, 2010 Nov. 28, 2011	Nil 5,000

(1) Note: Calculate this amount based on the difference between the market value of the securities underlying the instruments at the end of the year, and the exercise or base price of the option.

The following table summarizes, for each of the NEOs, the value of the options vested during Fiscal 2009 and the non-equity incentive plan compensation earned during Fiscal 2009.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
David Brereton	13	47,711
Peter Brereton	1,013	95,311
Berty Ho-Wo-Cheong	324	43,749
René Poirier	1,437	47,604
Greg MacNeill	250	63,574

### TECSYS Stock Option Plan

The TECSYS Stock Option Plan of the Corporation (the “Option Plan”) was established on July 27, 1998 upon the closing of the Corporation’s initial public offering and was amended on September 7, 2000, September 7, 2005, September 11, 2007 and on July 8, 2008.

The Option Plan is designed to attract and retain highly qualified directors, officers, employees and consultants. The total number of Common Shares which may be issued under the Option Plan is 10% of the issued and outstanding Common Shares at any time (the “Evergreen Maximum”).

The maximum number of Common Shares that may be issued in the aggregate to any individual under the Option Plan may not exceed 5% of the number of Common Shares issued and outstanding at the time of granting. The number of Common Shares issuable to insiders, at any time, under all security-based compensation arrangements, including pursuant to options granted under the Option Plan, cannot exceed 10% of the issued and outstanding Common Shares. Also, the number of Common Shares issued to insiders, within any one year period, under all security-based compensation arrangements, including pursuant to options granted under the Option Plan, cannot exceed 10% of the issued and outstanding Common Shares. Under the Option Plan, the Board is authorized to grant options to acquire Common Shares from time to time to “eligible persons” including any director, officer, employee or consultant of the Corporation or a subsidiary. The exercise price is the “market price” of the Common Shares at the time of granting, the market price being the weighted average trading price per Common Share on the Toronto Stock Exchange during the period of five trading days preceding the date of grant. A “trading day” is a day on which at least a board lot of shares has been traded on the exchange. The options are non-assignable and expire 5 years from the date of grant, unless otherwise determined by the Board, but shall in no event exceed more than ten years after the date of granting. If any expiry date occurs either during a blackout period for trading by insiders

and employees imposed by TECSYS or within eight business days of a blackout period, the expiry date of the term of the option is deemed to be the ninth business day after the blackout period. The Board determines at the time of the grant of an option when and under what conditions the option will vest and be exercisable.

Amendments to the Option Plan adopted by the Board on July 8, 2008 provide for the addition of a mechanism for a “cashless exercise” and a “cash election” at the election of the optionholder in respect of vested options of the Corporation. The amending powers given to the Board in the Plan permitted the Board to adopt these changes without shareholder approval.

An optionholder electing to exercise pursuant to the “cashless exercise” mechanism shall give written notice to the Corporation. Upon receipt by the Corporation of such a notice, the Corporation shall calculate and issue to the optionholder that number of Common Shares determined by applying the following formula:

$$X = [Y(A-B)]/A$$

Where:

X = the number of Common Shares to be issued to the optionholder upon the cashless exercise

Y = the number of Common Shares underlying the options being exercised

A = the fair market value as at the date of notice, if it is greater than the exercise price

B = the exercise price of the options being exercised

The Corporation may, but is not obliged to accept, a cashless exercise. If the Corporation does accept a cashless exercise, no fractional Common Shares will be issued to any optionholder. If the number of Common Shares to be issued to the optionholder in the event of a cashless exercise would otherwise include a fraction of a Common Share, the Corporation will pay a cash amount to such Optionholder equal to (i) the fraction of a Common Share otherwise issuable multiplied by (ii) the value attributable to “A” in the formula set out above.

An optionholder electing to exercise pursuant to the “cash election” mechanism shall give written notice to the Corporation. Upon receipt by the Corporation of such a notice, the Corporation shall calculate and pay to the optionholder a cash amount equal to an amount determined by applying the following formula in lieu of the number of Common Shares underlying the options and pay to the optionholder, all as determined by the Board in good faith and in its sole discretion:

$$X = Y(A-B)$$

Where:

X = the cash amount to be paid to the optionholder upon the cash election

Y = the number of Common Shares underlying the options being exercised

A = the fair market value as at the date of such notice, if it is greater than the exercise price the options being exercised

B = the exercise price of the options being exercised

An optionholder electing to exercise an option in such manner shall give written notice of the election to the Corporation. The Corporation may, but is not obliged to accept, any cash election of which it receives notice. Any option exercised pursuant to a cash election shall terminate as of the time of exercise.

An option granted under the Option Plan may be exercised only by the optionholder and is not assignable or transferable, except upon death, in which case the options which have vested at the date of death of the optionholder may be exercised by the optionholder's estate or legal representative within two years, subject to the exercise conditions attached to the option.

If an optionholder resigns his or her office or employment or is dismissed (other than for fraud or wilful fault or neglect), the options that have not vested at the date of termination of office or employment expire immediately and the options that have vested at the date of termination of employment may be exercised by the optionholder within three months; however, for any options which have vested without having become exercisable, such options may be exercised within three months after the date on which they become exercisable. If an optionholder's office or employment is terminated by reason of his or her dismissal for fraud or wilful fault or neglect, all options held by the optionholder shall expire immediately at the date of termination.

If an optionholder attains the Corporation's mandatory retirement age or his or her employment is terminated due to permanent disability, the options that have vested at the date of retirement or termination may be exercised by the optionholder within two years and the options that have not vested at the date of retirement or termination shall expire.

Any Common Shares issued upon the partial or full exercise of an option become automatically available to be made the subject of a new option, provided that the total number of Common Shares reserved for issuance under options does not exceed the Evergreen Maximum.

Shareholder approval is required to be obtained by the Corporation for any amendment (i) to the maximum number of Common Shares reserved for issuance under the Option Plan; (ii) reducing the option price of an option benefiting an insider; (iii) extending a term of an option benefiting an insider; (iv) increasing the maximum limit of the number of securities (a) issued to insiders within any one year period, or (b) issuable to insiders at any time under all security-based compensation arrangements, which could exceed 10% of all issued and outstanding securities; (v) adding a cashless exercise feature where a deduction may not be made for the number of securities originally underlying the option; and (vi) amending the amending provisions of the Option Plan.

The Board otherwise has discretion to make amendments to the Option Plan or the terms of an Option which it may deem necessary, without having to obtain the approval of Shareholders or the consent of the holder of the Option, as the case may be, if the amendments do not result in significant or unreasonable dilution in the Corporation's outstanding securities or in any additional benefits to employees, particularly insiders, at the expense of the Corporation and its other Shareholders. Such amendments may include, for example, (i) amendments to the eligibility for, and limitations and conditions on, participation in the Option Plan, (ii) amendments to any terms relating to the grant or exercise of options (other than a reduction in the price of an option), (iii) amendments to permit the grant of deferred or restricted share units or to add or amend any other provisions which result in employees receiving securities of the Corporation while no cash consideration is received by the Corporation, (iv) amendments that are necessary to comply with applicable laws, rules or regulations, (v) corrections or rectifications of any ambiguity, defective provision, error or omission in the Option Plan or in any option, and (vi) amendments to the terms relating to the administration of the Option Plan.

The Compensation Committee reviews at least annually the Option Plan and recommends that any changes, if applicable, be made to the Board.

The Board may also suspend or terminate the Option Plan at any time at its discretion.

On July 7, 2009 options to acquire 946,610 Common Shares (representing 7.6% of the issued and outstanding Common Shares) were outstanding.

### **Employment Agreements**

TECSYS has entered into employment agreements with Messrs. Ho-Wo-Cheong, Poirier and MacNeill with respect to each NEO's current position.

Mr. Ho-Wo-Cheong's employment agreement provides that, in the event that TECSYS terminates his employment without cause, he will be entitled to a payment in an amount equal to twelve months of his then current annual base salary.

Mr. Poirier's employment agreement provides that, in the event that TECSYS terminates his employment without cause, he will be entitled to a payment equal to (i) twelve months of his then current annual base salary plus (ii) estimated bonus equal to his then annual target incentive payment.

Mr. MacNeill's employment agreement provides that, in the event that TECSYS terminates his employment without cause, he will be entitled to a payment in an amount equal to three months of his then current annual base salary.

There is no other contract, arrangement or any other understanding with respect to employment, termination of employment, a change of control or a change in responsibilities following a change of control, between the Corporation or a subsidiary of the Corporation and any of the NEOs.

### COMPENSATION OF DIRECTORS

The Corporation's director compensation program is designed to (i) attract and retain the most qualified people to serve on the Board and its committees, (ii) align the interests of the directors with the interests of the Shareholders, and; (iii) provide appropriate compensation for the risks and responsibilities related to being an effective director. The compensation of the directors of the Corporation is reviewed at least annually by the Compensation Committee.

The following table sets forth details of the total compensation earned by non-employee directors during Fiscal 2009.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Frank J. Bergandi	\$11,750	N/A	N/A	N/A	N/A	N/A	\$11,750
Brian Bowyer	\$7,000	N/A	N/A	N/A	N/A	N/A	\$7,000
André Duquenne	\$14,250	N/A	N/A	N/A	N/A	N/A	\$14,250
Vernon Lobo	\$12,250	N/A	N/A	N/A	N/A	N/A	\$12,250
David Wayland	\$14,000	N/A	N/A	N/A	N/A	N/A	\$14,000

During Fiscal 2009, each director of the Corporation who was not a full time employee of the Corporation was paid an annual retainer of \$10,000, an amount of \$500 for each Board meeting attended (\$250 for each Board meeting attended by teleconference) and an amount of \$250 for each committee meeting attended. For the 2010 financial year, each director of the Corporation who is not a full time employee of the Corporation will be paid an annual retainer of \$10,000, an amount of \$500 for each Board meeting attended (\$250 for each Board meeting attended by teleconference) and an amount of \$250 for each committee meeting attended in person.

The following table sets forth details of options to purchase Common Shares granted to non-employee directors which were outstanding at the end of Fiscal 2009.

Name	Option-based Awards (CDN\$ Exercise Price)			
	Number of securities underlying unexercised options (#)	Option exercise price CDN(\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Frank J. Bergandi	N/A	N/A	N/A	N/A
Brian Bowyer	N/A	N/A	N/A	N/A
André Duquenne	N/A	N/A	N/A	N/A
Vernon Lobo	N/A	N/A	N/A	N/A
David Wayland	6,000	1.50	June 21, 2010	600
	3,000	1.40	Nov. 28, 2011	600
	3,000	1.40	Oct. 23, 2012	600
	3,000	1.50	Feb. 26, 2013	300

The following table summarizes, for each of the non-employee directors, the value of options vested during Fiscal 2009 and the value of any other non-equity incentive plan compensation earned during Fiscal 2009.

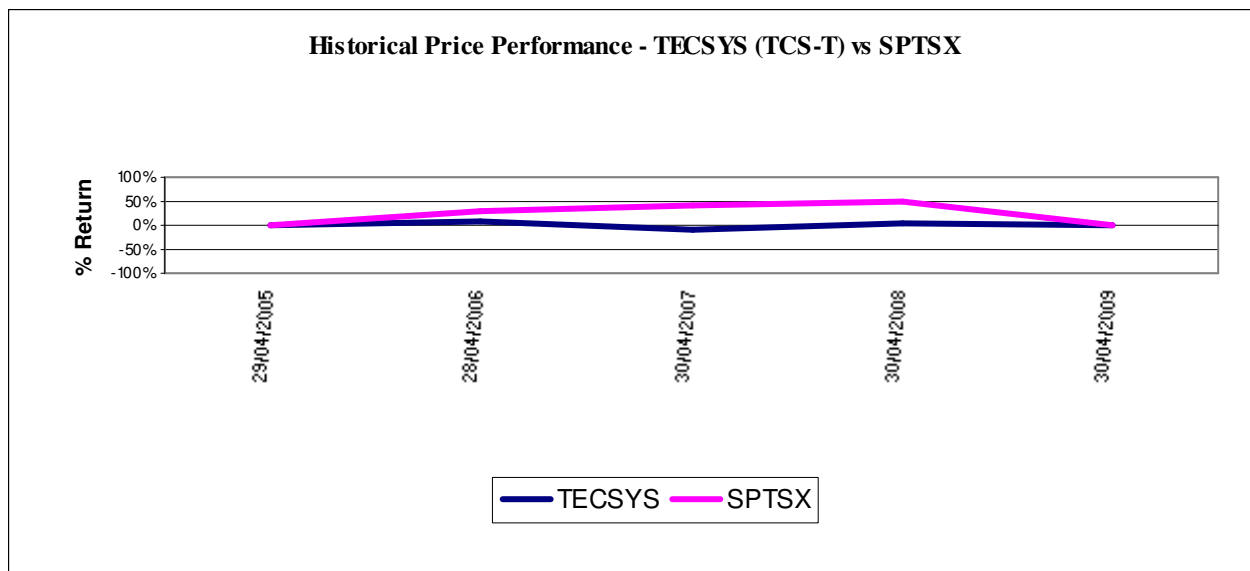
Name	Option-based awards – Value vested during Fiscal 2009 (\$)	Non-equity incentive plan compensation – Value earned during Fiscal 2009 (\$)
Frank J. Bergandi	N/A	N/A
Brian Bowyer	N/A	N/A
André Duquenne	N/A	N/A
Vernon Lobo	N/A	N/A
David Wayland	139	N/A

### Directors and Officers' Liability Insurance

The Corporation carries liability insurance in an amount limited to \$5 million with respect to its directors and officers as a group, with each claim being subject to a \$75,000 deductible. For Fiscal 2009, the total annual premium in respect of such insurance was approximately \$50,000, all of which was paid by the Corporation and charged to income.

### Performance Graph

The following graph compares the yearly percentage change in the Corporation's total cumulative shareholder return for \$100 invested in the Common Shares of the Corporation with the total cumulative return of the S&P/TSX Composite Index of the TSX ("SPTSX"), assuming reinvestment of all dividends, during the period starting April 30, 2005 and ending April 30, 2009.



	April 29, 2005	April 28, 2006	April 30, 2007	April 30, 2008	April 30, 2009
TECSYS (Toronto)	\$100	\$109	\$91	\$106	\$98
SPTSX	\$100	\$130	\$143	\$149	\$100

On the basis that the base salary and the annual incentive plan for the five NEOs in the financial year ending April 30, 2005 (“Fiscal 2005”) had an initial value of 100, the values were 99, 93, 113 and 108 in the financial years ending April 30, 2006 (“Fiscal 2006”) and April 30, 2007 (“Fiscal 2007”) and Fiscal 2008 and Fiscal 2009, respectively. The Corporation achieved net earnings of \$1.3 million and \$1.6 million in Fiscal 2008 and Fiscal 2009 compared to a net loss of U.S. \$102,000, U.S. \$1.6 million and U.S. \$554,000 in Fiscal 2005, Fiscal 2006 and Fiscal 2007, respectively.

### EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of April 30, 2009 about the Common Shares that may be issued upon the exercise of options, warrants and rights under the Corporation’s equity compensation plans:

<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>
Equity compensation plans approved by securityholders	808,610	1.49	443,978
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	808,610	1.49	443,978

### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES OF THE CORPORATION**

As at July 7, 2009, no current or former director, executive officer or employee of the Corporation or its subsidiaries was indebted to the Corporation or its subsidiaries, excluding routine indebtedness.

During Fiscal 2009, no director or executive officer of the Corporation or associate of such persons was indebted to the Corporation or its subsidiaries, excluding routine indebtedness.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director or executive officer of the Corporation and its subsidiaries, or person or company who beneficially owns, directly or indirectly, or who exercises control or direction over, more than 10% of the outstanding Common Shares, or director or executive officer of such person (each an "Informed Person"), or proposed director of the Corporation or associate or affiliate of any Informed Person or proposed director of the Corporation has any material interest, direct or indirect, in any transaction since April 30, 2008 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **PRINCIPAL SHAREHOLDERS**

As at July 7, 2009, to the knowledge of the directors and officers of the Corporation, the only persons who beneficially owned, directly or indirectly, or controlled or directed more than 10% of the outstanding Common Shares, were the following:

<b>Name of shareholder</b>	<b>Type of Ownership</b>	<b>Number of Common Shares held</b>	<b>% of the Outstanding Common Shares</b>
David Brereton	Beneficial	3,989,338	32.1
Kathryn Ensign-Brereton	Beneficial	1,215,102	9.8
Natcan Investment Management Inc. <sup>(1)</sup>	Control or direction	2,079,899	16.8

(1) On May 8, 2009, Natcan Investment Management Inc. disclosed, by filing an early warning report under the alternative monthly reporting system of National Instrument 62-103 ("62-103"), that, it exercised control or direction on behalf of funds or accounts it manages over 2,079,899 Common Shares in the aggregate.

As of July 7, 2009, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, 47.2% of the Common Shares.

### **NORMAL COURSE ISSUER BID**

On July 17, 2009, the TSX accepted the Corporation's Notice of Intention to Make a Normal Course Issuer Bid (the "Notice"). In the Notice, the Corporation stated its intention to purchase on the open market at prevailing

market prices, through the facilities of the TSX, up to 1,917 Common Shares on any trading day, which is equal to 25% of the average daily trading volume of the Common Shares on the TSX for the six complete months prior to July 1, 2009 (the "ADTV"). Once a week, the Corporation may make a block purchase from a person who is not an insider exceeding the daily repurchase limit of (i) Common Shares having a price of at least \$200,000 (ii) at least 5,000 Common Shares for at least \$50,000 or (iii) at least 20 board lots of the Common Shares which total at least 150% of ADTV. The maximum number of Common Shares which may be purchased under the bid is 620,463 or 5% of the 12,409,274 issued and outstanding Common Shares on July 7, 2009. The purchase period for the bid began on July 21, 2009 and will end on the earlier of July 20, 2010 or the date on which the Corporation has acquired the maximum number of Common Shares under the bid or has decided not to make further purchases. To the Corporation's knowledge, no director, senior officer or any of their associates, or any person acting jointly or in concert with the Corporation, or person holding 10% or more of the Common Shares intends to sell Common Shares under this bid.

Under a normal course issuer bid which began on July 21, 2008 and expired on July 20, 2009, the Corporation had purchased, as of July 7, 2009, 606,910 Common Shares at an average price of \$1.42 per share.

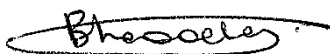
#### **AVAILABILITY OF DISCLOSURE DOCUMENTS**

Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Copies of the Notice and of the Corporation's latest annual information form, together with any document incorporated therein by reference, annual report, including audited financial statements and management's discussion and analysis, and management proxy circular may be obtained on request from the Secretary of the Corporation. The Corporation may require the payment of a reasonable charge when the request is made by someone other than a shareholder. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **DIRECTORS' APPROVAL**

The content and the sending of this Proxy Circular on behalf of the management of the Corporation have been approved by the Board of the Corporation.

DATED at Montréal, Québec, this 31<sup>st</sup> day of July 2009.



BERTY HO-WO-CHEONG  
Secretary

**SCHEDULE A**  
**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Effective June 30, 2005, the Canadian Securities Administrators have adopted NI 58-101 and the associated National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”) which require the Corporation to disclose its corporate governance practices.

Disclosure Requirements	Compliance	Description of Approach
<b>1. Board of Directors</b>		
(a) Disclose the identity of directors who are independent.	Yes	The directors of the Corporation have examined the definition of independence within the meaning of NI 58-101 and have individually considered their respective interests in and relationships with the Corporation. A director is “independent” for purposes of NI 58-101 if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is one that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. As a consequence, the Board has determined, after reviewing the role and relationships of each of the directors, that five of the seven nominees proposed by management for election to the Board are independent. The following nominees have been affirmatively determined to be independent: Frank J. Bergandi, André Duquette, David Wayland, Vernon Lobo and Steve Sasser.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Yes	The Board has determined, after reviewing the role and relationships of each of the directors, that the following two out of seven nominees proposed by management for election to the Board are not independent: David Brereton and Peter Brereton, since they are officers of the Corporation.
(c) Disclose whether or not a majority of the directors are independent.	Yes	Five of the seven nominees proposed by management for election to the Board are independent. See Item 1(a) above.
(d) Disclose the names of directors who are directors of any other reporting issuer (or the equivalent in a foreign jurisdiction) and the name of the reporting issuer.	Yes	This information is provided under the heading “Election of Directors” of this Proxy Circular.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	Yes	The written Board mandate, which is attached as Schedule B provides that the Board, at least twice per year, will hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which directors who form part of management are not present. Since the beginning of Fiscal 2009, the independent directors held four meetings at which non-independent directors and members of management were not in attendance.
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and	No	The Chairman was previously the Co-CEO of the Corporation and is not independent. However, the roles of Chairman and CEO have been divided permitting the Chairman to focus on the strategic direction of the Corporation and its governance. See

describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead member that is independent, describe what the board does to provide leadership for its independent directors.

item 1(e) above.

- |     |  |     |  |
|-----|--|-----|--|
| (g) | Disclose the attendance record of each director for all board meetings held since the beginning of the most recently completed financial year. | Yes | This information is provided under the heading "Election of Directors – Directors Attendance Record" of this Proxy Circular. |
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## 2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

Yes The mandate of the Board is reproduced under Schedule B to this Proxy Circular.

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## 3. Position Descriptions

- |     |   |     |   |
|-----|---|-----|---|
| (a) | Disclose whether or not the board has developed written position descriptions for the chair of the board and the chair of each board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position. | Yes | The Board has developed and adopted a written position description for the Chairman of the Board, which provides that the Executive Chairman, among other things, reviews annually the strategic initiatives of management, sets the board meeting agendas, reviews the shareholder communication plan and spearheads the annual board assessment process.  |
| (b) | Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.   | Yes | The Board has delegated to the President and CEO and the senior management the responsibility for day-to-day management of the business of the Corporation, subject to compliance with the plans approved from time to time by the Board. The Board has specified limits to the authority of the CEO in the position descriptions, in addition to those matters which must by law or by the Articles of the Corporation be approved by the Board, and the Board retains responsibility for significant changes in the Corporation's affairs such as approval of major new product development programs, major capital expenditures, debt and equity financing arrangements and significant acquisitions and divestitures. |

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## 4. Orientation and Continuing Education

- |     |   |     |  |
|-----|---|-----|--|
| (a) | Briefly describe what measures the board takes to orient new members regarding: <ul style="list-style-type: none"> <li>(i) the role of the board, its committees and its directors, and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul> | Yes | <p>In addition to having extensive discussions with the Chairman of the Board and the CEO with respect to the business and operations of the Corporation, all new directors receive a record of public and other information concerning the Corporation and prior minutes of meetings of the Board and applicable committees. In addition, the Board tours the Corporation's operations on a periodic basis in order to assist the directors in better understanding the Corporation's business.</p> <p>New directors are also provided with a copy of the mandate of the Board and the charters of the board committees which they will join.</p> |
| (b) | Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board   | Yes | Management presentations are made to the Board from time to time to educate and keep them informed of changes within the business of the Corporation, the market as well as competitive conditions.  |
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ensures that the directors maintain the skill and knowledge necessary to meet their obligations as directors.

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## 5. Ethical Business Conduct

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|--|------------|---|
| <p>(a) Disclose whether or not the board has adopted a written code for its directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p> | <p>Yes</p> | <p>The objective of the Board is to maximize shareholder value in a manner which is consistent with good corporate citizenship, including fair treatment of the Corporation's employees, customers and suppliers. The Board expects management to perform in a manner consistent with achieving these objectives. The Board has adopted an exhaustive written code of business conduct and ethics for its directors, officers and employees. This code, addresses matters that NP 58-201 recommends be included in a code of business conduct and ethics, such as the protection of corporate assets and opportunities, the confidentiality of corporate information and the reporting of any illegal or unethical behaviour. Other internal policies adopted by the Corporation which are intended to promote a culture of ethical business conduct are the following: the Audit Committee Procedure for Treatment of Complaints Policy (the "Whistle Blower Policy"); the Invention and Confidentiality Agreement signed by employees at the time of hire; the Online Systems Usage Policy and the Discrimination and Harassment Prevention Policy.</p> <p>Copies of the foregoing policies may be obtained from the Secretary of the Corporation upon request at 87 Prince Street, 5th Floor, Montréal, Québec. H3C 2M7, telephone: (514) 866-0001.</p> <p>The Audit Committee monitors compliance with the Whistle Blower Policy and the Chairman of such committee is ultimately responsible for receiving, investigating and keeping a record of complaints.</p> <p>N/A</p> |
| <p>(b) Describe any other steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>  | <p>Yes</p> | <p>The Chairman of the Audit Committee ensures that a new director is informed of his obligations under the <i>Canada Business Corporations Act</i> pursuant to which he may not vote or participate in a discussion on a matter in respect of which such director has a material interest.</p>   |
| <p>(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>  | <p>Yes</p> | <p>See Item 5(a) above.</p>   |

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## 6. Nomination of Directors

- |  |            |  |
|--|------------|--|
| <p>(a) Describe the process by which the board identifies new candidates for board nomination. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective</p> | <p>Yes</p> | <p>The Board is responsible for the recruiting, orientation and training of the directors. The recruiting is based on the capabilities and experience of the candidates in relation with the needs of the Corporation and the adequacy of the time commitment of individuals to the Corporation's matters.</p> |
|--|------------|--|

nomination process.

- |     |   |     |  |
|-----|---|-----|--|
| (b) | Disclose whether or not the board has a nominating committee composed entirely of independent directors.                  | No  | There is no independent committee in charge of recruiting new directors. |
| (c) | If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee. | N/A |  |

## 7. Compensation

- |     |   |     |   |
|-----|---|-----|---|
| (a) | Describe the process by which the board determines the compensation for the issuer's directors and officers.  | Yes | <p>The Board reviews annually the adequacy and form of compensation of directors and members of board committees at the same time as it reviews the management proxy circular prior to its issue.</p> <p>Through its Compensation Committee, the Board reviews all appointments of officers. The Compensation Committee also has responsibility for assessing the requirements and performance, on an overall basis, of the Executive Chairman, CEO and officers in order to recommend salaries and incentive awards for performance. An outline of the compensation criteria is provided in the Compensation Committee Charter. For more information with respect to the Compensation Committee Charter, see the Proxy Circular under the heading "Components of Executive Compensation". The Corporation has put into place a process whereby senior managers develop objectives, review them with the CEO and are measured against them.</p> |
| (b) | Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.  | Yes | The Board constituted a Compensation Committee which is currently composed of Vernon Lobo, Chairman, and André Duquenne, both of whom are independent directors.  |
| (c) | Describe the responsibilities, powers and operation of the compensation committee.  | Yes | The Compensation Committee reviews the Corporation's overall compensation philosophy and corporate succession and development plans at the executive officer level. This Committee has also been mandated to recommend to the Board the corporate objectives which the President and CEO is responsible for meeting, to review the annual performance of this officer in light of these objectives, and to make recommendations to the Board with respect to his remuneration.  |
| (d) | If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the company, state that fact and briefly describe the nature of the work. | No  | No consultant or advisor has been retained for this purpose since the beginning of the Corporation's most recently completed financial year. The Compensation Committee is authorized, pursuant to the Compensation Committee Charter, to retain external legal counsel, executive compensation consultants and other advisors to assist it in its responsibilities should it deem it necessary to do so.   |

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<b>8. Other Board Committees</b>		
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	N/A	The Board has established two standing committees, the Audit Committee and the Compensation Committee, and has no other permanent standing committee.
<b>9. Assessments</b>		
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.	Yes	The responsibility for assessing the effectiveness of the Corporation's board as a whole, the committees of the board and the contribution of individual directors is the responsibility of the Board as a whole. The Board requires that each director complete a self-evaluation and an evaluation of the Board's performance as a whole periodically and at least every 18 months.

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**SCHEDULE B  
MANDATE FOR THE BOARD OF DIRECTORS**

**ARTICLE 1 - PURPOSE**

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

**ARTICLE 2 - MEMBERSHIP, ORGANIZATION AND MEETINGS**

- 2.01 **General** — The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; residency requirements; quorum requirements; meeting procedures and notices of meetings are as established by the Canada Business Corporations Act and the by-laws of the Company.
- 2.02 **Independence** — The Board shall establish independence standards for the directors in accordance with Applicable Requirements (as defined below), and, at least annually, shall affirmatively determine the independence of each director in accordance with these standards. A majority of the directors shall be independent in accordance with these standards.
- 2.03 **Access to Management and Outside Advisors** — The Board shall have unrestricted access to the Company's management and employees. The Board shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation of these advisors without consulting or obtaining the approval of any Company officer. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.
- 2.04 **Corporate Secretary and Minutes** — The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.
- 2.05 **Meetings Without Management** — The Board shall, at least twice per year, hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

**ARTICLE 3 - FUNCTIONS AND RESPONSIBILITIES**

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

### **3.01 Strategic Planning:**

- (a) Strategic Plans — At least annually, the Board shall review and, if advisable, approve the Company's strategic planning process and short-term and long-term strategic plan prepared by management. In discharging this responsibility, the Board shall review the plan in light of management's assessment of emerging trends, the competitive environment, risk issues, and significant business practices and products.
- (b) Business Plans — The Board shall review and, if advisable, approve the Company's annual business plans.
- (c) Monitoring — At least annually, the Board shall review management's implementation of the Company's strategic and business plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

### **3.02 Risk Management**

- (a) General — The Board shall, with the assistance of the Audit Committee, review the factors identified by management in its annual and interim disclosures as factors that may affect future financial results and review the strategies identified by management to manage these factors.
- (b) Review of Controls — The Board shall, with the assistance of the Audit Committee, review the internal, financial, non-financial and business control and information systems that have been established by management and review the standards of corporate conduct that management is applying to these controls.

### **3.03 Human Resource Management**

- (a) General — At least annually, the Board shall, with the assistance of the Compensation Committee, review the Company's approach to human resource management and executive compensation.
- (b) Succession Review — At least annually, the Board shall, with the assistance of the Compensation Committee, review the Executive Chairman of the Board, the Chief Executive Officer and the senior management succession plans of the Company.
- (c) Integrity of Senior Management — The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other senior management.

### **3.04 Corporate Governance**

- (a) General — At least annually, the Board shall review the Company's approach to corporate governance.
- (b) Governing Documents Review — At least annually, the Board shall review and assess the adequacy of the Company's organizing documents and by-laws, and the mandate,

charters, and the role descriptions for the Board, each Board committee, the Chief Executive Officer and the Executive Chairman of the Board (“the Governing Documents”) to determine if amendment is advisable, and if so, approve amendments to the Governing Documents.

- (c) Performance assessment — At least annually, the Board shall evaluate the performance of the Board, the individual directors, each Board committee and the Executive Chairman of the Board against their respective mandates and any other criteria the Board considers appropriate.
- (d) Director Independence — At least annually, the Board shall evaluate the director independence standards established by the Board and the Board’s ability to act independently from management in fulfilling its duties.
- (e) Governance disclosure — The Board shall prepare, in conjunction with management, corporate governance disclosure for the Company’s annual reports and management information circulars.
- (f) Ethics Reporting — At least annually, the Board shall review reports provided by management relating to compliance with, or material deficiencies of, the Company’s Code of Business Conduct.

### **3.05 Financial Information**

- (a) General — At least annually, the Board shall, with the assistance of the Audit Committee, review the Company’s internal controls relating to financial information and reports provided by management on material deficiencies in, or material changes to, these controls.
- (b) Integrity of Financial Information — The Board shall, with the assistance of the Audit Committee, review the integrity of the Company’s financial information and systems, the effectiveness of internal controls over financial reporting and management’s assertions on internal control and disclosure control procedures.

### **3.06 Communications**

- (a) General — At least annually, the Board in conjunction with the Chief Executive Officer shall review the Company’s overall communications strategy, including measures for receiving feedback from the Company’s shareholders.
- (b) Disclosure — At least annually, the Board shall review management’s compliance with the Company’s disclosure policies and procedures and internal control over financial reporting. The Board shall, if advisable, approve material changes to the Company’s disclosure policies and procedures.

### **3.07 Committees of the Board**

- (a) Board Committees — The Board has established the Compensation Committee and the Audit Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.
- (b) Committee Mandates — The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. At least annually, each mandate shall be reviewed, and, based on recommendations of the Executive Chairman of the Board, approved by the Board.
- (c) Delegation to Committees — The Board has delegated for approval or review the matters set out in each Board committee's mandate to that committee.
- (d) Consideration of Committee Recommendations — As required, the Board shall consider for approval the specific matters delegated for review to Board committees.
- (e) Board/Committee Communication — To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after each meeting of the committee.

### **3.08 DIRECTOR ORIENTATION AND EVALUATION**

- (a) Each new director shall participate in the Company's initial and any ongoing orientation program.
- (b) At least annually, the Board shall evaluate and review the performance of the Board, each of its committees, each of the directors and the adequacy of this mandate.

### **3.09 CURRENCY OF THE BOARD MANDATE**

This mandate was last revised and approved by the Board on February 27, 2007.