

SIERRA WIRELESS INC
Form 40-F
March 27, 2009
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U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT
OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended December 31, 2008

Commission File No.: 0-30718

SIERRA WIRELESS, INC.

(Exact name of Registrant as specified in its charter)

Canada

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(Jurisdiction of incorporation or organization)

Primary Standard Industrial Classification Code (if applicable): **3663**

I.R.S. Employer Identification Number (if applicable): **94-3338019**

13811 Wireless Way, Richmond

British Columbia, Canada V6V 3A4

(604) 231-1100

(Address and telephone number of principal executive offices)

**CT Corporation
111 Eighth Avenue
New York, New York 10011**

(Agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act: **None**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares

(Title of Class)

Name of exchange on which securities are registered:

Toronto Stock Exchange, The Nasdaq Global Market

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

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Indicate by check mark the information filed with this Form:

Annual Information Form Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital common stock as of the close of the period covered by the annual report: **31,031,954 Common Shares without par value as at December 31, 2008**

Indicate by check mark whether the Registrant, by filing the information contained in this Form, is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the *Securities Exchange Act of 1934*. If "yes", is marked, indicate the filing number assigned to the Registrant in connection with such Rule. Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the *Securities Exchange Act of 1934* during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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INCORPORATION BY REFERENCE

The Registrant's Management's Discussion and Analysis of Financial Condition and Results of Operation and the Registrant's financial statements for the year ended December 31, 2008 may be found on SEDAR at www.sedar.com and on Form 6-K, furnished to the Securities Exchange Commission (Commission) on March 27, 2009, at www.sec.gov and are incorporated by reference herein.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

A Form F-X, as amended, signed by the Registrant and the Registrant's agent for service of process with respect to the Common Shares has been filed with the Commission.

SIGNATURES

Pursuant to the requirements of the *Exchange Act*, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

SIERRA WIRELESS, INC.
(Registrant)

/s/ DAVID G. MCLENNAN
David G. McLennan,
Chief Financial Officer and Secretary

Date: March 27, 2009

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Annual Information Form
March 25, 2009

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form, or incorporated by reference herein, that are not based on historical facts, constitute forward-looking statements or forward-looking information within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws (forward-looking statements). These forward-looking statements are not promises or guarantees of future performance but are only predictions that relate to future events, conditions or circumstances or our future results, performance, achievements or developments and are subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause our actual results, performance, achievements or developments in our business or in our industry to differ materially from those expressed, anticipated or implied by such forward-looking statements. Forward-looking statements include all disclosure regarding possible events, conditions, circumstances or results of operations that are based on assumptions about future economic conditions, courses of action and other future events. We caution you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. These forward-looking statements appear in a number of different places in this Annual Information Form, and the documents incorporated by reference herein, and can be identified by words such as may , estimates , projects , expects , intends , believes , plans , anticipates , continuing , growing , expanding or their negatives or other comparable words. Forward-looking statements include statements regarding the outlook for our future operations, plans and timing for the introduction or enhancement of our services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, the outcome of legal proceedings, and other expectations, intentions and plans that are not historical fact. The risk factors and uncertainties that may affect our actual results, performance, achievements or developments are many and include, amongst others, our ability to develop, manufacture, supply and market new products that we do not produce today that meet the needs of customers and gain commercial acceptance, our reliance on the deployment of next generation networks by major wireless operators, the continuous commitment of our customers, increased competition and other risks detailed herein under the heading *Risk Factors* . Many of these factors and uncertainties are beyond the control of the Company. Consequently, all forward-looking statements in this Annual Information Form, or the documents incorporated by reference herein, are qualified by this cautionary statement and we cannot assure you that actual results, performance, achievements or developments anticipated by the Company will be realized. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and the Company does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

CURRENCY

Unless otherwise indicated, all figures are stated in U.S. dollars.

CORPORATE STRUCTURE

Unless the context otherwise indicates, references to we , our , us , the Company , the Corporation or Sierra Wireless in this Annual Information Form means Sierra Wireless, Inc. and its subsidiaries.

Sierra Wireless was incorporated under the *Canada Business Corporations Act* on May 31, 1993. The Articles of Sierra Wireless were amended by a Certificate of Amendment issued March 29, 1999 to remove the private company provisions and restrictions on share transfer. The Articles of the Company were further amended by Certificates of Amendment issued May 13, 1999 and May 14, 1999 to: (i) re-designate

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and change all existing common shares in the capital of the Company to new common shares in the capital of the Company (the Common Shares); (ii) change the rights attached to all preference shares in the capital of the Company (the Preference Shares) and to remove each existing series of Preference Shares; and (iii) consolidate the Common Shares on the basis of one post-consolidation Common Share for 1.5 pre-consolidation Common Shares.

The Company's registered and records office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3 and its head office and principal place of business is located at 13811 Wireless Way, Richmond, British Columbia, Canada, V6V 3A4.

The following table lists subsidiaries of Sierra Wireless and their jurisdictions of incorporation or organization. All such entities are 100% owned, directly or indirectly, by Sierra Wireless.

Name	Jurisdiction of Incorporation or Organization
Sierra Wireless America, Inc.	Delaware, U.S.A.
Sierra Wireless (UK) Limited	United Kingdom
Sierra Wireless (Asia-Pacific) Limited	Hong Kong
Sierra Wireless (Australia) Pty Limited	Australia
Sierra Wireless Technology (Shenzhen) Ltd.	China
Sierra Wireless Japan KK	Japan
Sierra Wireless France SAS	France
Sierra Wireless Luxembourg S.à.r.l.	Luxembourg

GENERAL DEVELOPMENT OF THE BUSINESS

General

We provide leading edge wireless wide area modem solutions for the mobile computing, rugged mobile and machine-to-machine (M2M) markets. We develop and market a range of products that include wireless modems for mobile computers, embedded modules for original equipment manufacturers (OEMs), and high value fixed and mobile wireless solutions for industrial, commercial and public safety applications. We also offer professional services to OEM customers during their product development and launch, leveraging our expertise in wireless design, integration and certification to provide built-in wireless connectivity for mobile computing devices and other vertical market solutions. Our products and solutions connect people, their mobile computers and fixed terminals to wireless voice and mobile broadband networks around the world.

We believe that mobile broadband for the mobile computing market has strong growth prospects. We believe that the key growth enablers for this market include the continued deployment of mobile broadband networks around the world, aggressive promotion of mobile broadband services by wireless operators, attractive mobile broadband rate plans and growing customer awareness of mobile broadband.

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Our mobile computing products are used by businesses, consumers and government organizations to enable high speed wireless access to a wide range of applications, including the Internet, e-mail, corporate intranet, remote databases and corporate applications.

Our rugged mobile and M2M products are used primarily in the public safety, energy, industrial, transportation and transaction processing markets. We believe the mobile and M2M markets we serve offer attractive opportunities for long term profitable growth. We also believe that there are many mobile and M2M segments and customers, as well as a fragmented base of competitors, giving us opportunity to expand our market position and share.

We sell our products primarily through indirect channels, including wireless operators, value added resellers and OEMs.

During 2006, our launch of several new Universal Mobile Telecommunications System (UMTS)/High Speed Downlink Packet Access (HSDPA) and Code Division Multiple Access Evolution-Data Optimized Revision A (CDMA EV-DO Rev A) products resulted in strong revenue growth. We also expanded our global channels of distribution, adding important wireless operator channels like Orange, O2, Telefonica and Telstra, while solidifying our position with key existing customers such as AT&T Inc. (AT&T), Sprint Nextel (Sprint) and Verizon Wireless (Verizon). We also expanded our OEM channels and by the end of 2006 had design wins with twelve portable computing OEM (PC OEM) customers across multiple airlines.

In 2007, we achieved annual revenue of \$439.9 million, driven by the launch of nine new mobile computing products for both High Speed Packet Access (HSPA) and CDMA EV-DO Rev A networks. We expanded our product footprint with key existing customers such as AT&T and Sprint, and significantly grew our European and Asia-Pacific business, while increasing profitability.

On May 25, 2007, we completed the acquisition of AirLink Communications, Inc. (AirLink), a privately held developer and supplier of high value fixed and mobile wireless solutions in the M2M segment. The acquisition is consistent with our strategy of strengthening our position in the rugged mobile and M2M segments and expanding our high gross margin product lines. The aggregate purchase price was \$31.2 million, including cash consideration of \$12.0 million, the issuance of approximately 1.3 million Common Shares of Sierra Wireless to the shareholders of AirLink and \$1.6 million in transaction costs.

In 2008, we achieved record annual revenue of \$567.3 million, an increase of 29% compared to \$439.9 million in 2007, driven by sales of our newest HSPA and CDMA EV-DO Rev A products. Gross margin was 27.6% in 2008, compared to 28.0% in 2007. Earnings from operations were \$44.6 million in 2008, compared to \$38.6 million in 2007. Net earnings were \$62.6 million, or diluted earnings per share of \$2.00 in 2008, compared to \$32.5 million, or diluted earnings per share of \$1.16, in 2007. Net earnings for 2008 include an after-tax unrealized foreign exchange gain of \$18.4 million on Euros held for the Wavcom transaction that is described below. In addition, we reduced our valuation allowance by \$6.5 million which reduced our income tax expense and increased net earnings.

During the second quarter of 2008, we received regulatory approval that allows us to purchase up to 1,567,378 of our Common Shares (approximately 5% of our Common Shares outstanding as of May 21, 2008) by way of a normal course issuer bid (the Bid) on the Toronto Stock Exchange (TSX) and the NASDAQ Global Market (Nasdaq). As of December 31, 2008, we had purchased and cancelled 407,700 shares under the Bid.

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Subsequent to year end, on January 29, 2009, we implemented an expense reduction program that is expected to reduce labor costs by approximately \$5.5 million on an annualized basis. The program included the elimination of approximately 56 positions, representing approximately 10% of our workforce. The actions related to this program are expected to be completed during the first quarter of 2009. We expect to incur a pre-tax charge of approximately \$1.3 million in the first quarter of 2009 for severance and other costs related to this program. The organizational changes included the resignation of Mr. Trent Punnett, Senior Vice-President, Marketing and Corporate Development.

See Narrative Description of Business - Our Products for discussion of specific product development initiatives.

Significant Acquisitions

On December 2, 2008, we announced an all cash offer to purchase the common shares and OCEANE convertible bonds (OCEANES) of Wavecom S.A. (Wavecom), a global leader in wireless M2M solutions. The total value of the transaction is approximately 218 million. We made a cash offer of 8.50 per ordinary share of Wavecom, and 31.93 per OCEANE. The transaction was implemented by way of concurrent but separate public tender offers in both France and the United States for all Wavecom shares, all American Depository Shares (ADSs) representing Wavecom s ordinary shares and all OCEANES issued by Wavecom. On February 27, 2009, we completed our acquisition of 84.32% of the outstanding Wavecom shares and 99.97% of the OCEANES, representing 90.57% of the voting rights of Wavecom. On March 11, 2009, we announced the opening of a subsequent offering period of the all cash tender offer for Wavecom securities in France and the United States. The subsequent offering period will close on March 31, 2009. The offer price for the Wavecom ordinary shares is 8.50 per share and the offer price for the OCEANES is 31.93 plus unpaid accrued interest, per OCEANE. Shortly after closing of the subsequent offering period and provided applicable legal requirements are satisfied, we intend to implement a squeeze-out of the Wavecom shares and OCEANES that have not been tendered to the offer and to request the delisting of Wavecom shares and OCEANES from Euronext and ADSs from Nasdaq.

We used cash available on our balance sheet to fund the purchase of the ordinary shares of Wavecom and utilized our credit facilities to fund the purchase of the OCEANES of Wavecom. On December 1, 2008, we had drawn a letter of credit in the amount of 218 million issued under a 218 million secured term facility with The Toronto-Dominion Bank and Canadian Imperial Bank of Commerce as lenders. The term facility was secured by cash of 136.8 million and a pledge against all of our assets. On February 26, 2009, we borrowed 80.473 million under the term facility to facilitate the purchase of 99.97% of the outstanding OCEANES, which completed on February 27, 2009. On February 27, 2009, we also completed the purchase of 84.32% of the outstanding Wavecom shares with 115.3 million of the cash that secured the term facility. As of February 27, 2009, the letter of credit was reduced from 218 million to 22.2 million. On March 13, 2009 the term loan of 80.473 million was repaid with proceeds from the redemption of the OCEANES.

We expect the combination will create a global leader that will be uniquely positioned to benefit from the anticipated growth in wireless for mobile computing and M2M markets. We expect the acquisition to significantly expand our position in the global M2M market and increase our scale and capabilities in Europe and Asia. We have not yet filed a business acquisition report for the acquisition of Wavecom.

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Industry Background and Future Trends

Wireless Data Growth

We provide a broad range of products, including wireless modems for mobile computers, embedded modules for laptop and vertical OEM wireless applications and high value fixed and mobile wireless data solutions for industrial, commercial and public safety applications. We believe that wide area wireless for mobile computing and wireless M2M are both rapidly growing markets. We believe that the key growth enablers for these markets include the continued deployment of mobile broadband networks around the world, aggressive promotion of mobile broadband services by wireless operators, attractive mobile broadband rate plans, growing customer awareness of mobile broadband and compelling return on investment rationale for users. Cellular network technologies such as CDMA EV-DO Rev A and UMTS/HSDPA/High Speed Uplink Packet Access (HSUPA)/High Speed Packet Access Plus (HSPA+) are expected to support much of this growth.

Market segments for wireless data consist of corporations, public organizations and individuals seeking to improve customer service and productivity. Increased cellular network coverage and speeds, significant technological improvements to wireless data networks, devices and software, and price reductions for data communications services have also contributed to growth in the wireless data communications industry. The ability to meet the demand for anytime, anyplace communications is made possible by the convergence of trends in mobile computing, the growth of the Internet, and wireless communications.

Mobile Computing. Many business professionals and individuals utilize laptops as their primary computing device. Smaller handheld computers or personal digital assistants (PDAs) continue to be popular, as are newer mobile phones that offer more advanced capabilities, such as access to personal information, Internet, multi-media and email.

The Internet. The Internet has become an indispensable tool for many business professionals and individuals, and the volume of Internet traffic continues to grow rapidly. Telecommunications carriers continue to make significant investments in Internet protocol-based networks to handle the expected growth in the volume of data traffic.

Wireless Communications. While wireline communications networks were historically dominated by voice traffic, data now comprises more than half of the traffic on these networks. A similar evolution is now occurring on wireless networks as wireless service providers address the growing demand for data communications with additional technical and commercial offerings.

Existing Digital Technologies

Data communications over cellular networks are currently supported by various digital technologies. Newer, high-speed technologies include CDMA EV-DO Rev A and Global System for Mobile communications (GSM) based HSDPA, HSUPA and HSPA+.

CDMA is a digital technology that improves the capacity and quality of both voice and data communications and supports a broad range of applications, including voice, wireless Internet and multimedia. The deployment of CDMA EV-DO Rev A commercial service, the next generation of EV-DO, continues to expand the market for wireless data products and services. CDMA EV-DO Rev A offers theoretical downlink speeds of 3.1 Mbps, and theoretical uplink speeds of 1.8 Mbps. In North America, Sprint and Verizon are widely deploying CDMA EV-DO Rev A.

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Leading GSM carriers in North America, Europe and Asia are deploying third generation (3G) networks to offer advanced services, including high-speed data, to their customers. 3G systems have been developed and launched to replace and/or complement second generation and 2.5G digital cellular systems.

In late 2005, the first network to upgrade to HSDPA, was AT&T in North America. In 2007, AT&T in North America, Telstra in Australia and Bouygues Telecom in France also announced their new high-speed 3G networks that offer uplink data speeds that are significantly faster than earlier network technologies.

NARRATIVE DESCRIPTION OF THE BUSINESS

Our Solution

We provide leading edge wireless wide area modem solutions for the mobile computing, rugged mobile and M2M markets. We develop and market a range of products that include wireless modems for mobile computers, embedded modules for OEMs, and high value fixed and mobile wireless data solutions for industrial, commercial, public safety and M2M applications. We also offer professional services to OEM customers during their product development, leveraging our expertise in wireless design and integration to provide built-in wireless connectivity for notebook computers and other mobile computing devices. Our products and solutions connect people, their mobile computers and fixed terminals to wireless voice and mobile broadband networks around the world.

Our Products

Our current product line of wireless modem solutions includes wide-area wireless AirCard products, embedded modules for notebook computers and other electronic devices, vehicle-mounted modems, M2M modems and enabling software. We have a number of new products under development within these product lines.

Our professional services team provides OEM customers with wireless product development support to integrate our wireless wide-area products into their products.

Sierra Wireless AirCard Products

PC Adapter Products: PC adapter products include our AirCard branded PC cards, and our USB modems. In 2008, sales of our PC adapter products increased 29% to \$408.8 million, compared to \$315.9 million in 2007. USB wireless modems dominate the composition of our PC adapter product line, generating approximately \$288.5 million of revenue in 2008, compared to \$141.0 million in 2007. Continued success with our PC adapter products will depend in

part on our ability to continue to develop products that meet our customers' evolving technology, design, schedule and price requirements.

Our USB wireless modems plug into the USB ports of notebook and desktop computers, as well as other products such as network routers. In the first half of 2007, we began commercial shipments of our USB modems for HSDPA and CDMA EV-DO Rev A networks and began shipping our HSUPA USB modems during the fourth quarter of 2007. During 2008, we continued to have a strong position with AT&T and Telstra with shipments of our HSUPA USB modems and with Sprint with shipments of our CDMA EV-DO Rev A USB modems.

During the third quarter of 2008, we began shipping our new USB modem for HSUPA networks, the Compass 885, to AT&T in the United States, O2 in the United Kingdom, Telstra in Australia and Swisscom and sunrise in Switzerland. We also commenced shipments of our CDMA EV-DO Rev A

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USB modem, the Compass 597, to Telus in Canada and Telecom New Zealand. During the fourth quarter of 2008, we began shipping our latest USB modems, the Compass 888 for HSPA networks and the USB 598 for CDMA EV-DO Rev A networks. We believe that form factor and industrial design are important differentiators among USB products. Our new USB wireless modems are smaller than our previous models and have an innovative new industrial design and feature set. We expect that the timing of the introduction of new USB form factors by ourselves and our competitors may lead to volatility in our revenue on a quarterly basis, as new form factors enter the market at different times.

During the fourth quarter of 2008, we introduced our new HSPA ExpressCards, the AirCard 501 and AirCard 502, that provide 3G mobile broadband in a compact, durable design. These ExpressCards are expected to commence shipping during the first quarter of 2009.

Sierra Wireless Embedded Module Products

We have two categories of embedded module customers, PC OEMs, who manufacture notebook computers and related mobile computing devices and vertical OEMs who provide solutions for a variety of applications, including networking, industrial handhelds, emergency services, energy management and transaction processing.

In 2008, sales of our embedded module products increased 8% to \$120.2 million, compared to \$91.2 million in 2007. Of the \$120.2 million, approximately \$66.5 million was from sales to PC OEMs and \$53.7 million was from sales to vertical OEMs.

We currently have embedded module design wins with several PC OEMs. During 2008, Fujitsu Siemens Computers selected our HSPA modules to provide network connectivity for selected models in its LIFEBOOK product line of professional notebook computers. In addition, NEC integrated our HSPA embedded module in its LaVie G type J notebook computer that operates on the NTT DoCoMo network in Japan. While we have been successful in securing design wins, we are not guaranteed future design wins. The PC OEM market became more competitive during 2008 with the entrance of both the Ericsson and Qualcomm solutions for PC OEMs. Both Ericsson and Qualcomm have secured PC OEM design wins, including PC OEMs with whom we have had design wins. We expect this increase in competition will continue to put pressure on our revenue from PC OEMs during 2009. Our ability to secure new design wins will depend on being successful in developing products and offering services that meet our customers' technology, design, schedule and price requirements.

We continue to have a solid position with vertical OEM customers. In the first quarter of 2008, we announced that LANCOM Systems selected our embedded module to provide broadband connectivity for its UMTS router and that Becker Marine Systems Communication has integrated our embedded modules into its communication server. During 2008, Alcatel-Lucent selected our embedded module for its wireless laptop security, management and tracking system. ERCO & GENER, a maker of communication systems for the French and export markets, also selected our embedded modules to provide HSPA network connectivity for their GenPro 30e modem. Netcomm launched two wireless gateway devices that use our embedded module on Telstra's Next G network and CalAmp integrated our embedded modules in their new wireless meter reading communication platform. We also have design wins with Cisco, Ericsson, Digi and others for networking solutions. We believe that there are good growth opportunities in the vertical OEM market and are investing to expand our position.

During 2008, we introduced five new embedded modules, the MC8785V, the MC8790 and the MC8790V for HSUPA networks, and the MC5727 for CDMA EV-DO Rev A networks. We also introduced our MC8792V for HSPA networks, which is our first embedded module to offer UMTS 900MHz frequency band support in a feature rich, cost effective product.

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The following table outlines our current product offerings for wireless wide-area network PC cards and embedded modules:

Product Type	Product Class	Description	Products
Wireless Network Cards	AirCard® 800 and 500 Series	Wide-area wireless modems providing wireless broadband connectivity for computer users on HSUPA/HSDPA/UMTS/EDGE/GPRS networks.	AirCard 501/502 AirCard 880/881 AirCard 880E/881E
	AirCard® 400 and 500 Series	Wide-area wireless modems providing wireless broadband connectivity for computer users on EV-DO Revision A networks.	AirCard 402 AirCard 595 AirCard 597E
USB Modems	USB 300, Apex 800, and Compass 800, Series	USB wireless modems providing wireless broadband connectivity for users on HSPA+/HSUPA/HSDPA/ UMTS/EDGE/GPRS networks.	USB 306/307 Compass 885/ 888/889 Apex 880
	USB and Compass 500 Series	USB wireless modems providing wireless broadband connectivity for users on EV-DO Revision A networks.	USB 598 Compass 597
Embedded Modules	MC8700 Series PCI Express Mini Cards	Embedded 3G wireless modules based on the PCI Express Mini Card form factor and interface specification. The MC8700 series delivers HSUPA/HSDPA/UMTS/EDGE/GPRS wireless voice and data capability to laptop OEMs and other manufacturers.	MC8700 MC8792V MC8790/MC8790V MC8780/MC8781 MC8775/MC8775V
	MC5700 Series PCI Express Mini Cards	Embedded 3G wireless modules based on the PCI Express Mini Card form factor and interface specification. The MC5700 series delivers CDMA EV-DO Rev A and CDMA 1X EV-DO wireless voice and data capability to laptop OEMs and other manufacturers.	MC5727 MC5725/MC5725V

Sierra Wireless Rugged Mobile and M2M Product Line

The Sierra Wireless rugged mobile and M2M product line consists of intelligent modems that are sold into a variety of markets and applications including law enforcement, emergency services, field service, financial, energy and industrial controls.

Our rugged mobile and M2M gateways are sold to public safety, transportation, field service, energy, industrial and financial organizations and are among our highest gross margin products. We strengthened our position in these high margin segments by adding AirLink's high value fixed and mobile wireless data solutions to our product portfolio, following the completion of the AirLink acquisition on May 25, 2007. In addition, in August 2008 we purchased the assets of Junxion, Inc., a provider of mobile broadband enabled WiFi routers and remote device management software. During the first quarter of 2008, we introduced and shipped the AirLink Raven XT in North America. We also introduced our line of AirLink intelligent fixed and mobile gateways into the European market. During the second quarter of 2008, the Raven X, PinPoint X and MP881W were certified for use on the AT&T BroadbandConnect network. We also commenced our first shipments of AirLink products into the EMEA region. In the third quarter of 2008, our MP595W mobile gateway WiFi access point was certified on the Verizon

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Wireless, Bell Mobility and Alltel networks. In addition, HSUPA variants of our PinPoint X mobile gateway and Raven X fixed terminal gateway were certified on Rogers Wireless and our Raven XT fixed terminal gateway was certified on the Bell Mobility and Telus networks. During the fourth quarter of 2008 we strengthened our position in Europe, Middle East and Africa (EMEA) with shipments of additional AirLink solutions into the region. We also released a new version of ALEOS, the embedded device management software that differentiates our fixed and mobile gateways and commenced shipments of an HSPA version of our Raven XE gateway.

In 2008, revenue from mobile and M2M products increased to \$30.8 million from \$25.7 million in 2007.

Enabling Software

Our line of software allows our modems and devices to work with laptop and handheld computers and other devices:

- *Sierra Wireless Watcher Software* is a graphical user interface designed for everyday use with our modems. While the modem is in use, the Watcher program provides ongoing information on registration status and signal strength and allows the user to switch operating modes where applicable. Sierra Wireless Watcher supports all major PC and handheld Windows-based operating systems. In addition, for certain products, Sierra Wireless Watcher supports Mac operating systems.
- *ALEOS* provides reliable and feature-rich embedded intelligence. With extensive capabilities like remote monitoring and configuration, packet-level diagnostics and over-the-air firmware updates, ALEOS simplifies integration, installation, operation and maintenance of any AirLink wireless data solution. ALEOS now includes an Events Reporting Engine that allows users to manage the amount and type of data they send over-the-air and configure reports to provide customized, relevant information based on pre-set triggers.
- *Wireless Ace* is a device configuration and monitoring tool included with every Sierra Wireless AirLink modem that enables customers to control their AirLink modems from anywhere.
- *AceNet* is an enterprise-grade device management tool that allows customers to monitor and manage their fleet of AirLink modems from a central location. Coupled with ALEOSTM, AceNet enables customers to perform full device integration, poll modems and chart performance statistics.
- *AceView* is a low-profile dashboard that monitors local connectivity with AirLink in-vehicle modems, displaying RF and GPS signal strength and location.

- *MP Modem Manager* is a feature-rich, web based diagnostic software management tool allowing network administrators access to remote monitoring and configuration of a fleet of MP modems.

Professional Services

Our professional services team offers a variety of product development and integration support services including the following:

- Software and hardware integration
- Platform RF testing and optimization

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- Regulatory approvals services

- Mobile operator certification services

- Project management

- Sales and technical support training

Customer Support

We provide customers, wireless operators and other channel partners with product and technical support in several languages using telephone, e-mail and our Web site. Online resources include product documentation, technical specifications, frequently asked questions, application notes, troubleshooting notes, troubleshooting tools, and software downloads.

Product Revenue

Our revenue by product for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
Adapters	73%	71%
Embedded modules	21	21
Mobile and M2M	5	6
Other	1	2
	100%	100%

Future Products

We continually evaluate and develop new products and technologies that will allow us to take advantage of the ever expanding and dynamic wireless market. Emerging wireless standards that are areas of significant new product development interest for us include:

- HSPA+, also known as HSPA Evolution or Evolved HSPA (eHSPA), offers theoretical speeds of up to 21 Mbps downlinIn 2008, we began working with Telstra, Qualcomm and Ericsson to develop the world's first PC adapter devices supporting HSPA+. In February 2009, together with Telstra, Ericsson and Qualcomm, we announced a new 21Mbps peak rated mobile broadband modem, the Telstra Turbo 21 that would be available on Telstra's HSPA+ network, the Next G network. These devices will support data speeds up to 3X that of any HSPA products on the market today.

Product Development

We have built a reputation in the wireless data industry for creating state-of-the-art, high-quality products within aggressive timeframes. Our development team of approximately 276 full time employees, located in Richmond, BC, Carlsbad, CA, Newark, CA and Shenzhen, China are skilled in the areas of radio frequency, hardware, embedded software, host software and mechanical design. Combined, this team has several thousand person years of experience in the design of small form factor wireless data and voice devices. Our product development team combines leaders with extensive experience in their fields, with younger graduates from leading universities.

We take a core team approach to product development. Our goal is to develop a whole product and to ensure products are managed closely throughout their entire life cycle. As part of this approach,

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individuals from our product development group form product-specific teams with staff from other functional areas, including product management, operations, technical support and quality. These teams work closely to bring new products through the development phase, while balancing the market requirements of performance, time to market and product cost. Concepts and prototypes are validated by working with lead customers, channel partners and industry consultants. From time to time, projects are outsourced to third parties, which provide product development leverage for our core teams.

Products that result from this process are designed and tested to cellular industry standards and introduced to our high-volume contract manufacturing partners for production and delivery to our customers. Included in the development effort is the certification of our products with industry and regulatory standards bodies and wireless operators.

A group of senior engineers develops and monitors our development processes within an ISO-9001 approved framework. These processes are applied across all development projects to ensure uniformity. For example, we have adopted a core-wireless engine design approach to leverage development efforts across multiple different products. This is also intended to help our customers to utilize our different products with moderate additional integration effort on their part.

Our product development staff stays current in technology by participating in industry groups such as the Personal Computer Communications Association, the Cellular Telecommunications Industry Association, the Mobile Advisory Council, the USB Forum, the PCI Special Interest Group, the European Telecommunications Standards Institute, the PCS Type Certification Review Board, the Third Generation Partnership Project, the Third Generation Partnership Project 2, the WiMAX Forum and the International Wireless Packaging Consortium, and through ongoing technical education. We maintain close relationships with local universities by hiring co-op students, giving lectures, supporting visiting professorships and participating in regular informal meetings with faculty members.

Distribution

Our products are used by a variety of end-users, ranging from sales people and mobile executives, to police officers and utility workers. We have built a distribution channel that responds to the unique purchasing and usage requirements of our customer base. Historically, a substantial majority of our sales have come from North American markets. As our wireless technology platforms have diversified, we have built sales and distribution teams to focus on developing our business outside of North America. Currently, we have dedicated sales and distribution teams for the EMEA, Asia-Pacific and North American regions. Our approach to distribution takes advantage of our existing relationships with wireless operators, resellers and OEMs in order to maximize the productivity of our sales team.

Wireless Operators

Wireless operators play two key roles in our distribution strategy. First, wireless operators are resellers for us, purchasing our products and then reselling them to end-user customers through their business and retail channels. Second, the wireless operator sales team often works with our sales team to jointly sell wireless solutions and our equipment to corporate and government end-user customers. The wireless operator channel provides us with extended customer reach, while the operators are able to leverage our wireless data expertise to help sell their products and services. We have invested a great deal of time and resources in cultivating our relationships with wireless operators and view these relationships as a critical success factor.

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Resellers

Resellers purchase our products either directly from us or from a distributor and resell them to carriers and end-user customers. In order to support resellers who prefer to purchase through a distributor, we have selectively formed distribution relationships. Distributors ensure that our products are available to a large number of resellers.

Resellers generally combine our products with other elements of an overall solution, such as computer hardware, application software and bundled communication services and deliver a complete solution to the end-user customer. Resellers include computer resellers, wide-area network resellers, application developers and system integrators.

Original Equipment Manufacturers

Original equipment manufacturers are companies that integrate our embedded modules into devices they manufacture and sell to end-user customers through their own direct sales force and indirect distribution channels. Our embedded modules have been integrated into a range of devices, such as laptops, industrial handheld computers, wireless routers, PDAs and Smartphones.

Marketing

Our marketing team is responsible for providing product management, strategic marketing and marketing communications for our products on a global basis. Members of the product management team play an active role in our core team approach to developing and managing individual products through their entire product life cycle. Emphasis is placed on understanding customer needs, developing the business case, determining competitive positioning and pricing, and ensuring product completeness, which includes documentation, packaging, collateral, promotional material and marketing programs.

Marketing Communications

We communicate our corporate and product positioning to channels and customers in our global markets in several ways, including:

- Supporting products with artwork, collateral and packaging;
- Managing the web site content;

- Supporting the retail activities of our customers and our sales team;
- Actively seeking editorial coverage and placing advertisements in industry, business and trade publications;
- Actively participating in industry associations;
- Meeting with opinion leaders and industry analysts; and
- Participating in targeted conferences and trade shows.

We work with our channel partners to develop programs to encourage customer adoption and promotion of our brand. Through marketing strategies including market analysis, branding, design, packaging and promotions, we launch products into the marketplace that complement customer launch timelines.

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Manufacturing

We outsource most of our manufacturing services, including parts procurement, kitting, logistics, assembly and repair. We believe that outsourcing allows us to:

- Focus on our core competencies, including research and development, sales and marketing;
- Participate in contract manufacturer economies of scale;
- Access high quality, lower cost manufacturing resources;
- Achieve rapid production scalability; and
- Reduce equipment capital costs and equipment obsolescence risk.

In addition, we perform certain manufacturing related functions in-house, including key component sourcing, manufacturing engineering, and development of manufacturing test procedures and fixtures.

We use Flextronics, a large global electronics manufacturing services (EMS) provider, as our primary contract manufacturer and logistics partner to provide an end-to-end supply chain solution. This includes design support, procurement, low cost manufacturing and repair in China and fulfillment services from Zalaegerszeg, Hungary. By using its fully integrated supply chain services, we expect to optimize product costs, improve alignment with our increasingly international customer base and achieve increased operating efficiencies and scalability. Our more complex, lower volume products are manufactured by other EMS partners.

Employees

As of December 31, 2008 we had a total of 542 full time employees, 274 of whom are at our head office in Richmond, B.C., with the balance being located across the United States, Canada, Europe and Asia. Of the 542 employees, 276 are involved in product development, 102 are involved in manufacturing, 57 are sales and support personnel, 46 are marketing personnel and 61 are in finance and administration. Employees have access to corporate-funded ongoing training and professional development opportunities, both on-the-job and through outside educational programs. Cash compensation, our employee stock option plan, our employee restricted share unit plan and our retirement plan contribution

program are complemented by internal recognition programs and career advancement opportunities. We believe our relationships with our employees are positive.

We have entered into non-disclosure agreements and confidentiality agreements with key management personnel and with substantially all of our employees.

See General Development of the Business - General discussion for information on changes to our workforce subsequent to December 31, 2008.

Competition

Mobile broadband technology is penetrating the mainstream population. Mobile broadband advertisements are appearing on television, in magazines, newspapers, train stations and airports around the world. Adoption is reaching a level such that more competitors are entering the market and some of these competitors are large corporations with strong manufacturing scale and financial resources at their disposal. The technology is still evolving with faster and more efficient airlink technologies being released by chipset and infrastructure manufacturers. This evolution creates an opportunity for us to differentiate ourselves by being early to market with quality implementations of these new airlinks.

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PC Cards and USB Devices: We have established a technology leadership position by being early to market with our HSPA PC cards and USB devices in North America, Europe and Asia. In North America, we sell both EV-DO and HSPA PC cards and USB modems. Our competitors include Kyocera Wireless Corp., Novatel Wireless, Inc., Option N.V., Pantech and Sony Ericsson. In Europe, we sell HSPA PC cards and USB modems and our main competitors include Huawei, Novatel Wireless, Inc., Option N.V. and Sony Ericsson. In Asia, we sell EV-DO and HSPA PC cards and USB modems and our main competitors include Huawei, Option N.V. and ZTE.

Embedded Modules: We expect that competition in the PC OEM market will continue to intensify in 2009 with continued competition with Ericsson and Qualcomm's Gobi solution for the tier 1 PC OEMs. We expect to work with the Gobi solution from Qualcomm in our tier 2 PC OEM customer base. Our ability to secure new design wins will depend on being successful in developing products and offering services that meet our customers' design, schedule and price requirements. We continue to have a solid position with our vertical OEM customers and expect to see growth in this segment in 2009.

Mobile and M2M: We have bolstered our presence in this space with the acquisition of AirLink in May 2007. Our installed base includes all primary M2M vertical market segments, but we have a stronger presence within energy, public safety and transportation. We are focusing our efforts on expanding our presence in North America and entering Europe. Our competitors include Digi International Inc., BlueTree Wireless Data Inc., Enfora, Multi-Tech Systems, Inc., Sarian Systems, Top Global USA, Inc. and various embedded applications. We continue to differentiate ourselves through superior design, embedded intelligence, elegant management tools and customer support.

Intellectual Property

We protect our intellectual property through a combination of patent protection, copyright, trademarks, trade secrets, licenses, non-disclosure agreements and contractual provisions. We enter into a non-disclosure and confidentiality agreement with each of our employees, consultants and third parties that have access to our proprietary technology. Pursuant to assignment of inventions agreements, all of our employees and consultants assign all intellectual property rights in the inventions created during such person's employment or contract with Sierra Wireless to Sierra Wireless.

We currently hold 65 United States patents and 137 international patents. Additional patent applications are pending. When we consider it to be advantageous, we utilize our intellectual property portfolio and access the intellectual property of third parties by entering into commercial licenses and cross-licenses.

Governmental Regulation

Our products are subject to certain mandatory regulatory approvals in the United States, Canada, the European Union (EU) and other regions in which we operate. In the United States, the Federal Communications Commission regulates many aspects of communications devices, including radiation of electromagnetic energy, biological safety and rules for devices to be connected to the telephone network. In Canada, similar regulations are administered by the Ministry of Industry, through Industry Canada. EU directives provide the comparable regulatory guidance in Europe.

Wireless modems must be approved under these regulations by the relevant government authority prior to these products being offered for sale. We have obtained all necessary Federal Communications Commission, Industry Canada, EU and other required regulatory approvals for the products we currently sell.

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Additional Information Concerning Our Business

Our operations do not have a significant impact on the environment. We have not made, and are not required to make, any significant capital expenditures to comply with environmental regulations. Working with the contract manufacturers who build our products and relevant component suppliers, we intend to ensure that our products that are sold in the EU comply with the EU directives that restrict the use of certain hazardous substances in electronic equipment sold in the EU after July 1, 2006.

RISK FACTORS

Our business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. These risks and uncertainties are described in our Management Discussion and Analysis for the year ended December 31, 2008, which can be found on our website at www.sierrawireless.com or at www.sedar.com and are incorporated herein by reference.

DIVIDENDS

Since incorporation, we have not paid any dividends on our common shares. Our current intention is to reinvest earnings to finance the growth of our business. We do not anticipate that we will pay any dividends on our common shares in the immediate or foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Our authorized capital consists of an unlimited number of common shares, of which, at March 25, 2009, 31,031,954 are issued and outstanding, including 695,538 treasury shares, and an unlimited number of preference shares, issuable in series, of which none are issued and outstanding. Our board of directors is authorized to determine the designation, rights and restrictions to be attached to the preference shares upon issuance.

Holders of common shares are entitled to receive notice of any meeting of shareholders and to attend and vote at those meetings, except those meetings at which only the holders of shares of another class or of a particular series are entitled to vote. Each common share entitles its holder to one vote. Subject to the rights of the holders of preference shares, the holders of common shares are entitled to receive on a proportionate basis such dividends as our board of directors may declare out of funds legally available there for. In the event of the dissolution, liquidation, winding up or other distribution of our assets, the holders of the common shares are entitled to receive on a proportionate basis all of our assets remaining after payment of all of our liabilities, subject to the rights of holders of preference shares.

The common shares carry no pre-emptive or conversion rights other than rights granted to holders of common shares under the Shareholders Rights Plan implemented and ratified by our shareholders on April 27, 2000 and re-adopted by our shareholders on April 28, 2003 and April 25, 2006. The Shareholder Rights Plan is designed to encourage the fair treatment of our shareholders in connection with any take-over offer for our

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outstanding common shares. The Shareholder Rights Plan provides our board of directors and shareholders with 60 days, which is longer than provided by applicable laws, to fully consider any unsolicited take-over bid without undue pressure, to allow our board of directors, if appropriate, to consider other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge. If a bid is made to all shareholders, is held open for at least 60 days and is accepted by shareholders holding more than 50% of the outstanding common shares, or is otherwise approved by our board of directors, then the Shareholder Rights Plan will not affect the rights of shareholders. Otherwise, all shareholders, except the parties making a take-over bid, will be able to acquire a number of additional common shares equal to 100% of their existing outstanding holdings at half the market price. Thus, any party making a take-over bid not permitted by the Shareholder Rights

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Plan could suffer significant dilution. The Shareholder Rights Plan will expire in accordance with its terms upon the termination of our 2009 annual meeting of shareholders. The directors have resolved to continue the Shareholder Rights Plan with certain minor amendments, by approving an amended and restated shareholder rights plan proposed to be dated May 5, 2009, subject to regulatory approval and approval of the shareholders.

Normal Course Issuer Bid

On May 21, 2008, we received regulatory approval to purchase up to 1,567,378 of our common shares by way of a normal course issuer bid (the Bid) on the TSX and the Nasdaq, representing approximately 5% of the common shares outstanding as of May 21, 2008. The Bid commenced on May 26, 2008 and will terminate no later than May 25, 2009.

Purchases of our common shares, if any, are at our discretion, will be made at open market prices and will be subject to daily restrictions in compliance with the rules of the respective securities exchanges and applicable securities laws. As of December 31, 2008, 407,700 common shares have been purchased, for an aggregate purchase price of \$5.0 million, and subsequently cancelled. The amount paid to acquire the shares in excess of the average carrying value has been charged to retained earnings.

Credit Facilities

During 2007, we obtained letters of credit to ensure the performance of a third party in accordance with specified terms and conditions. Our obligations under these financial instruments expired in February 2008 and were replaced by a standby irrevocable letter of credit, which was terminated during December 2008.

Until December 2008, we had an unsecured revolving demand facility with a Canadian chartered bank for \$10.0 million that bore interest at prime per annum. The facility was terminated on December 1, 2008.

In connection with our tender offer to acquire Wavecom, we signed a credit agreement on December 1, 2008, that incorporates a one-year revolving term credit facility (Revolving Facility) and a one-year non-revolving term credit facility (Term Facility) with two Canadian chartered banks.

The Revolving Facility, not to exceed \$55 million, is to be used for working capital requirements. The Term Facility, not to exceed 218 million, is to be used to complete the acquisition of Wavecom ordinary shares and OCEANes. The Term Facility is secured by cash of 136.8 million, which is disclosed in our consolidated financial statements as restricted cash, and both facilities are secured by a pledge against all of our assets. On December 1, 2008, we issued a letter of credit in the amount of 218 million under the secured Term Facility. At December 31, 2008, we have no borrowings under the Revolving Facility and were in compliance with the covenants associated with the credit facilities. On February 26, 2009, we borrowed 80.473 million under the Term Facility to facilitate the purchase of 99.97% of the outstanding OCEANes, which completed on February 27, 2009. On February 27, 2009, we also completed the purchase of 84.32% of the outstanding Wavecom shares with 115.3 million of the cash that secured the term facility. As of February 27, 2009, the letter of credit was reduced from 218 million to 22.2

million. On March 13, 2009 the term loan of 80.473 million was repaid with proceeds from the redemption of the OCEANES.

Table of Contents**MARKET FOR SECURITIES**

Our common shares have been listed on the TSX since May 17, 1999, and currently trade under the symbol SW . Our common shares are also listed on Nasdaq under the symbol SWIR .

Set out below are the price ranges and volume of common shares of Sierra Wireless, Inc. that traded on the TSX for the year ended December 31, 2008.

2008	Low Cdn \$	High Cdn \$	Total Monthly Volume
January	12.40	15.25	7,327,200
February	14.10	17.35	8,649,800
March	12.73	16.76	5,568,600
April	16.45	21.25	10,045,000
May	16.20	19.68	5,365,100
June	14.87	17.38	4,195,000
July	12.29	16.35	6,394,900
August	12.21	13.58	3,200,200
September	9.75	14.22	3,537,000
October	8.22	10.75	4,133,200
November	9.06	10.60	2,530,700
December	6.02	10.30	3,072,000

Set out below are the price ranges and volume of common shares of Sierra Wireless, Inc. that traded on Nasdaq for the year ended December 31, 2008.

2008	Low US \$	High US \$	Total Monthly Volume
January	11.98	15.25	19,842,500
February	14.32	17.33	22,403,900
March	12.80	16.47	13,326,100
April	15.99	21.18	22,796,100
May	16.38	19.31	12,954,600
June	14.60	17.39	9,454,100
July	12.00	16.24	23,269,300
August	11.76	12.75	7,646,200
September	9.42	13.30	8,394,200
October	7.00	10.03	8,571,700
November	7.09	9.05	5,734,100
December	4.97	8.28	9,575,800

Table of Contents***DIRECTORS AND EXECUTIVE OFFICERS***

The tables set forth below list the directors and executive officers of the Company as at March 25, 2009, indicating their name, municipalities of residence, their respective positions and offices held with the Company, the length of service and their principal occupations within the five preceding years.

Each director is elected at our annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed, unless such director resigns or is removed earlier. To the knowledge of Sierra Wireless, the directors and executive officers as a group, beneficially own, directly or indirectly, or exercise control or discretion over, 339,172 common shares (not including common shares issuable upon the exercise of stock options or unvested restricted stock units), representing as of March 25, 2009 approximately 1.09% of the issued and outstanding common shares.

Directors

Name, Position and Residence	Principal Occupation or Employment in the Preceding Five Years (1)	Director Since
Jason W. Cohenour President, CEO and Director Washington, U.S.A.	President and Chief Executive Officer of the Company from October 2005 to present; Chief Operating Officer of the Company from August 2004 to October 2005; Senior Vice President, Worldwide Sales of the Company from 2000 to August 2004	October 2005
Gregory D. Aasen (3) Director British Columbia, Canada	Independent Outside Director; Chief Strategy Officer of PMC-Sierra, Inc. (a broadband communications company) from September 2005 to June 2007; Vice-President and General Manager, Communication Products Division of PMC-Sierra, Inc. from 2004 to September 2005; Chief Operating Officer of PMC-Sierra, Inc. from 1997 to 2004 and Chief Technology Officer of PMC-Sierra, Inc. from 2003 to 2004	December 1997
Paul G. Cataford (2) (4) Director Alberta, Canada	Independent Outside Director; President and Chief Executive Officer of University Technologies International Inc. (a technology transfer and commercialization company) from 2004 to March 2009; Managing Partner of HorizonOne Asset Management from December 2002 to 2004	July 1998
Peter Ciceri (2) (3) (5) Director British Columbia, Canada	President of Custom House Global Foreign Exchange from January 2007 to present; Corporate Director and principal of Peter Ciceri & Associates Executive Coaching and Business Counselling Services from 2001 to present	February 2000
Charles E. Levine (2) (3) (4) Chairman and Director California, U.S.A.	Independent Outside Director	May 2003

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Name, Position and Residence	Principal Occupation or Employment in the Preceding Five Years (1)	Director Since
S. Jane Rowe (2) Director Ontario, Canada	Executive Vice-President, Executive Offices, Scotiabank from August 2008 to present; Executive Vice-President, Domestic Personal Lending and Insurance and President and CEO of Scotia Mortgage Corporation from May 2006 to July 2007, Vice Chairman of Maple Trust Company from May 2006 to July 2007; Vice Chairman of Travelers Leasing Corporation from February 2007 to July 2007; President and Chief Executive Officer of Roynat Capital from August 2004 to May 2006; Senior Vice President, Corporate Credit, Global Risk Management Division of Scotiabank from 2002 to August 2004	March 1998
David B. Sutcliffe (4) Director British Columbia, Canada	Corporate Director from October 2005 to present; Chief Executive Officer of the Company from May 1995 through October 2005	June 1995
Kent Thexton (3) Director British Columbia, Canada	Managing Partner, i-wireless LLC (US based MVNO) from November 2006 to present; Chairman of Redknee (a billing software company) from 2004 to present; Chairman of SEVEN Networks, Inc. (an application software company) from November 2006 to present; President and Chief Executive Officer of SEVEN Networks, Inc. from April 2004 to October 2006; Chief Data and Marketing Officer of O2 PLC and President of O2 Online from 2001 to 2004	March 2005

Notes:

- (1) The information as to principal occupation has been furnished by the respective directors
- (2) Member of the Audit Committee
- (3) Member of the Human Resources Committee
- (4) Member of the Governance and Nominating Committee
- (5) Mr. Ciceri does not intend to stand for re-election at the Company's annual and special meeting of shareholders to be held on May 5, 2009

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Executive Officers

Name, Position and Province or State and Country of Residence (1)	Principal Occupation in the Preceding Five Years	Length of Service
Jason W. Cohenour President and Chief Executive Officer Washington, U.S.A.	President and Chief Executive Officer of the Company since October 2005; Chief Operating Officer of the Company from August 2004 to October 2005; Senior Vice President, Worldwide Sales of the Company from 2000 to August 2004	13 years
David G. McLennan Chief Financial Officer and Secretary British Columbia, Canada	Chief Financial Officer of the Company from March 2004 to present	5 years
James B. Kirkpatrick Chief Technical Officer California, U.S.A.	Chief Technical Officer of the Company from September 2004 to present; Senior Vice-President, Engineering of the Company from August 2003 to August 2004	6 years

Note:

(1) Trent Punnett, Senior Vice President, Marketing and Corporate Development was an executive officer of the Company in 2008. On January 29, 2009, Mr. Punnett resigned from the Company.

CODE OF BUSINESS CONDUCT AND ETHICS

In 2003, the Board of Directors adopted a Code of Business Conduct and Ethics applying to all directors, officers and employees of the Company to ensure that the Company conducts its business in accordance with the highest standards of business conduct and ethics. The Board of Directors approved an updated version of the Code of Business Conduct and Ethics in December 2005 and October 2008. There have been no waivers granted from the Code of Business Conduct and Ethics since its adoption. The Code of Business Conduct and Ethics is available on the Company's website at www.sierrawireless.com or on SEDAR at www.sedar.com.

AUDIT COMMITTEE

Mandate of the Audit Committee

The full text of the Mandate of the Audit Committee is set out below.

1. Purpose and Scope

The audit committee (**the AC**) was established by the Board of Directors (**Board**) of Sierra Wireless Inc. (**Company**) to assist the Board in all issues relating to the oversight of the following:

- the Company's systems of internal and disclosure controls regarding finance, accounting and legal compliance;
- the Company's auditing, accounting and financial reporting processes, including adherence to US generally accepted accounting principles;

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- the Company's financial statements and other financial information provided by the Company to its shareholders, the public and others;
- the Company's compliance with legal and regulatory requirements;
- the appointment, compensation, independence, oversight, communication with, performance and change of the Company's external and independent auditors (the Auditors);
- the Company's whistleblower process; and
- the fulfillment of the other responsibilities set forth in this Mandate.

2. Organization, Membership and Meetings

- Committee members shall meet the requirements of the Toronto Stock Exchange, the NASDAQ Exchange, the Securities and Exchange Commission, the securities commissions of each of the Provinces of Canada in which the Company is a reporting issuer and any other regulatory agency that may have jurisdiction over the operations of the Company from time to time.
- The Committee shall consist of three or more directors who are independent as defined by applicable law, regulations, guidelines and policies, and as determined by the Governance and Nominating Committee (GNC) of the Board.
- All members of the Committee shall be financially literate , and at least one member of the Committee shall be a financial expert . Financially literate and financial expert will have the respective meanings set out in applicable law, regulations, guidelines and policies.
- Members of the Committee shall be appointed annually by the Board on the recommendation of the GNC. Members may be replaced by the Board at any time, but shall otherwise serve until a successor has been named.
- No director shall serve on the compensation committee of another company that employs such directors.
- No member shall be affiliated with the Company or any subsidiary.
- The Committee shall meet from time to time, as it deems necessary, but at least four times per year.
- The Committee may include management at its meetings, but shall also hold an executive session at each meeting at which only independent directors are present.
- The Committee shall maintain written minutes of its meetings, which minutes will be filed in the corporate minute book.

3. Authority and Responsibilities

3.1. With respect to the Auditors:

- Be directly responsible for recommending to the Board the appointment and compensation of the Auditor. Oversee the work of the Auditors (including resolution of disagreements between Management and the Auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

- Have the sole authority to review in advance and pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Auditors, as permitted by applicable

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governance rules and in particular Section 10A of the Securities Exchange Act of 1934 and, in connection therewith, to approve all fees and other terms of engagement. The Committee shall also review and pre-approve all disclosures required to be included in any public filings with respect to non-audit services. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided a report is made to the Committee at its next scheduled meeting. The Committee may consult with Management but shall not delegate these responsibilities to Management.

- Have the authority to communicate directly with the Auditors.
- Review the performance of the Auditors on at least an annual basis.
- On an annual basis, review and discuss with the Auditors all relationships the Auditors have with the Company in order to evaluate the Auditors' continued independence. The Committee: (i) shall ensure that the Auditors submit to the Committee on an annual basis a written statement delineating all relationships and services that may impact the objectivity and independence of the Auditors; (ii) shall discuss with the Auditors any disclosed relationship or services that may impact the objectivity and independence of the Auditors; and (iii) shall satisfy itself as to the Auditors' independence.
- At least annually, obtain and review an annual report from the Auditors describing (i) the Auditors' internal quality control procedures and (ii) any material issues raised by the most recent internal quality control review, or peer review, of the Auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Auditors, and any steps taken to deal with any such issues.
- Confirm that the rotation of the lead audit partner, or the lead audit partner responsible for reviewing the audit, for the Company's Auditors complies with the requirements of the Canadian and US regulatory authorities.
- Review all reports required to be submitted by the Auditors to the Committee particularly including those required by Section 10A of the Securities Exchange Act of 1934.
- Review, based upon the recommendation of the Auditors and Management, the scope and plan of the work to be done by the Auditors for each fiscal year.

3.2. With respect to financial statements:

- Review and discuss with Management and the Auditors the Company's quarterly financial statements (including disclosures made in Management's Discussion and Analysis, as defined in Multilateral Instrument 51-102, and interim earnings press releases) prior to submission to shareholders, any governmental body, any stock exchange or disclosure to the public. Subject to delegation from the Board, approve the interim financial statements and footnotes, MD&A and interim earnings press release.
- Review and discuss with Management and the Auditors the Company's annual audited financial statements (including disclosures made in Management's Discussion and Analysis and annual earnings press releases) prior to submission to shareholders, any governmental body, any stock exchange or disclosure to the public. Recommend to the Board approval of the annual audited financial statements and footnotes, MD&A and annual earnings press release.

- Recommend to the Board, if appropriate, that the Company's annual audited financial statements be included in the Company's annual report for filing with appropriate securities regulatory agencies.

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- Prepare any reports required to be included in the Company's annual meeting materials and any other Committee reports required by applicable securities laws or stock exchange listing requirements or rules.

3.3. With respect to periodic and annual reviews:

- Periodically review separately with each of Management and the Auditors (i) any significant disagreement between Management and the Auditors in connection with the preparation of the financial statements, (ii) any difficulties encountered during the course of the audit or review (including any restrictions on the scope of work or access to required information), and (iii) Management's response to each.
- Periodically discuss with the Auditors, without Management being present (i) their judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, and (ii) the completeness and accuracy of the Company's financial statements.
- Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Auditors or Management. Review with the Auditors and Management, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
- Review with Management, the Auditors and the Company's counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including significant changes in accounting standards or rules as promulgated by the Canadian Institute of Chartered Accountants, the securities regulators having jurisdiction over the Company or other regulatory authorities with relevant jurisdiction.
- Obtain and review an annual report from Management relating to the accounting principles used in preparation of the Company's financial statements (including those policies for which Management is required to exercise discretion or judgments regarding the implementation thereof).

3.4. Discussions with Management:

- Review and discuss with Management the Company's annual and interim earnings press releases (including the use of pro forma or adjusted non-GAAP information), financial information and earnings guidance provided to analysts and rating agencies as well as all other material public disclosure documents such as the Company's AIF, management information circular and any prospectuses.
- Review and discuss with Management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- Inquire about the application of the Company's accounting policies and its consistency from period to period, and the compatibility of these accounting policies with generally accepted accounting principles, and (where appropriate) the Company's provisions for future occurrences that may have a material impact on the financial statements of the Company.

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- Review and discuss with Management the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures (including Management's risk assessment and risk management policies).
- Review and discuss with Management all disclosures made by the Company concerning any material changes in the financial condition or operations of the Company.
- The Committee will meet periodically and separately with the Company's counsel to review material legal affairs of the Company and the Company's compliance with applicable law and listing standards.
- Obtain explanations from Management for unusual variances in the Company's annual financial statements from year to year, and review annually the Auditors' letter of the recommendations to Management and Management's response.

3.5. With respect to internal controls and disclosure:

- In consultation with the Auditors and Management: (a) review the adequacy of the Company's internal control structure and system, and the procedures designed to ensure compliance with laws and regulations, (b) discuss the responsibilities, budget and staffing needs of the Company's internal accounting department, and (c) review and consider whether there is any need for the Company to establish an internal audit department.
- Establish whistleblowing procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and (iii) referring any whistleblower matters that fall outside of the scope of the Committee to the Chair of the appropriate Committee or to the Chair of the Board.
- Be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

3.6. With respect to reporting obligations:

- Ensure that all reporting obligations related to the AIF (Form 40-F for US purposes) and management information circular under Part 5 of Multilateral Instrument 52-110 are fully complied with.

3.7. Other:

- Review and approve all related-party transactions.
- Review and approve the Company's hiring policies regarding partners, employees, and former partners and employees of the present and former external auditor of the Company.
- Review any Management decision to seek a second opinion from Auditors other than the Company's regular Auditors with respect to any significant accounting issue.
- Review with Management and the Auditors the sufficiency and quality of the financial and accounting personnel of the Company.

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- Monitor and ensure compliance with legal and regulatory requirements and corporate policy relating to audit, internal controls, financial matters and any other matters within the scope of this mandate.
- Review and reassess the adequacy of this Mandate not less than annually, and recommend any proposed changes to the Board for approval. The Committee will also review its own performance, at least annually, for purposes of self-evaluation and to encourage the continuing improvement of the Committee in the execution of its responsibilities.
- The Committee may delegate its authority where permitted and appropriate.
- As necessary to carry out its duties, to retain and release independent legal, accounting or other advisors to advise the Committee and set and cause the Company to pay the compensation for any such advisors employed by the Committee.
- Perform any other activities consistent with this Mandate, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.
- The Committee will have full access to all books, records, facilities and personnel of the Company.
- To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate, on request of the Chair of the Committee, is delegated to the Chair of the Governance and Nominating Committee, who will report any amendments to the Board at its next meeting.

4. External and Internal Linkages

- The Board
- The CEO and Senior Management
- Outside Consultants and Advisors
- The Corporate Governance and Nominating Committee

Composition of the Audit Committee

S. Jane Rowe (Chair), Paul G. Cataford, Peter Ciceri and Charles E. Levine are the current members of the Audit Committee. Each of them is an independent director and is financially literate. The Board of Directors has determined that Ms. Rowe is the Audit Committee's financial expert within the meaning of General Instruction B(8)(a) of Form 40-F.

Relevant Education and Experience

S. Jane Rowe is an independent director. Ms. Rowe is currently the Executive Vice-President, Executive Offices of Scotiabank. Previously she was the Executive Vice-President, Domestic Personal Lending and Insurance and President and CEO of Scotia Mortgage Corporation, the mortgage subsidiary of Scotiabank from May 2006 until July 2007. Ms. Rowe was also Vice Chairman of Maple Trust Company and Travelers Leasing Corporation, both of which are wholly-owned subsidiaries of Scotiabank. Prior to May 2006, Ms. Rowe was the President and Chief Executive Officer of Roynat Capital. Ms. Rowe has an extensive background in the financial services and banking industry with over 20 years

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of experience with the Scotiabank Group. Ms. Rowe holds a Bachelor of Commerce degree with honours from Memorial University of Newfoundland and an MBA from York University.

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Paul G. Cataford is an independent director. Mr. Cataford was most recently the President and Chief Executive Officer of University Technologies Inc., a wholly-owned subsidiary of the University of Calgary that is responsible for the university's technology commercialization, from 2004 until March 2009. Mr. Cataford's other experience includes consulting, Managing Director of BMO Nesbitt Burns Equity Partners Inc. from 2001 to 2002 and Managing Director and President of BCE Capital Inc. from 1997 to 2001. Mr. Cataford has extensive knowledge of venture capital investing and technology. Mr. Cataford completed a Mechanical Engineering Degree at Queen's University and an MBA at York University.

Peter Ciceri is the President of Custom House Global Foreign Exchange, the largest non-bank foreign exchange company in North America. He is also the principal of Peter Ciceri & Associates Executive Coaching and Business Counselling Service offering mentoring and counselling services to senior executives. Mr. Ciceri's other experience includes CEO of Compaq Canada Inc., and he has held other senior positions with Tandem Asia Pacific Ltd., Hewlett Packard Asia Pacific Ltd., and Japan Unisys. Mr. Ciceri is an authority in international business (emphasis on Asia Pacific) and in 1999 he was named one of Canada's top 10 IT Influencers and one of the country's top 100 business executives. Mr. Ciceri holds an Economics Degree at University of Victoria, and a MA in counselling psychology from the University of British Columbia. Mr. Ciceri does not intend to stand for re-election at the Company's annual and special meeting of shareholders to be held on May 5, 2009, and the Board of Directors does not consider it necessary to appoint another member of the Board to serve on the Audit Committee at this time.

Charles E. Levine is an independent director of technology focused companies, including Openwave Systems and RCN Corporation, and a management consultant. He has a track record of developing brands into large businesses, most notably when he was President and Chief Operating Officer of Sprint PCS (now Sprint Nextel) where he oversaw revenue growth to over \$10 billion in four and a half years and at AT&T, where he turned around the Consumer Products and Small Business Markets, winning Popular Electronics Product of the Year for one video conferencing product. He has held senior management positions at CAD Forms Technology and Octel Communications (now part of Lucent). Mr. Levine was named Marketer of the Year in 1999 by MC Magazine and CEO of the Year in 2001 by Frost & Sullivan for his notable achievements at Sprint PCS. He holds an MBA (Marketing) from the J.L. Kellogg Graduate School of Management-Northwestern University, and a bachelor's degree in Economics from Trinity College.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied upon any exemption from NI 52-110 provided therein.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board of directors of the Company.

Pre-approval Policies and Procedures

The Audit Committee has the sole authority to review in advance and pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Auditor, as well as all fees and other terms of engagement. The Audit Committee may delegate to one or more members the authority to pre-approve non-audit services, provided a report is made to the Audit Committee at its next scheduled

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meeting. All of the audit-related, tax and all other fees below were pre-approved by the Audit Committee.

Auditor Independence

Sierra Wireless's Audit Committee has concluded that the Auditors are independent under applicable rules and guidelines and, in particular, that the Auditors are free from conflicts of interest that could impair their objectivity in conducting the audit of the Company's financial statements. The Audit Committee is required to approve all audit and non-audit related services performed by our Auditors, and our Auditors are not permitted to perform services for us prohibited for an independent auditor under applicable Canadian and United States regulations, including the Sarbanes-Oxley Act.

Auditors Fees

	2007	2008
Audit services	\$ 792,000	\$ 586,000
Tax services	226,000	207,000
Audit-related services	41,000	39,000
All other fees	nil	nil

Audit Fees

Audit fees for 2008 include fees related to the audit of our year-end financial statements, audit of our internal control over financial reporting and review of our interim financial statements. Audit fees for 2007 include fees related to the audit of our year-end financial statements, audit of our internal controls over financial reporting, review of our interim financial statements, review of the AirLink business acquisition report and review of our short-form prospectus.

Tax Fees

Tax fees for 2008 and 2007 are primarily for the preparation of our Canadian and U.S. tax returns, assistance with tax planning and completion of transfer pricing studies.

Audit-Related Fees

Audit-related fees for 2008 include assistance in relation to the Corporation's business combination with Wavecom. Audit-related fees for 2007 include fees related to due diligence services relating to the Corporation's acquisition of AirLink.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure Controls

The Company's management is responsible for establishing and maintaining adequate disclosure controls and procedures for the Company. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed with securities regulatory authorities is recorded, processed, summarized and reported within prescribed time periods and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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An evaluation was carried out under the supervision of, and with the participation of, our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2008. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports it files or submits under applicable securities laws and regulations is recorded, processed, summarized, and reported within the time periods specified thereby.

The Company does not expect that its disclosure controls and procedures will prevent all error and all fraud, if any. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedure are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The Company considered these limitations during the development of its disclosure controls and procedures and will continually re-evaluate them to ensure they provide reasonable assurance that such controls and procedures are effective.

Internal Control Over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the U.S. *Securities Exchange Act of 1934*.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2008, based on the framework set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its evaluation under this framework, management concluded that our internal control over financial reporting was effective as of that date.

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KPMG LLP (KPMG), an independent registered public accounting firm, who audited and reported on our consolidated financial statements has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2008. The attestation report is included in

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our consolidated financial statements which can be found on our website at www.sierrawireless.com or at www.sedar.com and is incorporated herein by reference.

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal controls over financial reporting during 2008 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

LEGAL PROCEEDINGS

During the first quarter of 2009, the Company was advised that two of its customers had been sued for alleged patent infringement by DNT, LLC and DataScape, Inc. in two separate complaints. The complaints allege that the patent in the suit has been infringed by products that the Company sells to those customers. The Company is assessing the complaints and its obligations to those customers. Although there can be no assurance that an unfavorable outcome would not have a material adverse effect on its operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the lawsuits. The Company has determined that it is not possible to establish a reasonable estimate of the possible loss, or range of possible loss, if any.

The Company is engaged in certain legal actions in the ordinary course of business and believe that the ultimate outcome of these actions will not have a material adverse effect on our operating results, liquidity or financial position.

OFF-BALANCE SHEET ARRANGEMENTS

During 2007, the Company obtained letters of credit to ensure the performance of a third party in accordance with specified terms and conditions. At December 31, 2008, the Company had no amounts outstanding (2007 - \$6,028,000) under the letters of credit. The Company's obligations under these financial instruments expired in February 2008 and were replaced by a standby irrevocable letter of credit, which was terminated during December 2008.

On December 1, 2008, we issued a letter of credit in the amount of 218 million under the secured Term Facility of 218 million.

As of December 31, 2008, the Company did not have any off-balance sheet finance or special purpose entities.

Table of Contents**CONTRACTUAL OBLIGATIONS**

The following table specifies our known contractual obligations as of December 31, 2008:

Contractual Obligations (in thousands of U.S. dollars)	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	\$ 13,545	3,663	6,028	2,494	1,360
Purchase commitments (1)	86,500	86,500			
Other long-term liabilities	5,906	193	3,607	2,106	
Total	\$ 100,554	\$ 90,356	\$ 12,372	\$ 4,600	\$ 1,360

Note

- (1) Purchase commitments represent obligations with certain contract manufacturers to buy a minimum amount of designated products between January 2009 and March 2009. In certain of these arrangements, we may be required to acquire and pay for such products up to the prescribed minimum or forecasted purchases.

QUORUM EXEMPTION

The rules and regulations of the Nasdaq Global Market applicable to the Company require each listed issuer to provide that a quorum for its shareholders' meetings be at least 33 1/3 percent of the issuer's outstanding shares. The Company has been granted an exemption from this requirement because it is contrary to generally accepted business practices in Canada, the Company's country of domicile. The Company has had the benefit of this exemption in the current and prior year.

In determining whether a requirement is contrary to generally accepted business practices, the Nasdaq rules generally look to the requirements of the primary market in the issuer's country of domicile. The rules and policies of the Toronto Stock Exchange, the primary market in Canada, do not contain quorum requirements, and the *Canada Business Corporations Act*, the Corporation's governing statute, defers to the quorum requirements contained in an issuer's By-laws. Under the Company's By-laws, a quorum for a meeting of the Company's shareholders is two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled.

REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent for the common shares in Canada is Computershare Investor Services Inc., 510 Burrard Street, Vancouver, British Columbia, and in the United States is Computershare Trust Company, N.A., 350 Indiana Street, Suite 800, Golden, Colorado. These offices and the principal offices of Computershare Investor Services Inc. in the City of Toronto maintain the register of common shares and can

effect transfers and make deliveries of certificates for common shares.

MATERIAL CONTRACTS

On December 2, 2008, we announced an all cash offer to purchase the common shares and OCEANE convertible bonds (OCEANES) of Wavecom S.A. (Wavecom), a global leader in wireless M2M solutions. The total value of the transaction is approximately 218 million. We made a cash offer of 8.50 per ordinary share of Wavecom, and 31.93 per OCEANE. The transaction was implemented by way of concurrent but separate public tender offers in both France and the United States for all Wavecom shares, all American Depositary Shares (ADSs) representing Wavecom s ordinary shares and all OCEANES issued by Wavecom. On February 27, 2009, we completed our acquisition of 84.32% of the

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outstanding Wavecom shares and 99.97% of the OCEANEs, representing 90.57% of the voting rights of Wavecom. On March 11, 2009, we announced the opening of a subsequent offering period of the all cash tender offer for Wavecom securities in France and the United States. The subsequent offering period will close on March 31, 2009. The offer price for the Wavecom ordinary shares is \$8.50 per share and the offer price for the OCEANEs is \$31.93 plus unpaid accrued interest, per OCEANE. Shortly after closing of the subsequent offering period and provided applicable legal requirements are satisfied, we intend to implement a squeeze-out of the Wavecom shares and OCEANEs that have not been tendered to the offer and to request the delisting of Wavecom shares and OCEANEs from Euronext and ADSs from Nasdaq.

We used cash available on our balance sheet to fund the purchase of the ordinary shares of Wavecom and utilized our credit facilities to fund the purchase of the OCEANEs of Wavecom. On December 1, 2008, we had drawn a letter of credit in the amount of \$218 million issued under a \$218 million secured term facility with The Toronto-Dominion Bank and Canadian Imperial Bank of Commerce as lenders. The term facility was secured by cash of \$136.8 million and a pledge against all of our assets. On February 26, 2009, we borrowed \$80.473 million under the term facility to facilitate the purchase of 99.97% of the outstanding OCEANEs, which completed on February 27, 2009. On February 27, 2009, we also completed the purchase of 84.32% of the outstanding Wavecom shares with \$115.3 million of the cash that secured the term facility. As of February 27, 2009, the letter of credit was reduced from \$218 million to \$22.2 million. On March 13, 2009 the term loan of \$80.473 million was repaid with proceeds from the redemption of the OCEANEs.

We expect the combination will create a global leader that will be uniquely positioned to benefit from the anticipated growth in wireless for mobile computing and M2M markets. We expect the acquisition to significantly expand our position in the global M2M market and increase our scale and capabilities in Europe and Asia. We have not yet filed a business acquisition report for the acquisition of Wavecom.

EXPERTS

KPMG LLP, independent chartered accountants, have audited the Company's consolidated financial statements as at December 31, 2008 and 2007, and for each of the years in the three year period ended December 31, 2008 as set forth in their reports. KPMG LLP has advised the Company that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia and the U.S. Securities Exchange Act of 1934, as amended.

ADDITIONAL INFORMATION

Additional information relating to the Company:

- (a) may be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov;
- (b) including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's Information Circular for its most recent annual meeting of shareholders; and
- (c) is provided in the Company's audited financial statements and management discussion and analysis for the years ended December 31, 2008 and 2007.

