

ABSOLUTE SOFTWARE CORPORATION

Suite 1600, Four Bentall Centre
1055 Dunsmuir Street
Vancouver, British Columbia, V7X 1K8

INFORMATION CIRCULAR

as at November 6, 2009

The Board of Directors of Absolute Software Corporation is delivering this information circular to you in connection with the solicitation of your proxy for use at the annual general meeting of shareholders to be held on December 17, 2009 (the "Meeting"). In this information circular, unless the context otherwise requires, all references to "Absolute", "the Company", "we", "us" and "our" refer to Absolute Software Corporation.

GENERAL PROXY INFORMATION

Who Can Vote

As of November 6, 2009, Absolute had outstanding 46,175,636 Common shares. Persons who on November 6, 2009, are recorded on our share register as holders of our Common shares can vote at the Meeting. Each Common share has the right to one vote.

To the knowledge of our directors and officers, as of November 6, 2009, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of Absolute, other than I.G. Investment Management, Ltd., which currently holds 7,575,200 Common shares, representing approximately 16% of the outstanding Common shares.

How You Can Vote

If you are a registered shareholder (your Common shares are held in your name) you may vote your Common shares either by attending the Meeting in person or, if you do not plan to attend the Meeting, by completing the proxy and following the delivery instructions contained in the form of proxy and this information circular.

Advice to Beneficial Holders of Shares

The information set forth in this section is of significant importance to many shareholders of Absolute, as a substantial number of shareholders do not hold their Common shares in their own name. Shareholders who do not hold their Common shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Common shares can be recognized and acted upon at the Meeting. If your Common shares are listed in an account statement provided to you by a broker, then in almost all cases those Common shares will not be registered in your name on the records of Absolute. Such Common shares will more likely be registered under the names of your broker or an agent of that broker. In Canada, the vast majority of such Common shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks). If you are a Beneficial Shareholder you should ensure that instructions respecting the voting of your Common shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered shareholders by Absolute. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communication Services ("ADP") in Canada and in the United States. ADP will either mail a form of proxy or a voting instruction form in lieu of a form of proxy provided by Absolute. The voting instruction form will name the same persons as the proxy to represent you as a Beneficial Shareholder at the Meeting. As a Beneficial Shareholder you have the right to appoint a person (who need not be a Beneficial Shareholder of the Company) other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to ADP by mail or facsimile. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common shares to be represented at the Meeting. **If you receive a voting instruction form from ADP you cannot use it to vote your Common shares directly at the Meeting as the voting instruction form must be returned to ADP well in advance of the Meeting in order to have your Common shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting your Common shares registered in the name of your broker (or agent of the broker), you may attend at the Meeting as proxyholder for the registered shareholder and vote the Common shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common shares as proxyholder for the registered shareholder you should enter your own name in the blank space on the instrument of proxy provided to them and return the same to your broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, as a Beneficial Shareholder you may request in writing that your broker send to you a legal proxy which would enable you to attend at the Meeting and vote your Common Shares.

Solicitation of Proxies

We are soliciting proxies primarily by mail, but our directors, officers and employees may solicit proxies personally, by telephone, by facsimile transmission or by other means of electronic communication. We are paying all proxy solicitation costs.

Appointment and Revocation of Proxies

The persons named in the accompanying form of proxy are our Chief Executive Officer and our Chief Financial Officer. **You may also appoint some other person or company (who need not be a shareholder of Absolute) to represent you at the Meeting either by inserting such other person's name or company's name in the blank space provided in the form of proxy or by completing another suitable form of proxy.** A proxy will not be valid unless the completed form of proxy is delivered to the office of the CIBC Mellon Trust Company ("CIBC Mellon") by mail or by fax no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment thereof or may be accepted by the Chairman of the Meeting prior to the commencement of the Meeting. The mailing address of CIBC Mellon is CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, its address for delivery by hand is 320 Bay

Street, Banking Hall Level, Toronto, Ontario, and its fax numbers are 1-866-781-3111 (toll free) or 1-416-368-2502.

You can revoke your proxy by

- providing a written notice of revocation to CIBC Mellon at its office at 1600, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 before 9:00 a.m. on December 15, 2009,
- providing a written notice of revocation to Absolute at its registered office which is located at the offices of Lang Michener LLP, 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7, before the end of business on December 15, 2009,
- advising the Chairman of the Meeting that you are voting in person at the Meeting, or
- any other manner provided by law.

Your revocation of a proxy will not affect a matter on which a vote has already been taken.

Exercise of Discretion

The nominees named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions. The proxy grants the nominees the discretion to vote on

- each matter or group of matters identified in the proxy where you do not specify how you want to vote, except for the election of directors and the appointment of auditors,
- any amendment to or variation of any matter identified in the proxy, and
- any other matter that properly comes before the Meeting.

If on a particular matter to be voted on, you do not specify in your proxy the manner in which you want to vote, your shares will be voted for the approval of such matter.

As of the date of this information circular, we know of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the meeting each nominee named in the proxy intends to vote in accordance with the nominee's best judgment.

ELECTION OF DIRECTORS

Our Board of Directors currently has five members, all which will be standing for re-election. You will be asked to approve an ordinary resolution that the number of directors to be elected be fixed at five.

The term of office of each of the current directors will end at the conclusion of the Meeting. Each director elected will hold office until the end of our next annual meeting, or if no director is then elected, until a successor is elected or until the director resigns.

Each of the proposed nominees for election by you has been nominated by management of Absolute. Each nominee is currently a director of Absolute. The following table sets out certain information

regarding the nominees for election as directors. Information included in this table has been provided by the nominees.

John Livingston

Director Since:	October 1995
Principal Occupation: ⁽¹⁾	Chairman of the Board and Chief Executive Officer of Absolute
Number of Shares Held or Controlled: ⁽¹⁾	1,979,270 Common shares.
Number of Stock Options:	110,000
Residence:	British Columbia, Canada

J. Ian Giffen

Director Since:	December 2008
Principal Occupation: ⁽¹⁾	Corporate director
Number of Shares Held or Controlled: ⁽¹⁾	0
Number of Stock Options	100,000
Residence:	Ontario, Canada

Terry Libin

Director Since:	January 1996
Principal Occupation: ⁽¹⁾	President of Highfield Development Ltd. (<i>a privately owned real estate development company</i>)
Number of Shares Held or Controlled: ⁽¹⁾	820,600 Common shares
Number of Stock Options	56,200
Residence:	Alberta, Canada

Ian Reid

Director Since:	January 2000
Principal Occupation: ⁽¹⁾	President of Rastus Holdings Ltd. (<i>a business holding company</i>)
Number of Shares Held or Controlled: ⁽¹⁾	174,900 Common shares
Number of Stock Options	93,700
Residence:	British Columbia, Canada

Philip Gardner

Director Since:	December 2007
Principal Occupation: ⁽¹⁾	Chief Technology Officer of Absolute
Number of Shares Held or Controlled: ⁽¹⁾	1,052,888 Common shares
Number of Stock Options	110,000
Residence:	Minnesota, United States of America

(1) The information as to principal occupation, business or employment and Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

Board of Directors and Committees

The Board of Directors is responsible for the governance of Absolute. It establishes our overall policies and standards. The Board of Directors meets on a regularly scheduled basis. In addition to these meetings, the directors are kept informed of our operations through reports and analyses by, and discussions with, management.

The Board of Directors has established an audit committee, a compensation committee and a strategic planning committee.

Audit Committee*Composition of the Audit Committee*

The audit committee has the following members:

J. Ian Giffen (Chairman)
Terry Libin
Ian Reid

The function of the Audit Committee is to: (a) meet with the financial officers of Absolute and its independent auditors to review matters affecting financial reporting, the system of internal accounting and financial controls and procedures and the audit procedures and audit plans; (b) appoint the auditors, subject to shareholder approval; and (c) review and recommend to the Board for approval Absolute's financial statements and certain other documents required by regulatory authorities.

Compensation Committee

Composition of the Compensation Committee

The compensation committee has the following members:

J. Ian Giffen
Terry Libin
Ian Reid (Chairman)

The function of the Compensation Committee is to consider the terms of employment of the Chief Executive Officer, Chief Technology Officer, Chief Financial Officer, and Chief Operating Officer, and general compensation policy and the policy for granting awards under Absolute's share option plan. The function of the Compensation Committee also includes corporate governance as the Company has not established a separate corporate governance committee.

None of the members of the Compensation Committee were, during the most recently completed financial year of the Company, an officer or employee of the Company or any of its subsidiaries.

Strategic Planning Committee

Composition of the Strategic Planning Committee

The Strategic Planning Committee has the following members:

Terry Libin (Chairman)
J. Ian Giffen
Ian Reid

The function of the Strategic Planning Committee is to analyze, consider and develop recommendations to the Board regarding the mission and future direction of the Company over the next five years, and to develop an ongoing process for the review and revision of these recommendations. The Strategic Planning Committee may also act on behalf of the Board with respect to analyzing any specific transactions and make recommendations to the Board.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires Absolute to disclose annually, in its Annual Information Form, certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Absolute did so in the "Audit Committee Disclosure" and "Schedule "A" Audit Committee Charter" sections of the Annual Information Form dated August 25, 2009, which are incorporated herein by reference. NI 52-110 requires Absolute to include the above cross-reference to the applicable sections in the Annual Information Form. Copies of the Annual Information Form may be obtained upon request from Absolute in person at Suite 1600, Four Bentall Centre, 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1K8 or by telephone (604) 730-9851 (ext 117) or fax (604) 730-2621 and on SEDAR at www.SEDAR.com.

APPOINTMENT OF AUDITOR

Deloitte & Touche LLP, Chartered Accountants, of Four Bentall Centre, 2800 – 1055 Dunsmuir Street, Vancouver, B.C. V7X 1P4 will be nominated at the Meeting for reappointment as auditor of Absolute at a remuneration to be fixed by the directors. Deloitte & Touche was first appointed auditor of Absolute by the shareholders on November 12, 2003.

The remuneration for the auditors is determined by the Board of Directors, and the fees paid to the directors during the last two fiscal years has been disclosed in the “Audit Committee Disclosure” section of the Annual Information Form dated August 25, 2009, which is incorporated herein by reference. NI 52-110 requires Absolute to include the above cross-reference to the applicable section in the Annual Information Form.

CONTINUATION AND AMENDMENT OF OPTION PLAN

Pursuant to the rules of the Toronto Stock Exchange (the “TSX”), listed issuers are permitted to have share options plans that do not have a fixed number of securities issuable under the plan and that permit options to be automatically reloaded to the plan once the options are exercised (“Rolling Plan”). Under a Rolling Plan, any increase in the number of outstanding Common shares of the Company will result in an increase in the number of shares that are available to be issued under the plan in future, and any exercise of an option previously granted under the plan will result in an additional grant being available under the plan.

At the special meeting of shareholders held on June 8, 2007, the shareholders approved certain amendments to the 2000 Share Option Plan (the “Option Plan”) involving, among other things, the conversion of the Option Plan to a Rolling Plan, and under such plan the number of authorized but unissued Common shares that may be subject to options granted under the Option Plan is 15% of the issued and outstanding Common shares at any time. See “Securities Authorized for Issuance Under Equity Compensation Plans – Share Option Plan” for further information on the terms of the Option Plan. As a result of share repurchases, the total options allocable under the Option Plan have been reduced to 6,926,345 Common shares at November 6, 2009 compared to 7,235,748 at October 31, 2008.

The TSX requires listed issuers, every three years, to seek shareholder approval for the renewal of any unallocated entitlements that are issuable under a Rolling Plan (“Unallocated Entitlements”). As of November 6, 2009, there were options outstanding to purchase 4,023,400 Common shares (representing approximately 9% of the issued and outstanding common shares as at the date hereof), resulting in the Option Plan currently having 2,902,945 Unallocated Entitlements. The Board and management have ensured that the Option Plan is managed to industry standards and accordingly, under their stewardship have managed to bring current potential dilution levels below 10%. As a result, the Board proposes to reduce the percentage of issued and outstanding Common shares that may be subject to options granted under the Option Plan from 15% to 12%. Should this amendment be passed, the number of Unallocated Entitlements under the Option Plan would be reduced to 1,517,676.

Shareholder Approval

At the Meeting, shareholders will be asked to consider, and if deemed appropriate, to pass with or without variation, the resolution that the percentage of issued and outstanding Common shares that may be subject to options granted under the Option Plan be decreased from 15% to 12%, and that all unallocated options entitled to be granted pursuant to the Option Plan, be authorized to be issued until December 17, 2012. Regardless of whether this resolution is passed, all currently outstanding options will be unaffected.

However, if the resolution is not passed, all Unallocated Entitlements will be cancelled and the subsequent exercise or cancellation of currently outstanding options will not automatically reload under the Option Plan and no further options will be granted under the Option Plan. To be approved, the foregoing resolution must be approved by at least 50% of the votes cast on the resolution either in person or by proxy.

Recommendation of the Board

The Board and management unanimously recommend that shareholders vote FOR approval of the resolution reducing the percentage of issued and outstanding Common shares that may be subject to options granted under the Option Plan from 15% to 12%, and approving the Unallocated Entitlements under the Option Plan. The Company has seen significant growth in its business, and as a result, the Company needs, and will continue to need, the flexibility to grant share purchase options as a means to attract people with the skills and talent it will require in the future. The Board recognizes that options granted to executives and other employees represent potential dilution of current shareholdings, and the reduction of the Common shares subject to options granted under the Option Plan is beneficial to the shareholders of the Company, as it decreases this potential dilution. The Board believes that a Rolling Plan is necessary to ensure that the Option Plan remains a robust and viable incentive tool, and further believes that retaining 12% of Common shares outstanding that may be subject to options granted under the Option Plan is sufficient to meet corporate goals and to provide appropriate incentive to the Company's employees.

Unless otherwise directed by the shareholders appointing them proxy, the persons named in the enclosed form of proxy intend to vote at the meeting FOR the approval of this matter.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

All dollar amounts referred to in this Information Circular are in Canadian dollars unless otherwise designated.

In this Information Circular, a Named Executive Officer (or "NEO") means each of the following individuals: (i) the Company's Chief Executive Officer (the "CEO"); (ii) the Company's Chief Financial Officer (the "CFO"); (iii) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of fiscal 2009 whose total compensation was, individually, more than \$150,000 for fiscal 2009; and (iv) each individual who would be an NEO under (iii) above, but for the fact that he or she was neither an executive officer of the Company, nor serving in a similar capacity, at the end of fiscal 2009.

Compensation Committee

The Company's compensation committee is composed of J. Ian Giffen, Terry Libin, and Ian Reid, all of whom are independent directors. The Committee has adopted a charter, which outlines the roles, responsibilities, and purposes of the Committee.

The purposes and responsibilities of the Compensation Committee with respect to compensation matters are to determine the Company's compensation philosophy, oversee the development and implementation of executive and director compensation programs, and review and recommend to the Board of Directors any required modifications to the program.

The Objectives

The Company's compensation program for its NEOs has three objectives, namely: (i) attract and retain executives with the management skills required to execute on the objectives of the Company; (ii) reward executive team members for their contribution to the overall success of the Company and for achievement of planned business objectives in their own area of responsibility; and (iii) to align the longer term interests of its executive officers with the investment objectives Company's shareholders through share-ownership programs. In order to meet these objectives, the Compensation Committee considers many factors which influence the overall level of NEO compensation.

Elements of Compensation

The Company's executive compensation program is comprised primarily of the following elements:

- base salary;
- participation in the Company's stock option plan which is described in this Information Circular under the heading "Securities Authorized Under Equity Compensation Plans – Share Option Plan";
- compensation under the Company's short-term incentive plan, namely a variable pay plan, which is awarded on a quarterly and annual basis, or sales commissions, depending on the nature of the NEO's employment;
- participation in the Company's employee share purchase plan which is described in this Information Circular under the heading "Securities Authorized Under Equity Compensation Plans – Share Purchase Plan"; and
- perquisites and benefits.

Each element of the Company's compensation program is chosen to satisfy one or more of the stated compensation objectives. The Company's Compensation Committee regularly reviews the various elements of the Company's compensation program to ensure that each element is aligned with both the goals of the Company and the individual executive officer. The compensation program, as designed, achieves the Company's compensation objectives through:

Benchmarking. The Compensation Committee periodically benchmarks the Company's executive compensation with a broad peer group of companies with particular emphasis on the technology sector. This comparison ensures that the Company's executive compensation and benefits package is competitive with those found in the survey. To ensure that the survey includes the most appropriate companies, the Compensation Committee considers companies of a similar revenue size and market capitalization, that have a global focus and that compete with the Company for executives of similar talents and experience. The elements are targeted at approximately the comparator group median with the opportunity to reach the 75th percentile where performance warrants.

Providing Fixed and Variable Compensation. The Company provides a mix of fixed and variable compensation designed to attract, retain and motivate top performing executives, as well as appropriately link compensation levels with the achievement of relevant financial and strategic goals. The Company's fixed compensation includes salary, perquisites and benefits. The Company's variable compensation includes participation in the Company's share option plan, the employee share purchase plan and compensation under the short-term incentive plan.

Providing a Mix of Equity and Cash Incentives. The Company provides a mix of equity compensation, through participation in its share option plan, and variable pay incentives designed to motivate executive officers to focus on achieving performance results that lead to sustainable long-term shareholder returns.

Independent Compensation Consultant

Under its mandate, the Compensation Committee has the sole authority to select, retain and terminate advisors (normally a compensation consultant) and to approve the consultant's fees and other retention terms. The Compensation Committee is also entitled to the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants. In fiscal 2008, the Compensation Committee engaged an independent compensation consultant. In this study, 18 peer group companies were studied, nine of which were Canadian and nine of which were U.S.

The peer companies studied in fiscal 2008 were:

- ActiveIdentity Inc.
- Axia NetMedia Corp.
- Certicom Corp.
- Chordiant Software Inc.
- CryptoLogic Inc.
- The Descartes Systems Group Inc.
- Double-Take Software Inc.
- Entrust Inc.
- Gemcom Software International Inc.
- Logibec Groupe Informatique Ltd.
- RightNow Technologies Inc.
- Systems Xcellence Inc.
- Taleo Corp.
- Vasco Security Data International Inc.
- Vocus Inc.
- WebSideStory Inc.
- WebTech Wireless Inc.
- Workbrain Corp.

An independent compensation consultant was not engaged in fiscal 2009, however, the Compensation Committee anticipates it will engage an independent consultant in fiscal 2010.

Recommendations of the Compensation Committee and Management

In general, the Compensation Committee uses information gathered from the independent consultant, if engaged, and its own assessment of performance to develop pay strategies and recommendations for the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, and Chief Operating Officer (collectively, the "C-level Officers"). After this analysis the Compensation Committee prepares its recommendation for the Board of Directors to review and discuss. The independent members of the Board of Directors have the sole authority to approve compensation decisions made with respect to any of the C-level Officers. This applies to all elements of C-level Officer compensation, including salary, short-term incentive plan opportunity, sales commissions, and share options. Participation in the employee share purchase plan is standard for all employees.

With respect to the Company's other senior management and employees, it is the C-level Officers who develop the pay strategies and recommendations, within the context of the Company's annual budget and general compensation philosophies as outlined by the Compensation Committee and the Board of Directors. However, the authority to approve those strategies and recommendations resides with different parties according to the employee's level. For senior management, decisions must be approved by the C-level Officer for each employee's functional area.. Accordingly, to the extent that a non-C-level Officer employee becomes an NEO, their compensation will have been set by that employee's functional C-level Officer. For employees below the level of senior management, the C-level Officer and his designees have the authority to approve pay actions. However, the Compensation Committee is responsible for approving actions related to other aspects of these employees' compensation, such as any grant of options and for non-commission employees, the corporate targets applicable to and the general amount available pursuant to the variable pay plan.

The Determination of Each Element

The Compensation Committee's processes for establishing and overseeing NEO compensation include holding regular meetings. The Compensation Committee meets as required, and at least once per year, to consider the Company's executive compensation, benefit plans and policies. The committee met eight times in fiscal 2009.

When determining compensation policies and individual compensation levels for the C-level Officers, the Compensation Committee takes into consideration a variety of factors. These factors include: (i) overall financial and operating performance of the Company; (ii) the Compensation Committee's and the Board of Directors' overall assessment of each executive's individual performance and contribution towards meeting corporate objectives, levels of responsibility, length of service; and (iii) industry comparables.

The amount for each element of compensation is determined as follows:

- *Salary*: The base salary for each NEO is determined based on his or her responsibilities, individual performance factors, overall corporate performance, and the assessment of such individual as determined by the Compensation Committee. The base salaries of executive officers are reviewed annually. Base salary is intended to provide the NEO with a compensation level comparable to base salaries within the applicable peer group of companies.
- *Share Options and Share Ownership*: NEOs benefit from improved performance of the Company almost entirely through their participation in the Company's share option plan and share purchase plan. The Compensation Committee may from time to time recommend the grant of share options to the Company's executive officers under the Company's share option plan. All grants of options are reviewed and approved by the Board of Directors. Grants of share options are intended to emphasize the executive officers' commitment to the Company's growth and the enhancement of share value and to reward executive officers for the Company's performance through appreciation in equity values. The grant of share options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. The Compensation Committee recommends grants to newly hired executive officers at the commencement of their initial employment and reviews option balances annually. The amount and terms of outstanding options held by an executive officer are taken into account when determining whether and how new option grants should be made to the executive. The number of common shares which may be subject to option in favour of any one individual is limited under the terms of the Company's share option plan, and the limit cannot be increased without Shareholder or regulatory approval. Generally, options are granted on initial hire, upon promotion, and via an annual grant to the employees, including the NEOs.

All employees are eligible to invest in the Company's shares through the employee share purchase plan. Each employee, including NEOs, can invest up to \$10,500 per year in common shares of the Company. The shares are issued from treasury at a discount of 15% from the market price at either the beginning or the end of two designated six-month periods in the year.

For a description of these plans, please refer to the "Securities Authorized for Issuance Under Equity Compensation Plans – Share Purchase Plan" section of this Information Circular.

- *Short-term Incentive Plan*: NEOs also benefit from the improved performance of the Company from time to time by the receipt of variable pay, awarded based on Company performance set in conjunction with the annual financial budget. The variable pay plan pool and the Company performance targets are reviewed and approved by the Compensation Committee. The performance targets are aligned with those which the Compensation Committee believes will enhance future shareholder value and are typically based on sales contracts and cash flows.

Generally, the amounts available under the variable pay plan will be paid if the Company meets its annual targets for sales contracts and cash flows as set out in the annual financial budget.

From time to time, the Compensation Committee may change the variable pay plan performance targets in order to provide continued incentive to NEOs and other employees throughout the year, if it becomes clear the quarterly and annual targets as originally outlined become clearly unachievable.

- *Commissions:* Certain NEOs in sales and business development roles benefit from variable compensation in form of sales commissions. Sales contracts are a key performance measure and are closely linked to overall Company success. Sales quotas are typically set quarterly based on senior management recommendation taking into account current market trends and the overall annual budget approved by the Board, and are subject to approval by the CEO. Due to their nature, sales commissions are generally earned on a pro-rata basis, based on performance. Any sales commission opportunity for C-level Officers is approved by the Compensation Committee.
- *Perquisites and Benefits:* The Compensation Committee also determines industry standard perquisites for each C-level Officer. The Company's perquisites are intended to provide the executive officers with a package competitive within its industry, so as to attract and retain talented executives. Executive officers also participate in the Company's employee health insurance benefit plans. There are minimal perquisites provided to the C-level Officers which are not afforded to all employees.

The Company believes that the disclosure of the targets referred to under "Short-term Incentive Plan" and "Commissions" above would be seriously prejudicial to its interests, as disclosure of these targets would reveal details that could undermine the chosen target criteria and the rationale for choosing such criteria. The Company believes these targets are sufficiently and appropriately difficult to reach, while still being achievable. The achievement of targeted objectives, which are established in consideration of the Company's projections for the fiscal year, are based on, among other things, the Company's financial performance. Thus, various economic factors beyond the Company's control, including the Company's market outlook and the global economic environment, may influence the achievement of the Company's results.

Compensation paid to NEOs in Fiscal 2009

There are no material differences in the Company's compensation policies with respect to any of the NEOs, with the exception that the short-term incentive plan opportunities for the C-level Officers are based on the variable pay plan as outlined above, with amounts being paid upon achievement of corporate objectives, while the opportunities for Messrs. Cohen and Grace are based on achievement of sales targets and are paid as sales commissions.

Name and principal position	Variable Pay Opportunity (\$)
John Livingston Chief Executive Officer	80,000
Robert Chase Chief Financial Officer	60,000
Carter McCrary Chief Operating Officer	145,000 USD
Richard Cohen Senior Vice President, Business Development	150,000 USD
Mark Grace Vice President, Consumer Business	115,000 USD

All of the NEOs who are currently employed by the Company received a grant of stock options in March 2009 in recognition of their performance in fiscal 2008 and as a retention tool. In addition, all NEOs were eligible to participate in the employee share purchase plan.

Below are the specific compensation actions for each of the Company's NEOs in fiscal 2009. See also the "Summary Compensation Table".

Base Salaries

Base salaries are reviewed annually by the Compensation Committee. Mr. Chase received an increase to \$280,000 effective July 1, 2008; and Mr. McCrary received an increase to \$230,000 USD effective September 1, 2008. No changes were made to any other NEO base pay during the fiscal year.

Actual Annual Incentive

The NEOs' annual incentive plan achievement for fiscal 2009 was based upon achievement of the Company's performance targets, as amended, and as approved by the Compensation Committee. During the fiscal year, due to circumstances unforeseen in the annual budgeting process, the original targets for sales contracts and cash flows were deemed to be unachievable, primarily due to macroeconomic conditions beyond the control of any of the NEOs. As a result, in order to ensure the variable pay plan remained an incentive as opposed to a disincentive, the Compensation Committee amended the targets as they related to the third and fourth quarter and annual targets for the variable pay plan. These amendments were effective for all employees of the Company, and impacted the variable pay for Messrs. Livingston, Chase, and McCrary. As a result of such changes, NEOs and other employees received up to 40% of their annual target variable pay for achieving the revised targets for fiscal 2009. As noted above, Messrs. Cohen and Grace's incentive plans were based on achievement of sales targets, which are adjusted quarterly in order to reflect current market conditions

Actual amounts paid, and their percentage of total compensation for each NEO, are outlined in the Summary Compensation Table below.

Compensation Plan Changes for Fiscal 2010

Effective July 1, 2009, Mr. Chase's annual salary was increased to \$300,000 per annum.

Effective July 1, 2009, Mr. McCrary's annual salary was increased to \$300,000 USD per annum. In addition, his total variable pay plan opportunity was decreased to \$80,000 USD per annum.

Effective August 1, 2009, Mr. Cohen's annual salary was increased to \$155,000 USD per annum. In addition, his total incentive plan opportunity (sales commission) was increased to \$155,000 per annum.

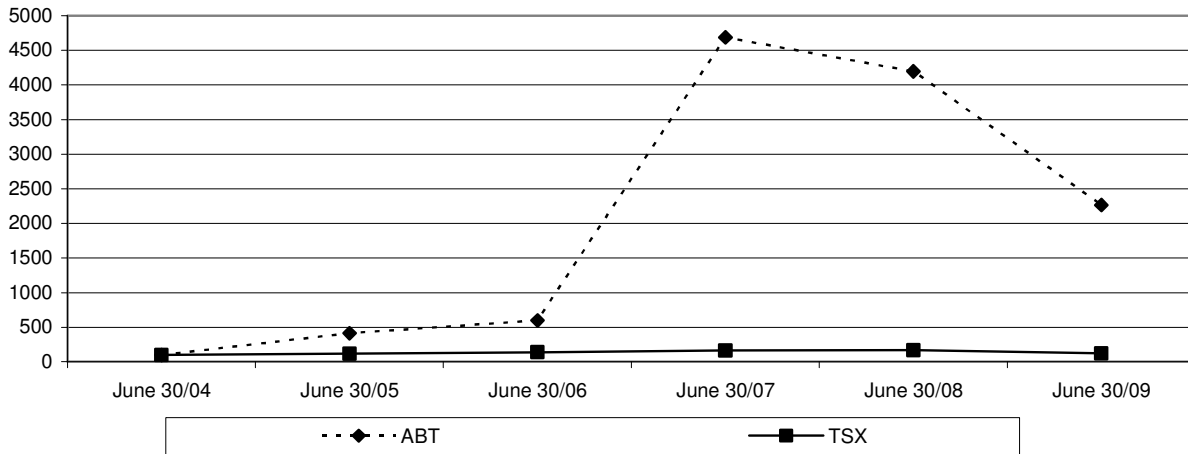
Effective August 1, 2009, Mr. Grace's annual salary was increased to \$170,000 USD per annum. In addition, his total annual incentive plan opportunity remained unchanged at \$115,000 USD per annum; however, it was changed such that \$90,000 of the opportunity will be based on quarterly achievement of sales targets (sales commission) and \$25,000 of the opportunity will be based on annual achievement (bonus).

In general, the Company changed its fiscal 2010 variable pay plan targets to align with current internal targets, budgets and forecasts. When a quarterly performance target is not met, it remains available if the annual performance target is exceeded sufficiently to meet the annual target after payment of any previously unearned quarterly component. Consistent with prior years, the main performance target of the Company remains related to sales contracts and cash flows.

In addition, the Compensation Committee approved a change whereby an additional pool of up to 3% of free cash flow would be available for distribution, at its discretion, if the annual performance targets are exceeded after payment of all variable pay amounts.

Performance Chart

The following chart shows the shareholder return on the Common shares of the Company for the five-year period from June 30, 2004 to June 30, 2009, together with the cumulative return for the S&P/TSX Composite Index for the same period, based on the closing price on the last trading day of each year. The chart assumes an initial investment of \$100.



	June 2004	June 2005	June 2006	June 2007	June 2008	June 2009
Absolute Software Corporation	\$ 100.00	\$ 414.00	\$ 600.00	\$4,668.00	\$4,196.00	\$ 2,264.00
S&P/TSX Composite Index	\$ 100.00	\$ 115.88	\$ 135.88	\$ 162.73	\$ 169.29	\$ 121.40

The trend in the above graph shows share performance overall (while down in the past two fiscal years) has outpaced the general trend of overall compensation for the Company’s Named Executive Officers. However, the increase in the Company’s market capitalization does not directly influence NEO compensation. The NEOs are compensated in large part based on their performance in meeting sales and cash flow targets, as well as general market compensation trends. In meeting these targets, the Company’s share price has increased. As a result, NEO compensation has increased commensurate with the Company meeting its business objectives.

Summary Compensation Table

The compensation paid to the NEOs during the Company's most recently completed financial year of June 30, 2009 is as set out below:

Name and principal position	Salary (\$)	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
			Annual incentive plans ⁽⁴⁾		
John Livingston Chief Executive Officer	325,000	178,159	42,500	nil	545,659
Robert Chase Chief Financial Officer	280,000	129,408	35,000	6,258	450,666
Carter McCrary Chief Operating Officer	264,967 ⁽¹⁾	283,435 ⁽³⁾	29,495 ⁽¹⁾	7,332	585,229
Richard Cohen Senior Vice President, Business Development	175,003 ⁽¹⁾	50,209	158,069 ⁽¹⁾	7,332	383,281
Mark Grace Vice President, Consumer Business	186,669 ⁽¹⁾	121,472	71,811 ⁽¹⁾	6,193	386,146

Notes:

- (1) The salary and annual incentive plan payments for Messrs McCrary, Cohen, and Grace are paid in US dollars. These amounts are translated into Canadian dollars at the average monthly foreign exchange rate in effect when the payment is made.
- (2) The grant-date fair value of the option-based awards is determined in accordance with 3870 of the CICA Handbook using a Black-Scholes option pricing model. For a discussion of the assumptions made in the valuation, refer to Note 10(c) of the Company's annual consolidated financial statements for the year ended June 30, 2009.
- (3) Mr. McCrary was also granted options with a total grant-date fair value of \$356,838 which, subsequent to their grant, were voluntarily surrendered to and cancelled by the Company. None of these options had vested at the date of their surrender, and therefore, this amount was not and will not be realized as compensation.
- (4) The annual incentive plan compensation (the specific targets for which have not been disclosed), as a percentage of total annual compensation is 8% for Mr. Livingston and Mr. Chase, 5% for Mr. McCrary, 41% for Mr. Cohen, and 19% for Mr. Grace.
- (5) Other compensation relates to participation in the Company's Employee Share Purchase Plan. The amount is calculated as the difference between the price paid for the number of shares purchased and the fair market value of the shares on the date the employee becomes eligible to receive them.

Outstanding Option-based Awards

The following table sets out all option-based awards outstanding as at June 30, 2009, for each NEO:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
John Livingston Chief Executive Officer	27,500	3.97	March 19, 2012	46,475
	27,500	3.97	March 19, 2013	46,475
	27,500	3.97	March 19, 2014	46,475
	27,500	3.97	March 19, 2015	46,475
Robert Chase Chief Financial Officer	12,500	0.225	May 12, 2010	63,938
	10,000	0.275	August 4, 2010	53,850
	1,500	0.735	May 17, 2010	7,388
	1,500	0.735	May 17, 2011	7,388
	12,500	1.15	August 17, 2010	56,375
	12,500	1.15	August 17, 2011	56,375
	5000	1.45	November 29, 2010	21,050
	5000	1.45	November 29, 2011	21,050
	17,500	1.525	June 21, 2010	72,363
	17,500	1.525	June 21, 2011	72,363
	17,500	1.525	June 21, 2012	72,363
	19,975	3.97	March 19, 2012	33,758
19,975	3.97	March 19, 2013	33,758	
19,975	3.97	March 19, 2014	33,758	
19,975	3.97	March 19, 2015	33,758	
Carter McCrary Chief Operating Officer	43,750	3.97	March 19, 2012	73,938
	43,750	3.97	March 19, 2013	73,938
	43,750	3.97	March 19, 2014	73,938
	43,750	3.97	March 19, 2015	73,938
Richard Cohen Senior Vice President, Business Development	1,500	0.735	May 17, 2011	7,387
	25,000	1.45	November 29, 2009	105,250
	25,000	1.45	November 29, 2010	105,250
	25,000	1.45	November 29, 2011	105,250
	12,500	1.525	June 21, 2010	51,688
	12,500	1.525	June 21, 2011	51,688
	12,500	1.525	June 21, 2012	51,688
	7,750	3.97	March 19, 2012	13,098
	7,750	3.97	March 19, 2013	13,098
	7,750	3.97	March 19, 2014	13,098
7,750	3.97	March 19, 2015	13,098	
Mark Grace Vice President, Consumer Business	18,750	3.97	March 19, 2012	31,688
	18,750	3.97	March 19, 2013	31,688
	18,750	3.97	March 19, 2014	31,688
	18,750	3.97	March 19, 2015	31,688

Notes:

- (1) Under the terms of the Company's Share Option Plan, vested share options expire two years after their date of vesting. Accordingly, each grant has four separate expiration dates, and therefore appears on multiple rows in the table. Options listed are grouped by each grant.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended June 30, 2009, for each NEO:

Name	Option-based awards – Value vested during the year (\$)⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
John Livingston Chief Executive Officer	nil	42,500
Robert Chase Chief Financial Officer	312,435	35,000
Carter McCrary Chief Operating Officer	nil	29,495
Richard Cohen Senior Vice President, Business Development	91,585	158,069
Mark Grace Vice President, Consumer Business	nil	71,811

Notes:

- (1) Amount does not include any options which vested during the year which were subsequently voluntarily surrendered to and cancelled by the Company (see “Summary Compensation Table”). Amount is calculated as the number of shares vested multiplied by the difference between the share price and the exercise price on the date of vesting.

See “Securities Authorized Under Equity Compensation Plans – Share Option Plan” in this Information Circular for further information on the Company’s Share Option Plan.

Termination and Change in Control Benefits

The Company has written employment contracts with all of its NEOs. Under these agreements, the NEOs are required to work full time for the Company and are eligible to receive stock options and a performance based bonus at the discretion of the Compensation Committee and the Board and other standard benefits made available by the Company. In addition, under these agreements an amount equal to 30 months, in case of Mr. Livingston, and 12 months in the case of Messrs. Chase and McCrary, salary is payable in the event of a termination without cause or a resignation with cause within 12 months following a change of control. Mr. Grace is entitled to 2 months salary in the event of a termination without cause. In addition, Mr. Livingston would receive an amount equal to 250% of his annual incentive payment opportunity. All options in the Company’s option plan vest on a change in control, accordingly, all share options held by the NEOs would fully vest in that event. Only Mr. Livingston’s and Mr. Chase’s options vest on a termination without cause, however, each other NEO maintains the right to exercise any vested options at that date.

Messrs. Livingston, Chase, and McCrary also have non-competition and non-solicitation provisions in their employment contracts. These provisions prohibit the following activities, which are effective for a period of one year from the date that employment ceases, for any reason: a) entering into any commercial activity that competes with any material aspect of the Company’s business; b) soliciting or contacting any customers or prospects of the Company for the purposes of selling or supplying any product or service that competes with the Company’s business; or c) soliciting or contacting any of the Company’s employees for employment.

For those NEOs who have a change of control clause in their agreements, a change of control is generally defined to have occurred on (a) the acquisition or ownership by a person of a stated percentage of

Common shares of Absolute (ranging between 30% and 51%), (b) the election over any period of two consecutive years of a majority of directors of Absolute who were not incumbent directors, (c) the sale, lease, exchange or other disposition of all or substantially all of the assets of Absolute (d) an amalgamation, merger, arrangement or other business combination that results in persons other than shareholders of absolute owning shares of the continuing entity that entitle the holders thereof to cast a majority of the votes on the election of directors or (e) the Board of Directors determining that change of control has occurred.

The estimated incremental payments from the Company to each of the NEOs (i) termination without cause or (ii) termination without cause or resignation with cause within 12 months following a change of control, assuming the triggering event occurred on June 30, 2009, are as follows:

NEO		Termination Without Cause	Change of Control
		(\$)	(\$)
John Livingston Chief Executive Officer	Salary	812,500	812,500
	Bonus	200,000	200,000
	Options	185,900	185,900
Robert Chase Chief Financial Officer	Salary	280,000	280,000
	Bonus	nil	nil
	Options	643,531	643,531
Carter McCrary Chief Operating Officer	Salary	230,000 USD	230,000 USD
	Bonus	nil	nil
	Options	nil	295,750
Richard Cohen Senior Vice President, Business Development	Salary	nil	nil
	Bonus	nil	nil
	Options	91,585	530,590
Mark Grace Vice President, Consumer Business	Salary	26,667 USD	nil
	Bonus	nil	nil
	Options	nil	126,750

Director Compensation

The Company pays its independent directors for serving on the Company's Board of Directors. In making recommendations to the Board of Directors relating to director compensation, the Compensation Committee considered directors' compensation offered by similar companies, its directors' time commitments and the risks and responsibilities that the directors of the Company assume. In fiscal 2009, the annual director compensation was increased from \$32,000 to \$36,000 per annum. The Compensation Committee set director compensation at the same level of \$36,000 for fiscal 2010. Executive officers do not receive additional compensation for serving as directors.

The non-executive members of the Board of Directors have received and may receive incentive stock options in accordance with the policies of the TSX and the Company's Share Option Plan.

The compensation provided to the directors, excluding a director who is included in disclosure for an NEO, for the Company's most recently completed financial year of June 30, 2009 is:

Name and principal position	Fees earned (\$)	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)	Total compensation (\$)
			Annual incentive plans	
J. Ian Giffen	36,000	123,674	nil	159,674
Terry Libin	36,000	50,532	nil	86,532
Ian Reid	36,000	50,532	nil	86,532
Philip Gardner ⁽¹⁾ Chief Technology Officer	253,374 ⁽²⁾	16,196	66,064 ⁽²⁾	335,634

Notes:

- (1) Mr. Gardner is the Chief Technology Officer of the Company and is also a member of the Board of Directors. As non-executive members of the Board of Directors are not compensated for their service as directors, the amounts disclosed relate entirely to Mr. Gardner's services as Chief Technology Officer.
- (2) The salary and annual incentive plan payments for Mr. Gardner are paid in US dollars. This amount is translated into Canadian dollars at the average monthly foreign exchange rate in effect when the payment is made.
- (3) The grant-date fair value of the option-based awards is determined in accordance with 3870 of the CICA Handbook using a Black-Scholes option pricing model. For a discussion of the assumptions made in the valuation, refer to Note 10(c) of the Company's annual consolidated financial statements for the year ended June 30, 2009.

Outstanding Option-based Awards - Directors

The following table sets out all option-based awards and share-based awards outstanding as at June 30, 2009, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
J. Ian Giffen	25,000	2.95	December 22, 2011	67,750
	25,000	2.95	December 22, 2012	67,750
	25,000	2.95	December 22, 2013	67,750
	25,000	2.95	December 22, 2014	67,750
Terry Libin	25,000	1.15	August 17, 2011	112,750
	7,800	3.97	March 19, 2012	13,182
	7,800	3.97	March 19, 2013	13,182
	7,800	3.97	March 19, 2014	13,182
	7,800	3.97	March 19, 2015	13,182
Ian Reid	12,500	0.23	May 12, 2010	67,938
	25,000	1.15	August 17, 2010	112,750
	25,000	1.15	August 17, 2011	112,750
	7,800	3.97	March 19, 2012	13,182
	7,800	3.97	March 19, 2013	13,182
	7,800	3.97	March 19, 2014	13,182
	7,800	3.97	March 19, 2015	13,182
Philip Gardner Chief Technology Officer	2,500	3.97	March 19, 2012	4,225
	2,500	3.97	March 19, 2013	4,225
	2,500	3.97	March 19, 2014	4,225
	2,500	3.97	March 19, 2015	4,225
	10,000	11.60	June 22, 2010	nil
	10,000	11.60	June 22, 2011	nil
	10,000	11.60	June 22, 2012	nil
	10,000	11.60	June 22, 2013	nil
	15,000	11.95	August 17, 2010	nil
	15,000	11.95	August 17, 2011	nil
	15,000	11.95	August 17, 2012	nil
	15,000	11.95	August 17, 2013	nil

Notes:

- (1) Under the terms of the Company's Share Option Plan, vested share options expire two years after their date of vesting. Accordingly, each grant has four separate expiration dates, and therefore appears on multiple rows in the table. Options listed are grouped by each grant.

Incentive Plan Awards – Value Vested or Earned During the Year - Directors

The following table sets out the value vested or earned under incentive plans during the year ended June 30, 2009, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
J. Ian Giffen	nil	nil
Terry Libin	251,250	nil
Ian Reid	251,250	nil
Philip Gardner Chief Technology Officer	nil	66,064

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Share Option Plan

The Company's share option plan ("Option Plan") has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Option Plan is administered by the directors of the Company. The Option Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The shareholders have approved a rolling maximum of 15% of the number of common shares outstanding immediately before the grant of the applicable option. Shares purchased and cancelled under the Company's Normal Course Issuer Bid as announced on November 4, 2008 will reduce the number of common shares outstanding and therefore the maximum number of options the Company can issue. All options expire on a date not later than 10 years after the date of grant of such option.

As at November 6, 2009, we had outstanding options to purchase 4,023,400 common shares (representing approximately 9% of our issued shares) out of a total pool of 6,926,345 common shares reserved for issue under the Option Plan (representing 15% of our issued shares). The exercise price for each stock option is equal to the closing price per share for the common shares of Absolute on the Toronto Stock Exchange ("TSX") on the last trading day before the date of the grant of the stock option. Except for alternate vesting schedules for certain optionees that may be fixed by the Board on a case by case basis, and except for accelerated vesting upon a change of control, stock options vest after the first, second, third or fourth year of the term of the stock options as to a total number of shares not exceeding 25% of the common shares that are the subject of the stock options in each such year.

Where, due to a Blackout Period (as outlined in the Company's securities trading policy), an option holder is unable to exercise an expiring option, the expiry date of such expiring option would be extended to the 10th business day after expiry of the Blackout Period.

Stock options terminate upon the happening of certain events. For option-holders who are directors, their stock options terminate upon their ceasing to be a director. For officers and employees, their stock options terminate on the last day such officer or employee worked for the company. In each case, the director, officer or employee has thirty (30) days from their last work days to exercise any vested options. Exceptions to these termination events include the case of death, retirement or total disability of the option-holder, in which cases additional time is allowed for the exercise of the stock options in question.

Except for cases involving assignment to a personal representative in the case of death, or as permitted by applicable regulatory authorities in connection with a transfer to a registered retirement savings plan or registered retirement income fund established by or for the option-holder or under which the option-holder is the beneficiary, a stock option may be exercised only by the option-holder to whom it is granted and is not assignable.

The number of common shares reserved for issue to any person under the stock option plan may not exceed 5% of the issued and outstanding common shares. In addition, the number of common shares (i) that may be reserved under the Option Plan and any other share compensation arrangement at any time, or (ii) issued under the Option Plan and any other share compensation arrangement within any one year period, to insiders of the Company may not exceed 10% of the issued and outstanding common shares at that time. With respect to insiders (or their associates), within a one year period, the number of common shares that may be issued under the stock option plan and any other share compensation arrangement to such insiders may not exceed 5% of the issued and outstanding common shares at that time.

Shareholder approval is required for any amendment or modification to the Option Plan that does any of the following:

- increases the number of Common shares reserved for issuance under the Option Plan;
- reduces the exercise price of an option except for the purpose of maintaining option value in connection with a subdivision or consolidation of, or payment of a dividend payable in, Common shares or a reorganization, reclassification or other change or event affecting the common shares (for this purpose, cancellation or termination of an option of an Option Plan participant before its expiry date for the purpose of reissuing options to the same participant with a lower exercise price will be treated as an amendment to reduce the exercise price of an Option);
- extends the term of an option held by an insider beyond the expiry date or allow for the expiry date to be greater than 10 years (except where an expiry date would have fallen within a blackout period of the Company);
- permits options to be assigned or exercised by persons other than the option holder except for normal estate planning or estate settlement purposes;
- expands the category of persons entitled to participate in the Option Plan; or
- permits equity compensation, other than options, to be made under the Option Plan.

Except for the above noted matters, the Board retains the power without further shareholder approval to approve all other changes to the Option Plan. Such amendments may include the following:

- changes to the terms and conditions of the Option Plan necessary to ensure that the Plan complies with the applicable regulatory requirements, including without limitation the rules of the TSX or any national securities exchange or system on which the stock is then listed or reported, or by any regulatory body having jurisdiction with respect thereto;
- the addition of a cashless exercise feature, payable in cash or securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Option Plan reserve;

- a change to the termination provisions of a security or the Option Plan which does not entail an extension beyond the original expiry date;
- changes to the provisions of the Option Plan respecting administration of the Option Plan and eligibility for participation under the Option Plan (other than a change in the category of persons entitled to participate in the Option Plan);
- changes to the provisions of the Option Plan respecting the terms and conditions on which options may be granted, including the provisions relating to the subscription price, the option period, and the vesting schedule; and
- changes of a “housekeeping nature”.

Share Purchase Plan

The Company’s share purchase plan (the “Employee Plan”) has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Employee Plan is administered by the directors of the Company. The Employee Plan provides that Common shares are issued to employees of the Company or a subsidiary of the Company. The shareholders have approved the issuance of a maximum of 2,000,000 Common shares under the Employee Plan, which currently represents approximately 4% of the Company’s issued and outstanding shares. As of November 6, 2009, 631,840 and 1,368,160 Common shares have been issued and are available for issue, respectively, under the Employee Plan, constituting 1% and 3%, respectively, of the issued and outstanding Common shares.

The number of Common shares that may be reserved under the Employee Plan and any other share compensation arrangement to insiders of the Company may not exceed 10% of the issued and outstanding Common shares at that time. With respect to insiders (or their associates), within a one year period, the number of common shares that may be issued under the Employee Plan and any other share compensation arrangement to such insiders may not exceed 10% of the issued and outstanding Common shares at that time. The purchase price under the Employee Plan is 85% of the lower of the closing share price on the first and last day of the offering period and therefore could result in a purchase price that is below the market price of the securities. The Employee Plan has annual share purchase limits of US\$10,500 for US-based employees and CDN\$10,500 for Canada-based employees.

Upon termination of employment with the Company (including retirement or death), under the terms of the Employee Plan, an employee will be deemed to have withdrawn from participation in the purchase of shares under the Employee Plan, effective the date of termination.

Equity Compensation Plan Information at June 30, 2009

	Number of securities to be issued under equity compensation plans⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Share Option Plan	4,127,127	\$4.57	2,727,025
Share Purchase Plan	—	—	1,515,919
Total	4,127,127	\$4.57	4,242,944

(1) Except as set out herein, Absolute does not have any Common share purchase arrangements or other rights to purchase shares outstanding.

Indebtedness of Directors and Executive Officers

On October 10, 2008, the Company entered into a related party transaction with Mr. Christian Cotichini, who was a member of Absolute's Board of Directors at the time. Due to the sharp decline in North American stock markets at the end of September 2008, Mr. Cotichini received margin calls resulting in the sale of 276,000 Absolute shares between September 26 and October 7, 2008. The sales were made by an independent brokerage who is not privy to insider information, nor bound by Absolute's trading policies.

By October 9, 2008, Mr. Cotichini had exhausted all possible sources and was still unable to settle his margin situation. Commencing on September 24, 2008, Mr. Cotichini was subject to a Company imposed trading ban as the Company was in the process of completing its first quarter financial statements. Accordingly, on October 10, 2008, the Company loaned \$1.12 million to Mr. Cotichini to avoid further liquidations of his shares in Absolute during a quiet period. The loan was secured by his remaining 979,000 shares, bore interest at the rate of prime plus 5%, and was due in full by March 31, 2009.

As a result of the foregoing, the Company and Mr. Cotichini agreed that Mr. Cotichini would not stand for re-election to the Company's Board of Directors in fiscal 2009. Accordingly, his last day as a member of the Board of Directors was December 15, 2008.

NORMAL COURSE ISSUER BID

On November 6, 2008, Absolute received approval from the TSX for a Normal Course Issuer Bid ("Bid") to purchase and cancel up to 4,174,122 of its shares. The Bid allowed for the purchase on a daily basis of up to 123,878 shares until March 31, 2009 and 61,939 shares per day until November 5, 2009, except where purchases were made in accordance with "block purchases" exemptions under applicable TSX policies. In total, Absolute purchased 3,257,000 shares under its Bid at a weighted average price of \$3.27 per share. On November 4, 2009, Absolute announced that it had received approval from the TSX to proceed with a further Normal Course Issuer Bid to purchase up to 3,337,617 shares, representing approximately 10% of the public float of the Company. This further Normal Course Issuer Bid was commenced on November 6, 2009. Shareholders may obtain a copy of the Bid documents without charge by contacting info@absolute.com.

Interest of Certain Persons or Companies in Matters to be Acted Upon

None of the directors or executive officers of Absolute, nor any person who has held such a position since the beginning of the last completed financial year end of Absolute, nor any proposed nominee for election as a director of Absolute, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of auditors and as set out herein.

Interest of Informed Persons in Material Transactions

To the knowledge of management of Absolute, no informed person (a director, officer or holder of 10% or more of the Common shares) or nominee for election as a director of Absolute or any associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Absolute or any of its subsidiaries, other than as set out herein.

Management Contracts

There are no management functions of Absolute, which are to any substantial degree performed by a person or company other than the directors or senior officers of Absolute.

Directors' and Officers' Liability Insurance

Absolute has a Directors and Officers' insurance policy. The policy covers up to US\$10,000,000 in damages with a US\$25,000 deductible for corporate reimbursement and no deductible for directors and officers.

FINANCIAL AND ADDITIONAL INFORMATION

Additional information relating to Absolute is included in our Annual Report for the year ended June 30, 2009, which includes our audited financial statements and management discussion and analysis of financial condition for the years end June 30, 2009 and 2008. Copies of the Annual Report, as well as additional information relating to Absolute, may be obtained upon request from Absolute in person at Suite 1600, Four Bentall Centre, 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1K8 or by telephone (604) 730-9851 (ext 117) or fax (604) 730-2621 and on SEDAR at www.SEDAR.com.

Dated at Vancouver, British Columbia, November 6, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

**“John Livingston”
Chairman and
Chief Executive Officer**

Form 58-101F1
Corporate Governance Disclosure

1. Board of Directors

Corporate governance is overseen by the Board of Directors and its committees. The Board is committed to sound corporate governance practices in the interest of the Company and its shareholders. A summary of the responsibilities, activities and membership of each committee is set out below. National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been uniformly adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses.

National Instrument 58-101 mandates disclosure of corporate governance practices and this disclosure is set out below.

The identity of directors who are independent.

The Company's Board currently consists of five directors, a majority of whom are independent based upon the criteria set forth in National Instrument 52-110. Ian Reid, J. Ian Giffen and Terry Libin are independent directors. John Livingston and Philip Gardner are not independent as they are the Chairman and CEO and the Chief Technical Officer of the Company.

J. Ian Giffen is also a director of MKS Inc., Certicom Inc., Corel Corporation, RuggedCom Inc. and The Descartes Systems Group Inc. (Chairman).

The independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. When appropriate, to ensure independence from management, any non-independent director is requested to withdraw as director from meetings of the Board and similarly from any meetings of Board committees. Private sessions may be held by the independent directors at any time during each meeting of the Board of Directors.

The Chairman of the Board, John Livingston, is not an independent director. Since the Board has neither a chair that is independent nor a lead director, the Board exercises its responsibilities for independent oversight through its majority control of the Board.

All of the Directors attended the Board meetings held during the most recently completed fiscal year. There were 11 meetings during such period.

2. Board Mandate

The Board has no written mandate. The Board delineates its role and responsibilities as follows: (a) to establish and follow Board procedures; (b) to direct the business and affairs of the Company including approval of all significant decisions; and (c) to act honestly, in good faith and with a view to the best interest of the Company. In doing so, the Board will:

- (i) contribute to, review and approve all materials in relation to management's strategic plans;
- (ii) monitor the performance of management as against the strategic plans;

- (iii) review and approve all financial and other material corporate information before the public dissemination thereof;
- (iv) oversee and ensure the effectiveness of the Company's communications policy;
- (v) ensure that relevant information is provided to the Board by management (inclusive of industry news);
- (vi) assist in the creation and selection of an appropriate management structure;
- (vii) review the effectiveness of the Company's internal control processes and management information systems;
- (viii) assess and review principal risks of all aspects of the Company's business, and ensure proper structures are in place to manage those risks;
- (ix) participate in management and director succession planning;
- (x) participate in the selection and evaluation of the CEO and other senior officers, inclusive of terms of employment, compensation, and corporate objectives;
- (xi) fulfill fiduciary and legal requirements such as the payment of taxes, adherence to regulatory requirements and maintenance of necessary documents and records;
- (xii) contribute director expertise on specific issues and networking contacts as required;
- (xiii) monitor the effectiveness of the Board and its committees and the actions of the Board as viewed by the individual directors and senior management; and
- (xiv) assess the participation, contributions and effectiveness of individual Board members on an annual basis through the use of surveys, discussion groups or informal feedback obtained from members of the Board and its committees.

3. Position Descriptions

The Board has not developed written position descriptions for the Chair, the CEO or the Chair of each Board committee. The Audit Committee and the Compensation Committee each have a written charter which governs their conduct as well as that of the Chair of each Committee. The CEO's role and responsibilities are assessed annually by the Board.

4. Orientation and Continuing Education

New Board members are provided with information respecting the functioning of the Board, its committees as well as access to the publicly filed documents of the Company and complete access to management and the Company's professional advisors.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education, Board members are encouraged to communicate with management and the auditors, to keep themselves current with industry trends and developments and changes in legislation with the Company's assistance, to attend industry seminars and to observe the Company's operations first-hand.

5. Ethical Business Conduct

The Board has adopted a written code for the directors, officers and employees. It promotes ethical business conduct through the nomination of Board members it considers ethical. As well, it requires all directors to fully disclose any conflicts or potential conflicts of interest immediately upon the identification thereof. The Audit Committee also has as part of its mandate to review and report to the Board on any related party transactions.

6. Nomination of Directors

Due to the size of the Board, it is able to deal with recruitment of new members as a whole rather than by committee and as such does not currently have a nominating committee. Recruitment of new Directors generally results from recommendations made by directors, management and shareholders and candidates are assessed for their skills, expertise, experience, independence and other factors.

7. Compensation

The amount and form of Director Compensation is reviewed annually by the Compensation Committee in comparison to compensation information for comparable companies. Any resultant recommendations are made to the full Board of Directors, to ensure that such compensation is consistent with the responsibilities and risks involved in being an effective director.

The Compensation Committee determines the compensation for the Company's senior executives. See "Compensation Discussion and Analysis" and "Director Compensation" in the Circular. This Committee ensures that the Company has a plan for continuity of its officers and an executive compensation plan that is motivational and competitive, to attract, retain and inspire the performance of executive management and other key personnel. The Compensation Committee is composed entirely of independent directors.

See "Compensation Discussion and Analysis" in the Circular for the responsibilities and powers of the Compensation Committee. The Committee meets at least annually, and as required throughout the year.

8. Other Board Committees

In addition to the Compensation Committee, the only other standing committee of the Board is the Audit Committee. Its functions are described under "Audit Committee" in the Circular. The Board has also established a Strategic Planning Committee that meets only as required. See "Strategic Planning Committee" in the Circular.

9. Assessments

The Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution but this is not a formal process. The Board satisfies itself that the Board, its committees, and its individual directors are performing effectively by conducting informal assessments from time to time.