

CANGENE CORPORATION

180 Attwell Drive, Suite 360
Toronto, Ontario
M9W 6A9

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Meeting") of Cangene Corporation (the "Corporation") will be held at The Ivey, ING Leadership Centre, 130 King Street West, The Exchange Tower, Toronto, Ontario, M5X 1A9, on Thursday, December 10, 2009, at 4:15 p.m. (Eastern Time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for its fiscal year ended July 31, 2009 and the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors for the ensuing year and to authorize the directors to fix the auditors' remuneration; and
4. to transact such other business as may properly come before the Meeting, or any adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

(signed)

John Langstaff
President, Chief Executive Officer and Director
Toronto, Ontario
October 20, 2009

Registered shareholders who are unable to attend the Meeting and non-registered shareholders are requested to complete the accompanying form of proxy as directed.

In order to be voted at the Meeting or at any adjournment thereof, the completed form of proxy must be voted via telephone or the internet as instructed, or deposited with or mailed so as to reach Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, not later than 48 hours before the commencement of the Meeting or any adjournment thereof.

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MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Cangene Corporation (the “Corporation”) to be used at the Annual Meeting of Shareholders of the Corporation to be held on December 10, 2009 (the “Meeting”) and at any adjournment thereof. The solicitation of proxies will be made primarily by mail but proxies may also be solicited by the directors, officers, regular employees or agents of the Corporation, personally, in writing or by telephone, at nominal cost. The cost of any such solicitation will be borne by the Corporation.

Except as otherwise stated, the information contained herein is given as at the 20th day of October, 2009.

SHAREHOLDERS ENTITLED TO VOTE AT THE MEETING

Holders of common shares of the Corporation (“Common Shares”) as at the close of business on October 19, 2009 (the “Voting Record Date”) will be entitled to vote at the Meeting. Each holder of Common Shares is entitled to one vote for each Common Share held in respect of all matters to be voted upon at the Meeting.

If a shareholder transfers Common Shares after the Voting Record Date, and the transferee produces a properly endorsed share certificate or otherwise establishes ownership of the Common Shares, and requests, not later than 10 days before the Meeting, or any adjournment thereof, that the Corporation’s registrar and transfer agent, Computershare Investor Services Inc. (“Computershare”), include such transferee’s name in the list of shareholders entitled to vote at the Meeting, the transferee will be entitled to vote those Common Shares at the Meeting, and at any adjournment thereof, in the manner described above.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders

A person is a registered holder of Common Shares if the person is shown as a shareholder on the shareholder list maintained by Computershare, the registrar and transfer agent for the Common Shares. In that case, a share certificate will have been issued to the shareholder that indicates the shareholder’s name and the number of Common Shares owned by the shareholder, and the shareholder will have received a form of proxy from Computershare with this Circular.

A registered shareholder has the right to appoint a person, other than those designated on the enclosed form of proxy, to represent the shareholder and to attend and act on the shareholder's behalf at the Meeting. To exercise that right, the shareholder may insert the name of such other person (who need not be a shareholder) in the blank space provided on the form of proxy or complete another proper form of proxy. Registered shareholders must deposit the completed form of proxy with, or mail it so as to reach, the office of the registrar and transfer agent of the Corporation, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, not later than 48 hours before the commencement of the Meeting, or any adjournment thereof, in order to vote at the Meeting, or any adjournment thereof.

A proxy given by a registered shareholder for use at the Meeting may be revoked: (a) by depositing an instrument in writing executed by the registered shareholder or the registered shareholder's attorney authorized in writing, either (i) at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or (ii) with the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or (b) in any other manner permitted by law.

Non-Registered Shareholders

A person is a non-registered (or beneficial) shareholder if such person's Common Shares are held on such person's behalf by a bank, trust company, securities dealer or broker, or other intermediary (in each case, an "Intermediary").

In accordance with applicable securities law, the Corporation has distributed copies of materials related to the Meeting to Intermediaries so that they may distribute the materials to the non-registered shareholders on whose behalf the Intermediaries hold Common Shares. Non-registered shareholders who wish to vote Common Shares that are held through an Intermediary should follow the directions of their Intermediary carefully with respect to the procedure to be followed. **Non-registered shareholders who wish to vote in person at the Meeting must insert their own name in the space provided on the voting instruction form provided by the Intermediary, and submit their instruction form to the Intermediary in advance of the Meeting in accordance with the instructions supplied by such Intermediary. Every Intermediary has its own procedures and provides its own return instructions, which should be followed carefully.**

A non-registered shareholder giving a proxy may revoke the proxy by contacting his or her Intermediary in respect of such proxy and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke a proxy if it receives insufficient notice of revocation.

VOTING OF PROXIES AND DISCRETION OF PROXYHOLDER

A proxyholder will vote or withhold from voting the Common Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated in the proxy and, if that shareholder has specified a choice with respect to any matter to be acted upon, the shares will be voted accordingly, **In absence of such instructions, such Common Shares will be voted in favour of the matters set forth in the Notice of Annual Meeting of Shareholders.**

The accompanying form of proxy confers discretionary authority upon the person voting the proxy with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders, and with respect to other matters that may properly come before the Meeting, or any adjournment thereof. Management of the Corporation is not aware of any such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Annual Meeting of Shareholders. **If such amendments or other matters should properly come before the Meeting or any adjournment thereof, the person appointed in the accompanying form of proxy will vote on such matters in their discretion.**

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

None of the Corporation's directors, executive officers, or any associate or affiliates of such persons has any direct or indirect material interest in any of the matters to be acted upon at the Meeting other than the election of directors.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of preferred shares, an unlimited number of Class A preferred shares, and an unlimited number of Common Shares, of which, as at October 20, 2009 – 68,652,970 Common Shares were issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, no person beneficially owns or exercises control or direction, directly or indirectly, over Common Shares carrying more than 10 per cent of the votes attached to Common Shares except as follows:

<u>Name and Address of Shareholder</u>	<u>Number of Shares</u>	<u>Percentage</u>
The Apotex Group¹ Toronto, Ontario	42,875,787²	62%
Gestion de portefeuille Natcan Inc. Montreal, Quebec	6,932,726³	10%

¹ The Apotex Group includes: Apotex Inc., which holds 57,315 Common Shares; Apotex Holdings Inc., which holds 24,500,493 Common Shares; Sherman Foundation, which holds 17,395,822 Common Shares; Apotex Foundation, which holds 787,157 Common Shares; and Bernard Sherman, who holds 135,000 shares directly. The Apotex Group is controlled, directly or indirectly, by Bernard Sherman and the Bernard and Honey Sherman Family Trust, of which he is the Trustee. Dr. Sherman is also Chairman, Chief Executive Officer and a director of Apotex Inc., and is a director and President of Sherman Foundation and Apotex Foundation.

² As at October 20, 2009.

³ As at December 31, 2008.

ELECTION OF DIRECTORS

The following nine persons are all currently members of the Board of Directors and will be nominated for election as directors of the Corporation at the Meeting. The term of office of each of the current directors will expire at the close of the Meeting, or any adjournment thereof. Each director elected at the Meeting, or any adjournment thereof, will hold office until the close of the next annual meeting of shareholders, unless he resigns or otherwise vacates his or her office.

Unless instructed otherwise, the Common Shares represented by proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will, for any reason, become unable or unwilling to serve as a director. **However, if that should occur prior to the election, the persons designated in the enclosed form of proxy will vote in their discretion for any other person or persons as directors, unless the shareholder has directed otherwise in the proxy or has indicated that the proxyholder withhold from voting.**

There are three committees of the Board of Directors: the Audit Committee, the Governance and Nominating Committee, and the Human Resource and Compensation Committee (the “HRCC”). Directors who are members of those committees are so designated in the following table:

Name, Place of Residence, Principal Occupation, Major Positions with the Corporation and its Affiliates	Served as Director Since	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly ¹	Number of Deferred Share Units Held
R. Craig Baxter ² - Ontario, Canada R. Craig Baxter is President of Apotex Holdings Inc. Prior to that, he was President of Apotex International, Inc. and Executive Vice President of Apotex Inc., a Canadian pharmaceutical company and a member of the Apotex Group, for more than five years. Mr. Baxter has been employed with Apotex since May 1985.	November 1, 1995	81,050	0
D. Bruce Burlington ⁴ - Pennsylvania, United States D. Bruce Burlington, M.D., is a consultant in pharmaceutical development and regulatory affairs. He recently retired from his previous position as Executive Vice-President, Business Practices and Compliance at Wyeth Pharmaceuticals, a position he had held since 2005. Prior to that, from 2002 until 2005, he was Executive Vice President, Quality, Regulatory, Safety, Compliance and Audit at Wyeth.	March 11, 2008	20,000	0
Jeremy Desai ⁴ - Ontario, Canada Jeremy Desai is Executive Vice-President, Global Research, Development & Quality of Apotex Inc. Prior to that, he was Executive Vice-President, R&D of Apotex Inc., a position he held since 2006. Previously, he had been Senior Vice President R&D of Apotex Inc. since joining the company in January 2003. Previously, he had been Vice President R&D at IVAX Pharmaceuticals U.K. since June 2001.	December 6, 2006	8,000	437
Philip Johnson ^{3,4} - Pennsylvania, United States Philip Johnson, M.D., is Chief Scientific Officer and Executive Vice President at The Children’s Hospital of Philadelphia, and Professor of Pediatrics at the University of Pennsylvania School of Medicine, positions he has held since 2005. From 2002 through the end of 2004, he was President of the Columbus Children’s Research Institute at Children’s Hospital, Inc. in Columbus, Ohio.	March 11, 2008	2,000	1,311

<p>Jack Kay - Ontario, Canada</p> <p>Jack Kay is President and Chief Operating Officer of Apotex Inc. Prior thereto, he was Executive Vice President of Apotex Inc. He joined Apotex in 1982. Mr. Kay serves on the board of Helix BioPharma Corp., a TSX and Frankfurt Stock Exchange listed company.</p>	November 1, 1995	247,800	6,278
<p>John Langstaff - Manitoba, Canada</p> <p>John Langstaff has been President and Chief Executive Officer of the Corporation since November 1, 1995.</p>	November 1, 1995	225,120 ⁵	0
<p>J. Robert Lavery^{2,3} - Manitoba, Canada</p> <p>J. Robert Lavery, a Chartered Accountant, is President of Shaunnara ULC, an investment management company he has owned since forming the company in 1977. In December 2003, he retired from his 26-year position as President and CEO of Wimpak Ltd., a TSX listed company he co-founded in 1977. He remains on the board of Wimpak and all its subsidiary companies. Wimpak Ltd. manufactures and distributes high-quality packaging materials and innovative packaging machines. The company's products are used primarily for the protection of perishable foods, beverages and pharmaceuticals, and in medical applications. Mr. Lavery is also a director of SleeveCo, Inc., a manufacturer of shrink and stretch sleeve labels.</p>	June 1, 2004	60,000	1,092
<p>R. Scott Lillibridge² - Texas, United States</p> <p>R. Scott Lillibridge, M.D., is Assistant Dean, School of Rural Public Health at Texas A&M Health Science Center, a position he has held since 2007. Prior to that, from 2002 until 2007, he was Director, Center for Biosecurity and Public Health Preparedness at the University of Texas Health Science Center Houston.</p>	March 11, 2008	Nil	3,276
<p>John Vivash³ - Ontario, Canada</p> <p>John Vivash is President and Chief Executive Officer of Tesseract Financial Inc., a position he has held since founding the financial services company in 1989. Prior to that, he held various senior positions during his lengthy career in the investment community.</p>	June 8, 2005	26,000	437

¹ The Corporation has relied upon information provided by the named persons as to their respective shareholdings in the Corporation; share holdings are as at October 20, 2009.

² Member of Audit Committee.

³ Member of Governance and Nominating Committee.

⁴ Member of HRCC.

⁵ Includes shares held in an automatic employee share purchase plan; the balance held in this plan was 7,457 at July 2, 2009, the most recent statement date.

Corporate Bankruptcies

J. Robert Lavery was a director and chairman of 2980304 Canada Inc. (formerly Jazz Golf Equipment Inc.). In October 2006, the company made a proposal under the *Bankruptcy and Insolvency Act* (Canada), which involved the sale of all the company's assets to a newly formed company that was wholly owned by its main shareholder, ENSIS Growth Fund Inc. The proposal received court approval and was subsequently approved by the creditors of the company.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The executive compensation program applied to the Corporation's executive officers, including those individuals who served during the Corporation's 2009 fiscal year as the President and Chief Executive Officer (the "President and CEO"), the Chief Financial Officer of the Corporation and the three most highly compensated executive officers of the Corporation (the "Named Executive Officers"). It has been designed to support the primary objective of generating added long-term value for shareholders.

The Role of the Human Resource and Compensation Committee

The HRCC assists the Board of Directors in discharging its oversight responsibilities in respect of director and executive compensation, as well as executive succession planning and performance management amongst other matters. Performance management is the process by which the Corporation's longer term strategic objectives are linked with short-term corporate and individual performance plans and which, based on actual achievements, form the basis for any awards under the short-term and long-term incentive plans. The Board of Directors believes that the current membership of the HRCC has the knowledge and experience to discharge its mandate.

With respect to compensation matters for executive officers, including the Named Executive Officers (collectively, the "Executive Officers"), the role of the HRCC is to oversee the Corporation's:

- Compensation philosophy for all forms of compensation;
- Executive compensation benchmarking process, which occurs every other year, and the formulation of recommendations on any compensation adjustments that may result from this process;
- Short-term Incentive Plan including review of the Corporation's Performance Scorecard (the "Scorecard"), its categories, measures and performance ranges, and review of performance based awards made under this plan; and
- Long-term Incentive Plan and performance-based incentives awarded under this plan.

Independent Advice to HRCC

The HRCC retains the services of independent experts, including compensation experts, which report directly to it. The role of the compensation experts is to advise the HRCC on trends in executive compensation within the competitive market in which the Corporation operates, the appropriateness of peer group comparators, incentive plan design, total compensation benchmarking and any other compensation matters that may be required to ensure fulfillment of the HRCC mandate.

In July 2008, Hugessen Consulting Inc. ("HCI") reported to the HRCC on the competitiveness and appropriateness of the Corporation's short- and long-term compensation for the Executive Officers. This report included a review of a draft of the Scorecard prepared by management. Based on the recommendations made in this report, compensation changes were implemented during the 2009 fiscal year, including the introduction of a revised Short-term Incentive Plan for all employees and a performance-based Restricted Share Unit Plan for management, including the Executive Officers. However, no units were granted under the Restricted Share Unit Plan during the 2009 fiscal year. The

current long-term incentive instrument, the Phantom Stock Incentive Plan, will continue in effect until such time as grants already made under that plan expire. The Corporation has no current intention to grant further units under the Phantom Stock Incentive Plan.

In September 2008, HCI reported to the HRCC on director compensation. Its mandate in reviewing director compensation was to assess the form and mix of director compensation relative to competitive and evolving best practices. The HCI mandate did not include assessment of the amount of director compensation which was a matter addressed in a 2007 report prepared by Aon Consulting Inc. The HCI report recommended changing the existing director's compensation that provided for board and committee retainers plus meeting fees, and changing the Phantom Stock Incentive Plan as the form of the equity-based retainer. Based on the recommendations made by HCI, the compensation for directors was changed during 2009. These changes included the adoption of a flat-fee annual board retainer for each non-management director (replacing all meeting fees, committee membership fees, and committee chair fees) with the addition of a board chair retainer in recognition of the enhanced role and work required by this position; a Deferred Share Unit Plan, under which non-management directors can elect, starting in fiscal 2010, to receive between 10% and 100% of their annual board retainer in the form of deferred share units in lieu of cash; and an Amended and Restated Stock Ownership Plan under which each director is required to acquire Common Shares in an amount equal to 1.5 times the annual board retainer at the rate of 20% per year over 5 years.

In July 2009, Hay Group, Inc. reported to the HRCC on its benchmark review of Executive Officers compensation against market practices. Subsequent to July 31, 2009, certain changes to base salary for the Executive Officers were implemented based on the recommendations made in the Hay Group report.

Compensation Approval Process

In determining the base salary, short-term incentive and long-term incentive for the Executive Officers, the HRCC undertakes a comprehensive analysis of data from multiple sources. Such an analysis of total compensation includes market data for similar positions within a comparator group of companies, the President and CEO recommendations for his direct reports, and information on prior year annual cash and long-term incentives. The HRCC reviews the various compensation components individually and in total to ensure alignment with strategic objectives and compensation program objectives. With regard to base salary adjustments for the Executive Officers, recommendations are made by the HRCC to the Board of Directors for approval. In its oversight of corporate and individual performance incentives, the HRCC conducts a "look ahead" and "look back". The look ahead is a review of the Executive Officers' proposed performance targets, corporate and individual, for the forthcoming fiscal year and the look back is an assessment of actual performance achieved in the completed fiscal year against the agreed-to performance targets set at the beginning of the fiscal year. Following its look ahead and look back, the HRCC makes a recommendation about the annual performance award payments and long-term incentive grants for Executive Officers to the Board of Directors for approval.

Compensation Philosophy and Model

The Corporation’s compensation philosophy aims to achieve the following objectives:

- Attract and retain the qualified leaders required to implement the business strategy;
- Foster a performance culture that rewards achievement and accountability for results;
- Align and focus the interests of all stakeholders on the success of the business; and
- Reflect competitive total compensation trends by benchmarking total compensation levels against relevant markets in which the Corporation competes for talent.

These objectives have shaped a compensation model that includes base salary, short-term incentives and long-term incentives. Each element of the compensation model is summarized below and described in detail in the narrative descriptions of fixed and variable compensation.

	Base Salary	Short-term Incentive	Long-term Incentive	Benefits
Summary of Executive Compensation:	Determined by responsibilities of position and market data in comparison to selected comparator companies.	Conditional on achievement of annual performance goals that support the Corporation’s strategic objectives. Two components: corporate goals (80%) and individual goals (20%).	Conditional on achievement of the long-term performance goal and aligns interests of Executive Officers with those of shareholders by use of equity-based compensation.	Determined by market competitive health and other benefits.

In designing and administering the individual elements of the compensation programs for Executive Officers, the HRCC strives to balance short-term and long-term incentive objectives, and to apply prudent judgment in establishing performance criteria, evaluating performance and determining actual incentive awards for corporate and individual performance. The compensation programs are designed to be competitive with organizations in the Canadian biopharmaceutical sector that are of a similar size and nature of operations to the Corporation. For the Executive Officers, the majority of their compensation is at risk; that is, performance-related compensation (short- and long-term incentives) comprises the majority of total compensation. Currently, the split between fixed and variable (performance) compensation is approximately 45%/55% with future targets of 30%/70% for the CEO and 40%/60% for the Vice Presidents.

At each management level, the weighting on base salary and incentives considers the role and span of control within the organization, the ability of the individual in the role to affect the Corporation’s results over the short and long terms and the compensation mix for similar positions in the competitive market. The Corporation’s Short-term Incentive Plan is designed to award the Executive Officers for corporate and individual performance that have a one year (fiscal) time span. The Scorecard is the tool used to quantify and report quarterly to the HRCC and, at year end, determine actual corporate performance. The

Corporation’s Long-term Incentive Plan is designed to promote a proprietary interest by the Executive Officers in the Corporation and align that interest with a focus on longer term strategic business objectives and shareholder returns. In the compensation model, the total of base salary and short- and long-term incentive opportunities are targeted to deliver compensation at the median of the market when all performance targets are satisfied. The sum of base salary and short- and long-term incentive compensation can vary: it would yield above median compensation in the event of superior corporate and/or individual performance and below median compensation if corporate and or individual performance does not meet performance targets. The short-term incentive for individual performance is independent of, but limited by, corporate performance.

Comparators and Market Positioning

Once every two years, the Corporation formally benchmarks base salary, and short- and long-term incentive compensation for the Executive Officers. This biennial review considers third-party data, which is used to establish a reference point for future Executive Officers’ compensation levels. The benchmark comparator group includes Canadian publicly traded organizations in the pharmaceutical, biotechnology and life sciences industry sectors that are similar in size (total enterprise value and total revenue) and complexity to the Corporation. As the Corporation is one of the few plasma product manufacturers in Canada and, as it also undertakes research and development and contract manufacturing, there are challenges associated with the development of an appropriate comparator group for executive compensation. The current comparator group (see table below) was established in July 2008, based on input from a third-party consultant and reviewed by the HRCC. Going forward, the HRCC will review the composition of the comparator group every two years to ensure continued relevance.

Angiotech Pharmaceuticals, Inc	Patheon Inc.
Cardiome Pharma Corp.	QLT Inc.
LAB Research Inc.	Theratechnologies Inc.
Paladin Labs Inc.	Transition Therapeutics Inc.

Fixed Compensation

Base Salary

Base salaries are determined in one of two ways. One method is the direct comparison of equivalent positions in the comparator group. This method is utilized when the Named Executive Officer is an employee of the Corporation at the time the biennial benchmark review of executive total compensation is conducted. Should this not be the case, due to turnover within a position or the creation of a new executive position, base salary is determined at a point within the Corporation’s defined executive salary range taking into consideration the responsibilities of the position, the Executive Officer’s education, experience and knowledge when compared to the desired qualifications for the position, market surveys, individual performance, internal comparability and the criticality of the position to the Corporation.

Employee Share Purchase Plan

As with all other employees of the Corporation, the Executive Officers are eligible to participate in the Employee Share Purchase Plan (the “ESPP”) which was instituted in January 2001. The purpose of the ESPP is to make ownership of Common Shares accessible to all employees. Under the ESPP, the

participation of the Executive Officers is governed by the same terms and conditions as are other employees. Participation in the ESPP is voluntary and is open to all full-time employees who have been employed by the Corporation for longer than six months. Employees may elect to contribute up to 5% of their gross salary or a maximum of \$10,000 per year, whichever is lower. The Corporation contributes an additional 20% to the employee's contribution, and pays all fees and commissions on the purchase of shares. The third-party plan administrator purchases Common Shares through the facilities of the Toronto Stock Exchange or other stock exchange on which the shares may be listed. Employees are responsible for any fees and arrangements related to the sale of such shares. The ESPP is reviewed periodically to determine its competitiveness, and whether it continues to meet the Corporation's business and human resource objectives.

Group Benefit, Retirement Savings and Defined-contribution Pension Plans

The Executive Officers participate in the Corporation's Group Benefits Plan and Defined-contribution Pension Plan, and they may elect to participate in the Retirement Savings Plan. These respective plans are designed to support the well-being of employees and facilitate retirement savings.

Under the Group Benefits Plan, the Executive Officers receive the same life insurance, accidental death and dismemberment, extended health and dental care benefits as do other employees. The sole difference under this plan is that in the event of a long-term disability, the base salary for those in the management category, including the Executive Officers, is sustained at the rate of 100% until qualification for long-term disability coverage is determined.

After six months of continuous employment, the Executive Officers may elect to participate in the Retirement Savings Plan. In addition, they may also elect to participate in the Defined-contribution Pension Plan after such six month period and are required to participate upon two years of employment. Under the Retirement Savings Plan, the employee authorizes a dollar amount to be deducted from base salary and directed, pre-tax, to the individual's registered retirement savings plan. The Corporation does not make any matching contribution under the Retirement Savings Plan. Under the Defined-contribution Pension Plan, employees elect to contribute 2% or 3% of base salary via payroll deduction. The Corporation's match is identical to that elected by the employee plus an additional 1%.

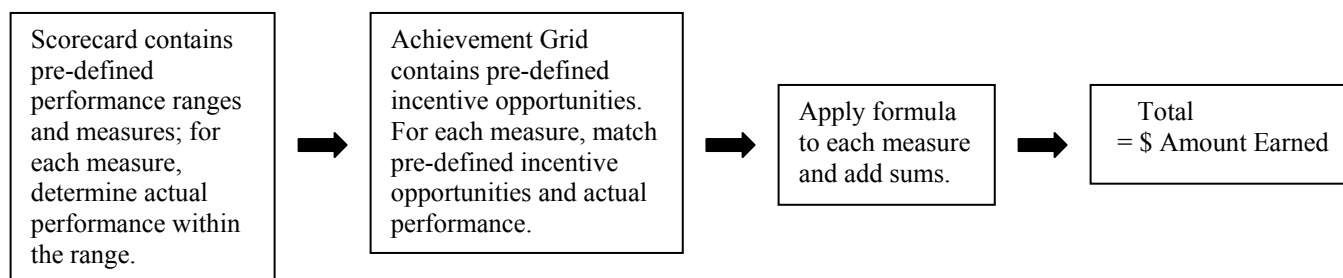
The above three plans are reviewed periodically to determine whether they continue to meet the Corporation's business and human resource objectives.

Performance-based (Variable) Compensation

Short-term Incentive Compensation

The Short-term Incentive Plan is designed to provide a competitive incentive that reflects overall corporate performance and the performance of the individual. The short-term incentive is composed of a corporate portion (80%) and an individual portion (20%). Within the corporate portion of the plan, the primary focus for the Executive Officers is the Scorecard, and within the Scorecard, the emphasis is on the financial measures category which accounts for 70% of the possible corporate incentive opportunity. The balance of the corporate short-term incentive opportunity (30%) is based on non-financial measures that reflect performance in the areas of people, operations, quality and innovation. The Scorecard is reviewed annually to ensure performance measurement and business strategies are aligned.

The amount of corporate short-term incentive awarded is determined using a “sum of performance measures” approach.



The formula applied to each measure is: percentage of total short-term incentive (corporate portion = 80% of total), multiplied by the weighting for the individual performance measure, multiplied by the actual achievement percentage for that measure, multiplied by position percentage for achievement, multiplied by the position’s base salary (at July 31).

The performance range for each Scorecard measure and its corresponding range of incentive opportunity are set at the beginning of the fiscal year. Within these respective ranges, target performance and payout points are set. Therefore, actual payouts may be above or below the target depending on actual performance achieved. In fiscal 2009, the maximum for payout was 1.5 times the target. The HRCC periodically reviews the maximum payout multiple to ensure it is competitive with industry practice.

The balance of the short-term incentive (20%) is based on individual performance objectives, with payout of an award subject to achievement of corporate performance minimums. At the beginning of the fiscal year, the Executive Officers set individual performance objectives. These individual objectives are intended to align with the annual corporate objectives, have a reasonable likelihood of achievement during the year and reflect the Executive Officer’s respective functional responsibilities, and area of influence and control. At the fiscal year end, actual performance achievement against stated objectives is reviewed by the President and CEO who then formulates a recommendation on an incentive payout for his direct reports for review by the HRCC. The HRCC also reviews the performance achievement of the President and CEO.

After considering and evaluating the performance results for the fiscal period, the HRCC retains the discretion to recommend adjustments to the short-term incentive payout by taking into consideration factors that affect performance, which are beyond the Executive Officers’ immediate control.

The Short-term Incentive Plan is reviewed periodically to determine its ability to meet the Corporation’s business and human resource objectives.

Long-term Incentives

In general, the purpose of the Long-term Incentive Plan is to focus the Executive Officers on the formulation and achievement of longer term strategic business objectives that generate shareholder returns. Over the last several years, the Corporation has transitioned from providing long-term incentives in the form of stock options, succeeded by phantom stock units, and has now implemented a Restricted Share Unit Plan. While the Stock Option Plan and the Phantom Stock Incentive Plan continue to be in effect with

respect to prior year awards, the Corporation does not have current plans to issue any new grants under these plans. For the future, the Restricted Share Unit Plan will be the vehicle for awarding a long-term incentive to the Executive Officers. Changes to the type of long-term incentive were made to keep pace with changes in the executive compensation market and to ensure alignment with the Corporation's evolving compensation objectives.

All three plans are administered by the HRCC and are under the Board of Directors authority with respect to their terms and conditions, which include participation, interpretation, application, amendment and termination. The Restricted Share Unit Plan will be reviewed periodically to determine its ability to meet the Corporation's business and human resource objectives. Specific details for each plan are provided below.

Stock Option Plan

The Stock Option Plan was designed to encourage the interest of directors, the Executive Officers and certain other management employees in the growth and development of the Corporation by providing the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

The Board of Directors historically granted options to eligible participants to purchase Common Shares. The number of options granted to any one optionee cannot exceed 5% of the total outstanding Common Shares. Granted options vested and were exercisable at the following rate: 25% in the fiscal year of the grant and an additional 25% in each of the three following fiscal years. Options issued to non-employee directors expire five years from the date of grant, and options issued to employees expire eight years from the date of grant. Options expire 90 days following the date that an optionee ceases to be a director, officer or employee, or following the death of the optionee.

The Board of Directors fixed the option price at the time of grant subject to the terms of the Stock Option Plan. The price was not less than the arithmetic average of the daily high and low, board-lot trading prices of the Common Shares on the Toronto Stock Exchange for the five days immediately prior to the date of the grant.

No options have been granted under the Stock Option Plan to directors or Named Executive Officers in the last six years. No options have been re-priced.

Phantom Stock Incentive Plan

The Phantom Stock Incentive Plan was designed to align the interests of directors, the Executive Officers and certain other management employees with the long-term success and strategic direction of the Corporation. As a secondary objective of this plan, the Corporation sought to reduce the dilution to external shareholders and allow for tax deductibility of the related compensation expense. To participate in the Phantom Stock Incentive Plan, eligible participants were required to voluntarily agree to participate in the Stock Ownership Plan and comply with its requirements. The Phantom Stock Incentive Plan was adopted by the Board of Directors in October 2005 and implemented retroactively, effective August 1, 2004.

Under the Phantom Stock Incentive Plan, the dollar amount of long-term compensation awarded is based on a three-step process which incorporates the “look ahead” and “look back” approach of the short-term incentive. First, looking ahead, at the beginning of the fiscal year, the target Return on Investment (“ROI”) percentage and the long-term incentive dollar amount are set, as are the maximum and minimums for the ROI and the incentive range. The targeted minimum and maximum ROI are established based on a historical ROI over the long term, generally the previous 5 to 10 years. These calculations are reviewed by the HRCC and approved by the Board of Directors. Second, looking back at the fiscal year end, the actual ROI achieved is calculated and compared against the target set at the beginning of the fiscal year. This determines the incentive opportunity earned. Third, a formula is applied to determine the number of phantom stock units to be granted to an Executive Officer: the targeted dollar amount of the long-term incentive is divided by the 90-day weighted-average stock price (90 days preceding an August 1 grant date); this result is multiplied by the incentive opportunity percentage. At the discretion of the Board of Directors, a discount may be applied to the 90-day weighted-average share price. The number of phantom stock units that was awarded to an Executive Officer was subject to review by the HRCC and approval by the Board of Directors.

Phantom stock units have been granted at a base price that is a percentage of the weighted-average market price of the Common Shares on the Toronto Stock Exchange for the 90-day period immediately preceding the date of grant. The Board of Directors could, at its discretion, discount the base price to improve the initial incentive value of any year’s grant. Phantom stock units are valued on the maturity date (the “Maturity Price”) based on the weighted-average market price of the Common Shares on the Toronto Stock Exchange for the 90-day period immediately preceding the maturity date.

Phantom stock units mature on a date that is three years and 90 days after the date of grant. Holders of units in the Phantom Stock Incentive Plan receive cash awards on the earlier of the maturity date, a change of control, or the termination of employment due to resignation, permanent disability, death, retirement or termination without cause, equal to any increase in value of the granted phantom stock units, calculated as the number of units multiplied by the difference between the Maturity Price and the base price. If the Maturity Price of the granted phantom stock units is less than the base price, the units mature with no cash award payable to the holder.

Under the Phantom Stock Incentive Plan, granted phantom stock units vest at a rate of 25% annually, with the first 25% of units becoming vested immediately on the date of grant, and an additional 25% vesting on each anniversary of the date of grant for the following three years. Early cash awards may be triggered in the event of and, determined at, the date of retirement, death or termination without cause, and calculated based on the number of vested units multiplied by the difference between market price on the applicable date and the base price. Market price for any such date is defined as the weighted-average market price on the Toronto Stock Exchange for the 90-day period immediately preceding the applicable date of retirement, death or termination without cause. The Corporation has no current intention to grant further units under the Phantom Stock Incentive Plan.

Restricted Share Unit Plan

The Restricted Share Unit Plan was adopted by the Board of Directors in 2009 and is designed to provide a long-term incentive to align the interests of the Executive Officers and certain other management employees with those of the Corporation’s shareholders. As was the case with the Phantom Stock

Incentive Plan, eligible participants are required to voluntarily agree to participate in the Stock Ownership Plan and comply with its requirements.

Under the Restricted Share Unit Plan, the award of units to the Executive Officers is based on the same ROI criteria and calculation process as described for the Phantom Stock Incentive Plan. Non-executive Officer participants in the Restricted Share Unit Plan are not subject to the ROI performance criteria.

Granted units vest at a rate of 25% annually, with the first 25% of units becoming vested immediately on the date of grant, and an additional 25% vesting on each anniversary of the date of grant for the following three years. Where a participant ceases to be an employee as a result of termination of employment without cause by reason of retirement, death or disability, all or a portion of unvested restricted share units may become fully vested or may be permitted to vest as determined by the Corporation.

Generally, participants under the Restricted Share Unit Plan will receive a cash payment on a specified payout date which is on or before the end of the third calendar year following the year in which the units were granted. Early cash awards are triggered in the event of termination without cause or by reason of death, retirement or disability. The cash amount payable to each participant on the applicable payout date is determined by multiplying the number of vested units by the weighted-average of the closing price of the Common Shares traded on the Toronto Stock Exchange for the 90-day period immediately preceding the applicable payout date.

In the event of a change of control, restricted share units are to be honoured or assumed, or new rights substituted therefore, which are substantially equivalent to, or better than, the rights under the Restricted Share Unit Plan.

Although the Restricted Share Unit Plan was adopted by the Board of Directors in fiscal 2009, no Restricted Share Units were granted during the year. Subsequent to the end of the fiscal year, on October 16, 2009, the Board approved a grant of approximately 1,000,000 Restricted Share Units, effective August 1, 2009.

Stock Ownership Requirements

In 2005, the Board of Directors adopted the Stock Ownership Plan retroactive to August 1, 2004. This plan requires that eligible participants who elect to participate in the Deferred Share Unit Plan (as described below), the Phantom Stock Incentive Plan or the Restricted Share Unit Plan acquire and hold a minimum, pre-determined dollar value of Common Shares, based on original purchase price, by a specified target date (the "Requirements"). The plan was amended in 2009 mainly to reflect the ownership requirements linked to the new Deferred Share Unit Plan and the Restricted Share Unit Plan.

Participants in the Stock Ownership Plan have several methods by which they may meet the Requirements including: being credited for any shares acquired and owned on the plan's effective date; being credited for shares issued upon the exercise of stock options, after the plan's effective date; through share purchases made in the public market or via the ESPP; and, for participants in the Restricted Share Unit and Deferred Share Unit Plans, the number of restricted or deferred share units held may also be credited against the Requirements.

Executive Perquisites

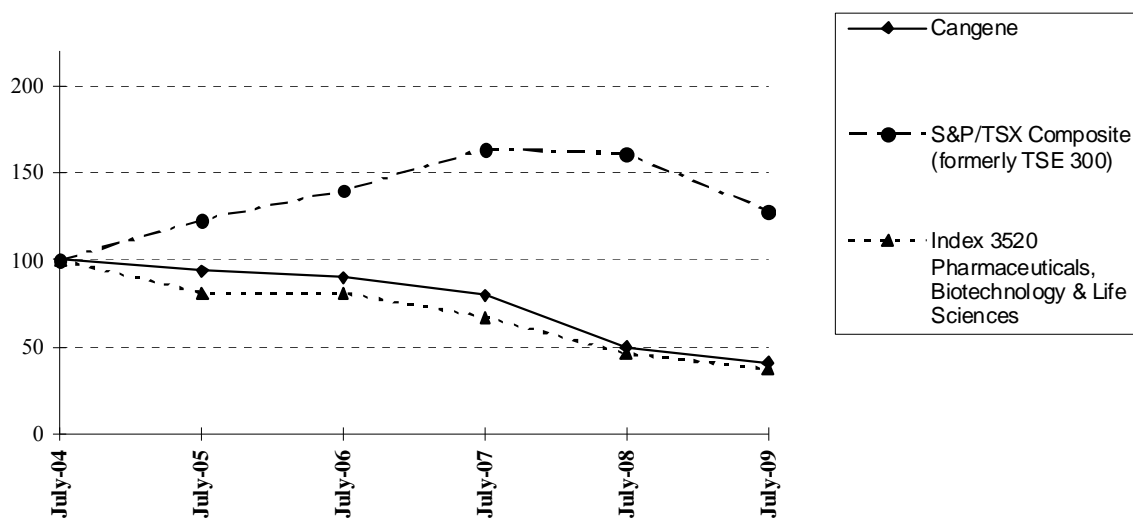
In fiscal 2009, the Corporation did not provide perquisites to the Named Executive Officers. The HRCC periodically reviews the appropriateness of perquisites for the Executive Officers.

Employment Contracts and Termination

The Corporation has not entered into employment contracts with any of its Executive Officers. As with all other employees, at the time of hire, Executive Officers sign the Corporation's standard offer of employment containing details on reporting relationship, salary and benefits. In the event of termination, the Executive Officers would receive payments as required by legislation and consistent with the Corporation's policy on termination.

Stock Performance Graph

The following Stock Performance Graph illustrates the 5-year cumulative total return assuming Cdn\$100 was invested on July 31, 2004 in Common Shares of the Corporation, in the S&P/TSX Composite Total Return Index and in the S&P/TSX Composite Sub-Index 3520 - Pharmaceuticals, Biotechnology and Life Sciences which includes companies in similar businesses to the Corporation.



	2004	2005	2006	2007	2008	2009
Cangene Corporation	\$100	\$94	\$90	\$80	\$50	\$41
S&P/TSX Composite	\$100	\$123	\$140	\$164	\$161	\$128
Index 3520 Pharmaceuticals, Life Sciences & Biotechnology	\$100	\$81	\$81	\$67	\$46	\$37

The Stock Performance Graph shows a decline in shareholder return relative to the S&P/TSX Composite while those same shareholder returns trended somewhat above the returns for the sub-Index 3520. The trend in executive compensation over the same period is characterized by moderate increases in executive base salary with spike periods in 2006 and 2007 reflecting adjustments to match market competitiveness.

The 2007 base salary increases resulted from recommendations contained in an executive compensation benchmarking analysis conducted by independent compensation experts. For 2008 and 2009, there was no base salary increase; a modest increase was approved effective at the beginning of fiscal 2010. Short-term incentive payments over this same period have reflected the achievement of corporate and individual goals. For 2004 and 2005, no corporate portion of the short-term incentive was awarded. The Corporation has not included Common Share price targets as a component of the executive compensation strategy and program.

Summary Compensation Table

The following table describes all compensation paid or awarded to, or earned by, each of the Named Executive Officers during the Corporation's most recently completed financial year for services rendered in all capacities to the Corporation and its subsidiaries. Compensation reported in this table is in Canadian dollars.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)		Option Based Awards (\$)	Non-equity incentive plan compensation ³ (\$)	Pension Value (\$)	All Other Compensation ⁴ (\$)	Total Compensation (\$)
			PSUs ¹	RSUs ²					
John Langstaff, President and Chief Executive Officer	2009	375,000	75,000	Nil	Nil	235,459	11,250	Nil	696,709
Michael Graham Chief Financial Officer	2009	225,000	44,900	Nil	Nil	93,242	6,750	Nil	369,892
William Bees, Senior Vice President, Operations	2009	274,000	54,679	Nil	Nil	137,634	8,220	Nil	474,533
Grant McClarty, Vice President, Research and Development	2009	234,000	46,696	Nil	Nil	96,971	7,020	Nil	384,687
Andrew Storey, Vice President, Quality Assurance/ Clinical & Regulatory Affairs	2009	234,000	46,696	Nil	Nil	96,971	7,020	Nil	384,687

¹ These amounts represent the grant-date fair value of phantom stock units granted under the Phantom Stock Incentive Plan. The grant-date fair value equals the number of phantom stock units multiplied by the difference between the 90-day weighted average Common Share price and the grant price on the date of grant. The Corporation chose this method of valuation as it believes it results in the most accurate representation of fair value.

² No restricted share units were granted during the 2009 fiscal year of the Corporation.

³ These amounts represent an annual performance award paid pursuant to the Short-term Incentive Plan.

⁴ The aggregate of perquisites and other personal benefits provided to each Named Executive Officer did not exceed the lesser of \$50,000 and 10% of total salary.

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table sets forth all share-based and option-based awards outstanding as at July 31, 2009 for each of the Named Executive Officers.

Name	Option-based Awards				Share-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ¹ (\$)	Number of shares or units of shares that have not vested (#)		Market or payout value of share-based awards that have not vested (\$)	
					PSUs	RSUs	PSUs	RSUs
John Langstaff, President and CEO	55,000	9.31	April 2, 2010	Nil	84,830	Nil	5,238	Nil
	40,000	10.60	Jan. 29, 2011	Nil				
Michael Graham, Chief Financial Officer	Nil	Nil	Nil	Nil	51,406	Nil	3,143	Nil
William Bees, Senior Vice President, Operations	30,000	9.31	April 2, 2010	Nil	62,136	Nil	3,827	Nil
	30,000	10.60	Jan. 29, 2011	Nil				
Grant McClarty, Vice President, Research and Development	Nil	Nil	Nil	Nil	50,348	Nil	3,269	Nil
Andrew Storey, Vice President, Quality Assurance/ Clinical & Regulatory Affairs	25,000	9.31	April 2, 2010	Nil	53,360	Nil	3,269	Nil
	28,000	10.60	Jan. 29, 2011	Nil				

¹ Closing price of Common Shares on July 31, 2009 was \$3.84 on the Toronto Stock Exchange.

Value Vested or Earned During Fiscal 2009

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John Langstaff, President and CEO	Nil	5,238	235,459
Michael Graham, Chief Financial Officer	Nil	3,143	93,242
William Bees, Senior Vice President, Operations	Nil	3,827	137,634
Grant McClarty, Vice President, Research and Development	Nil	3,269	96,971
Andrew Storey, Vice President, Quality Assurance/ Clinical & Regulatory Affairs	Nil	3,269	96,971

PENSION PLAN BENEFITS – Defined Contribution Plan

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Non-compensatory (\$)	Accumulated value at year end (\$)
John Langstaff, President and CEO	331,653	15,000	13,033	329,184
Michael Graham, Chief Financial Officer	48,399	9,000	8,148	63,148
William Bees, Senior Vice President, Operations	232,266	10,960	9,533	229,081
Grant McClarty, Vice President, Research and Development	17,469	9,360	7,821	32,963
Andrew Storey, Vice President, Quality Assurance/ Clinical & Regulatory Affairs	153,756	9,360	7,821	152,115

Termination and Change of Control Benefits

Except as described in the “Compensation Discussion and Analysis”, there are no termination and change of control benefits for the Named Executive Officers.

Director Compensation

During fiscal 2009, each of the Corporation’s non-employee directors received an annual board retainer of \$80,000 and the Chair of the Board of Directors receives an additional annual board chair retainer of \$35,000.

All of the director compensation was paid quarterly. Non-employee directors also received a fixed number of phantom stock units. However, the Corporation has no current intention to grant further units under the Phantom Stock Incentive Plan. Beginning with the 2010 fiscal year, non-employee directors will be entitled to receive a certain number of units under the Deferred Share Unit Plan (see discussion under “Deferred Share Units” below).

The following chart shows the compensation paid or awarded to, or earned by, each director for services as a director of the Corporation in respect of the most recently completed financial year. Compensation is paid and reported in the following chart in the currency of the country of residence of the director.

Name	Fees earned (\$)	Share-based awards (\$) ³	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
R. Craig Baxter	80,000	8,750	Nil	—	—	—	88,750
D. Bruce Burlington	80,000	8,750	Nil	—	—	—	88,750
Jeremy Desai	80,000	8,750	Nil	—	—	—	88,750
Philip Johnson	80,000	8,750	Nil	—	—	—	88,750
Jack Kay	115,000 ¹	8,750	Nil	—	—	—	123,750
John Langstaff ²	—	—	—	—	—	—	—
J. Robert Lavery	80,000	8,750	Nil	—	—	—	88,750
R. Scott Lillibridge	80,000	8,750	Nil	—	—	—	88,750
John Vivash	80,000	8,750	Nil	—	—	—	88,750

¹ This amount is composed of an annual board retainer of \$80,000 and a board chair retainer of \$35,000.

² Mr. Langstaff does not receive any additional compensation for acting as a director. For Mr. Langstaff’s compensation as the President and Chief Executive Officer, see the “Summary Compensation Table” in this Circular.

³ These amounts represent the grant-date fair value of phantom stock units granted under the Phantom Stock Incentive Plan. The grant-date fair value equals the number of phantom stock units multiplied by the difference between the 90-day weighted-average Common Share price and the grant price on the date of grant. The Corporation chose this method of valuation as it believes it results in the most accurate representation of fair value.

Deferred Share Units

The Deferred Share Unit Plan was adopted by the Board of Directors in 2009 and is designed to provide a long-term incentive to align the interests of directors with the Corporation's shareholders. In order to be eligible to participate in the Deferred Share Unit Plan, directors must agree to participate in and comply with the requirements of the Stock Ownership Plan. The Deferred Share Unit Plan is administered by the HRCC under the direction of the Board of Directors.

Under the Deferred Share Unit Plan, a director may elect to receive between 10% and 100% of his annual board retainer in the form of deferred share units in lieu of cash. Such units vest immediately upon grant and entitle the director to receive a cash payment on a specified payout date (which date is no earlier than the date on which a director ceases to be a director) that is equal to an amount determined by multiplying the number of vested units by the weighted-average of the closing price of the Common Shares traded on the Toronto Stock Exchange for the 90-day period immediately preceding the applicable payout date.

Although the Deferred Share Unit Plan was adopted by the Board of Directors in fiscal 2009, no Deferred Share Units were granted during the year. Subsequent to the fiscal year end, several directors elected to receive a portion of their 2010 Annual Board Retainer in the form of deferred share units.

The Deferred Share Unit Plan will be reviewed periodically to determine its ability to meet the Corporation's business objectives

Directors' and Officers' Insurance

The Corporation has purchased directors' and officers' liability insurance with a policy limit of \$25,000,000 per occurrence, subject to a deductible of \$100,000 per occurrence. Under this insurance coverage, the Corporation would be reimbursed for payments made under corporate indemnity provisions on behalf of its directors, officers and certain other employees, and individual directors, officers and others would be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Corporation. Protection is provided to directors, officers and certain other employees for acts, errors or omissions done or committed during the course of their duties. Excluded from coverage under the policy are illegal acts and those acts that result in personal profit. The annual premium paid by the Corporation in respect of the directors, officers and certain other employees as a group is \$111,915.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information for the most recently completed financial year

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders ¹	711,200	\$9.96	2,355,050

¹ The Corporation has no equity compensation plans not approved by securityholders.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at October 20, 2009, there was no indebtedness owing to the Corporation by any of its past or present directors, Executive Officers or employees.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

As disclosed in other documents that are available on the SEDAR website (www.sedar.com), including the Corporation's 2009 annual report, the Corporation has a number of material agreements with certain Apotex Group companies. Three of the director nominees herein listed are employed by the Apotex Group. Other than these previously disclosed matters, and matters set forth above under the headings "Statement of Executive Compensation" and "Compensation of Directors", no informed person or proposed director, or an associate or affiliate of an informed person or proposed director, had any material interest, direct or indirect, in any material transaction entered into by the Corporation during the fiscal year ended July 31, 2009.

APPOINTMENT OF AUDITORS

Ernst & Young LLP have been the auditors of the Corporation for more than five years. It is proposed that Ernst & Young LLP be reappointed at the Meeting, or at any adjournment thereof, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders, at a remuneration to be fixed by the Board of Directors. The reappointment of Ernst & Young LLP as auditors must be approved by a majority of the votes cast at the Meeting.

MANAGEMENT CONTRACTS

No management functions of the Corporation or its subsidiaries were performed other than by directors or Executive Officers of the Corporation or its subsidiaries.

CORPORATE GOVERNANCE

The Board of Directors believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance practices are essential to the well being of the Corporation and its shareholders. The Canadian Securities Administrators (the "CSA") adopted *National Policy 58-201 – Corporate Governance Guidelines* (the "Guidelines") which sets forth a number of suggested guidelines on corporate governance practices. The Board of Directors believes that the Corporation's corporate governance practices satisfy the current recommendations contained within the CSA Guidelines. The Corporation's disclosure pursuant to *National Instrument 58-101 – Disclosure of Corporate Governance Practices* is set out in Schedule A, attached hereto.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com or on the Corporation's website at www.cangene.com. Securityholders may request copies of the Corporation's financial statements and management's discussion and analysis by contacting the Corporate Communications Department of the Corporation at ir@cangene.com. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. The Corporation reserves the right to charge a reasonable fee if the request is made by a person who is not a shareholder of the Corporation.

The information relating to the Corporation's Audit Committee required by *Section 5.1 of Multilateral Instrument 52-110* may be found under the heading "Audit Committee Information" in the Corporation's 2009 Annual Information Form, which is available on the SEDAR website at www.sedar.com.

SHAREHOLDER PROPOSALS

A proposal on any matter that a person who is entitled to vote intends to raise at next year's annual meeting of shareholders must be received by the Corporation at its registered office, directed to the attention of the Secretary, on or before October 12, 2010.

APPROVAL OF MANAGEMENT INFORMATION CIRCULAR

The contents and the sending of this Circular have been approved by the Board of Directors.

DATED: October 20, 2009

(signed)
John Langstaff
President and Chief Executive Officer

Schedule A

CORPORATE GOVERNANCE PRACTICES

Board of Directors

The Board of Directors is composed of nine directors, a majority of which directors are independent. The following directors are independent within the meaning of the CSA Guidelines, namely, D. Bruce Burlington, Philip Johnson, J. Robert Lavery, R. Scott Lillibridge and John Vivash.

The following directors are considered not to be independent within the meaning of the CSA Guidelines, namely, R. Craig Baxter, Jeremy Desai, Jack Kay and John Langstaff. With the exception of John Langstaff, who is the President and CEO of the Corporation, all of these directors are executive officers of certain Apotex Group companies and on that basis alone are considered by the CSA Guidelines to be non-independent.

The Corporation believes that this board composition is able to fairly represent the interests of all the shareholders. The Board of Directors relies significantly on input from independent directors to facilitate its exercise of independent judgment in carrying out its responsibilities. The Board of Directors also relies on input from Board Committees, which are composed of a majority of independent directors. In any matters where a conflict of interest is declared by one or more directors, and the Board of Directors determines that such directors could or could appear to influence the outcome of such matters to the detriment of the Corporation or its shareholders, such directors will not be eligible to vote on such matters, and such matters will be approved by a majority of the remaining directors.

Director Affiliations

A number of current directors of the Corporation are also directors of other companies that are reporting issuers. The information as to the other reporting issuers on whose boards directors of the Corporation serve is disclosed with the directors' biographical information in the Circular.

Meetings of Independent Directors

The five independent directors did not hold any regularly scheduled meetings at which non-independent directors and members of management were not in attendance. The Board of Directors relies significantly on input from the Governance and Nominating Committee, which is composed entirely of independent directors. However, the Board and Board Committees regularly hold in-camera meetings without management present.

Chair of the Board

The Chair of the Board of Directors, Jack Kay, is not an independent director within the meaning of the CSA Guidelines by reason of being the President and Chief Operating Officer of Apotex Inc. However, he is not a member of management, and in the Board of Directors' view, has no other relationships that could reasonably interfere with the exercise of his independent judgment or with his leading the Board of Directors to exercise independent judgment on matters that come before it. The Governance and

Nominating Committee, which is composed entirely of independent directors, also provides leadership and direction.

Director Attendance

The attendance record of each Director at all Board and Board Committee meetings held either since the beginning of the Corporation's most recently completed financial year or during the period when that person was a member of the Corporation's Board and Board Committee, as applicable, is as follows:

Director	Board Meetings Attended	Committee Meetings Attended ¹
R. Craig Baxter ²	7/9	5/5
D. Bruce Burlington ⁴	9/9	5/5
Jeremy Desai ⁴	8/9	5/5
Philip Johnson ^{3,4}	8/9	7/7
Jack Kay	7/9	n/a
John Langstaff	9/9	n/a
J. Robert Lavery ^{2,3}	8/9	9/9
R. Scott Lillibridge ²	7/9	4/5
John Vivash ³	8/9	6/6

¹ The composition of certain committees changed during the year

² Member of Audit Committee

³ Member of Governance and Nominating Committee

⁴ Member of Human Resource and Compensation Committee

Board Mandate

The Board of Directors has adopted a mandate for itself and for each of its three Committees. The Board Mandate is attached as Appendix I hereto.

Position Descriptions

The Board of Directors has directly discussed the roles and responsibilities of the Chair of the Board of Directors and the Chairs of each Board Committee, and is satisfied that the individuals understand the respective roles for each such position. The Governance and Nominating Committee has developed written position descriptions for the Chair of the Board and the Chairs of each Board Committee.

A position description has been developed for the President and CEO that clearly delineates his responsibilities. It requires that corporate objectives and goals be established, and that the President and CEO be responsible for achieving them. The Board of Directors approves the corporate goals and objectives based on the strategic plan which is periodically reviewed by the Board, and it monitors the President and CEO's performance in achieving these goals.

Orientation and Continuing Education

The Governance and Nominating Committee selects nominees for the Board of Directors who are experienced in business management and corporate governance and, in most instances, who have special expertise in an area of strategic interest to the Corporation. In order to orient new directors as to the nature

and operation of the Corporation's business, they are given the opportunity to visit the Corporation's facilities and meet with members of the Corporation's executive team. They are also provided with detailed background materials including historical public information, strategic plans, financial and operating plans and budgets, and current policies of the Corporation, as well as information about ongoing developments in the industry areas within which the Corporation operates. Existing directors are periodically updated in respect of these matters.

In fiscal 2007, upon the recommendation of the Governance and Nominating Committee, the Board of Directors approved the establishment of a formal continuing education program available to Board members. This voluntary program allows any member of the Board of Directors to enrol in a formal program for director education at the expense of the Corporation. All Board members have joined the Institute of Corporate Directors and some have completed education programs. All directors receive regular newsletters and current information regarding the evolving state of corporate governance practices in Canada. The Corporation's director orientation and education program is designed to assist directors in fully understanding the nature and operation of the Corporation's business, the role of the Board of Directors and its Committees, and the contributions that individual directors are expected to make.

Ethical Business Conduct

In 2005, the Corporation adopted formal corporate Standards of Business Ethics in light of its continued commitment to honesty and integrity in the conduct of its business. The Standards of Business Ethics applies to all directors, officers and employees of the Corporation. A copy of the Standards of Business Ethics is available on the Corporation's website at www.cangene.com and on the SEDAR website at www.sedar.com.

The Board of Directors, through management, has implemented a process to familiarize current employees with the Standards of Business Ethics and ensure that new employees receive the same guidance at initial orientation. All new employees are required to certify that they have read and understood the Standards of Business Ethics, and that they agree to comply with it. The Corporation has also implemented online training on the Standards of Business Ethics. Training is applicable to all employees and management of the Corporation and is conducted on an annual basis.

The Board of Directors monitors compliance with the Standards of Business Ethics by monitoring a third-party, confidential reporting system employed by the Corporation, which allows employees to report suspected or alleged violations of the Standards of Business Ethics. The Chair of the Audit Committee has access to all reports filed on the system. The Board of Directors also receives quarterly reports from executive management regarding any allegations of unethical conduct. Executive officers and senior management are expected to declare any conflicts of interest or any other situation that could represent a potential violation of the Standards of Business Ethics. Any waiver of the requirements to comply with the Standards of Business Ethics granted to an executive officer of the Corporation requires Board approval.

In order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a Director has a material interest, the Director or executive officer having a conflict of interest must declare his or her interest and excuse himself or herself from the meeting during the consideration of and voting on that particular matter. If a conflict of interest arises on a non-material matter, the Director must declare his or her interest and abstain from discussion and voting. Independent Board members are given a specific forum to identify and discuss potential conflicts of interest in material

transactions or agreements involving a director or an officer. Any waiver of the requirements to comply with the Standards of Business Ethics granted to a director of the Corporation must be approved by the Board of Directors.

Nomination of Directors

The Board of Directors established a Governance and Nominating Committee which is responsible for assisting the Board in developing and recommending the Corporation's corporate governance practices, evaluating Board performance, nominating new directors based on the Board of Directors' overall skill-set and competencies, reviewing the Board size and composition, monitoring attendance by directors at meetings and compliance with Board-mandated shareholding requirements, and developing and recommending standards for the Board of Directors to apply with respect to conflicts of interest. The Committee also has oversight responsibility with respect to the Standards of Business Ethics and the Disclosure Policy.

During 2008, the Governance and Nominating Committee instituted a process for identifying new candidates for board nomination. This process included review and selection of an independent consultant to assist in identifying potential candidates, assessing the candidates against pre-established criteria developed by the Committee, conducting interviews with the consultant and the Committee, developing recommendations and justification for candidates selected, and final review and approval by the Committee and the Board of Directors.

The Governance and Nominating Committee is composed entirely of independent directors. The Chair of the Committee has the authority to convene a separate meeting of the independent directors to review and discuss proposals dealing with governance issues before making recommendations about such issues to the Board of Directors. In order to ensure an objective nomination process, the Board of Directors as a whole must unanimously approve the addition of a new director.

Human Resource and Compensation Committee

The Board of Directors has established the Human Resource and Compensation Committee which is responsible for overseeing overall corporate policy with respect to compensation, employment agreements and benefits, management's succession plans for Executive Officers (including the President and Chief Executive Officer), corporate objectives and performance of Executive Officers with respect to those objectives, as well as compliance with applicable employment and labour legislation. D. Bruce Burlington was Chair of this Committee in 2009 and is an independent director. The other two members are Philip Johnson who is also an independent director, and Jeremy Desai who is non-independent.

Assessments of Directors

Board effectiveness is assessed by the Board of Directors as a whole with the assistance of the Governance and Nominating Committee, and involves consideration of the contributions and effectiveness of the Board committees and individual directors, the adequacy of information given to directors, the quality of communication between the Board of Directors and management, and the strategic direction and processes used. The performance of the Board of Directors is linked to the Corporation's success in implementing the strategic plan.

Appendix I

BOARD MANDATE

The Board of Directors (the “Board”) of Cangene Corporation (the “Company” or the “Corporation”) participates in and assumes responsibility for the stewardship of the Corporation by directing management and overseeing the operation of the business. Within this responsibility, the Board specifically assumes responsibility for ensuring integrity within management and throughout the organization, adopting a strategic planning process, identifying and managing risks to the business, succession planning, adopting a disclosure policy, ensuring appropriate internal controls are in place, and developing and implementing the Corporation’s corporate governance practices. The Board directly assesses corporate performance and creation of shareholder value, including assessing feedback from shareholders. The Board must act in the best interests of the Corporation and is ultimately accountable to the shareholders.

TERMS OF REFERENCE

The business environment is constantly changing and the process of good corporate governance evolving, accordingly, the responsibilities and procedures noted here are intended as a guideline only and the Board may make changes from time to time.

Authority

The Board has unrestricted access to all the Company’s personnel, its documents and the external auditors as necessary to carry out its responsibilities.

The Board has the authority to retain and set the pay for special legal advisors, or accounting or other consultants to attend its meetings and/or take part in its considerations as it deems necessary.

Responsibilities

The Board carries out its responsibilities with the assistance of selected committees; these committees report on their activities and make recommendations to the Board on a regular basis.

1 Strategic Planning

The Board shall:

- adopt and maintain a strategic planning process
- review and approve the Corporation’s strategic and operating plans on an annual basis with consideration of the risks and opportunities of the business
- identify the principal risks of the business and ensure management has implemented appropriate systems to manage these risks

2 Monitoring and Succession Planning for Senior Management

The Board shall:

- develop, in conjunction with the CEO, a clear position description for the CEO
- plan for succession in senior management, particularly the CEO, which shall include reviewing and approving appointment and compensation for senior management positions
- develop or approve corporate goals and objectives for the CEO and monitor achievement of these goals and objectives
- monitor senior management's performance and ensure appropriate training as necessary

3 Ethics and Integrity

The Board shall:

- implement measures to satisfy itself of the integrity of the Company's executive officers by developing and maintaining a Standards of Business Ethics policy (the "Code") and monitoring compliance of executive officers and all employees with the Code. The Code should specifically address conflicts of interest, protection and use of corporate assets, maintaining confidentiality of corporation information, fair dealing with all stakeholders, compliance with applicable laws, rules and regulations, and reporting of illegal or unethical behaviour.
- ensure that the CEO and other executive officers of the Corporation create a culture of integrity throughout the organization
- ensure procedures exist for confidential, anonymous submission of complaints ("whistleblower procedures") regarding financial or accounting matters, or any violations of the Code

The Board may grant a waiver from the Code for directors or executive officers if deemed necessary; however, a material departure from the Code may constitute a material change that must be disclosed. The Board shall ensure that such a material change is disclosed including the date of its occurrence, the parties involved, the reason why the Board has waived the compliance requirement and any measure taken to remedy the departure from the Code.

4 Disclosure and Communications

The Board shall:

- adopt and maintain a communication and disclosure policy
- review and approve annual continuous disclosure documents and filings
- assess adequacy and effectiveness of the Company's systems of internal control and management information systems
- ensure measures exist to obtain direct feedback from external stakeholders

5 Corporate Governance

The Board shall:

- ensure compliance with corporate governance legislation and apply relevant governance guidelines as appropriate
- periodically review Board composition relative to good governance practices
- establish a practice of holding meetings at which only independent directors attend
- consider the size of the Board with regard to effective decision-making

6 Nomination, Orientation and Continuing Education

In considering new director nominees, the Board shall:

- review recommendations by the Governance and Nominating Committee regarding the skills and competencies required by the Board as a whole and the competencies already existing within the Directors
- determine whether nominees are able to devote sufficient time to the duties as Board member
- ensure the nominees understand and agree to abide by their responsibilities as directors, including attending meetings and reviewing meeting materials in advance

While the Company provides orientation for new directors by inviting them to visit the Company's facilities and making available detailed background materials including historical public information; strategic plans; financial and operating plans and budgets; current policies of the Company; and information about ongoing developments in the industry within which the Company operates. The Board has also adopted a formal continuing education program which is available to all Board members on a voluntary basis. The program allows any member of the Board to enroll in a formal program for director education at the expense of the Company. In addition, all Board members are enrolled in the Institute of Corporate Directors. All Board members receive regular newsletters and current information regarding the evolving state of corporate governance practices in Canada.

7 Other Responsibilities

The Board shall:

- review and approve significant transactions or decisions that have not been delegated to management.
- develop and maintain position descriptions for the Board Chair and the Chair of each committee

Each member shall make his or her best efforts to attend meetings and shall review meeting materials in advance.

Membership, Procedures and Meetings

1 Composition and Number of Members

The Board shall consist of not more than fifteen Members and not fewer than three. The Board shall consist of a majority of independent members. All Members will possess the skills and competencies appropriate to their appointment as directors, and the Board as a whole shall include a mixture of complementary skills, competencies and experiences. All Members shall meet any requirements as stipulated by relevant securities legislation or stock exchange rules.

2 Appointment of Members, Chair and Secretary

Directors are elected at each annual meeting of the shareholders of the Corporation. Each director holds office until the earlier of his/her retirement or resignation, or until the next annual meeting of the shareholders.

In the event the number of directors falls below the minimum, or if the Board deems necessary, the Board may appoint a new member in the absence of a shareholder vote. Such member may hold office until the next annual meeting of the shareholders, at which time they may be elected by shareholders for continued participation on the Board.

The Board shall appoint one Member to serve as Chair. In the event that this Member is not an independent director, the Board may also appoint an independent director to serve as Lead Director. If the Chair is absent from a meeting, the Members present shall select a representative to act as Chair of that meeting.

The Board shall appoint a Secretary who need not be the Corporate Secretary and who need not be a director of the Corporation.

3 Quorum

A quorum at any meeting of the Board shall be a majority of the number of directors.

4 Notice of Meeting

Notice of each meeting shall be given to each Member, the Secretary, the President and the Chief Financial Officer. The notice need not state the purpose or purposes for which the meeting is being held.

Notice of the meeting may be given orally, or by letter, facsimile transmission or e-mail, and shall be delivered not less than 24 hours before the time fixed for the meeting.

Members may waive notice of any meeting provided they do so in a manner that produces a written or printed copy.

5 Meetings

Regular meetings of the Board shall be held quarterly. Special meetings may be called by the Chair, and any or all of the Directors shall be entitled to attend and each shall attend whenever requested to do so by the Chair or the Secretary.

The powers of the Board shall be exercisable only at a meeting at which a quorum is present and any decisions made by the Board shall require an affirmative vote by a majority of Members present. Notwithstanding the foregoing, any decision prepared in writing and signed by all the Members shall be fully effective as if it had been made at a meeting duly called and held.

The independent directors shall meet periodically without the presence of the non-independent directors or management. Such meetings may be informal.

Subject to any relevant by-laws of the Corporation or applicable legislation, the Board shall fix its own procedures at meetings, keep records of its proceedings as it deems appropriate.

Compensation

Directors of the Corporation shall not receive compensation from the Company or its affiliates other than fees to which the director is entitled as a director of the Corporation or a member of a committee of the Board.

Evaluation

Board effectiveness is assessed by the Board as a whole, and it gives consideration to the operation of the committees, the adequacy of information given to directors, the quality of communication between the Board and management, and the strategic direction and processes used. The performance of the Board is linked to the Corporation's success in implementing the strategic plan.