



MARCH NETWORKS CORPORATION

ANNUAL INFORMATION FORM

**For the Fiscal Year Ended
April 30, 2008**

June 23, 2008

TABLE OF CONTENTS

	<u>Page</u>
GENERAL MATTERS	2
FORWARD-LOOKING STATEMENTS	2
CORPORATE STRUCTURE	2
The Company.....	2
Intercorporate Relationships	3
GENERAL DEVELOPMENT OF THE BUSINESS.....	3
NARRATIVE DESCRIPTION OF THE BUSINESS.....	5
Company Overview	5
The March Networks Digital Video Surveillance Solution	6
The March Networks Data Mining Solution	8
March Networks Target Markets	8
End-users	10
Products and Services	11
Sales and Distribution Strategy.....	13
Competition	15
Manufacturing and Suppliers	16
Research and Development	16
Intellectual Property.....	17
Human Resources	18
Facilities.....	18
Changes to Contracts	18
RISK FACTORS	19
DIVIDENDS.....	29
DESCRIPTION OF SHARE CAPITAL	29
MARKET FOR SECURITIES	30
ESCROWED SECURITIES.....	30
DIRECTORS AND OFFICERS	31
Board Committees	35
Audit Fees	37
Directors' Interest in Common Shares	38
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	38
LEGAL PROCEEDINGS	39
INTERESTS OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS.....	39
TRANSFER AGENT AND REGISTRAR	40
MATERIAL CONTRACTS	41
NAMES OF EXPERTS	41
ADDITIONAL INFORMATION.....	42
SCHEDULE A	
Audit Committee Charter	43

GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, "March Networks Corporation", "March Networks" and the "Company" refer to March Networks Corporation and its subsidiaries.

For reporting purposes, the Company prepares financial statements in Canadian dollars and in conformity with accounting principles generally accepted in Canada (CDN GAAP). Unless otherwise indicated, all dollar ("\$") amounts in this Annual Information Form are expressed in Canadian dollars. References to "£" are to U.K. pounds sterling, references to € are to European euros and references to "US\$" are to U.S. dollars.

"March Networks", "VideoSphere", "R⁵", "Transforming the Way You View Your Business", "Cieffe", "We Power Your Eyes", "Spectiva" and the "March Networks" and "VideoSphere" logos are trademarks of the Company. All other trademarks are the property of their respective owners.

References in this Annual Information Form to research reports or articles should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is not incorporated by reference into this Annual Information Form.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Annual Information Form constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current expectations and assumptions regarding future results or events. These forward-looking statements are based on certain current expectations and assumptions of management and are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from those set out in this Annual Information Form, including the risks discussed under "Risk Factors".

For additional information with respect to the assumptions and expectations underlying the forward-looking statements and information made in this Annual Information Form, please refer to the section entitled "Forward Looking Statements" in our annual "Management's Discussion and Analysis" available at www.sedar.com. Readers should not place undue reliance on the Company's forward-looking statements.

CORPORATE STRUCTURE

The Company

March Networks Corporation is a corporation continued under the *Canada Business Corporations Act* (CBCA) on October 1, 1996.

The Company filed articles of amendment under the CBCA, effective April 11, 2005, pursuant to which the issued and outstanding share capital of the Company was consolidated on the basis of one common share for every ten outstanding common shares.

The Company's head and registered office address is Tower B, 555 Legget Drive, Ottawa, Ontario, K2K 2X3. The Company's telephone number is (613) 591-8181. The Company's web site address is www.marchnetworks.com. The information on that web site is not incorporated by reference in this Annual Information Form.

Intercorporate Relationships

As of April 30, 2008, the Company has eight active subsidiaries.

Name	Jurisdiction of Incorporation	Percentage of Ownership by the Company or its subsidiaries
March Networks, Inc.	State of Delaware, USA	100%
March Networks Limited	England and Wales	100%
March Networks B.V.	The Netherlands	100%
March Networks (Australia) Pty Limited	State of Victoria, Australia	100%
March Networks de Mexico, S.A. de C.V.	Mexico	99.8%
March Networks Serviços de Tecnologia Ltda.	Brazil	99%
Cieffe S.p.A	Italy	100% owned by March Networks B.V.
Insignis Technologies S.r.l.	Italy	100% owned by March Networks B.V.

GENERAL DEVELOPMENT OF THE BUSINESS

March Networks (TSX:MN; AIM:MNW) is a leading provider of innovative video and data applications used for security surveillance, monitoring, analysis and business optimization. The Company's software and IP-based hardware solutions allow businesses to increase operational efficiencies, address risk, and manage assets with an integrated set of video-based intelligence tools and business intelligence applications. The Company is ISO 9001:2000 certified and its products serve the needs of leading financial institutions, retailers, transportation authorities, commercial/industrial organizations and government/homeland security agencies in over 50 countries.

The Company develops and distributes a comprehensive portfolio of digital video management solutions consisting of digital video recorders (DVRs), networked video recorders (NVRs), video encoders and IP cameras, as well as associated video management, data analysis and reporting software applications which enable end-users to capture, analyze and manage video and associated transactional or meta-data from analog as well as IP video cameras. In addition, the Company's enterprise management software allows the Company and its end-users to perform remote system management and diagnostics to proactively maintain and upgrade video surveillance systems from a central location.

Significant product and business developments over the last three fiscal years have been as follows:

Fiscal 2008 (May 1, 2007 until April 30, 2008)

- Completed the acquisition of Cieffe S.p.A. and Insignis S.r.l. of Milan, Italy, for approximately €14 million in cash consideration and 1,019,252 of the Company's common shares (total transaction value of \$28.6 million, including acquisition costs), which significantly expanded the Company's presence in the Europe, Middle East and Africa ("EMEA") market and provided a range of IP video management solutions, including IP cameras, encoders and intelligent video analytics, suitable to high performance video management requirements of commercial industrial and government projects. A business acquisition report, dated June 11, 2008, has been filed on SEDAR in respect of this acquisition.

- Launched VideoSphere™, a next-generation video management platform that enables organizations to maximize investments in existing video infrastructure as they make the transition to all-IP video. The VideoSphere platform integrates March Networks' complete line of DVRs, NVRs, IP cameras and encoders along with an open architecture Videosphere Video Management System (VMS) software platform in a unified end-to-end solution.
- Subsequent to April 30, 2008, the Company announced its intent to make a normal course issuer bid to repurchase up to 1,000,000 common shares and cancellation of the Company's AIM listing.
- Entered a joint marketing agreement with Sun Microsystems, Inc. under which the Company will collaborate with Sun Microsystems to jointly market scalable, end-to-end IP video surveillance solutions to enterprise organizations across North America.
- Announced a revision to the Company's business outlook on February 27, 2008 which reduced profitability guidance as a result of reduced gross margin and higher operating expenses than previously anticipated.
- Appointed Stephen Nicolle as Chief Operating Officer of the Company, Mike Davis as Vice President Research and Development, and subsequent to April 30, 2008, appointed Jeff Range as Vice President Global Operations.
- Introduced release 4.0 of the Company's Loss Prevention Data Mining solution with advanced features and functionality to address the requirements of general merchandising retailers.
- Announced a revision to the Company's business outlook on August 7, 2007 based on higher anticipated revenues from its largest customer.
- Increased Research and Development spending in order to support development efforts including the Bombardier Sekurflo product line, next generation NVRs and encoders, and continued development of the Company's IP video management and business analytics applications. The Company released new versions of its IP video management and business analytics applications during fiscal year 2008.

Fiscal 2007 (May 1, 2006 until April 30, 2007)

- Established new operating entities and sales operations in the United Kingdom, the Netherlands, Brazil, Mexico and Australia.
- Expanded channels to market with new reseller agreements, including agreements with BT Redcare and Diebold.
- Entered a joint development and supply agreement with Bombardier for development and supply of the Sekurflo transit security solution incorporating March Networks video management platform.
- Announced a revision to the Company's business outlook on January 15, 2007 due to reduced visibility with respect to order activity from the Company's largest customer.
- Introduced enhanced versions (5.1 and 5.2) of R5 video management software including new meta-data investigation capabilities in banking and retail, increased international language support, enhanced real-time monitoring capabilities for commercial/industrial projects, improvements to SDK and increase in the number of 3rd party integrations supported.

- Launched 5412 Mobile DVR platform for transit bus opportunities and widened support for IP camera to the 3000 family of NVRs as well as the 4000C series family.
- Completed the acquisition of substantially all of the assets of Trax Retail Solutions, Inc. and those of an affiliated company (collectively "Trax") for approximately \$8.9 million, including transaction costs.
- Completed the sale of assets related to the eHealth business for approximately \$1.1 million (US \$1 Million).
- Announced a settlement in the patent litigation launched in April 2005 by E-Watch in the Eastern District of Texas by agreeing to pay e-Watch \$2.24 million (US \$2 million). March Networks made no admission regarding the validity, enforceability or infringement of any E-Watch patents.

Fiscal 2006 (May 1, 2005 until April 30, 2006)

- Launched 4000C Series Networked Video Receiver (NVR) platform in August 2005.
- Launched R5 Visual Intelligence software (major release) in August 2005.
- Selected Sanmina-SCI Corporation (Sanmina) as a second source contract manufacturer.
- Over-allotment option of the underwriters was exercised on May 18, 2005, which raised net proceeds to the Company of approximately \$5 million.
- Discontinued operations of the eHealth business unit operated by March Healthcare Corporation effective April 15, 2006.
- Settled Vigilos patent infringement lawsuit for a nominal license fee in January 2006.

NARRATIVE DESCRIPTION OF THE BUSINESS

Company Overview

March Networks Corporation is a leading provider of innovative video and data applications used for security surveillance, monitoring, analysis and business optimization. The Company's software and IP-based hardware solutions allow businesses to increase operational efficiencies, address risk, and manage assets with an integrated set of video-based intelligence tools and business intelligence applications. The Company's products serve the needs of leading financial institutions, retailers, transportation authorities, commercial/industrial organizations and government/homeland security agencies in over 50 countries.

The Company develops and distributes a comprehensive portfolio of digital video management solutions consisting of digital video recorders (DVRs), networked video recorders (NVRs), video encoders as well as associated video management, data analysis and reporting software applications which enable end-users to capture, analyze and manage video and associated transactional or meta-data from analog as well as IP video cameras. In addition, the Company's enterprise management software allows the Company and its end-users to perform remote system management and diagnostics to proactively maintain and upgrade video surveillance systems from a central location. (Unless otherwise noted or the context otherwise indicates in this Annual Information Form, "NVR" collectively refers to both DVR and NVR platforms.)

In March 2008, the Company completed the acquisition of Cieffe S.p.A. and a related company Insignis Technologies S.r.l., both of Milan Italy and hereinafter collectively referred to as Cieffe. Cieffe develops high performance IP video surveillance solutions used by enterprise-class organizations across Europe, the Middle East and Asia Pacific. Cieffe's products are used by leading financial institutions and a number of high profile airport, government and commercial industrial clients for mission-critical security applications.

In April 2008, the Company launched VideoSphere, a comprehensive portfolio of digital video management solutions which enable the Company's end-user customers to seamlessly manage their transition from analog based video management to all IP video management under a single unified management framework. The VideoSphere product portfolio, which comprises March Networks existing platforms, as well as those provided by its Cieffe acquisition, enables customers to choose a migration from legacy to next generation video management and manage that migration in a cost effective manner.

The Company's sales effort focuses on the banking, retail and transportation sectors and the requirements of large enterprises within those sectors for reliable, scalable and centrally managed video surveillance solutions. The Company has developed a range of sector-specific application software for its target markets to leverage information collected from third-party information systems such as automated teller machines (ATMs), point of sale (POS) systems and global positioning system devices (GPS). The Company also develops analytics software to address the emerging market for business intelligence applications as businesses increasingly seek to integrate and analyze video and data. As a result of the Cieffe acquisition and the launch of VideoSphere, the Company has significantly broadened its vertical market focus to target a broad range of commercial, industrial and government segments including airports, seaports, commercial buildings, education, critical infrastructure and military facilities. The Company estimates that the addition of these end-user markets doubles the Company's addressable market for its video management solutions.

The Company's VideoSphere platform provides an end to end video management solution, supporting both high-resolution IP and traditional analog video cameras, and adding MPEG-4 and h.264 video compression, advanced video analytics and a range of other industry-leading video management features. These products incorporate advanced video processing software that improves reliability and optimizes cost savings for the end-user through efficient use of bandwidth and storage. During fiscal 2008 the Company significantly increased its R&D spending on the development of enhanced versions of its visual intelligence and data mining software applications as well as next generations of video processing platforms which provide end-users a complete suite of applications for storing, searching and managing large volumes of video data.

The March Networks Digital Video Surveillance Solution

The Company designs, develops, markets and supports an integrated portfolio of hardware and software designed to satisfy the digital video surveillance requirements of large enterprises in a broad range of end-user industries. The Company's solutions are based upon a suite of reliable and scalable IP-networked, purpose-built NVRs, video encoders and IP cameras which integrate with unified visual intelligence software applications and common network management software. These solutions offer end-users the ability to efficiently use limited network resources such as bandwidth and storage and the flexibility to address future needs.

This digital video management platform is complemented by a suite of sophisticated software applications for searching, retrieving, analyzing and managing large video and meta-data sets for a variety of vertical market applications. The Company's product strategy is to layer additional analytic software applications on its common technology platform, allowing end-users to leverage their technology investment and achieve greater functionality in support of enhanced enterprise-wide decision making.

As of April 2008, the Company has integrated its portfolio of hardware and software solutions as well as products provided by its Cieffe acquisition, under the VideoSphere banner as an end to end video management solution which comprises:

- Video management software for installation on customers' own industry-standard IT servers;
- A family of IP cameras, video encoders and networked recorders to meet customer needs on a facility-by-facility basis;
- Intelligent video and data analytics to improve the relevance of captured video, and to integrate it effectively with operational data;
- Unifying management and reporting tools for centralized system administration, no matter how large the organization;
- Backwards compatibility with existing March Networks NVRs utilizing its R5 Visual Intelligence software;
- Integration with leading third-party IP cameras and other security applications to provide comprehensive surveillance and security solutions;

The Company believes that the VideoSphere solution offers end-user customers significant advantages in providing a comprehensive offering from cameras and NVRs to open video management software and sophisticated data mining and software management tools in a single integrated offering. VideoSphere also provides customers a seamless migration path from legacy analogbased surveillance solutions to next generation solutions and hybrid environments, enabling them to choose the pace of migration and make maximum use of existing video surveillance infrastructure.

The Company believes that it has established itself as a leader in its target vertical markets (see March Networks Target Markets) as a result of the following factors:

Reliable Platform: The Company's family of video processing platforms, including its existing line of NVRs and encoders as well the IP cameras and encoders provided via the Cieffe acquisition, are purpose-built embedded systems specifically designed for high performance video processing applications. These designs significantly improve upon the reliability of previous generations of digital video surveillance systems through a combination of advanced hardware design and intelligent system management software which ensure a high level of reliability. The common platforms can be readily adapted to specific environmental conditions, such as those conditions that exist in mobile applications. The Company's product line is known in the industry for reliability and serviceability and the Company continues to invest in next generation video processing platforms that maintain this competitive edge.

Sophisticated Video Management Software: The Company continues to broaden its solutions through investment in video management software applications that enable security, loss prevention, operations and risk management personnel to monitor, search and manage large amounts of video and transactional data in a highly efficient manner. The Company develops intelligent video management software, including task-based applications for general management of IP video as well as sector specific visual intelligence and video analytic solutions for its targeted vertical markets.

Network Management Software: The Company's network management software is compatible with its entire suite of products under the VideoSphere portfolio. This satisfies the needs of both security administrators and IT network managers for centralized management of digital video surveillance systems and remote access of real-time archived digital video recordings.

Efficient Use of Network Resources: The Company's NVRs, encoders and IP cameras incorporate advanced video compression and sophisticated analytics software to lower bandwidth and storage requirements, translating directly into the use of fewer network resources and greater cost savings for end-

users. The Company's solutions efficiently distribute real-time and archived video over wired and wireless networks such as satellite, 802.11, GSM and CDMA. Efficient video compression algorithms and remote access tools extend the ability of the Company's end-users to access video for new mobile applications.

Platform Flexibility: Both March Networks and Cieffe share a common approach to product development which emphasizes performance, reliability and compatibility through utilization of common hardware and software architectures. This approach provides flexibility to extend and adapt the Company's solutions to changing market requirements. This flexibility allows the integration of the Company's platforms with end-users' existing infrastructure, such as ATMs, POS (point of sale) systems, alarm systems and access control systems, through the use of the Company's software development kit (SDK). In addition, end-users are able to expand their use of the Company's solutions by purchasing sector-specific application software and video analytics software for business intelligence purposes.

The March Networks Data Mining Solution

March Networks' LP Data Mining solution is a world-class, retail POS monitoring and exception reporting tool for loss prevention, operations and risk management. Video-enabled business intelligence lets retailers minimize losses from shrink, theft and errors, and maintain profitability throughout the enterprise.

LP Data Mining enables retailers to increase profits, ensure store compliancy and reduce liability through key applications in the following areas:

Loss Prevention - by promptly investigating suspicious transactions, linking to video, and creating immediate reports and case files;

Risk Management - by assessing store safety and liability through inspections and audits; and

Operations Management - by identifying, tracking and improving key performance indicators (KPIs), and training and coaching employees.

March Networks Target Markets

The Company has historically focused on three key sectors — banking, retail and transportation — that it believes offer long-term growth potential. As a result of the Cieffe acquisition and the launch of VideoSphere, the Company has significantly broadened its vertical market focus to target a broad range of commercial, industrial and government segments. The Company believes that these sectors are in the early stages of deployment of digital video surveillance solutions and represent the most significant market opportunities for the Company.

Banking

Video surveillance is critical to banks for the investigation of fraud and theft, resolution of transaction disputes and the security of its personnel, customers and assets. Banks are installing NVRs across their bank branches, ATMs and cash vaults. The Company has deployments in an increasing number of the largest banks in North America.

Retail

Retail enterprises are increasingly using digital video surveillance technology for loss prevention, risk and litigation management, increased security for customers and employees and analysis of customer and employee behaviour. The Company's end-user customers in the retail sector include department stores, food and drug stores, apparel retailers, specialty chains, restaurants and convenience store chains.

Transportation

Public safety and litigation are critical concerns in the transportation sector and are leading to increased adoption of digital video surveillance systems by transit agencies. The sector comprises public transit, including rail, subway and buses, freight rail and school buses. Video surveillance systems for the transportation sector must provide reliability in harsh environments and vehicle tracking capabilities. Growing demand for mobile video management and real-time access are also increasing the need for mobile NVRs to interoperate over wireless networks. The Company has deployed or is deploying its industry-leading, ruggedized mobile NVR in many public transit systems internationally.

Commercial/Industrial/Other

In addition to the Company's success in its historical target markets, the Company is deploying its solutions to large enterprises in the following sectors: government and education facilities, emergency services and other commercial sectors. In completing the acquisition of Cieffe and as a result of the Company's ongoing research and development programs, the Company has significantly expanded its product offerings to include high performance IP cameras, video analytics and advanced software applications which significantly enhance its ability to compete across a broad range of commercial industrial and government opportunities. Cieffe has a strong track record of success in these sectors with a number of high profile account wins with leading airports, commercial facilities, critical infrastructure and military installations around the world.

End-Users

The Company's current end-users include some of the largest enterprises within their respective market sectors. Due to confidentiality and security reasons, the Company is restricted from disclosing publicly the names of many of its end-user customers. March Networks respects this position and accordingly, the following is only a partial list of the Company's end-users:

Banking	Retail	Transportation	Commercial Industrial
Bancoppel, Mexico	Alliance Boots, U.K.	Niagara Frontier Transportation Authority (NFTA) of Buffalo, New York	Australian Customs Authority, Australia
Bank of New Zealand	Coppel S.A.B de C.V., Mexico	Orange County Transportation Authority	Changi Airport, Singapore
Fifth Third Bank, United States	Giant Tiger Stores Limited, Canada	Palm Beach County, Florida	Emirates Airlines, Dubai
Grupo Financiero Banorte S.A. de C.V., Mexico	Indigo Books & Music, Canada	Port Authority of Allegheny County (Pittsburgh)	Malpensa Airport, Italy
Royal Bank of Canada	Kum & Go, United States	Rochester-Genesee Regional Transportation Authority	Melbourne Airport, Australia
TD Commerce Bank	Speedway Superamerica LLC, United States	Singapore Mass Rapid Transit	Rome Underground, Italy
US Bank	Wal-Mart Stores, Inc., United States	Toronto Transit Commission	South African National Roads Agency, South Africa
Wachovia Corporation, United States	Warringah Mall, Australia	Union Pacific Railroad, United States	Toronto Community Housing Authority, Canada

For the year ended April 30, 2008 the Company had two customers (April 30, 2007 – one customer) that accounted for greater than ten percent of revenue. In total, revenues from these two significant customers, accounted for 42% of total revenues (April 30, 2007 – 45% of total revenue). Historically the Company has experienced seasonality in revenues related to a slowdown in spending and deployment of video solutions by the Company's customers in its third fiscal quarter.

Products and Services

Products

The Company's comprehensive video management solutions have been designed and developed to satisfy the deployment requirements of large enterprises and their demands for a wide range of digital video surveillance applications.

Intelligent Networked Video Recording Platforms

In order to meet these requirements, the Company has designed and built three distinct series of NVRs based upon common hardware architecture:

3000 Series: The Company's 3000 Series NVRs are targeted at low camera count applications. The series includes a compact 4-camera NVR designed specifically for confined-space applications such as ATMs and a wall mount 8-camera NVR with integrated camera power. The 3000 series units are capable of supporting IP cameras in addition to standard analog cameras.

4000 Series: The Company's 4000 Series NVRs are 16-camera systems with a unique rack mountable docking station design that allows for easy installation and maintenance. The four models of NVRs in this series provide end-users with incremental performance options that address their application and budgetary requirements. The 4000C Series of NVRs introduced during fiscal 2006 are converged systems, supporting high-resolution IP plus traditional analog cameras, and adding MPEG-4 video compression and a range of other industry-leading new features.

5000 Series and OEM Mobile Products: The Company's mobile DVR offerings are specifically for use in mobile applications such as transit bus and freight and passenger rail environments. The mobile DVR's compliance with industry-leading design standards such as IP65 and J1455 provides effective protection against vibration, shock, dust, water and electromagnetic interference, making it well-suited for harsh environments. During fiscal 2007 the Company initiated development of the Bombardier Sekurflo product which will be released for in-service deployments during fiscal year 2009.

Next Generation Products: The Company is currently developing next generation versions of its NVR platforms which maintain the Company's core focus on common architecture, reliability and serviceability with enhanced functionality enabled by advanced electronics technology. In addition the Cieffe acquisition enhances the Company's product portfolio of NVRs with a unique feature set applicable to local market requirements in EMEA and Asia Pacific regions. These products are intended to replace the 4000 Series NVRs and are expected to be released in fiscal year 2009.

Network Camera & Video Encoder Platforms

Network Cameras: The Company, through its Cieffe acquisition, develops and markets a broad family of award-winning IP or network cameras including fixed and PTZ in both standard and megapixel formats. These cameras use advanced h.264 and MPEG-4 compression technologies to deliver as much as 20 times the efficiency of comparable JPEG-based IP cameras. This enables organizations to reduce bandwidth and storage costs significantly and archive higher quality video for longer periods. The cameras provide fully digital video for unmatched image quality, even in challenging lighting conditions. They also support a range of optional video analytics and other capabilities that lower costs over time.

Encoders: The Company offers a family of VideoSphere encoder platforms which are intelligent network edge devices that adapt analog camera feeds for use in an IP video transmission, storage and management environment, where the true benefits of a distributed architecture can be fully exploited. Working in concert with VideoSphere Video Management System (VMS) software, the encoders allow

organizations to utilize both legacy CCTV networks and all-IP video environments, and to manage both deployment types with a single, powerful software platform. Industry-standard servers host the VMS software and archive all video, audio and data evidence. These platforms can be customized to any level of capacity and resiliency. The architecture also enables easy deployment of advanced video analytics and other industry-specific business optimization applications.

VideoSphere Visual Intelligence Software Applications

The Company develops and markets a series of software applications for searching, viewing and managing live and stored IP video and related meta-data for a range of specific vertical applications. VideoSphere Visual Intelligence software is a scalable video surveillance software suite that delivers advanced management, investigation and reporting tools across NVR based, hybrid and all-IP environments. This powerful software helps organizations improve loss prevention, liability management, asset protection, and employee and customer safety efforts. The suite includes core video management software, client tools, integrated analytic applications and enterprise management capabilities. It is also compatible with all March Networks R⁵ video solutions which enables an existing installed base to be integrated with VideoSphere as part of a seamless migration to an all-IP video solution.

The VideoSphere Visual Intelligence suite includes:

- Video Management System (VMS) software for installation on industry standard IT servers in an open, distributed and fully scalable deployment
- Live Monitoring Console software displaying up to 36 live video and audio feeds per grid with PTZ camera control
- Targeted Investigator tools, including multiple case management and evidence processing capabilities
- Case management tools integrated with graphical features for finding, refining and packaging video evidence rapidly
- Integrated Financial or Retail Transaction Investigation options, which synchronize video and transaction data
- Optional business analytics software for video-enabled POS monitoring and exception reporting
- Advanced video analytics and reporting applications, including: people and object tracking; loitering, obstruction and face detection; queue length monitoring; scene verification; and others
- Networked local and remote system control, scalable across thousands of locations and cameras
- Centralized management of system software levels, user profiles and more
- Advanced health monitoring, reporting and maintenance tools covering systems, storage, cameras and video network

Data Mining and Reporting Software Applications

The LP Data Mining software platform, provides an integrated set of Web-based data mining, reporting and visualization applications as well as complementary professional services that help retailers to reduce inventory shrinkage, manage risk and improve operational efficiencies. Integrated analytics in the core data mining application automatically pinpoint transactional data abnormalities and provide sophisticated

reporting and management tools for loss prevention and operational personnel. The LP Data Mining solution provides point-and-click open query analysis that, when integrated with the Company's VideoSphere Visual Intelligence software suite, delivers industry leading solutions for managing inventory shrinkage and improving operational efficiencies within the retail enterprise.

Enterprise Video Network Management Applications

The Company's Enterprise Service Manager (ESM) is a powerful set of client software applications and server tools developed to efficiently deploy and manage large numbers of the Company's NVRs across an enterprise network. The ESM is compatible with the Company's entire suite of NVRs and provides the following benefits:

- streamlined configuration;
- centralized management;
- advanced diagnostic monitoring to enhance reliability;
- improved video network organization through functional, geographical or custom hierarchies; and
- tools to view real-time and archived video on a PC or wireless personal digital assistant.

The Company anticipates developing new application software to enhance the sector-specific functionality of its solutions and to introduce additional video analytics capabilities to its solutions.

Services

Managed Video Network Services

The Company leverages its installed base of NVRs by offering advanced managed video network services to enable end-users to outsource the management of their multi-site NVR deployments. The Company operates a Network Operations Centre from which it offers end-users such remote services as NVR health monitoring, problem notification, diagnostics and software updates. Managed video network services allow end-users to remain focused on their core operations while ensuring reliability of their surveillance installations and maximizing return on their technology investment.

Professional Services

The Company offers a range of professional services to assist customers in implementing and managing their deployments of video management and data analytics solutions. March Networks Professional Services covers installation, implementation and training. March Networks retail industry experts also carry out data investigations, identify areas of highest risk through shrink assessment, and train and coach employees to improve performance and reduce risk. These Professional Services are complementary to the LP Data Mining software suite. The Company also provides a range of professional services, either directly or through sub-contractors, to customers in the transportation, banking and other markets.

Revenues

The Company's NVRs, encoders, IP cameras, application and data mining software, and network management and professional services represented 100% of revenues in each of fiscal 2007 and fiscal 2008.

Sales and Distribution Strategy

The Company provides its products and services to end-users through a combination of a "pull-through" sales strategy and channel partner initiated sales. This approach enables the Company to meet the

requirements of end-users for turnkey surveillance solutions and maximize its market coverage on a cost effective basis.

In fiscal year 2008 the Company continued to build on its market presence by further investing in sales resources and developing key partnerships with technology and solution providers.

Through the acquisition of Cieffe, the Company further enhanced its distribution capability via relationships with security systems integrators in key markets Europe, Middle East & Africa (EMEA) and Asia Pacific (AP) regions. As part of its strategy to target the commercial industrial and government markets the Company hired senior sales personnel to target key end-users and integration partners in this sector.

With respect to the transportation market, the Company markets its products through a combination of channel partners, direct sales and OEM relationships with specific leaders in selected market segments. This is discussed further in Other Sales and Distribution Initiatives below.

"Pull-Through" Sales Strategy

The Company has assembled a sales team of networking specialists to identify and target the largest end-user deployment opportunities for its digital video surveillance solutions in each of the banking, retail and transportation sectors. The Company's sales team assists end-users in evaluating the Company and its product suite. Once selected by the end-user, the Company works with its channel partners to complete the sale of the Company's products and services.

The Company believes that its "pull-through" sales strategy increases the Company's visibility and credibility within each market sector, enables it to develop long-term relationships with end-users and facilitates sales of additional products and services. In addition, by working closely with end-users, the Company is able to obtain market knowledge and user feedback to guide the Company's future product development efforts and service offerings.

Channel Partner Initiated Sales

The Company relies on its network of regional and global channel partners to sell the Company's products and services to end-users to complement the Company's "pull-through" sales strategy and to accelerate market penetration. The Company's sales team also provides channel partners with technical product-related expertise and sales assistance.

The Company's traditional channel partners are security system and networking specialists within their respective regions that have built strong relationships with the end-user base they support. In addition, the Company has specifically targeted and secured leading system integrators and technology infrastructure providers such as ADT Security Services, Inc., Diebold, Incorporated, Securitas Security Systems USA, Inc., BT Redcare and Siemens Building Technologies Inc. to assist in expanding the Company's sales, support and distribution capabilities globally.

In fiscal 2008, the Company entered a joint marketing agreement with Sun Microsystems under which the Company's VideoSphere video management platform would be marketed with Sun's line of storage servers for delivery of integrated IP video management solutions to the enterprise market in North America. As the industry moves towards all IP video management solutions the Company anticipates that relationships with IT infrastructure providers and the IT integrator community will be key go-to-market vehicles.

The Company anticipates that as it trains and integrates additional channel partners, the Company will be able to rapidly enter new geographical markets and access new end-users that the Company would not otherwise reach at its current stage of development.

Other Sales and Distribution Initiatives

The Company works with industry leading technology vendors to integrate their complementary security solutions with the Company's products. To facilitate this integration, the Company developed its sophisticated software development kit (SDK). The Company's integration partners also provide the Company with an additional source of end-user and channel partner referrals and create opportunities for joint marketing initiatives.

The Company has established and intends to continue to establish original equipment manufacturer (OEM) relationships for the Company's products to further increase market penetration and accelerate entry into new markets. These OEM relationships range from rebranding its existing product suite through to developing fully customized products for specific market niches such as the OEM relationship with Wabtec Corporation pursuant to which the Company developed Wabtec's VideoTrax digital video recorder for the freight rail market. In September 2006 March Networks entered into a joint development and supply agreement with Bombardier Transportation for the launch of an advanced, on-board mobile security solution for the passenger rail market (hereinafter referred to as "Sekurflo"). The relationship combines Bombardier's experience in passenger rail transportation and March Networks' video applications expertise for the delivery of an application specific video management solution. This agreement will lever Bombardier's leadership position in the transportation rail market and provide an opportunity to introduce March Networks solutions to a global customer base. Through fiscal 2008 the Company, working in conjunction with Bombardier, has secured a number of design wins for the Sekurflo platform with leading rail operators in North America, Europe and South Africa.

The Company also entered a joint marketing agreement with Sun Microsystems, Inc. under which the Company will collaborate with Sun Microsystems to jointly market scalable, end-to-end IP video surveillance solutions to enterprise organizations across North America.

Support Services

The Company's support team provides the Company's end-users and channel partners with multi-lingual post-sales support services, consisting of first, second and third tier product assistance on a 24 hours a day, 365 days a year basis. The Company's support team also provides pre-sales support, installation and field support, and technical training to the sales team, channel partners and end-users.

Competition

The Company competes with a number of technology companies that focus on surveillance systems, such as Integrian Inc., NICE Systems Ltd., Safety Vision, L.P., Genetec Inc., Milestone Systems A/S, Dallmeier Electronic GmbH & Co.KG, Axis Communications AB, Optelecom NKF, Dedicated Micros and Verint Systems Inc., as well as indirect competitors that supply certain components to systems integrators. The Company also faces strong competition within its target markets primarily from well established, multi-national electronic manufacturers and network and IT equipment providers who, in many cases, have acquired smaller specialized security firms to broaden their product offerings. These companies include Bosch Security Systems N.A., Cisco Systems, Inc., General Electric Company, Honeywell International Inc. and Tyco International Ltd.

The Company also competes with a number of software suppliers including SAP Triversity, Datavantage Corporation, Retail Expert, Inc. and Aspect Loss Prevention, who provide loss prevention software solutions which are competitive to the LP Data Mining product.

There has been significant consolidation within the overall security market in the past four to five years that has intensified competition as larger, well-financed industry leaders further establish their positions. However, competition within most of the Company's markets remains fragmented, with no one vendor having dominant market share.

In addition, the Company's competitors are expanding their product offerings to offer analytics software solutions. The Company anticipates that competition with respect to sales of analytics software will increase as new participants enter this emerging market. The Company's success will depend on its continued ability to distinguish itself as a technology leader, enabling it to deliver superior performance, innovative product features and customized software solutions.

Manufacturing and Suppliers

The Company outsources its product manufacturing, distribution and repair services to Sanmina-SCI Corporation (Sanmina) and BreconRidge Manufacturing Solutions Corporation (BreconRidge) in order to benefit from third party economies of scale, achieve rapid production scalability, minimize capital investment in manufacturing equipment and expand geographic reach. In addition, the Cieffe products are manufactured by Jabil Circuit Italia S.r.l. (Jabil)

Sanmina is a leading electronics manufacturing services provider focused on delivering complete manufacturing solutions to technology companies around the world. The Company's products are currently manufactured at Sanmina's facilities in Ottawa and Montreal, Canada; Guadalajara, Mexico; and Campinas, Brazil.

BreconRidge is an ISO 9001:2000 certified contract manufacturer within the technology industry, providing manufacturing services to a number of major telecommunications companies. The Company's products are primarily manufactured at BreconRidge's facility in Ottawa, Canada. Dr. Terence Matthews, the Chairman of the Company, has a significant equity interest in BreconRidge. The Company believes that the terms of its manufacturing agreement with BreconRidge reflect fair market terms and payment provisions. See "Interests of Management and Others in Certain Transactions".

Jabil, a subsidiary of Jabil Circuit, Inc., is an international electronic product solutions company providing comprehensive electronics design, manufacturing and product management services. The Cieffe products are currently manufactured by Jabil in Italy.

BreconRidge, Sanmina and Jabil are responsible for the procurement of the majority of components necessary to manufacture the Company's NVRs and the Cieffe products. The Company has established a distribution arrangement with DNR Consulting Group in Ottawa, Canada to allow the Company and its channel partners to purchase certain components. Further, the Company has established a relationship with A-Novo, for the distribution of products for the European market. In addition the Company has established an arrangement with Westinghouse Air Brake Technologies Corporation (Wabtec) for the distribution and repair of mobile products for the Australian market and the repair and distribution of the LDVR products in North America.

Research and Development

The Company believes that research and development (R&D) is a principal competitive advantage in its industry and that much of the Company's future success will depend on its ability to:

- identify and respond to emerging technological trends in the industry and the Company's target sectors;
- design, develop and maintain competitive solutions to respond to end-users' changing needs; and
- enhance its existing products by improving performance and adding features and functionality to meet specific end-user requirements and to differentiate its products from those of its competitors.

The Company invested 18.0% and 12.1% of its revenues in gross R&D expenditures during fiscal 2008 and fiscal 2007, respectively. As of April 30, 2008, the Company's R&D organization consisted of 104 employees representing approximately 36% of its total personnel. In addition to its internal R&D organization, the Company has contracts for services with entities in India to provide specific engineering services on a project by project basis. During fiscal year 2008, the Company increased investment in R&D in order to accelerate the development of the Sekurflo and Next Generation product lines, both of which are expected to be released in fiscal year 2009. As well, the Company increased development spending on its software applications including new versions of its video management software as well as its business analytics applications. New releases of these software were introduced during fiscal year 2008 and will continue to be a core focus of the Company's research and development spending.

The Company's R&D organization incorporates detailed feedback from its sales, marketing and service departments, as well as from its channel partners and potential and existing end-users, to improve the Company's products. The Company also continuously improves its product designs in an effort to lower manufacturing costs and increase sales margins.

As part of its R&D program, the Company, Mitel Networks Corporation (Mitel Networks) and Mitel Knowledge Corporation (Mitel Knowledge), companies each controlled by Dr. Terence Matthews, entered into an agreement in 2002 with the Government of Canada, represented by Technology Partnerships Canada (TPC), regarding an investment by TPC in the companies' research and development activities (the TPC Agreement). Under the TPC Agreement, the Company has received \$5,020,572 in cash from TPC. In return, the Company has issued to TPC warrants exercisable to acquire, for no additional consideration, 967,673 common shares in the Company (230,528 of these warrants have been exercised to date).

Intellectual Property

In accordance with industry practice, the Company protects its proprietary product rights through a combination of patent, copyright, trade-mark and trade secret laws and contractual provisions.

Patent law offers some protection for the Company's current and future products. The Company maintains an active program regarding patent protection for novel elements of its products to improve the Company's competitive position. The Company primarily files patent applications in Canada, Europe and the United States.

The source code for the Company's software products and proprietary software embedded in its hardware products is protected under trade secret law and as unpublished copyrighted works. The Company recognizes, however, that effective copyright protection may not be available in some countries in which it distributes its products.

It is the Company's general practice to enter into confidentiality and non-disclosure agreements with its employees, consultants, manufacturers, end-users, channel partners and others to attempt to limit access to and distribution of its proprietary information. In addition, it is the Company's practice to enter into agreements with employees that include an assignment to the Company of all intellectual property developed in the course of employment.

The Company has also applied for trade-mark registrations for "March Networks", "R5", "VideoSphere" and "Transforming The Way You View Your Business" in Canada and the United States; "Cieffe", "We Power Your Eyes" and "Spectiva" in Italy and the European Union; and has also filed for certain of these marks in other jurisdictions around the world.

The Company licenses the use and reproduction of certain of its intellectual property to BreconRidge Sanmina and Jabil in connection with the manufacture of its hardware products. In addition, the Company licenses the use of its software products to its end-users and channel partners. These licenses, among other things, contain terms and conditions prohibiting the unauthorized reproduction, disclosure, reverse

engineering or transfer of the Company's software products. In addition, the Company relies on agreements with end-users, manufacturers, suppliers, channel partners, employees and consultants in an attempt to protect its proprietary information.

As part of the TPC Agreement (see "Research and Development") it was agreed that, during the term of the TPC Agreement, all intellectual property rights developed with funding from TPC would remain vested in the Company, unless otherwise agreed by TPC. The TPC Agreement expires in 2010.

Human Resources

The Company's highly skilled work force and the customer-focused, team-oriented culture instilled by the Company's Chairman and reinforced by its management team is a key element of the Company's competitive strength. The Company actively recruits highly qualified individuals in the areas of operations, product management, research and development, sales, marketing and services whom it believes will support the Company's long term growth strategy.

As of April 30, 2008, the Company had a total of 304 employees and contractors, 108 of whom were engaged in research and development, 116 of whom were engaged in sales, marketing and customer support, 36 of whom were engaged in operations and distribution, and 44 of whom were involved in finance and general administration.

Facilities

The Company's headquarters are located at leased premises in Ottawa, Canada, pursuant to a lease entered into by the Company with Kanata Research Park Corporation, a corporation controlled by Dr. Terence Matthews. The current premises consist of approximately 47,668 square feet and the lease term expires August 31, 2008. The Company has entered into a lease with Kanata Research Park Corporation, for a new headquarters in Ottawa. The Company expects to move into the new premises in August, 2008. This new premises consists of approximately 45,120 sq ft and the lease term expires June 30, 2018. The Company's research and development, services and support, and administration departments operate from the Company's headquarters. See "Interests of Management and Others in Certain Transactions".

The Company has leased premises in Scottsdale, Arizona pursuant to a lease entered into by March Networks, Inc. with Miller Asset Management Limited Partnership. The Company's retail solutions business unit operates from the Scottsdale location. These premises currently consist of approximately 15,486 square feet and the lease term will expire July 12, 2009. The Company has surrendered a portion of these premises, and as of September 30, 2008 the Scottsdale premises will consist of approximately 7,743 square feet.

In addition, each of Cieffe S.p.A. and Insignis Technologies S.r.l., have entered into lease agreements with Immobiliare Mira Sas Di Colciago Fabrizio & C, for premises located in Desio (Milan) Italy. The Cieffe business, including research and development, operates from this Milan location. The lease term is for a period of six years, with an option to renew for a further six years. Further, Insignis Technologies S.r.l. has leased additional space in Parma, Italy. See "Interests of Management and Others in Certain Transactions".

In addition the Company has leased premises in Brazil, Mexico, the Netherlands and the United Kingdom.

Changes to Contracts

As of the date of this Annual Information Form the Company does not anticipate any changes to existing contracts that would have a material effect on the current financial year's results.

RISK FACTORS

Investors in the Company's common shares should carefully consider the following risk factors in addition to the other information contained in this Annual Information Form, and Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended April 30, 2008.

The risks and uncertainties below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial also may impair its business operations and cause the price of its common shares to decline. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of its common shares could decline, and an investor may lose all or part of his, her or its investment.

The market price of the Company's common shares may be volatile.

The market price of the Company's common shares may be volatile and could be subject to wide fluctuations due to a number of factors, including:

- actual or anticipated fluctuations in the Company's results of operations;
- changes in estimates of the Company's future results of operations by it or securities analysts;
- announcements of technological innovations or new products or services by the Company or its competitors;
- general industry changes in the market for digital video surveillance solutions or related markets; or
- other events or factors.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many technology companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the video surveillance industry specifically, may adversely affect the market price of the Company's common shares.

The Company cannot provide assurance that it will be profitable on a quarterly or annual basis. If the Company fails to return to profitability, its share price may decline.

The Company reported net losses of \$47.4 million for fiscal 2002, \$15.4 million for fiscal 2003 and \$4.1 million for fiscal 2004. The Company recorded net income of \$6.0 million for fiscal 2005 \$43.9 million for fiscal 2006 and \$6.0 million for fiscal 2007 and a net loss of \$6.5 million for fiscal 2008. The Company significantly increased its operating expenses in fiscal 2008 in order to accelerate research and development spending and expand its business. The Company cannot provide assurance that it will be profitable on a quarterly or annual basis. The Company's business strategies may not be successful. If the Company is not able to return to profitability, its share price may decline and it may require additional financing, which may not be available.

The Company's gross margin and operating results may be adversely affected by pricing models required to compete successfully and/or if its product cost targets cannot be achieved.

The intensely competitive market in which the Company conducts its business may require it to reduce its prices. If the Company's competitors offer deep discounts on certain products or services in an effort to recapture or gain market share or to sell other products and services, the Company may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would reduce the Company's margins and could adversely affect the Company's operating results.

The Company has entered into contractual pricing commitments on future products under which the Company has anticipated costs of products that are currently under development. If final product costs exceed those anticipated by the Company the Company's gross margin and operating results may be adversely affected.

Many of the Company's competitors and potential competitors have significantly greater financial, technical, marketing or service resources than the Company. Many of these companies also have a larger installed base of products, have longer operating histories or have greater name recognition than the Company. End-users of the Company's products are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. The Company's relatively small size and short operating history may be considered negatively by prospective end-users. In addition, the Company's competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

The industry in which the Company operates is characterized by rapid technological changes, and the Company's continued success will depend upon its ability to react to such changes.

The markets for the Company's products are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards can render the Company's existing products obsolete and unmarketable and can exert price pressures on existing products. It is critical to the success of the Company to be able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and cost competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The Company's inability to develop products that are competitive in technology and price and that meet end-user needs could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company faces intense competition from several competitors and if it does not compete effectively with these competitors, its revenue may not grow and could decline.

The Company has experienced, and expects to continue to experience, intense competition from a number of companies. The Company competes principally with multi-national electronics vendors and networking and IT equipment vendors, such as Bosch Security Systems N.A., Cisco Systems, Inc., General Electric Company, Honeywell International Inc. and Tyco International Ltd., and purpose-built digital video surveillance system vendors, such as Integrian Inc., NICE Systems Ltd., Safety Vision, L.P. and Verint Systems Inc. The Company's competitors may announce new products, services or enhancements that better meet the needs of end-users or changing industry standards. Further, new competitors or alliances among competitors could emerge. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Defects in components or design of the Company's products could result in significant costs to the Company and could impair its ability to sell its products.

The Company's products are complex. Although the Company employs a vigorous testing and quality assurance program, its products may contain defects or errors, particularly when first introduced or as new versions are released. The Company may not discover such defects or errors until after a product has been released and used by the end-users. Defects and errors in the Company's products could materially and adversely affect the Company's reputation, result in significant costs to it, delay planned release dates and impair its ability to sell its products in the future. The costs incurred in correcting any product defects or errors may be substantial and could adversely affect the Company's operating margins. While the Company plans

to continually test its products for defects and errors and work with end-users through the Company's post-sales support services to identify and correct defects and errors, defects or errors in the Company's products may be found in the future.

The Company's lengthy and variable sales cycle makes it difficult for it to predict its operating results.

It is difficult for the Company to forecast the timing of revenue from sales of its products because its end-users typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to purchase the Company's products and services. Typically, the larger the potential sale, the more time, money and other resources will be invested by end-users. As a result, it may take many months after the Company's first contact with an end-user before a sale can actually be completed. In addition, the Company relies on its channel partners to sell its products to end-users and, therefore, the Company is subject to the timing of such channel partners.

During these long sales cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled, including:

- purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty;
- the Company or its competitors may announce or introduce new products or services;
- the Company's competitors may offer lower prices; or
- budget and purchasing priorities of end-users may change.

If these events were to occur, sales of the Company's products or services may be cancelled or delayed, which would reduce the Company's revenue.

The Company relies on a small number of end-users for a large percentage of its revenue

The Company has been dependent, and expects that during the next 12 months it will continue to be dependent, on a relatively small number of end-users for a large percentage of its revenue. In fiscal 2008, 45% of the Company's revenue was realized from five end-users (fiscal 2007 – 60%). If one or more of the Company's end-users discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchases of the Company's products or services, the Company's business, results of operations and financial condition could be materially adversely affected.

The Company's quarterly revenue and operating results can be difficult to predict and can fluctuate substantially, which may harm its results of operations.

The Company's revenue is difficult to forecast and is likely to fluctuate significantly from quarter to quarter. In addition, the Company's operating results may not follow any past trends. The factors affecting the Company's revenue and results, many of which are outside of its control, include:

- competitive conditions in the industry, including strategic initiatives by the Company or its competitors, new products or services, product or service announcements and changes in pricing policy by the Company or its competitors;
- market acceptance of the Company's products and services;
- the Company's ability to maintain existing relationships and to create new relationships with channel partners;
- varying size, timing and contractual terms of orders for the Company's products, which may delay the recognition of revenue;
- the discretionary nature of purchase and budget cycles of the Company's end-users and changes in their budgets for, and timing of, security and IT-related purchases;
- the length and variability of the sales cycles for the Company's products;

- strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- general weakening of the economy resulting in a decrease in the overall demand for security or IT-related products and services or otherwise affecting the capital investment levels of businesses with respect to digital video surveillance systems; and
- timing of product development and new product initiatives.

Because the Company's quarterly revenue is dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of its sales prospects into revenue could cause it to plan or budget inaccurately, and those variations could adversely affect its financial results. Delays, reductions in the amount or cancellations of end-users' purchases would adversely affect the Company's business, results of operations and financial condition.

The Company derives the substantial majority of its revenue from sales of its DVRs and NVRs.

The Company derives a substantial majority of its revenue from sales of its DVRs and NVRs and revenue from these products is expected to continue to account for a substantial portion of the Company's revenue in the near term as the Company develops and brings to market next generation products such as IP cameras, video encoders and video management software. Since a substantial amount of demand for the Company's DVRs and NVRs is derived from the replacement of obsolete or less reliable technologies, the Company's future revenue depends significantly on the needs of existing and potential end-users. As a result, the Company is particularly exposed to fluctuations in demand for its DVRs and NVRs. Accordingly, if demand for the Company's DVRs and NVRs declines significantly, the Company's business, financial condition and operating results would be adversely affected.

The Company may be unable to identify and complete acquisitions. Acquisitions could divert management's attention and financial resources, may negatively affect the Company's operating results and could cause significant dilution to shareholders.

In the future, the Company may engage in additional selective acquisitions of products or businesses that it believes are complementary to its products or business. There is a risk that the Company will not be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisition, or successfully integrate any acquired product or business into its operations. The Company is likely to face competition for acquisition candidates from other parties including those that have substantially greater available resources. Acquisitions may involve a number of other risks, including:

- diversion of management's attention;
- disruption to the Company's ongoing business;
- failure to retain key acquired personnel;
- difficulties in integrating acquired operations, technologies, products or personnel;
- unanticipated expenses, events or circumstances;
- assumption of disclosed and undisclosed liabilities; and
- inappropriate valuation of the acquired in-process research and development, or the entire acquired business.

If the Company does not successfully address these risks or any other problems encountered in connection with an acquisition, the acquisition could have a material adverse effect on the Company's business, results of operations and financial condition. Problems with an acquired business could have a material adverse effect on the Company's performance or its business as a whole. In addition, if the Company proceeds with an acquisition, the Company's available cash may be used to complete the transaction, diminishing its liquidity and capital resources, or shares may be issued which could cause significant dilution to existing shareholders.

The Company's ability to recruit and retain management and other qualified personnel is crucial to its ability to develop, market, sell and support its products and services.

The Company depends on the services of its key technical, sales, marketing and management personnel. The loss of any of these key persons could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain highly qualified technical, sales, marketing and management personnel in the future. The Company's inability to attract and retain the necessary technical, sales, marketing and management personnel may adversely affect its future growth and profitability. It may be necessary for the Company to increase the level of compensation paid to existing or new employees to a degree that its operating expenses could be materially increased.

The Company relies on its suppliers to supply components for its NVRs and it is exposed to the risk that these suppliers will not be able to supply components on a timely basis.

The manufacture of the Company's NVRs depends on obtaining adequate supplies of components on a timely basis. The Company sources several key components used in the manufacture of its NVRs from a limited number of suppliers, and in some instances, a single source supplier. Alternative sources of components are not always available. In addition, the Company relies on, but has limited control over, the quality, reliability and availability of the components supplied to it. If the Company cannot manufacture its NVRs due to a lack of components, or is unable to redesign its NVRs with other components in a timely manner, the Company's business, results of operations and financial condition could be adversely affected.

The Company has purchased final supplies of product components that will no longer be produced by certain sole source suppliers based on the Company's estimates of expected near to medium term demand for impacted products. The Company believes that it has purchased an adequate supply of these components to satisfy expected demand for its products. However, the Company's results of operations will be negatively impacted if actual demand for the impacted products differs from the Company's estimates or the Company experiences delays in redesigning the impacted products to accommodate alternative components.

The Company depends upon outsourcers for the manufacture of its key products. The failure of a contract manufacturer to meet the Company's quality or delivery requirements would likely have a material adverse effect on the business, results of operations and financial condition.

The Company may from time to time experience delivery delays due to the inability of Sanmina BreconRidge and Jabil to consistently meet the Company's quality or delivery requirements and the Company may experience production interruptions if either Sanmina, BreconRidge or Jabil is for any reason unable to continue the production of the products. In the event of on-going performance issues with the contract manufacturers, the process to move from one contractor to another is a lengthy and costly process that could affect the Company's ability to execute customer shipment requirements and/or might negatively affect revenue and/or costs. If these manufacturers or any other manufacturer were to cancel contracts or commitments with the Company or fail to meet the quality or delivery requirements needed to satisfy customer orders for the products, the Company could lose time-sensitive customer orders and have significantly decreased quarterly revenues and earnings, which would have a material adverse effect on the business, results of operations and financial condition.

Failure to manage the Company's growth successfully may adversely impact its operating results.

The growth of the Company's operations places a strain on managerial, financial and human resources. The Company's ability to manage future growth will depend in large part upon a number of factors, including the ability of the Company to rapidly:

- build a network of channel partners to create an expanding presence in the evolving marketplace for the Company's products and services;
- build a sales team to keep end-users and channel partners informed regarding the technical features, issues and key selling points of its products and services;
- attract and retain qualified technical personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- develop support capacity for end-users as sales increase, so that the Company can provide post-sales support without diverting resources from product development efforts; and
- expand the Company's internal management and financial controls significantly, so that the Company can maintain control over its operations and provide support to other functional areas as the number of personnel and size increases.

The Company's inability to achieve any of these objectives could harm the Company's business, financial condition and results of operations.

The Company may infringe on the intellectual property rights of others.

The Company's commercial success depends, in part, upon the Company not infringing intellectual property rights owned by others. A number of the Company's competitors and other third parties have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the owners of the patents. The Company cannot determine with certainty whether any existing third party patents or the issuance of any third party patents would require it to alter its technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in the Company's target markets, the overlap in functionality of these products and the prevalence of products. The Company may become subject to these claims either directly or through indemnities against these claims that it routinely provides to its end-users and channel partners.

In addition, the Company has received, and may receive in the future, claims from third parties asserting infringement and other related claims. See "Legal Proceedings". Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. Some of the Company's competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any such claims could:

- be time consuming to evaluate and defend;
- result in costly litigation;
- cause product shipment delays or stoppages;
- divert management's attention and focus away from the business;
- subject the Company to significant liabilities;
- require the Company to enter into costly royalty or licensing agreements; and
- require the Company to modify or stop using the infringing technology.

The Company may be prohibited from developing or commercializing certain technologies and products unless the Company obtains a license from a third party. There can be no assurance that the Company will be able to obtain any such license on commercially favourable terms, or at all. If the Company does not obtain such a license, its business, results of operations and financial condition could be materially adversely affected and the Company could be required to cease related business operations in some markets and to restructure its business to focus on operations in other markets.

The Company's ability to sell products and services is dependent upon it establishing and maintaining relationships with channel partners.

The Company is dependent upon its ability to establish and develop new relationships and to build on existing relationships with channel partners, which it relies on to sell its current and future products and services. The Company cannot provide assurance that it will be successful in maintaining or advancing its relationships with channel partners. In addition, the Company cannot provide assurance that its channel partners will act in a manner that will promote the success of the Company's products and services. Failure by channel partners to promote and support the Company's products and services could adversely affect its business, results of operations and financial condition.

Some channel partners also sell products and services of the Company's competitors. If some of the Company's competitors offer their products and services to channel partners on more favourable terms or have more products or services available to meet their needs, there may be pressure on the Company to reduce the price of its products or services or increase the commissions payable to the channel partners, failing which the channel partners may stop carrying its products or services or de-emphasize the sale of its products and services in favour of the products and services of competitors.

Currency fluctuations may adversely affect the Company.

A substantial portion of the Company's revenue is earned in U.S. dollars, but a substantial portion of the Company's operating expenses is incurred in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results. The Company's policy is to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, the Company may not hedge entirely the exposure related to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Mergers or other strategic transactions by the Company's competitors could weaken the Company's competitive position or reduce its revenue.

If two or more of the Company's competitors were to merge or partner, the change in the competitive landscape could adversely affect the Company's ability to compete effectively. The Company's competitors may also establish or strengthen co-operative relationships with its sales channel partners or other parties with whom the Company has strategic relationships, thereby limiting the Company's ability to promote its products. Disruptions in the Company's business caused by these events could reduce revenue.

If the Company's intellectual property is not adequately protected, the Company may lose its competitive advantage.

The Company's success depends in part on its ability to protect its rights in its intellectual property. The Company relies on various intellectual property protections, including patents, copyright, trade-mark and trade secret laws and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Company's intellectual property without its authorization. Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of Canada, the United States or the United Kingdom.

To protect the Company's intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Company's business or adversely affect its revenue, financial condition and results of operations.

If a successful product liability claim were made against the Company, the Company's business could be seriously harmed.

The Company's agreements with its end-users typically contain provisions designed to limit its exposure to potential product liability claims. Despite this, it is possible that these limitation of liability provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. The Company has not experienced a material product liability claim to date; however, the sale and support of the Company's products may entail the risk of those claims, which are likely to be substantial in light of the use of its products in critical applications. A successful product liability claim could result in significant monetary liability and could seriously harm the Company's business.

The Company uses open source software in connection with its products which exposes it to uncertainty and potential liability.

The Company's NVRs incorporate an embedded version of the Linux operating system. This open-source software was developed originally by third parties over whom the Company has no control. The Company has no assurances that the Linux operating system and its related components do not infringe on the intellectual property rights of others and the Company could be exposed to infringement claims and liability in connection with the use of such open source software. The developers of open source software are under no obligation to maintain or update the software components, and the Company may be forced to replace those components with internally developed or commercially licensed software. Certain open source software licences provide that any software that makes use of or incorporates components distributed under that licence will itself become subject to the same general distribution rights and other terms of that licence. As a result, there is a risk that third parties, including the Company's competitors, could have the right to use and distribute certain elements of the Company's software products.

Future sales of common shares by the Company's existing shareholders could cause the Company's share price to fall.

If the Company's shareholders sell substantial amounts of the Company's common shares in the public market, the market price of the Company's common shares could fall. The perception among investors that these sales will occur could also produce this effect.

The loss of rights to use software currently licensed to the Company by third parties could increase the Company's operating expenses by forcing it to seek alternative technology and adversely affect the Company's ability to compete.

The Company licenses certain software used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licences, or the failure of the licensors to adequately maintain or update their software, could delay the Company's ability to ship its products while the Company seeks to implement alternative technology offered by other sources and could require significant unplanned investments on the Company's part if it is forced to develop alternative technology internally. In addition, alternative technology may not be available on commercially reasonable terms from other sources. In the future, it may be necessary or desirable to obtain other third-party technology licences relating to one or more of the Company's products or relating to current or future technologies to enhance the Company's product offerings. There is a risk that the Company will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

Economic and geopolitical uncertainty may negatively affect the Company.

The market for the Company's products depends on economic and geopolitical conditions affecting the broader market. Economic conditions globally are beyond the Company's control. In addition, acts of terrorism and the outbreak of hostilities and armed conflicts between countries can create geopolitical uncertainties that may affect the global economy. Downturns in the economy or geopolitical uncertainties may cause end-users to delay or cancel projects, reduce their overall security or IT budgets or reduce or cancel orders for the Company's products, which could have a material adverse effect on its business, results of operations and financial condition.

Operating internationally exposes the Company to additional and unpredictable risks.

The Company sells its products throughout the world and intends to continue to increase its penetration of international markets. A number of risks are inherent in international transactions. Future results could be materially adversely affected by a variety of factors, many of which are beyond the Company's control, including risks associated with: (i) foreign currency fluctuations; (ii) political, security and economic instability in foreign countries; (iii) changes in and compliance with local laws and regulations, including export control laws, tax laws, labour laws, employee benefits, currency restrictions and other requirements; (iv) differences in tax regimes and potentially adverse tax consequences of operating in foreign countries; (v) customizing products for foreign countries; (vi) legal uncertainties regarding liability, export and import restrictions, tariffs and other trade barriers; (vii) hiring qualified foreign employees; and (viii) difficulty in accounts receivable collection and longer collection periods. Any or all of these factors could materially affect the Company's business or results of operations.

In addition, the tax authorities in the various jurisdictions in which the Company operates may review from time to time the pricing arrangements between the Company and its subsidiaries. An adverse determination by one or more tax authorities in this regard may have a material and adverse effect on the Company's financial results.

In August 2005, the European Parliament Directive 2002/96/EC (dated 27 January 2003) on Waste Electrical and Electronic Equipment Directive, or the WEEE Directive, became effective in the European Union. The WEEE Directive requires producers of certain electrical and electronic equipment to be responsible for the future disposal costs of this equipment sold within the European Union. In July 2006, the European Parliament Directive 2002/95/EC (dated 27 January 2003) on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment, or the RoHS Directive, became effective in the European Union. The RoHS Directive restricts the use of certain hazardous substances, including mercury, lead, cadmium, hexavalent chromium and certain flame retardants, in the construction of component parts of certain electrical and electronic equipment sold within the European Union. The Company has made arrangements to comply with these directives, in each case, to the extent applicable to the hardware portion of its solutions. As part of the Company's RoHS arrangements, it relies on its suppliers and manufacturing sub-contractors to provide compliant components and any material associated with the production processes. Ensuring compliance with these directives and coordinating compliance activities with suppliers will result in additional costs to the Company and may result in disruptions to operations.

Many of the Company's sales are made by competitive bid, which makes forecasting difficult and often requires us to expend significant resources with no guaranty of recoument.

Many of the Company's sales, particularly in larger installations, are made by competitive bid. Successfully competing in competitive bidding situations subjects us to risks associated with: (i) the frequent need to bid on programs in advance of the completion of their design, which may result in unforeseen technological difficulties and cost overruns; (ii) research and development to improve or refine the Company's product in advance of winning the sale; and (iii) the substantial time, money, and effort, including design, development, and marketing activities, required to prepare bids and proposals for

contracts that may not be awarded to us. If the Company does not ultimately win a bid, the Company may obtain little or no benefit from those expenditures and may not be able to recoup them on future projects.

The Company's business is sensitive to changes in security and information technology infrastructure spending.

The market for the Company's visual and business intelligence solutions has been adversely affected in the past by significant declines in security and information technology infrastructure spending and continues to be affected by fluctuations in security and information technology spending. If sales do not increase as anticipated or if expenses increase at a greater pace than revenues, the Company may not be able to sustain or increase profitability on a quarterly or annual basis.

The Company's transportation business is dependent on public budgets and spending policies.

Since the majority of the Company's customers in the transportation market are public bodies or operate under public contract, sales to such customers are dependent on public budgets and government support. The level of government support customers receive may vary due to changes in government policy and is dependant on budgets and other political and economic developments. The loss or substantial reduction in government funding available to customers could negatively impact the Company's sales in the transportation market.

The Company may not be able to receive or retain the necessary licenses or authorizations required for the Company to export some of the Company's products that it develops or manufactures in specific countries.

The Company may be required to obtain export licenses from Canada, the United States and other governments to export some of the products that it develops or manufactures in these countries, and in any event, the Company is required to comply with applicable export control laws generally. The Company cannot be assured that it will be successful in obtaining or maintaining the licenses and other authorizations required to export the Company's products from applicable governmental authorities. In addition, export laws and regulations are revised from time to time and can be extremely complex in their application; if the Company is found not to have complied with applicable export control laws, the Company may be penalized by, among other things, having the Company's ability to receive export licenses curtailed or eliminated possibly for an extended period of time. The Company's failure to receive or maintain any required export license or authorization or the Company's penalization for failure to comply with applicable export control laws would hinder the Company's ability to sell the Company's products and could materially and adversely affect the Company's business, financial condition and results of operations.

Dr. Terence Matthews maintains de facto control of the Company.

As of June 23, 2008 the Company's Chairman, Dr. Terence Matthews beneficially owns or controls, directly or indirectly, approximately 3,153,909 common shares, which in the aggregate represents approximately 17.50% of the Company's outstanding common shares. If Dr. Matthews acts together with other significant shareholders, they will likely have the ability to control all matters submitted to the Company's shareholders for approval, including the election and removal of directors, amendments to the Company's articles of incorporation and bylaws and the approval of any business combination, amalgamation or sale of assets. This may delay or prevent an acquisition or cause the market price of the Company's common shares to decline. Dr. Matthews and these other principal shareholders may have interests that differ from other shareholders. Also, the Company has entered into material agreements with a number of corporations in which Dr. Matthews holds a significant or controlling interest. See "Interests of Management and Others in Certain Transactions". Although the Company has identified the potential for conflicts of interest to arise in negotiating and entering into such agreements, and has established processes to address such conflicts of interest, the potential for such conflicts continues to exist.

DIVIDENDS

The Company has never declared or paid any dividends on its shares. The Company currently intends to retain any future earnings to fund the development and growth of its business and does not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Company's Board of Directors and will depend upon the Company's results of operations, capital requirements and other relevant factors.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Company's authorized share capital consists of an unlimited number of common shares, of which 18,177,340 were issued and outstanding as at April 30, 2008.

Each common share entitles its holder to notice of and to one vote at all meetings of the Company's shareholders. Each common share is also entitled to receive dividends if, as and when declared by the Company's Board of Directors. Holders of common shares are entitled to participate in any distribution of the Company's net assets upon liquidation, dissolution or winding-up on an equal basis per share. The approval of holders of two-thirds of the common shares present in person or by proxy at a meeting of the shareholders called for the purpose is required to vary any of the rights attaching to the common shares. The shareholders of the Company are not, as shareholders, generally liable for any liability, act or default of the Company. The holders of the common shares have no pre-emptive, redemption or conversion rights.

Options

As at April 30, 2008, options to purchase 1,208,100 common shares remain outstanding under the Company's Employee Stock Option Plan.

Warrants Issued to Her Majesty the Queen in Right of Canada

Pursuant to TPC Agreement No. 720-481443 (the TPC Agreement) between the Company, Mitel Networks, Mitel Knowledge and Her Majesty the Queen in Right of Canada (as represented by the Minister of Industry through TPC) effective October 10, 2002, the Company has issued to Her Majesty the Queen in Right of Canada five warrant certificates dated October 16, 2002, October 25, 2002, September 30, 2003, October 15, 2004 and June 15, 2005 that represent warrants, which are exercisable to acquire, for no additional consideration, 967,673 common shares in the aggregate. To date, 230,528 of these options have been exercised. The warrants have no expiry date.

The TPC Agreement provides that Her Majesty the Queen in Right of Canada may dispose of issued warrants at an accumulative rate of up to 6.25% of the number of warrants issued, from time to time, for each three month period commencing October 1, 2004 (the Warrant Vesting Period). In December 2007, Her Majesty the Queen in Right of Canada exercised a portion of the warrants and acquired 230,528 common shares of the Company. As of April 30, 2008, Her Majesty the Queen in Right of Canada is entitled to exercise 663,978 of the 737,145 warrants outstanding as of April 30, 2008.

Share Repurchase Program

On May 26, 2008 the Company announced its intent to make a normal course issuer bid. Under this bid the Company may purchase up to 1,000,000 common shares (representing approximately 7.24% of the Company's public float). As of May 23, 2008 March Networks had 18,177,340 common shares outstanding and its public float was 13,828,167 common shares. The normal course issuer bid commenced on May 29, 2008 and will terminate on May 28, 2009 or on such earlier date as the Company has purchased the

maximum number of shares permitted under the bid. Purchases under the bid will be made on the open market by the Company through the facilities of the TSX at the prevailing market price at the time of the transaction. All shares acquired by the Company under the bid will be cancelled. The maximum number of common shares that can be purchase on a daily basis by the Company is 11,869 common shares, subject to the block purchase exception.

MARKET FOR SECURITIES

The common shares of the Company were listed for trading on the Toronto Stock Exchange (TSX:MN) and the Alternative Investment Market operated by the London Stock Exchange (AiM:MNW) on April 27, 2005, following an initial public offering of 5,000,000 common shares from the Company's treasury at an issue price of C\$12.00 for gross proceeds of C\$60,000,000. On May 18, 2005, the underwriters exercised their over-allotment option to purchase an additional 443,860 common shares from the Company's treasury for gross proceeds of C\$5,326,320.

The volume of trading and price ranges of the Company's common shares on the Toronto Stock Exchange and AiM for the fiscal year ending April 30, 2008 are set out in the following table:

Month	Common Shares – TSX		Common Shares – AiM	
	Price Range (C\$)	Average Volume	Price Range (Pounds Sterling £)	Average Volume
May 2007	11.45 – 12.23	42,059	5.25 – 5.75	924
June 2007	9.30 – 12.01	63,929	4.35 – 5.80	3,860
July 2007	11.25 – 13.40	83,652	5.15 – 6.35	2,936
August 2007	11.30 – 13.11	107,718	5.10 – 6.13	1,248
September 2007	12.75 – 14.55	59,768	5.87 – 7.56	1,405
October 2007	12.25 – 14.40	38,432	6.48 – 7.30	935
November 2007	9.88 – 13.07	55,995	4.80 – 6.65	286
December 2007	9.67 – 10.25	48,147	4.64 – 5.24	6,442
January 2008	8.30 – 10.12	32,927	4.00 – 5.11	2,514
February 2008	5.59 – 9.00	73,895	2.99 – 4.72	6,719
March 2008	4.76 – 5.58	41,085	2.34 – 2.90	5,356
April 2008	5.21 – 6.30	35,000	2.43 – 3.00	641

On June 12, 2008 the Company announced that it had decided to cancel the admission of its common shares to trading on AiM. The last trading day on AiM is expected to be July 10, 2008.

ESCROWED SECURITIES

To the best of the Company's knowledge, no securities of the Company are currently held in escrow.

DIRECTORS AND OFFICERS

The following table sets out as of June 23, 2008, for each of the Company's directors and executive officers, the person's name, age, municipality of residence, positions with the Company, principal occupation and, if a director, the day, month and year in which the person became a director.

Directors are elected each year at the annual shareholders meeting of the Company to serve until the next annual meeting or until a successor elected or appointed.

<u>Name and Municipality of Residence</u>	<u>Age</u>	<u>Offices with the Company</u>	<u>Principal Occupation</u>	<u>Director Since</u>
TERENCE HEDLEY MATTHEWS Ottawa, Ontario Canada	65	Chairman of the Board of Directors	Chairman of the Board of the Company, Mitel Networks and other technology companies	April 20, 1998
PETER GOSTA STROM Ottawa, Ontario Canada	44	Director, President and Chief Executive Officer	-	September 17, 2003
KENNETH JAMES TAYLOR Ottawa, Ontario Canada	44	Chief Financial Officer	-	N/A
CHERYL ANNE BECKETT Smiths Falls, Ontario Canada	40	Executive Vice President, Legal & Corporate Secretary	-	N/A
FABRIZIO COLCIAGO Milan, Italy	37	General Manager, EMEA	-	N/A
JOHN ANDREW CUNNINGHAM Ottawa, Ontario, Canada	42	Vice President, Business Development & Emerging Market Opportunities	-	N/A
MICHAEL EVANS DAVIS Ottawa, Ontario Canada	46	Vice President, Research & Development	-	N/A
JEAN ANDRÉ GRANT Ottawa, Ontario, Canada	46	Vice President, Advanced Technology	-	N/A
ANTHONY MICHAEL JENKINS Ottawa, Ontario Canada	44	Vice President, Transportation Sales	-	N/A
STEPHEN ELMON NICOLLE Acton, Massachusetts USA	45	Chief Operating Officer	-	N/A
DANIEL ROBERT PULSKAMP Ottawa, Ontario Canada	40	Executive Vice President, Sales	-	N/A
JEFFREY MARTIN RANGE Ottawa, Ontario Canada	48	Vice President, Global Operations	-	N/A
PETER JOHN WILENIUS Ottawa, Ontario Canada	48	Vice President, Investor Relations	-	N/A

CHRISTOPHER STEPHEN BURKE ⁽²⁾⁽³⁾ Henley-on-Thames, England	47	Director	Corporate Director	February 28, 2005
PETER DOMINIC CHARBONNEAU ⁽¹⁾ Ottawa, Ontario Canada	54	Director	General Partner of Skypoint Capital Corporation	February 16, 2005
DAVID HOMER ⁽¹⁾⁽³⁾ Ascot, Berks, England	47	Director	Director, IBM Global Technology Services	December 3, 2004
ALAN DOUGLAS HORN ⁽¹⁾⁽³⁾ Toronto, Ontario Canada	56	Director	President and CEO of Rogers Telecommunications Limited.	October 3, 2006
DONALD IAN MCLAREN ⁽²⁾ Stittsville, Ontario Canada	51	Director	General Partner of Skypoint Capital Corporation	August 15, 2000
SIMON JOHN GIBSON ⁽²⁾ Monmouth, Wales	50	Director	President and Chief Executive Officer of Wesley Clover Corporation	October 15, 2004

- (1) Peter Charbonneau is the chair of the audit committee. Alan Horn and David Homer are members of the audit committee.
- (2) Ian McLaren is the chair of the compensation committee. Christopher Burke and Simon Gibson are members of the compensation committee.
- (3) Christopher Burke is the chair of the nominating and governance committee. Peter Charbonneau, Alan Horn, David Homer and Ian McLaren are members of the nominating and governance committee.

Directors and Officers Biographies

Except as noted below, each of the Company's directors and executive officers has been engaged for more than five years in his or her present principal occupation or in other capacities with the company or organization (or predecessor) in which he or she currently holds his or her principal occupation.

Terence Hedley Matthews is the Chairman of the Company. Prior to joining the Company, Dr. Matthews served as Chief Executive Officer and Chairman of Newbridge, a company he founded in 1986. In 1972, Dr. Matthews co-founded Mitel Corporation. In 2001, Dr. Matthews purchased Mitel Corporation's communications systems division and "Mitel" trade-marks to form Mitel Networks, of which he is currently the Chairman and a significant shareholder. In 1994, Dr. Matthews was appointed an Officer of the Order of the British Empire, and in the Queen's Birthday Honours 2001, he was awarded a Knighthood. Dr. Matthews is also the founder of Wesley Clover Corporation, a world class investment group with offices in the United Kingdom, United States, Canada, U.A.E. and Russia with investments in technology, real estate and leisure industries. In addition, Dr. Matthews serves on the board of directors or is Chairman of a number of high technology companies including Bridgewater Systems Corporation, Solace Systems Corporation, CounterPath Corporation, Newport Networks Group plc.

Peter Gosta Strom joined the Company on June 27, 2003 as Senior Vice President of Global Sales and Marketing. On March 5, 2004, Mr. Strom was appointed President and Chief Executive Officer. Prior to joining the Company, Mr. Strom spent more than 10 years in the security industry. From 1999 to 2001, Mr. Strom was President and Chief Executive Officer of Gyyr, Inc., a manufacturer of network-based video and data storage systems. He has also held senior management positions at Sensormatic Electronics

Corporation, Honeywell International Inc. and Mosler Inc. and has considerable international experience, having served as President of Mosler's Canada and China regions.

Kenneth James Taylor joined the Company on December 17, 2004 as Chief Financial Officer. Mr. Taylor is a Chartered Accountant with more than 20 years of financial, administrative and operational experience with companies in the data networking and information security markets. From 2002 to 2004 Mr. Taylor served as Chief Financial Officer and Chief Operating Officer with Proshred Security International Inc., a document destruction services company. Mr. Taylor also spent 10 years with Newbridge, most recently holding the position of Vice President, Finance. Following Alcatel's acquisition of Newbridge, he served as Vice President, Strategic Initiatives and Vice President, Finance, Global Switched Data Networking. Mr. Taylor also currently serves on the Board of Directors of Sandvine Corporation, a TSX and AiM listed technology company.

Cheryl Anne Beckett joined the Company in January 2004 as corporate counsel. Ms. Beckett has 13 years experience in both private practice and as in-house legal counsel with technology companies. Prior to joining the Company, Ms. Beckett held positions of corporate counsel at Mitel Networks Corporation (2003-2004) and Nortel Networks Corporation (2000-2003). Ms. Beckett is currently Executive Vice President, Legal and Corporate Secretary and is responsible for legal services, regulatory compliance and corporate governance for the Company.

Fabrizio Colciago joined the Company on March 31, 2008 as General Manager, EMEA, following March Networks' acquisition of Cieffe S.p.A. Prior to joining the Company, Mr. Colciago was Chief Executive Officer of Cieffe, a developer of high performance IP video surveillance solutions, and its related company Insignis Technologies S.r.l. Both companies are based in Milan, Italy and were founded by Mr. Colciago in 2001.

John Andrew Cunningham joined the Company in February 2007 as Vice President of Business Development, responsible for spearheading new business alliances worldwide. Mr. Cunningham comes to March Networks with over 14 years of global experience, including market development roles for leading carriers such as Telecom Italia Sparkle (2002-2005), Sprint International (1995-2002) and MCI (1993-1995). Most recently, Mr. Cunningham was Vice President of Business Development at TalkSwitch (2005-2007), an Ottawa-based manufacturer of PBX devices. Mr. Cunningham is currently Vice President of Business Development and Emerging Market Opportunities.

Michael Evans Davis joined the Company in December 2007 as Senior Director of Software Development. In April 2008, Mr. Davis was appointed Vice President of Research and Development. Prior to joining the Company, Mr. Davis spent 17 years managing research and development teams in the telecommunications industry. From 2003 to 2006, Mr. Davis was Director of UMTS radio access software development with Nortel. In 2007 Mr. Davis assumed a Senior Director position with Alcatel-Lucent, following its acquisition of the Nortel UMTS business. From 2002 to 2003, Mr. Davis worked in Paris, France, as Director of Software and Hardware development for Nortel's GSM Base Station Controller.

Jean André Grant joined the Company in January, 2006 as Director of Product Management. On August 5, 2006 he was appointed Vice President of Research and Development. Prior to joining March Networks, Mr. Grant spent 15 years with Mitel Networks where he held a number of senior management positions in Product Management, Product Development and Professional Services. Mr. Grant has more than 20 years of experience in the telecommunications industry and is a graduate of the University of Ottawa Executive MBA Program. Mr. Grant is currently Vice President Advanced Technology.

Anthony Michael Jenkins joined the Company in November 2005 as Vice President, Global Marketing responsible for product management, service provider marketing, competitive analysis, strategic partnering and marketing communications. From 2001 to 2005, Mr. Jenkins held a number of senior positions at Mitel Networks, including Vice President Applications and Director of Product Marketing. Mr. Jenkins is a veteran

of the technology sector with 25 years experience, having served in roles with Cable & Wireless, West End Systems Corporation, Newbridge and Alcatel Canada. Mr. Jenkins is currently Vice President, Transportation Sales.

Stephen Elmon Nicolle was appointed Chief Operating Officer on November 27, 2007. Prior to joining the Company, Mr. Nicolle spent more than 22 years in the communications industry. From 2003 to 2007, Mr. Nicolle was President and CEO of Tataru Systems, Inc., a Boston-based venture-backed mobile convergence company. From 2001 to 2002, he was President and CEO of Sigma Systems Group in Toronto, the leading provider of service management systems to the global cable operator market. Mr. Nicolle began his career in 1985 at Bell-Northern Research (BNR) in Ottawa as a software designer and then spent the next 15 years at BNR/Nortel in roles of increasing responsibility, culminating in the role of President of Nortel's software OSS business.

Daniel Robert Pulskamp joined the Company in September 2003 as Director of North American Sales. Mr. Pulskamp is currently Executive Vice President, Sales of the Company. Mr. Pulskamp has more than 12 years of experience in the security industry where he has held a variety of engineering, product management and sales positions. In addition, Mr. Pulskamp has extensive experience managing channel partners and large strategic accounts. Most recently, Mr. Pulskamp was Director of Sales for North and South America for Gyyr, Inc. from 2000 to 2001 and Director of Business Development and Key Accounts for Silent Witness Enterprises Ltd. from 2001 to 2003.

Jeffrey Martin Range joined the Company in May 2008 as Vice President Global Operations. Mr. Range has more than 25 years experience in global manufacturing and customer service in the telecommunications and data networking industry. From 2005 to 2008, Mr. Range served as Vice President Operations for Meriton Networks Inc. From 2002 to 2005, Mr. Range was Vice President Operations and Support for Network Equipment Technology, Inc. (dba net.com). Mr. Range held a similar position at Advanced Switching Communications (2000-2002). Mr. Range also spent 13 years at Newbridge Networks.

Peter John Wilenius joined the Company in 1997 and has held a number of senior positions with responsibilities for solutions and platform management, global marketing and product development strategies for networked digital video solutions. Mr. Wilenius is currently Vice President, Investor Relations responsible for investor relations and corporate development activities within the Company.

Christopher Stephen Burke was formerly the Chief Technology Officer and the Chief Information Officer of Vodafone UK plc. from August 2001 until August 2004. Mr. Burke has more than 20 years of experience in the technology sector in the United Kingdom and Canada. Prior to Vodafone UK plc, Mr. Burke was the Chief Technical Officer and Chief Information Officer at Energis plc from 1997 to 2000 and the Account Vice President, U.K. Competitive Operators at Nortel Networks Limited from 1995 to 1997. Mr. Burke currently serves on the board of directors for a number of technology companies, including Tataru Systems Ltd., Dialog Semiconductor PLC, One Access Ltd. Of Paris, Connectivity Ltd., Mobility Data Systems Ltd, and BBL Ltd.

Peter Dominic Charbonneau is currently a General Partner at Skypoint Capital Corporation, an early-stage technology venture capital firm, a position he has held since January 2001. Prior to joining Skypoint Capital Corporation, Mr. Charbonneau was the Executive Vice President of the Company from June 2000 to December 2000. Previously, he spent 13 years at Newbridge Networks Corporation in numerous capacities including acting as Chief Financial Officer, Executive Vice President, President and Chief Operating Officer and Vice Chairman. Mr. Charbonneau served as a member of Newbridge's Board of Directors between 1996 and 2000. Mr. Charbonneau has been a member of the Institute of Chartered Accountants of Ontario since 1979 and in June 2003, he was elected by the Council as a Fellow of the Institute in recognition of outstanding career achievements and leadership contributions to the community and to the profession. Mr. Charbonneau serves on the Board of Directors of a number of technology companies, including

BreconRidge Manufacturing Solutions Corporation, Mitel Networks Corporation, TrueContext Corporation, Galazar Networks Inc. and Trellia Networks Inc.

Simon John Gibson is currently Chief Executive Officer of Wesley Clover Corporation, a private holding company wholly-owned by Dr. Matthews with assets in the technology and leisure sectors and in commercial real estate. Mr. Gibson has broad management experience in the technology sector in both North America and Europe. Before joining Wesley Clover Corporation, he was co-founder, President and Chief Executive Officer of Ubiquity Software Corporation from 1993 to 2001. Mr. Gibson has also served as Vice President, Marketing and Communications at Newbridge Networks Corporation. Current private company directorships include Wesley Clover Corporation, Celtic Manor Resort, Newport Networks Group plc, Enfis plc., Inuk Networks Limited, IQE plc and Fishstone Limited. Mr. Gibson has been the recipient of four U.K. research and development awards and was made an Officer of the Order of the British Empire in the 1999 Queen's Birthday Honours list. Mr. Gibson is a Regent of Harris Manchester College at the University of Oxford and a member of Council at Cardiff University.

David Homer is currently Director, IBM Global Technology Services. Mr. Homer joined IBM in 1984 and has performed a wide variety of roles within the organization including: Director, Strategic Outsourcing of IBM Global Services and Director for Telecommunications Industry for Europe, the Middle East and Africa and Client Director for British Telecommunications plc. In 1994, he left IBM to join AT&T as Assistant Vice President of Telecommunications Industry Solutions for Europe, the Middle East and Africa. Following the announcement of AT&T's break-up in September 1995, he rejoined IBM.

Alan Douglas Horn is Chairman of Rogers Communications Inc., a communications and media company, and President and Chief Executive Officer of Rogers Telecommunications Limited, a position he has held since March 2006. Mr. Horn served as Vice- President, Finance and Chief Financial Officer of Rogers Communications Inc. from September 1996 to March 2006 and was President and Chief Operating Officer of Rogers Telecommunications Limited from 1990 to 1996. Mr. Horn is a Chartered Accountant. Mr. Horn received a B.Sc. with First Class Honours in Mathematics from the University of Aberdeen, Scotland.

Donald Ian McLaren is currently a General Partner at Skypoint Capital Corporation, an early-stage technology venture capital firm, a position he has held since February 2008. Prior to joining Skypoint Capital Corporation, Mr. McLaren was President and Chief Executive Officer of Ubiquity Software Corporation in the period from 2001 until February 2007, when Ubiquity was purchased by Avaya, Inc., a global enterprise communications company. Mr. McLaren continued to be employed by Avaya, Inc. for a period of one year following the acquisition of Ubiquity. Prior to 2001, he held senior executive positions as Vice President, Marketing at Digital Equipment Corporation, President, International Operations at MCI Systemhouse Inc., and, President and Chief Executive Officer of CrossKeys Systems Corporation. He serves on several boards of directors, including Solace Systems Inc. Mr. McLaren also serves on six advisory boards to corporations in the technology sector.

Board Committees

The Board of Directors of the Company has established an audit committee, a compensation committee and a nominating and governance committee. Each of the committees has adopted a written charter establishing its role and responsibilities.

Audit Committee

The audit committee assists the Board of Directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. These responsibilities include oversight of the quality and integrity of the Company's internal controls and procedures, reviewing annual and quarterly financial statements and related management discussion and analysis, engaging the external auditor and approving independent audit fees

and considering the recommendations of the independent auditor, monitoring the Company's compliance with legal and regulatory requirements related to financial reporting and examining improprieties or suspected improprieties with respect to accounting and other matters that impact financial reporting. The audit committee has the authority to retain outside counsel or experts to assist the committee in performing its functions. The full text of the audit committee's charter is included as Schedule A to this Annual Information Form.

The Company's audit committee is currently composed of Peter Charbonneau (Chair), Alan Horn and David Homer.

The Board of Directors has determined that each member of the audit committee is independent as defined under Canadian securities laws and regulations. The Board has also determined that all members of the audit committee are financially literate. Each member of the Audit Committee has extensive business experience which provides him with the skills and background relevant to his responsibility as an audit committee member.

Peter Charbonneau: In addition to such business experience Mr. Charbonneau also has an educational background in financial matters. Mr. Peter Charbonneau is a Canadian chartered accountant and a Fellow of the Institute of Chartered Accountants of Ontario. His extensive background and experience as a corporate executive, includes serving as the chief financial officer of Newbridge Networks Corporation. Mr. Charbonneau also has served and continues to serve on the boards and audit committees of other Canadian public companies.

David Homer: Mr. David Homer is the Director, IBM Global Technology Services. Prior to that, he held positions in IBM as Director, Strategic Outsourcing of IBM Global Services, and Director for Telecommunications Industry for Europe, the Middle East and Africa and at AT&T as Assistant Vice President of Telecommunications Industry Solutions for Europe, the Middle East and Africa.

Alan Horn: Mr. Horn is Chairman of Rogers Communications Inc. and President and Chief Executive Officer of Rogers Telecommunications Limited. Prior to that, Mr. Horn served as Vice-President, Finance and Chief Financial Officer of Rogers Communications Inc. from September 1996 to March 2006 and was President and Chief Operating Officer of Rogers Telecommunications Limited from 1990 to 1996. Mr. Horn is a chartered accountant.

Audit Fees

As set out in the audit committee's charter (attached as Schedule A to this Annual Information Form), the audit committee is responsible for pre-approving all non-audit services to be provided to the Company by its external auditor and has pre-approved the non-audit services as set out below.

The Company's external auditor is Deloitte & Touche LLP. The following table sets out the approximate fees the Company incurred in using the services of Deloitte & Touche for the fiscal year ended April 30, 2008 and the fiscal year ended April 30, 2007. All amounts set forth in the table are in Canadian dollars.

Deloitte & Touche LLP	<u>Fiscal 2008</u>	<u>Fiscal 2007</u>
	(\$)	(\$)
Audit Fees ⁽¹⁾	352,378	137,900
Audit-Related Fees ⁽²⁾	29,250	28,500
Tax Fees ⁽³⁾	3,000	44,850
All Other Fees ⁽⁴⁾	15,486	94,681
Total	400,114	305,931

(1) Increase in Audit Fees in Fiscal 2008 related to additional audit work required due to acquisition of Cieffe and Insignis on March 31, 2008 and the filing of the business acquisition report on June 15, 2008.

(2) Audit related fees relate to the interim review of the Company's financial statements.

(3) Tax fees paid to Deloitte & Touche LLP related primarily to advisory services for Canadian and international income and sales tax compliance as well as for global tax planning.

(4) Non-audit services in fiscal 2007 and 2008 include OSC Multilateral Instrument 52-109 ("CSOX") compliance advisory services.

Compensation Committee

The compensation committee ensures that the Company has high calibre executive management in place and a total compensation plan that is competitive, motivating and rewarding for participants. The compensation committee reviews and makes recommendations to the Company's Board of Directors regarding the appointment of the Company's executive officers, and the establishment of, and any material changes to, executive compensation programs, including that of the Chief Executive Officer. The compensation committee also oversees and administers the Company's employee compensation and benefits plans, including the Company's Employee Stock Option Plan. The compensation committee is responsible for reviewing and recommending to the Board of Directors the terms of compensation of directors. The compensation committee is currently composed of Ian McLaren (Chair), Christopher Burke and Simon Gibson.

Nominating and Governance Committee

The nominating and governance committee assists the Board of Directors in identifying candidates for the Board of Directors and in developing and implementing effective corporate governance principles for the Company. The committee is responsible for establishing a code of conduct and ethics for the Company and for overseeing the Company's policy on insider trading. The nominating and governance committee also evaluates the effectiveness of the Board of Directors as a whole, each committee of the Board of Directors and the contribution of individual directors. The nominating and governance committee is currently composed of Christopher Burke (Chair), Peter Charbonneau, Alan Horn, David Homer and Ian McLaren.

Directors' Interests in Common Shares

As of April 30, 2008, the Company's directors and executive officers owned, or exerted direction or control over, a total of 3,339,921 common shares, representing 18.37% of the total outstanding number of common shares.

As of June 23, 2008, the directors and executive officers of the Company beneficially own, directly or indirectly, or exercise control or direction over, 3,923,414 common shares, which represent 21.77% of the issued and outstanding common shares. This increase is primarily due to Fabrizio Colciago being appointed an executive officer of the Company.

The interests (all of which are beneficial, unless otherwise stated) of the Company's directors, their immediate families and persons connected with them, in common shares of the Company and options to acquire common shares, are as follows:

<u>Name</u>	Common Shares Owned As of April 30, 2008	Common Shares Owned As of June 23, 2008	Common Shares under Options as of April 30, 2008	Common Shares under Options as of June 23, 2008¹
Terence Matthews ²	3,153,909	3,153,909	12,032	22,032
Peter Strom	48,065	48,065	281,666	381,666
Alan Horn	11,844	13,186	4,000	14,000
Ian McLaren	33,545	33,545	11,600	21,600
Simon Gibson	2,658	2,658	7,333	17,333
David Homer	2,033	2,033	8,000	18,000
Peter Charbonneau	42,350	42,350	7,333	17,333
Christopher Burke	9,520	9,520	7,250	17,250

(1) The Company conditionally granted the options on June 23, 2008 subject to shareholder approval at the annual meeting on July 23, 2008.

2) Dr. Matthews' common shares are held by himself directly and his wholly-owned company, Wesley Clover Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Save as disclosed in paragraph (c) below, none of the Company's directors or senior executive officers:

- (a) is, as at the date hereof, or has been, within 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.
- (c) (i) Dr. Terence Matthews was a director of Ironbridge Networks Corporation, which went into receivership in January 2001, and West End Systems Corporation, which went into receivership in February 1999.
- (ii) Alan Horn was a director of AT&T Canada Inc. (AT&T Canada), as a representative of Rogers Communications Inc. until October 2002 when he resigned following a change in the ownership structure of AT&T Canada. Subsequently, AT&T Canada filed for protection under the *Companies' Creditors Arrangement Act*.
- (iii) Simon Gibson was a director of LANergy Limited, which went into receivership in 2003.
- (iv) Christopher Burke was a director of Stanley Holdings Ltd. which was placed in liquidation in January 2005. The estimated deficiency on liquidation is £15,334.
- (v) Peter Charbonneau was a director from 2004 until June 2007 of 4061101 Canada Inc. (formerly known as Metconnex Canada Inc.) which went into receivership in September 2006. The receiver has submitted a proposal to creditors and distribution of proceeds is pending final approval from the creditors.

The information as to cease trade orders and bankruptcies, not being within the knowledge of the Company, has been furnished by the directors and executive officers, respectively.

LEGAL PROCEEDINGS

The Company is not currently aware of any litigation outstanding, threatened or pending as of the date of this Annual Information Form which would be material to the Company's financial condition or results of operations.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

BreconRidge Manufacturing Solutions Corporation

On December 1, 2001, the Company entered into a manufacturing agreement with BreconRidge (the Manufacturing Agreement). Pursuant to the Manufacturing Agreement, BreconRidge has agreed to manufacture the Company's products on an as required basis and to provide repair and distribution services to the Company. In fiscal 2008, the Company procured approximately \$19.5 million in manufacturing and other services from BreconRidge. The Company negotiated the terms of the Manufacturing Agreement on an arm's-length basis and the Company believes that the terms reflect market terms and payment provisions. For each new product, the Company develops a detailed manufacturing cost model to negotiate manufacturing pricing with BreconRidge and, where appropriate, obtains a second quote for manufacturing from an independent manufacturer. The original term of the Manufacturing Agreement was two years. Thereafter, the Manufacturing Agreement automatically renews for successive one year terms, provided that either party may terminate the Manufacturing Agreement upon six months written notice prior to the end of the then current term.

Dr. Matthews, the Chairman and significant shareholder of the Company, owns approximately 28% of the issued and outstanding shares of BreconRidge and until October, 2007 was a member of BreconRidge's Board of Directors. In addition, Peter Charbonneau is also a member of the Board of Directors of BreconRidge.

Mitel Networks Corporation

On October 10, 2002, the Company entered into the TPC Agreement with Her Majesty The Queen in Right of Canada, Mitel Networks and Mitel Knowledge, pursuant to which the Company, Mitel Networks and Mitel Knowledge agreed to carry out a research and development project in consideration of a grant by Industry Canada in the amount of the lesser of (i) 25% of project cost elements incurred by the Company, Mitel Networks and Mitel Knowledge and (ii) \$60 million. Mitel Knowledge was removed as a party to the TPC Agreement on September 16, 2004. See "Narrative Description of Business — Research and Development".

Dr. Matthews owns a significant equity interest in Mitel Networks and is the Chairman of Mitel Networks' Board of Directors. Peter Charbonneau is also on the Board of Directors of Mitel Networks.

Kanata Research Park Corporation

The principal office of the Company at 555 Legget Drive, Ottawa, Ontario is leased by the Company from Kanata Research Park Corporation pursuant to a lease dated November 25, 1997, as amended. The term of the lease expires on August 31, 2008. The Company currently leases approximately 47,668 square feet of rentable space. For fiscal year ended April 30, 2008, aggregate annual lease payments (base rent and all other rent and charges) were approximately \$1,200,000.00. The current net monthly rent payable by the Company pursuant to the lease is currently \$107,597.00 (inclusive of taxes and other expenses). The terms of its lease were negotiated on an arm's length basis.

The Company expects to move its headquarters into a new location, 303 Terry Fox Drive in August, 2008. Kanata Research Park Corporation has leased these new premises to the Company, pursuant to a lease dated March 7, 2008. This new premises consists of a proximately 45,120 sq ft and the lease term expires June 30, 2018. The aggregate annual lease payments (base rent and all other rent and charges) will be \$673,550. The base monthly rent payable by the Company pursuant to the lease will be \$56,130 (inclusive of taxes, but excluding other expenses). The terms of its lease were negotiated on an arm's length basis after an independent market analysis and tender process.

Kanata Research Park Corporation is a corporation wholly-owned by Dr. Matthews.

Immobiliare Mira SAS di Colciago Fabrizio & C.

The principal office of the Company's operations in Italy at Via Lavoratori Autobianchi n. 1, Desio (Milan) is leased by the Company from Immobiliare Mire SAS di Colciago Fabrizio & C. pursuant to a lease dated March 31, 2008. The term of the lease expires on March 31, 2014. The aggregate annual lease payments for the premises are approximately € 302,000. The terms of the lease were negotiated on an arm's length basis.

Fabrizio Colciago owns a significant equity interest in Immobiliare Mira SAS di Colciago Fabrizio & C.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's common shares in Canada is Computershare Investor Services Inc. at its principal offices at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada and in the United Kingdom is Computershare Investor Services plc of The Pavilions, Bridgewater Road, Bristol BS13 8AE, U.K.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which the Company has entered into within the past year, or entered into before the most recently completed financial year but still in effect:

- the acquisition agreement dated January 31, 2008 among Fabrizio Colciago, Giuseppina Gallon and March Networks Corporation for the purchase of all issued and outstanding securities of Cieffe S.p.A. and Insignis Technologies S.r.l., in exchange for a cash payment of €14.0 million plus the issuance of 1,019,252 March Networks common shares to the vendors. Including acquisition expenses, the total cash consideration for the acquisition was approximately \$24 million plus any amounts paid in respect of a two year revenue-based earn-out of up to €10 million;
- the underwriting agreement dated April 20, 2005 among the Company, RBC Dominion Securities Inc., Evolution Securities Limited, BMO Nesbitt Burns Inc., Wesley Clover Corporation and Comverse Technology, Inc. related to the initial public offering of the Company's common shares;
- the nominated adviser and brokers agreement between the Company and Evolution Securities Limited (Evolution) pursuant to which Evolution has agreed to provide certain services in connection with its roles as nominated adviser and broker to the Company following the admission of the Company's common shares to trading on AiM. Under the agreement, the Company agreed to pay Evolution an annual retainer of £40,000 (\$93,540) for these services and has provided certain undertakings and an indemnity in favour of Evolution which are customary in agreements of this kind;
- the deed poll (the Deed Poll) executed by Computershare Investor Services PLC (the Depository) creating the depository interests required for the admission of the common shares of the Company to trading on AiM. Under the Deed Poll, the Depository is entitled to charge holders of depository interests fees and expenses as notified from time to time for its services under the Deed Poll and is entitled to be indemnified by holders of depository interests in respect of certain matters. The Depository may terminate the Deed Poll on giving not less than 90 days' prior notice to the holders of depository interests; and
- an agreement effective October 10, 2002, was entered into between the Company, Mitel Networks Corporation (Mitel Networks) and Mitel Knowledge Corporation, companies each controlled by Dr. Terence Matthews, with the Government of Canada, represented by Technology Partnerships Canada (TPC), regarding an investment by TPC in the companies' research and development activities. See "Narrative Description of Business— Research and Development" and "Description of Share Capital –Warrants Issued to Her Majesty the Queen in Right of Canada".

NAMES OF EXPERTS

The Company's consolidated financial statements as at April 30, 2008 have been audited by Deloitte & Touche LLP, the independent auditor of the Company.

ADDITIONAL INFORMATION

Please see Schedule A of this Annual Information Form for additional information required as set out in Form 52-110F1 "Audit Committee Information Required in an AIF".

Copies of this Annual Information Form and such other information and documentation relating to the Company that we make available via the System for Electronic Document Analysis and Retrieval ("SEDAR") can be found at www.sedar.com. Additional financial information is available in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended April 30, 2008.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans will be contained in our information circular to be distributed to shareholders in connection with our annual general meeting which will be held on July 23, 2008.

The information referred to in this Annual Information Form may also be obtained from:

March Networks Corporation
Investor Relations
Suite 530, 555 Legget Drive
Ottawa, Ontario K2K 2X3

Telephone: 1 613 591 8181
Toll-Free: 1 800 563 5564
Fax: 1 613 591 7337
E-Mail: investors@marchnetworks.com

SCHEDULE A

MARCH NETWORKS CORPORATION (the "Company")

AUDIT COMMITTEE CHARTER

ESTABLISHMENT AND PURPOSE OF THE COMMITTEE

The Board of Directors of the Company (the "Board") has established an Audit Committee (the "Committee") to assist the Board in fulfilling its financial oversight obligations, including responsibility:

- (a) to oversee the integrity of the financial information of the Company and the Company's financial reporting processes, including the audit process, and to review and approve the financial information of the Company to be presented by the Company to its shareholders and the public;
- (b) to ensure the adequacy of the Company's internal accounting controls and procedures and the appropriateness of the Company's risk management procedures;
- (c) to nominate, retain and oversee the performance of the external auditor; and
- (d) to oversee the work of the Company's financial management personnel and the external auditor and to provide an open avenue of communication between the Company's external auditor, the Board and Management of the Company.

COMPOSITION AND QUALIFICATION OF MEMBERS

The Committee shall be composed of a minimum of three members. Each member of the Committee shall be both an "unrelated" director and "independent" director (as such terms are defined under the requirements or guidelines for audit committee service in applicable securities laws and the rules of any stock exchange on which the Company's securities are listed for trading). None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries.

All members of the Committee must be "financially literate" (as that term is defined from time to time in Multilateral Instrument 52-110 (Audit Committees) or any replacement or supplementary instrument or rule or, if it is not defined, as that term is interpreted by the Board) or must become financially literate within a reasonable period of time after their appointment to the Committee.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

Oversight and Review of Accounting Principles and Practices

The Committee shall oversee, review and discuss with Management and the external auditor:

the quality, appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;

all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any “second opinions” sought by Management from an independent auditor with respect to the accounting treatment of a particular item;

disagreements between Management and the external auditor regarding the application of any accounting principles or practices;

any material change to the Company’s auditing and accounting principles and practices as recommended by Management and the external auditor or which may result from proposed changes to applicable generally accepted accounting principles;

the effect of regulatory and accounting standards initiatives on the Company’s financial statements and other financial disclosures;

any reserves, accruals, provisions, estimates or Management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Company;

the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company and their impact on the reported financial results of the Company;

any legal matter, claim or contingency that could have a significant impact on the financial statements, the Company’s compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company’s financial statements;

the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Company’s operations;

the use of any “pro forma” or “adjusted” information not in accordance with generally accepted accounting principles;

Management’s determination of goodwill impairment, if any, as required by applicable accounting standards;

the Company’s investment and foreign currency hedging policies to ensure the Company’s risk exposure is minimized and the Company’s investments are made in compliance with such policies;

the Company’s relationship with regulators and the timeliness and accuracy of the Company’s filings with such regulators; and

all transactions with related parties to ensure appropriate terms and conditions are included in such transactions, including the pre-approval of any new related party transactions.

The Committee shall review and resolve disagreements between Management and the external auditor regarding financial reporting and the application of any accounting principles or practices.

Oversight and Monitoring of the Company's Financial Disclosures

The Committee shall:

review with the external auditor and Management and recommend to the Board for approval the audited financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements, the Company's annual report and any financial information of the Company contained in any prospectus or information circular of the Company; and

review with the external auditor and Management each set of interim financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Company containing or accompanying financial information of the Company.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

Prior to their distribution, the Committee shall discuss with Management earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies. Such discussions may, in the discretion of the Committee, be general (e.g. discussing the types of information to be disclosed and the type of presentation to be made). The Committee shall review and monitor the Company's processes for review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

As part of the process by which the Committee shall satisfy itself as to the reliability of public disclosure documents that contain audited and unaudited financial information, the Committee shall require each of the Chief Executive Officer and the Chief Financial Officer of the Company to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.

The Committee shall meet with Management to review and assess the effectiveness of the processes and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information.

Oversight and Monitoring of Internal Controls

The Committee shall exercise oversight of, review and discuss with Management and the external auditor:

the adequacy and effectiveness of the Company's internal accounting and financial controls and the recommendations of Management and the external auditor for the improvement of accounting practices and internal controls;

any material weaknesses in the Company's internal controls, including with respect to computerized information system controls and security; and

Management's compliance with the Company's processes, procedures and internal controls.

Selection and Oversight of the External Auditor

The Committee shall recommend to the Board the external auditor to be nominated and the terms of engagement and the compensation to be paid by the Company to the external auditor.

The Committee must pre-approve all non-audit services to be provided to the Company or any of its affiliates by the external auditor. The Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditor, which policies and procedures shall include reasonable detail with respect to the services covered, provided that the Committee shall be informed of each non-audit service. All non-audit services to be provided to the Company or any of its affiliates by the external auditor or any of its affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.

The external auditor shall report directly to the Committee and the Committee shall so instruct the external auditor. The Committee will be provided with a copy of all formal written communication from the external auditor to the Company. The Committee shall be directly responsible for overseeing the work of the external auditor and shall evaluate the performance of the external auditor and make recommendations to the Board on the reappointment or appointment of the external auditor of the Company to be proposed in the Company's proxy circular for shareholder approval and shall have authority to terminate the external auditor.

The Committee shall review the independence of the external auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor. In connection with such review, the Committee shall:

actively engage in a dialogue with the external auditor about all relationships or services that may impact the objectivity and independence of the external auditor;

require that the external auditor submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Company and its affiliates, on the one hand, and the external auditor and its affiliates on the other hand;

require that (i) both the lead audit partner and the partner responsible for performing a second review respecting the audit be rotated at least every five years and be subject to a five year time out and (ii) all other partners on the audit engagement team who provide more than 10 hours of audit, review or attest services with respect to the Company's consolidated financial statements or who serve as the lead partner in connection with any audit or review related to financial statements of a subsidiary whose assets or revenues constitute at least 20% of the consolidated assets or revenues of the Company be rotated at least every seven years and be subject to a two year time out; and

consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.

The Committee shall prohibit the external auditor and its affiliates from providing certain non-audit services to the Company and its affiliates.

The Committee shall establish and monitor clear policies for the hiring by the Company of employees or former employees of the external auditor.

The Committee shall require the external auditor to provide to the Committee, and the Committee shall review and discuss with the external auditor, all reports which the external auditor is required

to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditor, and any other reports which the Committee may require. Such reports shall include:

a description of the external auditor's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditor, and any steps taken to deal with any such issues; and

a report describing (i) all critical accounting policies and practices to be used in the annual audit, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor and (iii) other material written communication between the external auditor and Management, such as any management letter or schedule of unadjusted differences.

Oversight and Monitoring of Audits

The Committee shall review with the external auditor and Management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon Management and general audit approach and scope of proposed audits of the financial statements of the Company and its subsidiaries, the overall audit plans, the responsibilities of Management and the external auditor, the audit procedures to be used and the timing and estimated budgets of the audits.

The Committee shall discuss with the external auditor any issues, difficulties or disputes that arose with Management during the course of the audit and the adequacy of Management's responses in correcting audit-related deficiencies.

Communications with Others

The Committee shall establish and monitor procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Committee shall review periodically with Management and the internal auditor these procedures and any significant complaints received.

The Committee may communicate directly with the external auditor as well as members of Management and any advisors or consultants retained by the Committee.

Reporting and Disclosure Requirements

The Committee shall report regularly to the Board regarding its meetings and progress in carrying out the responsibilities of the Committee pursuant to this Charter.

The Committee shall annually report in accordance with all applicable rules and regulations as required in public disclosure documents.

General

The Committee may undertake on behalf of the Board such other initiatives as may be necessary or desirable to contribute to the success of the Company and enhance shareholder value.

The Charter

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated by the Board with reference to this Charter annually.

The Committee shall ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Company.

AUTHORITY OF THE COMMITTEE

Access - The Committee shall be entitled to full access to all books, records, facilities, and personnel of the Company and its subsidiaries. The Committee may require such officers, directors and employees of the Company and its subsidiaries and others as it may see fit from time to time to provide any information about the Company and its subsidiaries as it may deem appropriate and to attend and assist at meetings of the Committee.

Delegation - The Committee may delegate from time to time to any person, including any individual member of the Committee, or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

Professional Assistance – The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense.

Adoption of Policies and Procedures - The Committee may adopt policies and procedures for carrying out its responsibilities.

OPERATING GUIDELINES AND PRINCIPLES

Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.

Committee Chair

Unless a Chair of the Committee is designated by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.

Conflicts of Interest

If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in the consideration of the matter and shall not vote on the matter.

Compensation of Committee Members

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a director or a member of a committee of the board of the Company or any of its affiliates.

Meetings of the Committee

Procedures for Meetings - Subject to any applicable statutory or regulatory requirements, the articles and by-laws of the Company and the terms of the Committee's Charter, the time at which and place where the meetings of the Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.

Calling of Meetings - The Committee shall meet as often as it deems appropriate to discharge its responsibilities but in any event, no less than four times annually. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before the Committee meeting in sufficient time to provide adequate opportunity for their review.

Quorum – A majority of the members constitute a quorum for the transaction of the Committee business.

Chair of Meetings - If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.

Secretary of Meeting - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the secretary of the Company shall be secretary of the Committee. The agenda of the Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.

Separate Executive Meetings – The Committee shall meet at least once every quarter, and more often as warranted, with the Chief Executive Officer and such other officers of the Company as the Committee may determine to discuss any matters that the Committee or such individuals believes should be discussed privately.

Reporting to the Board - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

Minutes - Minutes of the proceedings of the Committee shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the relevant Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.