



**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

JULY 23, 2008

And

MANAGEMENT PROXY CIRCULAR



Suite 530, Tower B, 555 Legget Drive, Ottawa, Ontario, Canada, K2K 2X3 Tel (613) 591-8181, Fax (613) 591-7337

June 23, 2008

Dear Shareholder:

On behalf of the Board of Directors, management and employees, we invite our common shareholders to attend the annual meeting (the "**Meeting**") of March Networks Corporation (the "**Company**"). This year, the Meeting will be held as follows:

Date: Wednesday, July 23, 2008

Time: 10:30 am (Eastern Daylight Time)

Place: Brookstreet Hotel, 525 Legget Drive, Ottawa, Ontario

At the Meeting, you will be asked to consider and vote on:

- (a) the election of directors;
- (b) the appointment of auditors of March Networks and granting authorization to the directors to fix the auditors' remuneration; and
- (c) amendments to the employee stock option plan.

The enclosed Management Proxy Circular provides a description of the proposed business of the Meeting to assist you in considering the matters to be voted upon. Following the formal agenda for the Meeting, management will present an overview of the Company and the Company's financial performance for the fiscal year ended April 30, 2008.

Each of the matters to be considered at the Meeting must be approved by a majority of the votes cast by the Company's shareholders (in person or by proxy) at the Meeting. Because of the importance of the matters to be considered at the Meeting, your shares should be represented whether or not you are personally able to attend. If you are unable to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy or voting instruction form. Please note that you can revoke your proxy expressly or by executing a later proxy or by voting in person at the Meeting in accordance with the provisions of the Management Proxy Circular.

We hope that you will be able to attend the Meeting in person as it will be an opportunity for us to speak with you about your Company and for you to meet the Board of Directors and management. If you cannot attend the Meeting in person, we invite you to listen to the Meeting via conference call which will commence at 10:30 am (Eastern Daylight Time) on July 23, 2008. Details on how to join the conference call will be available on the Investor Relations section of the March Networks website at www.marchnetworks.com.

We look forward to seeing you at the Meeting.

A handwritten signature in black ink, appearing to read "Terence H. Matthews".

Terence H. Matthews
Chairman of the Board

A handwritten signature in black ink, appearing to read "Peter Strom".

Peter Strom
President & Chief Executive Officer



NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting (the "**Meeting**") of the shareholders of March Networks Corporation ("**March Networks**" or the "**Company**") will be held on **Wednesday, July 23rd, 2008 at The Brookstreet Hotel, 525 Legget Drive, Ottawa (Kanata), Ontario, Canada, commencing at 10:30 a.m., Eastern Daylight Time**, for the following purposes:

1. To receive the Company's audited consolidated financial statements for the fiscal year ended April 30, 2008 and the auditor's report on those statements;
2. To elect directors of the Company for the ensuing year;
3. To appoint Deloitte & Touche LLP as auditors for the ensuing year and to authorize the directors to fix their remuneration;
4. To consider, and if deemed advisable, to amend the Employee Stock Option Plan as further described on pages 5 to 10 of this Management Proxy Circular; and
5. To transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The number of votes that may be cast at the Meeting by shareholders, as of the record date June 11, 2008, is 18,177,340.

If you receive this Notice by mail, it is accompanied by the following meeting materials: (1) either a form of proxy for registered shareholders or a voting instruction form for non-registered shareholders; and (2) the attached Management Proxy Circular.

March Networks shareholders who are unable to attend the Meeting in person are encouraged to read the enclosed Management Proxy Circular and vote by proxy. Simply sign and return the form of proxy or voting instruction form or vote by telephone or by the Internet according to the instructions set out on the respective form of proxy or voting instruction form.

To be valid, all proxies must be received by the Company's transfer agent, Computershare Investor Services Inc., no later than 5:00 p.m. Eastern Daylight Time on Monday, July 21st, 2008, or if the Meeting is adjourned, no later than 5:00 pm (Eastern Daylight Time) on the second business day preceding the day to which the Meeting is adjourned to be eligible for the Meeting.

DATED at Ottawa, Ontario this 23rd day of June, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink that reads "Cheryl Beckett". The signature is written in a cursive, flowing style.

Cheryl Beckett
Executive Vice-President, Legal & Corporate Secretary

MARCH NETWORKS CORPORATION
MANAGEMENT PROXY CIRCULAR

VOTING INFORMATION

Management Solicitation Of Proxies

This management proxy circular (the “**Management Proxy Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the management of March Networks Corporation (“**March Networks**” or the “**Company**”), a corporation governed by the *Canada Business Corporations Act* (the “**CBCA**”), for use at the annual meeting, or any adjournment or adjournments thereof (the “**Meeting**”), of the shareholders of the Company (each, a “**Shareholder**”). The Meeting is to be held on Wednesday, July 23rd, 2008 at the Brookstreet Hotel, 525 Legget Drive, Ottawa, Ontario, Canada commencing at 10:30 a.m. Eastern Daylight Time, for the purposes set out in the notice of the Meeting (the “**Notice of Meeting**”) accompanying this Management Proxy Circular.

The Company has distributed copies of the Notice of Meeting, this Management Proxy Circular and the form of proxy (for registered Shareholders) or voting instruction form (for non-registered Shareholders) (collectively, the “**Meeting Materials**”). The Meeting Materials are being sent to both registered and non-registered Shareholders.

The enclosed proxy is being solicited by or on behalf of the management of the Company and the cost of such solicitation will be borne by the Company. It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally or by telephone by officers, employees and directors of the Company.

Except as otherwise stated, the information contained in this Management Proxy Circular is given as of June 23, 2008. Unless otherwise provided herein, all dollar amounts in this Management Proxy Circular are stated in Canadian dollars.

Registered Shareholders

A registered Shareholder is a Shareholder whose share certificate bears the name of the Shareholder. If you are a registered Shareholder, you can vote your common shares in person at the Meeting or by proxy.

If you wish to vote in person at the Meeting, do not complete or return the form of proxy included with this Management Proxy Circular. Your vote will be taken and counted at the Meeting. Please register your attendance with the scrutineer, Computershare Investor Services Inc., upon arrival at the Meeting.

If you do not wish to attend the Meeting or do not wish to vote in person, by telephone or by internet you may vote by proxy by properly completing and depositing the form of proxy with the Company’s transfer agent, Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 no later than 5:00 p.m. (Eastern Daylight Time) on July 21, 2008.

In each case, the common shares represented by your proxy will be voted or withheld/abstained from voting in accordance with your instructions as indicated on your form of proxy and on any ballot that may be called at the Meeting. Instructions for using each of the voting methods are set out on the form of proxy.

Non-Registered (Beneficial) Shareholders

Your common shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or trustees or administrators of self-administered RRSPs, RRIAs, RESPs and similar plans). If your common shares are registered in the name of an intermediary, you are a non-registered Shareholder.

The Company has distributed copies of the Meeting Materials to intermediaries for distribution to non-registered Shareholders. Unless you have waived your right to receive the Meeting Materials, intermediaries are required to deliver them to you as a non-registered Shareholder of the Company and to seek your instructions on how to vote your common shares. Typically, a non-registered Shareholder will be given a voting instruction form which must be completed and signed by the non-registered Shareholder in accordance with the instructions on the form. The purpose of these procedures is to allow non-registered shareholders to direct the voting of those shares that they own but which are not registered in their own name.

Please note that March Networks has limited access to the names of its non-registered Shareholders. If you attend the Meeting, the Company may have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder. If you are a non-registered Shareholder and wish to attend and vote in person at the Meeting, you must insert your own name in the space provided for the appointment of proxyholder on the voting instruction form and carefully follow the instructions for return of the executed form. Do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the Company's transfer agent, Computershare Investor Services Inc., upon arrival at the Meeting.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered shareholder with respect to the voting of shares will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by intermediary "non-votes" will, however, be counted in determining whether there is a quorum.

Appointing a Proxyholder

The persons named in the enclosed form of proxy or voting instruction form are executive officers of the Company. **If you wish to appoint some other person or company (who need not be a Shareholder) to represent you at the Meeting, you may do so by striking out the names of the persons named in the enclosed form of proxy or voting instruction form and inserting the name of your appointee in the blank space provided or by completing another form of proxy and, in either case, delivering the completed and signed form by 5:00 pm, Eastern Daylight Time, on Monday, July 21, 2008 to Computershare Investor Services Inc. at the address set forth in the enclosed form of proxy or voting instruction form.** It is the responsibility of the Shareholder appointing some other person to represent him/her/it to inform such person that he or she has been so appointed. The proxy or voting instruction form must be signed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof, duly authorized.

Revoking a Proxy

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy under subsection 148(4) of the *CBCA* by depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing (or, if the Shareholder is a corporation, by an authorized officer or attorney thereof authorized in writing), either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting at which such proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or in any other manner permitted by law, and upon either of such deposits such proxy shall be revoked. If the instrument of revocation is deposited with the Chairman of the Meeting on the day of the Meeting, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

Voting of Proxies

The form of proxy and voting instruction form affords the Shareholder an opportunity to specify that the common shares of the Shareholder shall be voted in favour of, or against, or withheld from voting in accordance with the directions of the Shareholder appointing the proxy nominee. **In the absence of any such direction, such common shares will be voted in favour of the matter under consideration.**

The form of proxy and voting instruction form accompanying this Management Proxy Circular confers discretionary authority upon the nominees named in the enclosed form of proxy or voting instruction form with respect to amendments or variations of matters identified in the Notice of Meeting or other matters which may properly come before the Meeting.

Voting Securities and Principal Holders of Voting Securities

The Company is authorized to issue an unlimited number of common shares. As of the record date, June 11, 2008 (the “**Record Date**”), there were 18,177,340 common shares outstanding. Each common share carries the right to one vote.

Only Shareholders of record as of the Record Date will be entitled to vote at the Meeting. In accordance with the provisions of the *CBCA*, the Company prepared a list of Shareholders on the Record Date. Each Shareholder named in the list will be entitled to vote the common shares shown opposite his, her or its name on the list at the Meeting. Each of the matters to be considered at the Meeting must be approved by a majority of the votes cast by the Shareholders (in person or by proxy) at the Meeting.

The following table sets forth information with respect to all persons known by the Company to beneficially own, directly or indirectly, or exercise control or direction over more than ten percent (10%) of the Company’s issued and outstanding common shares as of June 23, 2008:

Name and Municipality of Residence	Number of Common Shares Beneficially Owned	Percentage of March Networks Common Shares Outstanding
Wesley Clover Corporation ⁽¹⁾ Ottawa, Ontario	3,153,909 ⁽²⁾	17.50%

⁽¹⁾ Wesley Clover Corporation is a corporation wholly-owned by Dr. Terence H. Matthews, the Chairman of the Board of the Company.

⁽²⁾ The total number of shares includes 3,147,973 shares registered in the name of Wesley Clover Corporation and 5,936 shares registered in the name of Dr. Terence H. Matthews.

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.

Electronic Delivery and Access

You can choose the option of receiving proxy circulars and other corporate information electronically through the internet by following the instructions set out in the enclosed proxy form or voting instruction form. If you chose to receive the information electronically, you must have an electronic (e-mail) account and access to the internet. Please refer to the information provided in the enclosed proxy form or voting instruction form on how to receive the Company’s proxy circulars and other corporate information by electronic means.

Questions

If you have any questions regarding the meeting, please contact Computershare Investor Services Inc. at:

North America: 1-800-564-6253

UK: +44 (0) 870702 000

BUSINESS TO BE TRANSACTED AT THE MEETING

1. Presentation of Financial Statements

The audited consolidated financial statements of the Company for the fiscal year ended April 30, 2008, including the auditors' report thereon will be presented to the Meeting. In accordance with the provisions of the *CBCA*, the financial statements will not be the subject of any vote at the Meeting.

2. Election of Directors

The Articles of the Company currently provide for a Board of Directors of not less than one and not more than eleven directors to be elected annually. The number of directors is presently fixed at eight (8) directors. Management proposes to nominate eight (8) persons to be elected at the Meeting. Each director will hold office until the next annual meeting of shareholders in 2009 or until a successor is duly elected, unless the office is earlier vacated in accordance with the by-laws of the Company.

The eight nominees for election to the Company's Board of Directors and their biographies are listed in the section "Nominees for the Board of Directors". All eight of the nominees are currently directors of the Company.

3. Appointment and Remuneration Of Auditors

The Board of Directors proposes to nominate Deloitte & Touche LLP, Chartered Accountants, of Ottawa, Ontario, the Company's present auditors, as the auditors of the Company to hold office until the close of the next annual meeting of shareholders and to authorize the Audit Committee to fix the remuneration of the auditors. Deloitte & Touche LLP was first appointed auditors of the Company for the fiscal year commencing January 1, 1999.

In the past, the Audit Committee has negotiated with the auditors of the Company on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors. The following table sets out the approximate fees the Company incurred in using the services of Deloitte & Touche LLP 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⁾	<u>15,486</u>	<u>94,681</u>
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 compliance advisory services.

The Company has complied with applicable rules regulating the provision of non-audit services to the Company by its external auditor. All audit and non-audit services provided to the Company have been pre-approved by the Audit Committee. The Audit Committee has reviewed the magnitude and nature of these services to ensure that they are compatible with maintaining the independence of the external auditor.

4. Amendments to Employee Stock Option Plan

The Company's Employee Stock Option Plan (the "**Option Plan**") was initially approved by the Shareholders on June 22, 1999. Further amendments to the Option Plan have been made and approved by the Board of Directors of the Company from time to time in accordance with Section 22 of the Option Plan. In addition, amendments to the Option Plan were approved by the Shareholders on April 2, 2005, in contemplation of the Company's initial public offering, and July 25, 2007, to accommodate the expiry of Options during the Company's black-out periods.

Effective January 1, 2005, the Toronto Stock Exchange ("**TSX**") amended the TSX Company Manual to permit issuers to adopt "rolling" reserve security based compensation arrangements, being arrangements that permit the issuance of a number of securities equal to a fixed percentage of the number of listed securities of the issuer outstanding at any point in time. The TSX requirements provide that issuers who adopt a "rolling" reserve must seek shareholder approval when such arrangement is instituted and, every three years thereafter, must seek shareholder approval for all unallocated options or other entitlements under the arrangement. The Option Plan is such an arrangement as it currently provides that fifteen percent (15%) of the Company's outstanding common shares from time to time are reserved for issuance pursuant to the Option Plan. The Option Plan's 15% rolling reserve was approved by the Shareholders on April 2, 2005.

Management and the Board of Directors of the Company have reviewed the Company's compensation strategy for its employees and directors and its future requirements for available common shares ("**Option Shares**") issuable on the exercise of options ("**Options**") under the Option Plan to continue to incent employees and directors in part through the grant of Options. As a result of the review, the Board of Directors has approved a reduction of the Option Plan's rolling reserve to twelve and one-half percent (12.5%) from fifteen percent (15%), coupled with an amendment of the Option Plan to provide for a re-loading provision as discussed below. The combination of these two amendments will, in the Company's view, provide to the Company an adequate reserve of common shares for the grant of Options while reducing the overall dilution represented by the Option Plan to the Company's issued and outstanding common shares. In accordance with the TSX Company Manual, the Shareholders will be asked at the Meeting to approve, by ordinary resolution, all unallocated options under the Option Plan and to reduce the rolling reserve of common shares pursuant to the Option Plan to twelve and one-half percent (12.5%) of the Company's issued and outstanding common shares from time to time.

In addition, on June 23, 2008, the Board of Directors of the Company approved amendments to the Option Plan, subject to Shareholder approval at the Meeting, to (i) provide that if any Option granted under the Option Plan is exercised, the number of common shares to which such Option relates shall again be available for the purpose of the granting of Options under the Option Plan; (ii) allow the Committee to make awards other than Option grants under the Option Plan; (iii) increase the number of Option Shares to be granted to directors in respect of their annual service on the Board of Directors from 2,000 Option Shares to 10,000 Option Shares granted annually, and (iv) make certain ancillary amendments to the Option Plan.

Amendment Providing for Reloading Provision

The TSX Company Manual permits issuers to include a "re-loading" provision in their stock option plan pursuant to which, if an option granted under a stock option plan is exercised, the number of common shares to which such option relates are again available for the purpose of granting new options under the stock option plan. The Company's Option Plan is not currently a "reload" plan. The adoption of a re-loading provision for the Option Plan will permit the Company to continue to use the Option Plan as the Company's primary equity incentive program for incenting and retaining employees.

The Company requires a competitive compensation program in order to continue to attract and retain high quality employees in a highly competitive market environment. Based on the Company's experience in attracting and retaining talent, it is very clear that an important element of compensation, particularly in technology-related markets, is the ability to provide stock options to critical new hires and key employees for attraction and retention purposes. As part of its compensation strategy, the Company intends to focus future stock option grants on senior management and other employees identified as key resources.

As the Company's number of issued and outstanding common shares is small in comparison to many public companies, the Company's ability to grant Options on an annual basis to recognize performance and align the interest of employees with shareholders is constrained. As of April 5, 2008 (the third anniversary of the last Shareholder approval of the Option Plan), Options in respect of 1,213,075 Option Shares were granted and outstanding under the Option Plan representing 6.67% of the Company's outstanding common shares, with a balance of 327,964 Option Shares representing 1.80% of the Company's outstanding common shares remaining available for grant pursuant to the Option Plan. The Company anticipates that the total number of issued and outstanding common shares will further decline in fiscal year 2009 as the Company acts upon its normal course issuer bid that was announced on May 26, 2008, thereby reducing the total available number of Option Shares available to be issued pursuant to the Option Plan.

In order to provide the Company with an adequate reserve of Options to be used as the fundamental long term incentive component of the Company's compensation strategy, the Board of Directors on June 23, 2008 approved amendments to the Option Plan that resulted in the reduction of the rolling reserve of Options from 15% to 12.5% and amended the Option Plan to become a "reloading" Option Plan so that the number of common shares issued upon the exercise of Options under the Option Plan (whether issued in the past or the future) will again be available for grant. The effect of these amendments is to reduce the Option Shares reserved for grant pursuant to the Option Plan to a total of 2,253,017 Option Shares reserved based on issued and outstanding common shares of 18,024,137 as of the date of this Management Proxy Circular.

The Company intends to grant on average over the course of the next five years approximately 1/5th of the Option pool every year based on the fact that the standard term of an Option is five (5) years. For fiscal year 2009, the Board of Directors recognizes the lack of long term equity incentive for management and has determined to make a larger annual grant in fiscal year 2009 with the intention of managing the balance of the Option pool over the course of the next few years to maintain an appropriate reserve of Options. On June 19, 2008, the Board of Directors conditionally approved grants of Options to newly hired and newly promoted employees in the aggregate amount of 70,400 Option Shares, such Options being subject to Shareholder approval. On June 23, 2008, the Board of Directors conditionally approved a performance grant of Options to key employees and executive officers in the aggregate amount of 585,000 Option Shares, such Options being subject to Shareholder approval. Further details regarding the Option grants to the Named Executive Officers are set out on page 20 of this Management Proxy Circular.

As required pursuant to the TSX Company Manual, the Company will continue to seek the approval of all unallocated options under the Option Plan by the Shareholders every three (3) years, the next such date being on or before July 23, 2011.

Amendment Providing for Other Awards

The Company is also proposing to add a new Section 17 to the Option Plan to permit the Company to make other awards to employees, which awards are valued by reference to the common shares but which are payable by the Company solely in cash. No equity securities of the Company will be issued pursuant to these new awards. The purpose of this provision is to provide flexibility to the Company to properly compensate employees located outside of Canada where local securities laws in other jurisdictions place significant requirements on the Company in order for such employees to receive Options pursuant to the Option Plan. The intention of the Company is to grant such other awards on a basis consistent with its use of the Option Plan as an incentive tool.

Amendment to Number of Annual Directors' Option Shares

The Company is proposing to increase the Option grant to directors in respect of their annual service on the Board of Directors of the Company to 10,000 Option Shares from the current 2,000 Option Shares. The Company has reviewed its current levels of compensation for its directors as against comparable public company peers and has determined that the increase in the number Option Shares to be received by each director under Option is appropriate. The Board of Directors' compensation is comprised of an annual cash retainer as well as an equity component comprised of an annual grant of stock options. The Company is proposing to increase the cash and equity component of directors' compensation in 2008 to

ensure that a competitive compensation package is in place to attract and retain qualified members for the Board of Directors. The Company has opted to provide the annual retainer in lieu of per meeting fees and considers Option Shares as the most appropriate compensation mechanism to align interests with shareholders.

In addition to the increase in Option Shares under Options to be granted to directors, the Company has amended the Option Plan to provide that the Options to be granted to directors may be granted in either the open trading window immediately prior to or immediately following the annual meeting in which the director is re-elected. In prior years, the Company has been forced to postpone granting of Options to directors due to black-out periods and is requesting flexibility from the Shareholders to have the ability to make the grant of Options to directors during the open window immediately prior to each annual meeting.

On June 23, 2008, the Board of Directors conditionally granted Options to purchase 10,000 Option Shares to each non-executive member of the Board of Directors for an aggregate total of 70,000 Options, subject to shareholder approval.

Ancillary Amendments

Finally, the Company is proposing certain ancillary amendments to the Option Plan to update various statutory references and definitions required due to the passage of time since the Option Plan was last approved by the Shareholders.

Additional Information for Shareholders - Key Features of the Option Plan

The following is a summary of the key features of the Option Plan:

- (a) ***Eligible Participants:*** Employees (full-time and part-time), officers, consultants and directors of the Company are eligible to be granted awards under the Option Plan. As of the date of this Management Proxy Circular (including the conditional Option grants on June 19, 2008 and June 23, 2008), Options to purchase 1,907,881 Option Shares have been granted and are outstanding under the Option Plan, representing 10.59% of the Company's outstanding common shares and (assuming the proposed amendments to the Option Plan are approved by Shareholders) Options to purchase 345,136 Option Shares representing 1.91% of the Company's outstanding common shares would be available for grant pursuant to the Option Plan;
- (b) ***Insiders:*** The number of common shares reserved for issuance pursuant to Options granted to insiders, together with the number of common shares reserved to insiders pursuant to all of the Company's other security based compensation arrangements, at any time cannot exceed 10% of the total number of issued and outstanding common shares of the Company and the number of common shares issued to insiders pursuant to the exercise of Options, together with the number of common shares issued to insiders pursuant to all of the Company's other security based compensation arrangements, within any one year period cannot exceed 10% of the total number of issued and outstanding common shares;
- (c) ***Exercise price:*** The exercise price of each common share purchasable under an Option can be no less than the fair market value of the common share on the date of grant of the Option. The "fair market value" of a common share is defined in the Option Plan to mean the market price of a common share as defined in Part One of the TSX Company Manual;
- (d) ***Vesting:*** Options vest as to 25% of the common shares issuable pursuant to an Option on the first anniversary of the date of grant of the Option and as to 2.08333% of the common shares issuable pursuant to the Option commencing one month after the first anniversary of the date of grant of the Option and monthly thereafter to and including the fourth anniversary of the date of grant. Once vested, Options remain exercisable until the expiry of their term;
- (e) ***Term:*** Options expire on the fifth anniversary of the date of grant of the Options (subject to extension if the expiry date falls within or shortly after a black-out period);

- (f) **Ineligibility:** Eligible participants in the Option Plan who cease to be employed by or hold office with the Company whether by reason of termination of employment (with or without cause), resignation, retirement, disability or death, as of the relevant date of such event, are no longer eligible to be granted Options under the Option Plan;
- (g) **Treatment of Options on Termination of Employment or Consultant Arrangement:** Options held by an employee who is terminated for cause by the Company (or held by a consultant who is terminated for breach of contract) immediately expire and are cancelled on the termination date. Options held by an employee who is terminated without cause or who voluntarily resigns (or Options held by a consultant who dies, whose agreement is terminated by the consultant or whose arrangement is terminated by the Company, other than for breach of contract) if exercisable on the termination date, continue to be exercisable by the optionee until the earlier of the date that is 60 days after the termination date and the date on which the exercise period of the particular Option expires. Any Options (other than director's Options) held by an employee or consultant that are not exercisable on a termination date immediately expire and are cancelled on the termination date;
- (h) **Treatment of Directors' Options on Termination of Service:** Options held by a director whose term of office terminates by reason of (i) termination by the Company other than for breach of fiduciary duty or (ii) voluntary resignation by the director which are exercisable at the termination date continue to be exercisable by the optionee until the earlier of the date that is three (3) years after the termination date and the date on which the exercise period of the particular Option expires. Options held by a director whose service with the Company is terminated for cause or for breach of fiduciary duty immediately expire and are cancelled on the termination date;
- (i) **Treatment of Options on Death, Disability or Retirement:** Options held by a director or employee who dies, becomes disabled or retires shall continue to be exercisable by the optionee until the earlier of the date that is 365 days after such death, disability or retirement and the date on which the exercise period of the particular Option expires. Any Options held by a director or employee that are not exercisable on the date of death, disability or retirement immediately expire and are cancelled on such date;
- (j) **Treatment of Options on a Change in Control:** In the event of a change in control, as defined in the Option Plan, and unless otherwise determined by the Board of Directors, the vesting of all Options shall be accelerated and all Options shall be "cashed out" at the change in control price less the applicable exercise price. The Board of Directors has the discretion to cancel all unvested Options in the event of a change in control;
- (k) **Assignment of Options:** Options granted under the Option Plan may only be exercised during the life-time of the individual optionee by such optionee personally and may not be assigned or transferred;
- (l) **Amendment of the Plan:** Subject to the rules and policies of any stock exchange on which the common shares are listed and applicable law, the Board of Directors may, without notice or shareholder approval, at any time or from time to time, amend the Option Plan for the purposes of:
- (1) making any amendments to the general vesting provisions of each Option set out in Section 7 of the Option Plan;
 - (2) making any amendments to the general term set out in Section 8 of the Option Plan for Options to be granted pursuant to the Option Plan, provided that no Option may be exercised after the tenth (10th) anniversary of the date of grant;
 - (3) making any amendments to the provisions set out in Sections 14 and 15 of the Option Plan (regarding termination of Options due to retirement, death, disability or termination of employment);

- (4) making any amendments to add covenants of the Company for the protection of optionees provided that such amendments shall not amend the exercise price or term of any Options previously granted to Insiders in accordance with the TSX Company Manual and provided further that the Board of Directors shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the optionees;
- (5) making any amendments not inconsistent with the Option Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board of Directors, having in mind the best interests of the optionees, it may be expedient to make, provided that the Board of Directors shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the optionees; or
- (6) making such changes or corrections which, on the advice of counsel to the Company, are required for the purposes of curing or correcting any ambiguity or defect or inconsistent provisions or clerical omission or mistake or manifest error, provided that the Board of Directors shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the optionees.

Any other amendment to the Option Plan may not be made without Shareholder approval. In addition, subject to Sections 20 and 22 of the Option Plan, the Board of Directors shall not alter or impair any rights or increase any obligations with respect to an award previously granted under the Option Plan without the consent of the optionee;

- (m) **Financial Assistance:** The Company does not provide financial assistance to option holders to facilitate the exercise of Options; and
- (n) **Options Granted Subject To Shareholder Approval:** On June 19, 2008, the Board of Directors conditionally granted Options to purchase 70,400 Option Shares to new and recently promoted employees of the Company and on June 23, 2008, the Board of Directors of the Company conditionally granted Options to purchase 585,000 Option Shares to executive officers and key employees of the Company as a performance grant pursuant to the Option Plan, subject to ratification at the Meeting by the Shareholders. In addition, the Board of Directors conditionally granted Options to purchase 70,000 Option Shares to non-executive directors on June 23, 2008. If such Options are not ratified by the Shareholders, the conditional grant of such Options will be cancelled and they will not be awarded to such employees and directors.

Shareholder Resolutions

The resolutions outlined in this Section 4 must be approved by Shareholders holding more than 50% of the votes cast at the Meeting either in person or by proxy. In the event this resolution is not approved, the Option Plan of the Company will be terminated, the Options conditionally granted on June 19, 2008 and June 23, 2008 will be cancelled and the Company will not be permitted to grant Options pursuant to the Option Plan.

The Board recommends that Shareholders vote in favour of the resolutions set forth below. A copy of the Option Plan, blacklined to show all amendments made to the existing Option Plan since July 25, 2007, is attached to this Management Proxy Circular as Schedule "B".

Unless otherwise directed by the Shareholders appointing them as proxyholder, the persons named in the accompanying instrument of proxy intend to vote in favour of the ordinary resolution to approve the unallocated Options under the Option Plan and the amendments to the Option Plan set forth in this Section.

Shareholders will be asked at the Meeting, or any adjournment thereof, to consider, and if deemed advisable, to adopt the following resolutions:

RESOLVED that:

- (i) the allocation by the Board of Directors for all unallocated common shares reserved or to be reserved under the Option Plan be and is hereby approved, ratified and confirmed and such Options are authorized to be issued until July 22, 2011;
- (ii) the number of common shares reserved for issuance pursuant to the exercise of Options shall be reduced and shall not exceed twelve and one-half percent (12.5%) of the total number of issued and outstanding common shares from time to time;
- (iii) the amendment to the Option Plan to provide that, if any Option granted under the Option Plan is exercised, the number of common shares to which such Option relates shall again become available for the purpose of granting future Options under the Option Plan, is approved;
- (iv) the amendment to the Option Plan to allow the Committee to make awards other than Option grants under the Option Plan, which awards shall be payable by the Company solely in cash, is approved;
- (v) the amendment to increase to 10,000 the number of Option Shares reserved for issuance pursuant to Options to be granted to directors in respect of their annual service on the Board of Directors, is approved; and
- (vi) the ancillary amendments to the Option Plan are approved;

all as set out in the amended Option Plan attached to this Management Proxy Circular as Schedule "B"; and

- (vii) the conditional grant of Options on June 19, 2008 to purchase an aggregate of 70,400 Option Shares, the conditional grant of Options on June 23, 2008 to purchase an aggregate of 585,000 Option Shares and the conditional grant of Options on June 23, 2008 to non-executive directors to purchase an aggregate of 70,000 Option Shares, all as described in this Management Proxy Circular, are hereby approved, ratified and confirmed.


5. Other Matters

Management of the Company knows of no amendment or variation to the matters referred to in the Notice of Meeting and of no other business to be brought before the Meeting. If any amendment, variation or other business is properly brought before the Meeting, the form of proxy and voting instruction form confers discretion on the persons named on the form of proxy and voting instruction form to vote on any amendment or variation of the matters referred to in the notice of Meeting or any other business in accordance with their best judgment.

NOMINEES FOR THE BOARD OF DIRECTORS

The following individuals are the nominees for election to the Board. Important information regarding the nominees relating to committee memberships, meeting attendance, public board memberships and equity ownership is provided in the following charts. All of the nominees currently serve as directors of the Company and have been directors since the dates indicated below.

Director Nominee Information

 <p>Terence Hedley Matthews</p> <p>Age: 65</p> <p>Ottawa, Ontario, Canada</p> <p>Director Since: April 20, 1988</p> <p>Not Independent</p>	<p>Terry Matthews is the Chairman of the Company. Dr. Matthews joined the Company as Chief Executive Officer in 2000, a role he held until 2004. Prior to joining the Company, Dr. Matthews served as Chief Executive Officer and Chairman of Newbridge Networks Corporation, a company he founded in 1986. In 1972, Dr. Matthews co-founded Mitel Corporation and served as its President until 1985. In 2001, Dr. Matthews purchased Mitel Corporation's communications systems division and "Mitel" trade-marks to form Mitel Networks Corporation, of which he is currently a significant shareholder and Chairman. 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. 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 and Newport Networks Group plc.</p>																																																													
	<table border="1"> <thead> <tr> <th>Board/Committee Memberships</th> <th colspan="2">Attendance During Fiscal Year 2008</th> <th colspan="3">Public Board Membership During Last Five Years</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>10 of 11</td> <td>91%</td> <td>Bridgewater Systems Corporation</td> <td colspan="2">1997 – Present</td> </tr> <tr> <td></td> <td></td> <td></td> <td>CounterPath Corporation</td> <td colspan="2">2007 - Present</td> </tr> <tr> <td></td> <td></td> <td></td> <td>DragonWave Inc.</td> <td colspan="2">2007 – Present</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Newport Networks PLC</td> <td colspan="2">2006- Present</td> </tr> </tbody> </table>		Board/Committee Memberships	Attendance During Fiscal Year 2008		Public Board Membership During Last Five Years			Board of Directors	10 of 11	91%	Bridgewater Systems Corporation	1997 – Present					CounterPath Corporation	2007 - Present					DragonWave Inc.	2007 – Present					Newport Networks PLC	2006- Present		<p>Securities Held as of Date of Management Proxy Circular:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Common Shares ⁽¹⁾</th> <th>Market Value of Common Shares ⁽²⁾</th> <th colspan="3">Minimum Ownership Guidelines ⁽³⁾</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>3,153,909</td> <td>\$15,769,545</td> <td colspan="3" rowspan="2">\$150,000</td> </tr> <tr> <td>2007</td> <td>3,153,909</td> <td>\$33,494,514</td> </tr> </tbody> </table>				Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾			2008	3,153,909	\$15,769,545	\$150,000			2007	3,153,909	\$33,494,514											
Board/Committee Memberships	Attendance During Fiscal Year 2008		Public Board Membership During Last Five Years																																																											
Board of Directors	10 of 11	91%	Bridgewater Systems Corporation	1997 – Present																																																										
			CounterPath Corporation	2007 - Present																																																										
			DragonWave Inc.	2007 – Present																																																										
			Newport Networks PLC	2006- Present																																																										
Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾																																																											
2008	3,153,909	\$15,769,545	\$150,000																																																											
2007	3,153,909	\$33,494,514																																																												
<p>Options Held as of June 23, 2008</p> <table border="1"> <thead> <tr> <th>Date Granted</th> <th>Expiry Date</th> <th>Number Granted</th> <th>Exercise Price ⁽⁴⁾</th> <th>Total Unexercised</th> <th colspan="2">Value of Options Unexercised ⁽⁵⁾</th> </tr> </thead> <tbody> <tr> <td>September 17, 2003</td> <td>September 17, 2008</td> <td>1532</td> <td>\$5.00</td> <td>1532</td> <td colspan="2">0</td> </tr> <tr> <td>October 15, 2004</td> <td>October 15, 2009</td> <td>3000</td> <td>\$5.00</td> <td>3000</td> <td colspan="2">0</td> </tr> <tr> <td>December 3, 2004</td> <td>December 3, 2009</td> <td>1500</td> <td>\$5.00</td> <td>1500</td> <td colspan="2">0</td> </tr> <tr> <td>October 5, 2005</td> <td>October 5, 2010</td> <td>2000</td> <td>\$18.36</td> <td>2000</td> <td colspan="2">0</td> </tr> <tr> <td>October 3, 2006</td> <td>October 3, 2011</td> <td>2000</td> <td>\$18.88</td> <td>2000</td> <td colspan="2">0</td> </tr> <tr> <td>October 3, 2007</td> <td>October 3, 2012</td> <td>2000</td> <td>\$14.29</td> <td>2000</td> <td colspan="2">0</td> </tr> <tr> <td>June 23, 2008</td> <td>June 23, 2013</td> <td>10,000</td> <td>\$5.08</td> <td>10,000</td> <td colspan="2">0</td> </tr> </tbody> </table>							Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾		September 17, 2003	September 17, 2008	1532	\$5.00	1532	0		October 15, 2004	October 15, 2009	3000	\$5.00	3000	0		December 3, 2004	December 3, 2009	1500	\$5.00	1500	0		October 5, 2005	October 5, 2010	2000	\$18.36	2000	0		October 3, 2006	October 3, 2011	2000	\$18.88	2000	0		October 3, 2007	October 3, 2012	2000	\$14.29	2000	0		June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0	
Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾																																																									
September 17, 2003	September 17, 2008	1532	\$5.00	1532	0																																																									
October 15, 2004	October 15, 2009	3000	\$5.00	3000	0																																																									
December 3, 2004	December 3, 2009	1500	\$5.00	1500	0																																																									
October 5, 2005	October 5, 2010	2000	\$18.36	2000	0																																																									
October 3, 2006	October 3, 2011	2000	\$18.88	2000	0																																																									
October 3, 2007	October 3, 2012	2000	\$14.29	2000	0																																																									
June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0																																																									



Peter Gosta Strom

Age: 44

Ottawa, Ontario, Canada

**Director Since:
September 17, 2003**

Not Independent

Peter Strom is President and Chief Executive Officer of the Company. He 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.

Board/Committee Memberships ⁽⁶⁾	Attendance During Fiscal Year 2008	Public Board Membership During Last Five Years
Board of Directors	11 of 11 100%	None

Securities Held as of Date of Management Proxy Circular:

Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾
2008	48,065	\$240,325	\$150,000
2007	9,050	\$96,111	

Options Held as of June 23, 2008

Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾
June 27, 2003	June 27, 2008	10,000	\$5.00	1,458	0
December 5, 2003	December 5, 2008	100,000	\$5.00	25,000	0
October 15, 2004	October 15, 2009	100,000	\$5.00	47,917	0
June 29, 2005	June 29, 2010	50,000	\$13.03	37,291	0
August 31, 2005	August 31, 2010	12,500	\$18.87	12,500	0
December 8, 2005	December 8, 2010	12,500	\$26.92	12,500	0
March 9, 2006	March 9, 2011	12,500	\$35.93	12,500	0
June 15, 2006	June 15, 2011	25,000	\$20.04	25,000	0
June 27, 2006	June 27, 2011	87,500	\$22.94	87,500	0
April 5, 2007	April 5, 2012	20,000	\$11.00	20,000	0
June 23, 2008	June 23, 2013	100,000	\$5.08	100,000	0



Christopher Stephen Burke

Age: 47

Henley-on-Thames, England

**Director Since:
February 28, 2005**

Independent

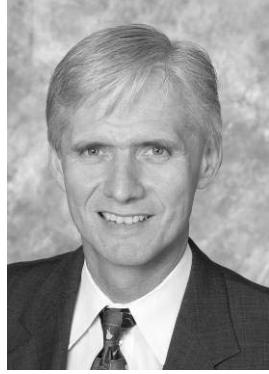
Chris Burke is a corporate director who was formerly the Chief Technology Officer and the Chief Information Officer of Vodafone UK plc. from August 2001 until August 2004. Mr. Burke has more than 20 years of experience in the technology sector in the United Kingdom and Canada. Prior to Vodafone UK plc, 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 Tata Systems Ltd, Dialog Semiconductor PLC, One Access Ltd. of Paris, Mobility Data Systems Ltd., Connectivity Ltd. and BBL Ltd.

Board/Committee Memberships	Attendance During Fiscal Year 2008	Public Board Membership During Last Five Years
Board of Directors (Independent Lead Director)	8 of 11 73%	Ubiquity Corporation Software 2006 – 2007
Nominating & Corporate Governance (Chair)	3 of 4 75%	Dialog Semiconductor PLC 2006 – Present
Compensation	7 of 7 100%	

Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾
2008	9,520	\$47,600	\$150,000
2007	7,747	\$82,273	

Options Held as of June 23, 2008

Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾
June 10, 2005	June 10, 2010	1250	\$12.34	1250	0
October 5, 2005	October 5, 2010	2000	\$18.36	2000	0
October 7, 2006	October 3, 2011	2000	\$18.88	2000	0
October 3, 2007	October 3, 2012	2000	\$14.29	2000	0
June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0



Peter Dominic Charbonneau

Age: 54

Ottawa, Ontario, Canada

**Director Since:
February 16, 2005**

Independent

Peter Charbonneau is 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 Trelia Networks Inc.

Board/Committee Memberships		Attendance During Fiscal Year 2008		Public Board Membership During Last Five Years	
Board of Directors	11 of 11	100%	None		
Audit Committee	4 of 4	100%			
Nominating & Corporate Governance Committee	4 of 4	100%			
Securities Held as of Date of Management Proxy Circular:					
Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾		
2008	42,350	\$211,750	\$150,000		
2007	42,350	\$449,757			
Options Held as of June 23, 2008					
Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾
June 10, 2005	June 10, 2010	1,333	\$12.34	1,333	0
October 5, 2005	October 5, 2010	2000	\$18.36	2000	0
October 3, 2006	October 3, 2011	2000	\$18.88	2000	0
October 3, 2007	October 3, 2012	2000	\$14.29	2000	0
June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0



Simon John Gibson

Age: 50

Monmouth, Wales

**Director Since:
October 15, 2004**

Not Independent

Simon Gibson is the 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 company directorships include Wesley Clover Corporation, the Celtic Manor Resort, Newport Networks Group plc, Enfis plc, Inuk Networks Limited, Fishstone Limited and IQE plc. 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.

Board/Committee Memberships		Attendance During Fiscal Year 2008		Public Board Membership During Last Five Years	
Board of Directors	9 of 11	82%	Ubiquity Software Corporation 2006 – 2007		
Compensation Committee	5 of 7	71%	Newport Networks PLC 2006 – Present		
Securities Held as of Date of Management Proxy Circular:					
Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾		
2008	2,658	\$13,290	\$150,000		
2007	1,661	\$17,640			
Options Held as of June 23, 2008					
Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾
October 15, 2004	October 15, 2009	2000	\$5.00	1333	0
October 5, 2005	October 5, 2010	2000	\$18.36	2000	0
October 3, 2006	October 3, 2011	2000	\$18.88	2000	0
October 3, 2007	October 3, 2012	2000	\$14.29	2000	0
June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0



David Homer is Director, IBM Global Technology Services. Mr. Homer joined IBM in 1984 and has performed a variety of roles within the organization, including Director, Strategic Outsourcing of IBM Global Services, 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.

Board/Committee Memberships	Attendance During Fiscal Year 2008		Public Board Membership During Last Five Years	
Board of Directors	8 of 11	73%	None	
Audit Committee	4 of 4	100%		
Nominating & Corporate Governance Committee	4 of 4	100%		

David Homer

Age: 47

Ascot, Berks, England

**Director Since:
December 3, 2004**

Independent

Securities Held as of Date of Management Proxy Circular:

Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾
2008	2,033	\$10,165	\$150,000
2007	2,033	\$21,590	

Options Held as of June 23, 2008

Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾
December 3, 2004	December 3, 2009	2000	\$5.00	2000	0
October 5, 2005	October 5, 2010	2000	\$18.36	2000	0
October 3, 2006	October 3, 2011	2000	\$18.88	2000	0
October 3, 2007	October 3, 2012	2000	\$14.29	2000	0
June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0



Alan Horn is Chairman of Rogers Communications Inc. 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.

Board/Committee Memberships	Attendance During Fiscal Year 2008 ⁽⁶⁾		Public Board Membership During Last Five Years	
Board of Directors	11 of 11	100%	Rogers Communications Inc.	2006 – Present
Audit Committee	4 of 4	100%	CCL Industries Inc.	2008 – Present
Nominating & Corporate Governance Committee	4 of 4	100%	Fairfax Financial Holdings Inc.	2008 - Present

Alan Douglas Horn

Age: 56

Toronto, Ontario, Canada

**Director Since:
October 3, 2007**

Independent

Securities Held as of Date of Management Proxy Circular:

Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾
2008	13,186	\$65,930	\$150,000
2007	10,626	\$112,848	

Options Held as of June 23, 2008

Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾
October 3, 2006	October 3, 2011	2000	\$18.88	2000	0
October 3, 2007	October 3, 2012	2000	\$14.29	2000	0
June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0



Donald Ian McLaren
Age: 51
Stittsville, Ontario, Canada

Director Since:
August 15, 2000

Independent

Ian McLaren is 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. 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/Committee Memberships	Attendance During Fiscal Year 2008		Public Board Membership During Last Five Years	
Board of Directors	10 of 11	91%	Ubiquity Software Corporation	2006-2007
Compensation Committee (Chair)	7 of 7	100%		
Nominating & Corporate Governance Committee	4 of 4	100%		

Securities Held as of Date of Management Proxy Circular:

Year	Common Shares ⁽¹⁾	Market Value of Common Shares ⁽²⁾	Minimum Ownership Guidelines ⁽³⁾
2008	33,545	\$167,725	\$150,000
2007	32,216	\$342,134	

Options Held as of June 23, 2008

Date Granted	Expiry Date	Number Granted	Exercise Price ⁽⁴⁾	Total Unexercised	Value of Options Unexercised ⁽⁵⁾
October 16, 2003	October 16, 2008	2800	\$5.00	2800	0
October 15, 2004	October 15, 2009	2800	\$5.00	2800	0
October 5, 2005	October 5, 2010	2000	\$18.36	2000	0
October 3, 2006	October 3, 2011	2000	\$18.88	2000	0
October 3, 2007	October 3, 2012	2000	\$14.29	2000	0
June 23, 2008	June 23, 2013	10,000	\$5.08	10,000	0

- (1) "Common Shares" refers to the number of common shares beneficially owned, or over which control or direction is exercised by the director, as of June 23, 2008 and June 20, 2007, respectively.
- (2) The "Market Value of Common Shares" is determined by multiplying the closing price of the common shares on the Toronto Stock Exchange (TSX) on each of June 23, 2008 (\$5.00) and June 20, 2007 (\$10.62), respectively, times the number of common shares outstanding as of June 23, 2008 and June 20, 2007.
- (3) All non-executive directors are encouraged to hold an equity position in the Company having a minimum value of five times the annual retainer for Board members. Directors have the option to take compensation in either cash or common shares. Mr. Strom, as an executive director, is also encouraged to hold an equity position in the Company equivalent to at least the amount held by non-executive directors.
- (4) The "Exercise Price" is the market price of a common shares as defined in Part 1 of the TSX rules for all options granted after the Company listed its common shares on the TSX on April 27, 2005. Prior to April 2005, the Exercise Price was the fair market value of the common shares as determined by the Board of Directors.
- (5) The "Value of Options Unexercised" is calculated on the basis of the difference between the closing price of the common shares on the TSX on June 23, 2008 and the exercise price of the options multiplied by the number of unexercised options on June 23, 2008.
- (6) Mr. Strom is not a member of any Committee of the Board but regularly attends Committee meetings at the invitation of the Chair.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Save as disclosed in paragraph (c) below, none of the proposed directors:

- (a) is, as at the date hereof, or has been, within 10 years before the date of this Management Proxy Circular, 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 Management Proxy Circular, 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 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.

DIRECTOR INDEPENDENCE

The following table summarizes the status of independence of the nominees for the Company’s Board of Directors and provides further details regarding those directors who are deemed “not independent”.

Nominees	Independent	Not Independent	Reason Not Independent
Chris Burke	X		
Peter Charbonneau	X		
Simon Gibson		X	Chairman of Wesley Clover Corporation, a corporation controlled by the Chairman, Terence Matthews.
David Homer	X		
Alan Horn	X		
Terence Matthews		X	Chairman of the Company
Ian McLaren	X		
Peter Strom		X	President and Chief Executive Officer of the Company

BOARD OF DIRECTORS' COMPENSATION

In 2005, the Board of Directors approved a directors' compensation plan which provided that all non-executive directors receive a combination of an annual grant of Options to purchase 2000 Option Shares pursuant to the Option Plan and an annual retainer payable in cash or common shares of the Company. The actual amount of the annual retainer payable to the current directors varied from a minimum of \$22,250 to a maximum of \$60,000 dependent upon each director's role on the Board of Directors and his or her participation on any committees of the Board of Directors. The table below sets out the applicable annual retainers payable to directors dependent upon their role on the Board and the Committees from 2005 to 2008:

Position – Plan from 2005 to 2008	Annual Retainer
Chairman	\$60,000
Independent Lead Director	\$30,000
Member of the Board	\$20,000
Audit Committee Chair	\$15,000
Audit Committee Member	\$5,000
Compensation Committee Chair	\$7,500
Compensation Committee Member	\$2,500
Nominating Committee Chair	\$7,500
Nominating Committee Member	\$2,500

During the fiscal year ended April 30, 2008, the annual retainer was payable to a director either in the form of cash or common shares of the Company, at the election of the director. In addition, directors are eligible for additional cash compensation for their membership on special committees that are constituted from time to time during the course of the year. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in connection with meetings of the Board of Directors or any committee of the Board of Directors. Directors are encouraged to hold an aggregate equity position in the Company at least five times the annual board retainer.

In June 2008, the Board of Directors approved an amendment to the directors' compensation plan which increases the cash and the equity portion of the compensation plan. The revised compensation plan provides that all non-executive directors receive a combination of a grant of Options to purchase 10,000 Option Shares pursuant to the Option Plan and an annual retainer payable in cash or common shares of the Company as set out below:

Position – New Plan for 2008-2009	Annual Retainer
Chairman	\$60,000
Independent Lead Director	\$40,000
Member of the Board	\$30,000
Audit Committee Chair	\$15,000
Audit Committee Member	\$7,500
Compensation Committee Chair	\$7,500
Compensation Committee Member	\$5,000
Nominating Committee Chair	\$7,500
Nominating Committee Member	\$5,000

During the fiscal year ended April 30, 2008, the directors of the Company as a group, with the exception of Mr. Strom, received Options to purchase 14,000 common shares. Mr. Strom, the only executive director, received \$713,804 in salary, bonus and other remuneration and grants of 45,271 performance share units for his role as President and Chief Executive Officer of the Company. Mr. Strom was not granted any Options to purchase common shares during fiscal year ended April 30, 2008. Mr. Strom is not compensated separately for his position as a director of the Company.

REPORT ON EXECUTIVE COMPENSATION

The Company's compensation plans for executive officers are designed to attract and retain executives critical to the success of the Company and to focus executives on the key business factors that affect shareholder value. The establishment of compensation levels for the executive officers of the Company is the responsibility of the Compensation Committee.

Compensation for the executive officers of the Company, including the Chief Executive Officer, consists of primarily three main components:

- Base salary
- Annual or short term incentive plans (STIPs)
- Long-term incentive plans (LTIP)

The Compensation Committee applies the following criteria in determining or reviewing recommendations for compensation for executive officers in order to ensure an objective assessment of the Company's executive compensation:

Base Salaries. Individual salaries are determined by each officer's experience, expertise, performance and expected contributions to March Networks. The Compensation Committee uses industry studies and comparables for reference purposes to assist in setting a range of base salaries for positions however, these studies and comparables are only one factor that is reviewed in determining base salary for each executive officer position. In the fiscal year ended April 30, 2008, the Company retained the services of the Hay Group to provide market data on executive compensation that was used to establish industry benchmarks.

Annual or Short Term Incentive Plans (STIPs). The amount of annual performance incentive or 'at risk' component of an executive officers' compensation increases with the level of responsibility and impact that the executive officer has had and can have on the overall performance of the Company.

For fiscal year 2008, annual performance incentive compensation targets for all executive officers ranged between 50% and 125% of base salary. The annual performance incentive compensation was contingent upon the achievement by the Company of certain financial objectives, including annual revenue, gross margin and operating expense targets which targets were established by the Compensation Committee during the first quarter of fiscal year 2008. The same targets were applicable to all executive officers. Based on corporate achievements in fiscal year 2008, the annual performance incentive compensation plan paid out at a level of approximately 53% of target levels as the Company achieved its annual revenue targets but did not achieve its gross margin and operating expense targets. The Company had determined that one of its priorities in fiscal year 2008 was to continue to increase revenues, and in particular to diversify its revenue base outside of its largest customer, Wal-Mart Stores, Inc. While the Company was successful in diversifying its revenue base in fiscal year 2008, it was not able to maintain its gross margin and operating expense targets as established by the Board of Directors. As the Company did not meet the thresholds relating to gross margin and operating expenses, no payments were made in relation to these performance indicators.

For fiscal year 2009, the Compensation Committee has established annual performance incentive compensation targets for all executive officers in the range of between 30% and 75% of base salary. The fiscal year 2009 targets for the annual incentive plan are based entirely on operating earnings and it is intended that the STIP program will be solely funded through operating earnings made by the Company in fiscal year 2009 as it is a core objective of the Company to return to profitability in fiscal year 2009. The target percentages of base salary have been reduced significantly relative to fiscal year 2008 as the Board of Directors has determined to provide a more significant portion of variable executive compensation through the use of stock option grants pursuant to the Option Plan. No options were granted to executive officers in fiscal year 2008. The proposed stock option grants for fiscal year 2009 for the Named Executive Officers are set out on page 20 of this Management Proxy Circular, such grants being conditional upon receiving shareholder approval to the amendments to the Option Plan.

Equity Based Long-Term Compensation. The Compensation Committee believes that equity based long term incentive compensation is a fundamental component of the Company's executive compensation program. Grants of Options under the Option Plan assists the Company in retaining employees and attracting critical key talent by providing them with an opportunity for capital investment in the Company. Options are included as a component of compensation as the Board believes that the granting of Options creates a substantial connection between the total long-term remuneration of executive officers and corporate performance as reflected in the market value of the Company's common shares. In addition, the granting of Options ensures that the interests of executive officers are aligned with those of the shareholders. Options are granted primarily based on the extent of the individual's responsibility and performance and are also granted to attract new executive officers and to recognize job promotions.

In fiscal year 2008, the Compensation Committee reviewed the Option Plan and determined that due to the very limited pool available for grant, that no annual grants would be made to executive officers in fiscal year 2008 and the Option pool was retained for the purposes of attracting new executive officers, employees and consultants during the fiscal year. In lieu of providing Options to executive officers, the Board of Directors instituted a cash-settled performance share unit plan, as more particularly described below.

Performance Share Unit Plan.

In order to provide a form of long term incentive to executive officers in fiscal year 2008, the Company instituted a Performance Share Unit ("PSU") incentive program in the second quarter of fiscal 2008 whereby employees may be awarded PSUs which entitle them to receive a cash payment equal to the value of one common share of March Networks per PSU at the time of vesting. All PSUs vest on the third anniversary of the award date, unless otherwise approved by the Board, subject to the attainment of specified performance goals during the vesting period. The Board may establish performance goals based upon corporation wide, divisional, or any other basis that they may determine to be relevant to aligning the Company's interests with those of its shareholders.

In the second quarter of fiscal 2008, the Board granted a total of 127,533 PSUs to executive officers. The Board determined that the performance goal for the PSUs issued in fiscal 2008 would require the Company's volume weighted average return on its stock price for the three year fiscal periods ending April 30, 2010 to exceed the performance of the TSX Small Cap Index over that same period. If March Networks' performance is below 75% of the performance of the TSX Small Cap index, the units awarded will be forfeited; if the return falls short of the return of the index by less than 25%, then 50% of the award will be forfeited. If March Networks' performance exceeds the performance of the TSX Small Cap Index by more than 50%, the Company will increase the award by 50%.

Employee Stock Option Plan.

In fiscal year 2009, the Compensation Committee, after discussing alternative long term incentive plans, unanimously agreed that the most valuable long term incentive plan for the Company is the Option Plan. Accordingly, the Compensation Committee recommended to the Board of Directors, and the Board of Directors unanimously approved a resolution on June 23, 2008, subject to shareholder approval, to amend the Option Plan to make the Option Plan a "reloading plan", whereby common shares issued pursuant to the exercise of stock options would be re-allocated to the option pool. This amendment increased the pool of unallocated options to facilitate a performance grant of options to the executive officers and key employees of the Company in the aggregate total of 585,000 options, which grant is conditional upon receiving shareholder approval at the Meeting. With respect to the Named Executive Officers, the Board of Directors conditionally approved the following grants on June 23, 2008:

<u>Name</u>	<u>Securities Under Options Granted</u>	<u>Percent of Total Options Granted to Employees to date in Fiscal Year ending April 30, 2009⁽¹⁾</u>	<u>Exercise or Base Price</u>	<u>Market Value of Securities Underlying Options on the Date of Grant</u>	<u>Expiration Date</u>
	(#)		(\$/Security)	(\$/Security)	
Peter Strom	100,000	15.3%	\$5.08	\$5.08	June 23, 2013
Stephen Nicolle	70,000	10.7%	\$5.08	\$5.08	June 23, 2013
Kenneth Taylor	70,000	10.7%	\$5.08	\$5.08	June 23, 2013
Daniel Pulskamp	50,000	7.6%	\$5.08	\$5.08	June 23, 2013
Cheryl Beckett	50,000	7.6%	\$5.08	\$5.08	June 23, 2013
Tony Jenkins	30,000	4.6%	\$5.08	\$5.08	June 23, 2013

(1) Based on total of Options to purchase 655,400 Option Shares conditionally granted to employees in the period from May 1, 2008 until June 23, 2008.

As of June 23, 2008 (and subject to approval by Shareholders), the total number of common shares that may be issued under the Option Plan is 2,253,017 common shares under option (or 12.5% of the 18,024,137 issued and outstanding shares), of which 345,136 remain reserved for issuance but not yet granted, such number to be automatically replenished to include shares issued upon exercise of options. Details of the Option Plan and the amendments proposed by the Company are described in this Management Proxy Circular on pages 5 to 10.

Chief Executive Officer's Compensation for Fiscal Year Ended April 30, 2008

The Board of Directors, based on recommendations of the Compensation Committee, approves the level of compensation of the Chief Executive Officer of the Company on an annual basis and ensures the amount is considered reasonable, fair and equitable and is providing appropriate retention value and incentive to the Chief Executive Officer.

The Chief Executive Officer's ("CEO") base salary was determined in fiscal year 2008 by reviewing prior income earned by the incumbent and market rates for individuals with similar experience and expertise, and benchmarking against comparable companies. Based on the inputs from various sources, it was agreed that base salary for the CEO should be increased from \$350,000 in fiscal year 2007 to \$425,000 in fiscal year 2008 in order to make base salary more competitive.

The variable short term annual incentive component of the CEO's compensation was established at 125% of base salary, based on the achievement of objective corporate financial targets for fiscal year revenues, gross margins and operating expenses. The Company achieved its revenue targets but did not realize its threshold targets for gross margins and operating expenses. Accordingly, the Company paid an annual incentive to the CEO equivalent to 68% of base salary or at 53% of the target originally established by the Board.

In fiscal 2008, the CEO did not receive any grants of options to purchase common shares under the Option Plan. In lieu of options, the CEO received 45,271 performance share units pursuant to the PSU Plan described above. The intent of the PSU plan was to provide an alternative LTIP to the stock option plan and to provide a substantial connection between the long-term remuneration of the CEO and corporate performance as reflected in the market value of the Company's common shares.

The members of Compensation Committee of the Board of Directors have reviewed and confirmed the foregoing information.

Ian McLaren (Chair)
Chris Burke
Simon Gibson

STATEMENT OF EXECUTIVE COMPENSATION

The following table sets forth information regarding compensation of the Company's "Named Executive Officers" (determined in accordance with applicable rules), being those individuals holding the positions of Chief Executive Officer and Chief Financial Officer and the three other most highly compensated executive officers of the Company whose annual compensation for the fiscal year ended April 30, 2008 exceeded \$150,000:

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Annual Compensation</u>				<u>Long-Term Compensation Awards</u>
	<u>Year Ended</u>	<u>Salary</u>	<u>Bonus</u>	<u>Other Annual Compensation</u>	<u>Securities Under Options Granted</u>
		(\$)	(\$)	(\$)	(#)
Peter Strom President and Chief Executive Officer	2008	425,000	288,804	Nil	0
	2007	351,346	Nil	Nil	132,500
	2006	275,000	255,749	Nil	87,500
Stephen Nicolle ⁽¹⁾ Chief Operating Officer	2008	246,330	Nil	Nil	25,000
	2007	-	-	-	-
	2006	-	-	-	-
Kenneth Taylor Chief Financial Officer	2008	275,000	149,495	Nil	0
	2007	225,865	Nil	Nil	65,000
	2006	182,346	113,055	Nil	15,000
Daniel Pulskamp Executive Vice President, Sales	2008	215,166 ⁽²⁾	157,286	Nil	0
	2007	231,467 ⁽³⁾	87,507	43,817 ⁽⁴⁾	62,500
	2006	148,538	145,299	Nil	15,000
Cheryl Beckett Executive Vice President, Legal and Corporate Secretary	2008	200,000	81,521	Nil	0
	2007	150,577	Nil	Nil	20,000
	2006	133,461	56,373	Nil	12,500
Tony Jenkins Vice President, Transportation Sales	2008	190,000	90,060	Nil	0
	2007	170,653	Nil	Nil	20,000
	2006	78,462 ⁽⁵⁾	24,323	Nil	12,500

- (1) Mr. Nicolle joined the Company in October, 2007 on a term contract. In addition to his fees, Mr. Nicolle received a grant of purchase 25,000 Option Shares in December 2007. Effective November 27, 2007, the Company appointed Mr. Nicolle as Chief Operating Officer.
- (2) Mr. Pulskamp's salary and bonus in fiscal 2008 was payable in US dollars and has been converted to Canadian dollars at an exchange rate of 1.0246.
- (3) Mr. Pulskamp relocated to Scottsdale, Arizona effective January 1, 2008. Mr. Pulskamp's salary in fiscal 2007 was payable in U.S. dollars for the period from January 1, 2007 to April 30, 2007 and has been converted to Canadian dollars at an exchange rate of 1.162275. In fiscal 2007, sales commissions of \$87,507 payable to Mr. Pulskamp are included in the Bonus column.
- (4) The other annual compensation paid to Mr. Pulskamp in fiscal 2007 related to expenses incurred as a result of his relocation to Scottsdale, Arizona from Ottawa, Canada including house lease and vacation pay in lieu of severance costs.
- (5) Mr. Jenkins joined the Company on November 14, 2005 as Vice President, Product Management. In fiscal 2006, Mr. Jenkin's annual base salary was \$170,000. He was appointed Vice President, Transportation on January 1, 2007.

Option Grants During the Most Recently Completed Financial Year

The following table sets out information concerning options granted pursuant to the Company's Option Plan during the most recently completed financial year (May 1, 2007 until April 30, 2008) of the Company to

Named Executive Officers. Due to limitations on available Options in the Option pool, Options were only granted to new hires in fiscal year 2008. No stock appreciation rights were granted in the fiscal year ended April 30, 2008.

<u>Name</u>	<u>Securities Under Options Granted</u>	<u>Percent of Total Options Granted to Employees in Financial Year⁽¹⁾</u>	<u>Exercise or Base Price</u>	<u>Market Value of Securities Underlying Options on the Date of Grant</u>	<u>Expiration Date</u>
	(#)		(\$/Security)	(\$/Security)	
Peter Strom	0	0	0	0	0
Stephen Nicolle	25,000	25%	\$10.00	\$10.00	Dec 6, 2012
Kenneth Taylor	0	0	0	0	0
Daniel Pulskamp	0	0	0	0	0
Cheryl Beckett	0	0	0	0	0
Tony Jenkins	0	0	0	0	0

(1) Based on Options to purchase a total of 100,000 Options Shares granted to employees in the most recently completed financial year of the Company.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-end Option Values

The following table summarizes the number and value of options exercised by each of the Named Executive Officers during fiscal year 2008 and the number and current value of unexercised options for each of the Named Executive Officers on April 30, 2008.

<u>Name</u>	<u>Common Shares Acquired on Exercise of Options</u>	<u>Aggregate Value Realized</u>	<u>Unexercised Options at Fiscal Year End</u>		<u>Value of Unexercised in-the-Money Options at Fiscal Year End⁽¹⁾</u>	
			<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
	(#)	(\$)	(#)	(#)	(\$)	(\$)
Peter Strom	Nil	Nil	151,750	117,416	\$29,700	\$6,000
Stephen Nicolle	Nil	Nil	0	25,000	0	0
Kenneth Taylor	Nil	Nil	49,174	50,201	\$8,000	\$4000
Daniel Pulskamp	Nil	Nil	45,476	45,410	\$7,425	\$1,700
Cheryl Beckett	Nil	Nil	13,549	11,640	\$202	\$39
Tony Jenkins	Nil	Nil	13,545	11,455	0	0

(1) The value of an "in-the-money" option represents the difference between the aggregate estimated fair market value of the common shares issuable upon exercise of the option and the aggregate exercise price of the option. The market value of the Company's common shares at the close of business on April 30, 2008 was \$5.48.

2007 Performance Share Unit (PSU) Plan Grants During the Most Recently Completed Financial Year

The following table summarizes the number of performance share units plan grants to the Named Executive Officers that were approved in August 2007. These grants are still unvested and outstanding as of April 30, 2008 and have therefore not yet been recorded as LTIP Payouts in the Summary Compensation Table above.

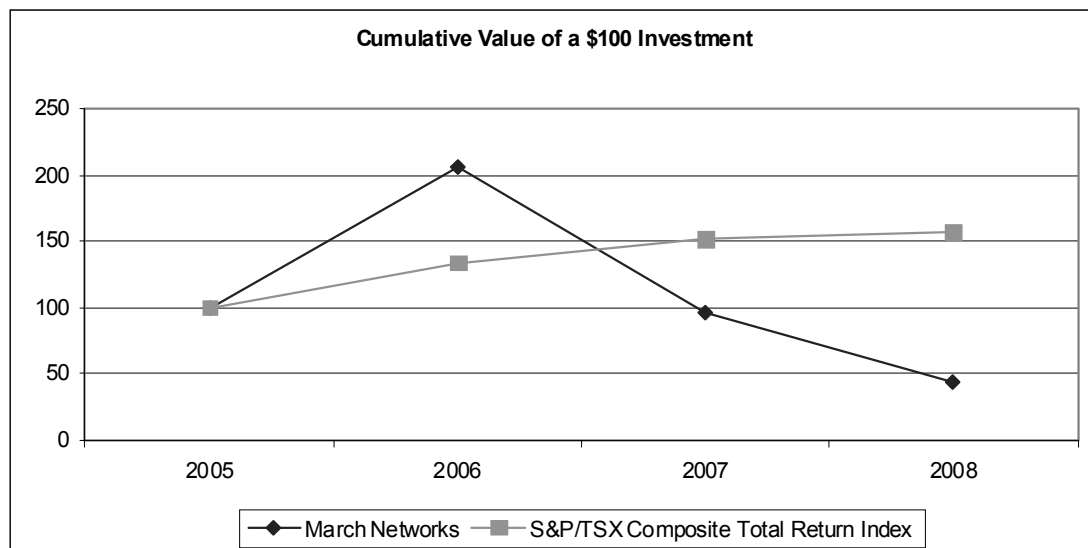
<u>Name</u>	<u>PSU Plan Grant</u>	<u>Performance or other Period until Maturation or Payout</u>	<u>Estimated Future Payouts Under Performance Share Unit Plan (units)</u>			
			<u>Below Threshold</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
	(#)		(#)	(#)	(#)	(#)
Peter Strom	45,271	August 6, 2010	0	22,636	45,271	67,906
Stephen Nicolle	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth Taylor	23,434	August 6, 2010	0	11,717	23,434	35,151
Daniel Pulskamp	12,527	August 6, 2010	0	6,264	12,527	18,790
Cheryl Beckett	11,362	August 6, 2010	0	5,681	11,362	17,043
Tony Jenkins	8,096	August 6, 2010	0	4,048	8,096	12,143

Employment Contracts

Each Named Executive Officer has an employment agreement with the Company which provides for, among other things, industry standard covenants in favour of the Company, including confidentiality covenants and non-competition and non-solicitation covenants ranging from six to twelve months. Other than as specifically set out in this section, the employment of each Named Executive Officer may be terminated by providing them with between twelve and thirty months prior written notice or payment in lieu thereof, where such payment would include both base salary and annual variable compensation. The Company reserves the right to waive such working notice and make a payment to the Executive Officer in lieu of notice to be worked. No written notice or payment in lieu of notice is required if a Named Executive Officer is terminated for cause. For terminations without cause where there is a change of control or for good reason (as defined in the employment agreement), the employment of each Named Executive Officer may be terminated by providing them with a termination package of between twenty-four and thirty-six months, where such payment would include both base salary and annual variable compensation. In addition, upon a change of control, any Options outstanding immediately prior to the occurrence of the change in control, but which are not then exercisable, will become fully exercisable. Each Named Executive Officer may terminate their employment with the Company by providing written notice ranging from one to three months. Named Executive Officers are not entitled to receive compensation upon resignation.

PERFORMANCE GRAPH

The following graph compares the total cumulative return to a shareholder who invested \$100 in March Networks shares at the end of April 2005 with the total cumulative return of \$100 on the S&P/TSX Composite Index since the end of April 2005, assuming reinvestment of dividends.



	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
March Networks	100	206	96	44
S&P/TSX Composite Index	100	134	151	157

Note – March Networks closed its initial public offering and began trading on the TSX and the AIM market of the London Stock Exchange on April 27, 2005

DIRECTORS AND OFFICERS INSURANCE

The Company maintains directors' and officers' liability insurance in the amount of \$25,000,000 for the benefit of directors and officers of the Company and its subsidiaries. The Company's annual premium is \$134,000 (plus tax) which covers a twelve month period from May 14, 2008 until May 14, 2009. No portion of the premium was paid by the directors and officers of the Company. The amount of the deductible ranges from \$50,000 to \$75,000. The Company has received an endorsement to the policy that contains various deductibles applicable to losses for which reimbursement is sought and contains a number of exclusions and limitations to the coverage provided, as a result of which the Company may, under certain circumstances, be obligated to indemnify its directors or officers for certain claims which do not fall within the coverage provided under the policy.

The by-laws of the Company generally provide that the Company will indemnify a director or officer against liability and costs incurred in such capacity, including acting at the Company's request as director or officer of another corporation, to the extent permitted or required by the CBCA.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information in respect of the Company's Option Plan as of April 30, 2008:

Plan Category	Number of Securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders ⁽¹⁾	1,208,100	14.47	332,939

(1) The only equity compensation plan of the Company is the Option Plan.

(2) The number of securities available for issuance under the Option Plan is a variable number currently equivalent to 15% of the Company's outstanding common shares. As of April 30, 2008, the Company had 18,177,340 outstanding common shares. As of April 30, 2008, a total of 1,185,562 common shares have been issued pursuant to options granted and exercised under the Option Plan.

Employee Stock Option Plan

Details of the Option Plan are set out on pages 5 to 10 of the Management Proxy Circular.

As of June 23, 2008, a total of 1,185,562 common shares have been issued pursuant to options granted and exercised under the Option Plan. Subject to Shareholder approval, Options to purchase 1,907,881 common shares remained outstanding under the Option Plan, representing 10.59% of the issued and outstanding common shares of the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There is no indebtedness owing to the Company from any of the Company's officers, directors, employees or former officers, directors and employees, including in respect of indebtedness to others where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company.

INTERESTS OF MANAGEMENT AND OTHER INSIDERS IN CERTAIN 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 \$19.4 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 Corporation (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.

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 40,922 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 net monthly rent payable by the Company pursuant to the lease is currently \$95,304 (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, Ottawa, Ontario in August, 2008. After a full market search and independent evaluation, the Company has leased these new premises from Kanata Research Park Corporation pursuant to a lease dated March 7, 2008. This new premises consist of a proximately 45,120 square feet and the lease term expires June 30, 2018. The aggregate annual lease payments (base rent and all other rent and charges) will be approximately \$673,550. The net monthly rent payable by the Company pursuant to the lease will be approximately \$56,130 (inclusive of taxes and other expenses). The terms of its lease were negotiated on an arm's length basis following an independent market analysis and tender process.

Dr. Matthews owns or controls 100% of the issued and outstanding shares of Kanata Research Park Corporation.

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 is approximately EUR 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.

REPORT ON CORPORATE GOVERNANCE PRACTICES

The following report on the Company's corporate governance policies and practices is provided in accordance with the disclosure requirements adopted by the Canadian Securities Administrators in 2005 and set out in *National Instrument 58-101 Disclosure of Corporate Governance Practices* and *Form 58-101F1 Corporate Governance Disclosure* (collectively, the "National Instrument"). The Company has also implemented or is in the process of implementing governance practices that are consistent with the Governance Guidelines set out in *National Policy 58-201 Corporate Governance Guidelines* (the "National Policy"). Additional disclosure regarding the Company's Audit Committee, including the

complete text of the Audit Committee Charter and certain disclosures required by *Multilateral Instrument 52-110F1* can be found in the Company's Annual Information Form dated June 23, 2008 which has been filed on SEDAR (www.sedar.com) and posted on the corporate governance section of the Company's website (www.marchnetworks.com).

Composition of the Board

Independence: As of the date of the Meeting, the Board will consist of eight directors, five of whom are independent. Detailed information on each of these directors is found on pages 11 to 15 of this Management Proxy Circular, including a record of each director's attendance record for all board and committee meetings held during the fiscal year ended April 30, 2008. A summary of the directors' status of independence is found on page 16.

The Nominating & Corporate Governance Committee (the "Governance Committee") has been delegated the responsibility of determining director independence. Information collected from directors through questionnaires and other sources provides the information required to determine the nature and extent of each director's relationships, if any, with the Company, its principal shareholder and with other corporations and individuals. The definition of independence contained in the National Instrument, the National Policy and MI 52-110 is applied to the specific circumstances of each director to determine his independence. This definition looks to the existence of a material relationship between the director and the Company in order to determine whether the director is able to exercise independent judgment.

Additional directorships: The nominee directors currently hold the following additional directorships in reporting issuers:

Director	Reporting Issuer	Jurisdiction
Chris Burke	Dialog Semiconductor PLC	NASDAQ and Frankfurt Stock Exchanges
Peter Charbonneau	Mitel Networks Corporation	Securities and Exchange Commission
Simon Gibson	Newport Networks PLC	AIM Market operated by London Stock Exchange
Alan Horn	CCL Industries Inc. Fairfax Financial Holdings Limited Rogers Communications Inc.	Toronto Stock Exchange New York and Toronto Stock Exchanges New York and Toronto Stock Exchanges
Terence Matthews	Bridgewater Systems Corporation DragonWave Inc. Mitel Networks Corporation Newport Networks PLC	Toronto Stock Exchange Aim Market operated by London Stock Exchange and Toronto Stock Exchange Securities and Exchange Commission AIM Market operated by London Stock Exchange

Lead Director and Meetings of Independent Directors: As the Chairman of the Company, Dr. Terence Matthews, is not independent, the Board has appointed Chris Burke as Lead Director. In his role as Lead Director, Mr. Burke provides leadership for the Board's independent members and chairs the Governance Committee of the Board of Directors. Membership in the Governance Committee is comprised solely of the independent directors. The Governance Committee meets separately at all regularly scheduled quarterly board meetings and the independent directors conduct either a portion or all of these meetings *in camera* without any of the non-independent directors or members of management in attendance. In the fiscal year ended April 30, 2008, the independent directors held at least four (4) private meetings in order to facilitate open and candid discussion among its independent members.

Board Mandate

The Board has adopted a written mandate of directors' duties and responsibilities. The Board Mandate is attached to this Management Proxy Circular as Appendix A.

Committees of the Board of Directors

The Board of Directors of the Company has three standing Committees. The charter of each Committee contains the mandate for each of the Committees and provides a position description for its respective chair. Essentially, the chair of the Committee is responsible for leadership of the Committee, including preparing the agenda, presiding over the Committee meetings, making Committee assignments and reporting the outcome of Committee meetings to the Board of Directors.

Audit Committee: The Audit Committee consists of three directors, all of whom are independent. They are also all financially literate as required by Multilateral Instrument 52-110. Peter Charbonneau is currently its Chair and David Homer and Alan Horn are members of the Committee. Please refer to pages 11 to 15 of this Management Proxy Circular for the number of meetings held by this Committee during the last financial year and the attendance records of its members standing for re-election at the Meeting.

Pursuant to the Charter of the Audit Committee, the mandate of the Committee is to assist the Board in fulfilling its financial oversight obligations, including the responsibility to (1) 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; (2) ensure the adequacy of the Company's internal accounting controls and procedures and the appropriateness of the Company's risk management procedures; (3) nominate, retain and oversee the performance of the Company's external auditor, Deloitte & Touche, LLP; and (4) oversee the work of the Company's financial management personnel and Deloitte & Touche, LLP and provide an open avenue of communication between Deloitte & Touche, LLP, the Board and management of the Company.

As a general rule, all meetings of the Committee are attended by the Chief Financial Officer, the Chief Executive Officer, the Executive Vice President, Legal, the internal auditor as well as by the representatives of the external auditor, Deloitte & Touche, LLP. During such meetings, the Committee also holds private sessions with each of the Chief Financial Officer, the external auditors and the Company's internal auditor.

Compensation Committee: The Compensation Committee consists of three directors, the majority of whom are independent. Ian McLaren is currently its Chair and Chris Burke and Simon Gibson are members of the Compensation Committee. Please refer to pages 11 to 15 of this Management Proxy Circular for the number of meetings held by this Committee during the last financial year and the attendance records of its members.

Pursuant to the Charter of the Compensation Committee, the mandate of the Committee is to assist the Board in discharging the Board's oversight responsibilities relating to the compensation, development, succession and retention of the Chief Executive Officer and key employees, and the establishment of fair and competitive compensation and performance incentive plans. In addition, the Committee reviews the design of the Company's equity-based compensation plans and makes appropriate recommendations to the Board of Directors. The Committee administers the Option Plan. The Committee also reviews the salary classes for employees of the Company as well as the levels and degrees of participation by employees in compensation programs. The Committee is also responsible for establishing the remuneration of the Company's non-executive directors.

The report of the Committee on executive compensation on pages 18 to 20 of this Management Proxy Circular provides more information on its activities, and in particular, the Company's executive compensation policy.

Nominating and Corporate Governance Committee: The Nominating and Corporate Governance Committee consists of five directors, all of whom are independent. Chris Burke chairs the Committee

and Peter Charbonneau, David Homer, Alan Horn and Ian McLaren are currently members of the Committee. Please refer to pages 11 to 15 of this Management Proxy Circular for the number of meetings held by this Committee during the last financial year and the attendance records of its members standing for re-election at the Meeting.

Pursuant to the Charter of the Governance Committee, the mandate of the Committee is to assist the Board in identifying candidates for director and to recommend to the Board qualified director candidates for election at the next annual meeting of shareholders. The Committee also oversees and assesses the functioning of the Board and the committees of the Board and the development and recommendation to the Board, and the implementation and assessment of, effective corporate governance practices and principles.

Position Descriptions for the Chairman and CEO

The Board has adopted a formal position description for the Chairman and CEO of the Company.

The primary role of the Chairman of the Board is to provide leadership to the Board to promote the effectiveness of the Board. The Chairman, as the presiding member, must ensure that the relationships among the Board, management, shareholders and other stakeholders are effective, efficient and further the best interests of the Company. The Chairman's specific responsibilities include:

- providing leadership to the Board without limiting the ability of the Board to function as a unit;
- assuming a leadership role in maintaining effective communication and relationships between the Company, the Board, shareholders, other stakeholders and the general public;
- working with the Chief Executive Officer and corporate secretary to set Board meeting agendas based on input from directors and management;
- presiding over Board meetings and conducting the meetings in an efficient, effective and focussed manner, including ensuring distribution of information to the Board sufficiently in advance of the meeting, and presiding over meetings of the shareholders; and
- overseeing adherence to governance policies and procedures of the Board regarding conduct of board meetings and managing and reporting information related to the conduct of the Board's business.

The Chief Executive Officer is responsible for establishing the goals, objectives and strategies for the business of the Company and for the executive leadership and operational management of the Company with a view to enhancing shareholder value. The specific responsibilities of the Chief Executive Officer include:

- formulating and recommending corporate goals, objectives and strategies that lead to the creation of shareholder value and establishing short and long term business and financial plans to fulfil such goals, objectives and strategies for presentation to and approval by the Board;
- striving to fulfil approved goals, objectives and strategies and executing business operations in accordance with approved business and financial plans of the Company;
- communicating with the Board in a timely and candid manner on the Company's performance with regard to approved goals and objectives and all material deviations from the approved goals and objectives of the Company or any material deviations from the policies or expectations established by the Board;
- providing the Board with information that will enable the Board to keep up to date on the business and affairs of the Company and make fully-informed decisions;

- overseeing the Company's achievement and maintenance of a satisfactory competitive position within its industry;
- developing and leading an effective management team and ensuring that the day-to-day business affairs and operations of the Company are appropriately managed;
- serving as the chief spokesperson for the Company; and
- promoting a corporate culture that encourages intellectual honesty, individual integrity and a positive and ethical work environment that is conducive to attracting, retaining and motivating a diverse group of top-quality employees.

The performance of the Chairman of the Board and the Chief Executive Officer is assessed against the achievement of the business plan and the budget of the Company.

Orientation and Continuing Education

Orientation Program for New Directors: New directors of the Company participate in an initial information session on the Company in the presence of its senior executive officers to learn about, among other things, the business of the Company, its financial situation and its strategic planning.

In addition, new directors are furnished with appropriate documentation, providing them with information about, among other matters, the corporate governance practices of the Company, the structure of the Board of Directors and its Committees, the Company's history, its commercial activities, its corporate organization, the mandate of the Board and charters of the Committees, the Company's articles and by-laws, the Business Code of Conduct, the Corporate Disclosure Policy, the Insider Trading and Reporting Policy and other relevant corporate policies.

The meetings in which new directors participate (including the annual review sessions of the strategic plans and budgets) as well as discussions with other directors and with the Company's senior executive officers also permit new directors to familiarize themselves rapidly with the Company's operations.

Continuing Education for Directors: The Company encourages all directors to attend continuing education programs and facilitates such continuing education of its directors by providing them with information on upcoming courses and seminars that may be relevant to their role as directors or hosting brief information sessions during Board meetings by invited external advisors.

In addition, the Company's management periodically makes presentations to the directors on various topics, trends and issues related to the Company's activities during the meetings of the Board or its Committees, as the case may be, which helps the directors to constantly improve their knowledge about the Company and its business.

Ethical Business Conduct

Business Code of Conduct. The Company has adopted a written Business Code of Conduct (the "Code") which governs the behaviour of the directors, officers and employees of the Company. The Company's suppliers, partners, as well as agents and representatives, are also expected to adhere to the Code when dealing with or acting on behalf of the Company.

The Board, through the Nominating and Corporate Governance Committee, oversees annually compliance with the Code. Officers and all employees are required to certify compliance with the Code. The Code provides that all directors, officers and employees must disclose any situation that reasonably could be expected to give rise to a conflict of interest or the appearance of a conflict. Directors must make such disclosure to the Board or Committee, as the case may be, and refrain from voting on any matter where a conflict exists.

Pursuant to the Code, the Company established an Ethics Line and web address (see www.claimalert.ca) which provides the public and employees with a channel for anonymous and confidential questions or

complaints on accounting, internal controls or ethical issues relating to the Company that are reported on a quarterly basis to the Audit Committee.

A copy of the Code is available on the Company's website at www.marchnetworks.com or on SEDAR at www.sedar.com.

Communications Policy: The Company has adopted a Corporate Disclosure Policy, including the formation of a Disclosure Committee, to deal with, among other things, how the Company interacts with analysts, investors, other stakeholders and the public, as well as how the Company complies with its disclosure obligations. The Disclosure Policy has been established in accordance with the relevant disclosure requirements under applicable Canadian securities laws. The Disclosure Committee includes members from the finance, legal and investor relations departments.

Insider Trading: The Company has adopted an Insider Trading and Reporting Policy which governs the conduct of directors, officers and employees of the Company with regard to the use of material information about the Company. The policy sets out prohibited activities and practices and procedures for identifying insiders and trading in shares of the Company. The Nominating and Corporate Governance Committee administers the Insider Trading Policy.

Nomination of Directors

The Nominating and Corporate Governance Committee, composed solely of independent directors, has the responsibility of annually reviewing the credentials of nominees for election or re-election as members of the Board of Directors, monitoring the size and composition of the Board of Directors and its Committees to ensure effective decision-making and submitting its recommendations to the Board.

The Chairman, Chief Executive Officer and any other Board member may identify potential candidates as directors and the Nominating and Corporate Governance Committee examines such candidates and makes appropriate recommendations to the Board of Directors.

Board Compensation

The Compensation Committee has the responsibility of reviewing, at least once a year, the compensation of the directors, in light of market conditions and practices as well as the directors' risks and responsibilities. The Committee reviews the types of compensation and the amounts paid to directors of comparable publicly traded companies in Canada and makes appropriate recommendations to the Board of Directors. The Compensation Committee also annually reviews director share ownership guidelines.

Board Assessment

The Nominating and Corporate Governance Committee is responsible for evaluating the performance and effectiveness of the Board of Directors and its Committees. To fulfil this obligation, the Governance Committee throughout the year gathers information from the Chief Executive Officer, Chief Financial Officer and other Board members as to the performance of individual Board members, Committees and the Board in general. At least annually, the Committee has an open and candid discussion with the Chief Executive Officer regarding the performance of the directors both as a group and individually, the adequacy of the information given to the directors, the communication between the Board and management and the processes related to the Board and its Committees.

ADDITIONAL INFORMATION

Additional financial information is contained in the Company's annual information form, the audited consolidated financial statements of the Company for the year ended April 30, 2008 and management's discussion and analysis for the year ended April 30, 2008. Copies of these documents are available upon request to March Networks' Corporate Secretary at Tower B, 555 Legget Drive, Ottawa, Ontario K2K 2X3. All of the Company's public documents are filed with SEDAR and may be found on the following website: www.sedar.com.

Copies of the Board mandate and Committee charters and other corporate governance documents are available at www.marchnetworks.com.

Shareholder Proposals. Proposals of registered shareholders to be considered for inclusion in the 2008 Management Proxy Circular must be received by the Company at its principal executive offices on or before March 25, 2009.

CERTIFICATE

The contents and the distribution of this Management Proxy Circular have been approved by the Board of Directors of the Company.

DATED June 23rd, 2008 on behalf of the Board of Directors of the Company.



Cheryl Beckett
Executive Vice-President, Legal & Corporate Secretary
Ottawa, Ontario, Canada

SCHEDULE A

MARCH NETWORKS CORPORATION (the "Company")

Mandate for the Board of Directors

Statutory Power of the Board

The Board is elected by the shareholders of the Company and has the statutory power and obligation to supervise the management of the Company. The role of the Board is primarily one of stewardship. Although directors are elected by shareholders, a director's duty is owed first and foremost to the Company and not to a particular constituency.

Fiduciary Duty and Duty of Care

The Board's fundamental relationship with the Company is guided by a fiduciary principle that requires each director to act honestly and in good faith with a view to the best interests of the Company. In exercising their powers and discharging their duties, every director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. These principles require a director to put the Company's interests first, avoid conflicts of interest and avoid exploiting business opportunities of the Company for self-interest purposes.

The Board may designate the officers of the Company, specify their duties and delegate to them powers to manage the day to day business and affairs of the Company. In addition, the Board discharges its responsibilities through standing committees such as the Audit Committee, the Nominating and Governance Committee and the Compensation Committee and may also periodically form special committees to address specific issues of a more short-term nature. The duties and responsibilities delegated to standing committees of the Board are prescribed in the charters for such standing committees.

Primary Board Roles

The Board's primary roles are to oversee corporate performance and provide quality, depth and continuity of management to meet the Company's strategic objectives. The Board will focus its attention on the following key responsibilities:

- Appoint and oversee the Chief Executive Officer and other senior officers.

The Board will monitor and evaluate the performance of the Chief Executive Officer and key employees, settle the terms of employment of the Chief Executive Officer and key employees, with input from the Compensation Committee, approve organizational changes and ensure that adequate planning is undertaken for management training, development and succession.

- Oversee strategy implementation and performance.

The Board will review and evaluate a strategic planning process developed by Management and will provide guidance regarding the process. The Board will monitor Management's implementation of the process and provide ongoing advice on strategic planning matters for the Company. The Board will provide guidance regarding changes required to improve corporate performance in terms of profitability, growth and competitive strength. The Board will approve, at least on an annual basis, a strategic plan for the Company which takes into account, among other things, the opportunities and risks of the business.

- Monitor the financial performance of the Company and other financial reporting matters.

The Board will approve the audited financial statements and interim financial statements of the Company, and the notes thereto and the management's discussion and analysis accompanying such financial statements.

- Identify and oversee management of principal business risks.

The Board will, among other actions, require periodic reports from Management describing the Company's programs and systems for identifying financial and other business risks and for managing such risks and protecting corporate assets such as intellectual property, confidential information, physical property and employees. The Board will provide advice to Management regarding any changes or improvements necessary or desirable to improve the Company's management of its principal business risks.

- Monitor the legal and ethical performance of the Company.

The Board will seek assurances that the Company adheres to and complies with all applicable laws and legal standards and ensure that processes and policies are established and communicated to Management and other employees to encourage appropriate attention to legal compliance issues, including compliance with contractual obligations and claims against the Company, as well as timely reporting of significant legal matters to the Board.

The Board will seek assurances from the Chief Executive Officer, the General Counsel and Management that the Company's business is conducted in a manner that reflects strict adherence to core corporate values and that the Chief Executive Officer and Management create a culture of integrity throughout the Company.

- Maintain shareholder relations.

The Board will seek assurances from Management that the Company makes complete, accurate and timely disclosure of material information and complies with disclosure requirements prescribed in securities legislation. The Board will prepare and adopt a communication policy by which the Company communicates directly to shareholders or indirectly to shareholders through the financial press, analysts, employees and other corporate stakeholders and regulatory authorities with regard to the plans, decisions, prospects and financial results of the Company and receives feedback from such stakeholders.

- Develop and oversee the Company's approach to governance.

The Board will develop, adopt and continually evaluate the Company's performance against corporate governance guidelines and practices that are applicable to the Company and will require reports from the Nominating and Governance Committee as to the Committee's activities regarding the Company's corporate governance practices.

- Oversee internal control and management information systems.

The Board will review periodic reports describing the Company's internal control systems and management information systems and provide counsel on changes required to improve the adequacy of the systems as well as oversee the Company's compliance with applicable audit, accounting and financial reports and requirements.

The Board's Commitment

The Board undertakes to maintain an independent view of the Company's strategic direction, the Chief Executive Officer and Management. The Board will continually seek to improve its effectiveness by: creating an atmosphere of intellectual honesty and promoting a culture of integrity within the Company and adherence to core corporate values;

- preparing for and attending Board meetings and promoting open, constructive and critical dialogue among Board members and between Board members and Management;
- keeping up to date on the Company, its business, principal risks and strategy, and engaging in dialogue inside and outside the boardroom on substantive issues;
- stating questions and concerns regarding the Company, its business, principal risks or other matters or issues as they arise;

- sharing perspectives, experience and judgment with and providing guidance and strategic direction to Management;
- continually assessing Management's operational performance in executing the Company's strategic plan and evaluating the adequacy of controls in audit and performance;
- declaring any conflicts of interest, real or perceived;
- continually seeking ways to assess and improve overall Board performance; and
- adhering to this mandate and reviewing and reassessing the adequacy of the mandate at least annually.

SCHEDULE B

MARCH NETWORKS CORPORATION STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

The purpose of the March Networks Corporation Stock Option Plan is to develop the interest of and provide an incentive to eligible employees, directors, officers and consultants of March Networks Corporation (the "**Corporation**") and any ~~Affiliated~~Related Entity, in the Corporation's growth and development by granting options to purchase Common Shares and other performance-related incentives, to eligible employees, directors, officers and consultants, thereby advancing the interests of the Corporation and its shareholders.

2. DEFINITIONS

In the Plan:

- (a) ~~"Affiliated* Entity" has the meaning assigned by the term "*affiliated entity" in MI 45-105.~~ **Award** means any Option or Other Award granted under this Plan.
- (b) ~~"Affiliated* Entity Director Participant" means a director (other than a Director Participant) of *an Affiliated Entity and includes an Affiliated* Entity Director Participant's Permitted Assigns*.~~
- (b) (c) ~~"Black Out Period" means any period during which designated persons cannot trade Common Shares pursuant to any policy of the Corporation respecting restrictions on trading which is in effect at that time (which, for greater certainty, does not include a period during which a cease trade order is in effect to which the Corporation, or in respect of an Insider, that Insider, is subject);~~
- (c) (d) ~~"Board of Directors" means the Board of Directors of the Corporation.~~
- (d) (e) ~~"Code" means the United States Internal Revenue Code of 1986, as amended from time to time.~~
- (e) (f) ~~"Committee" means the Compensation Committee appointed by the Board of Directors to administer the Plan.~~
- (f) (g) ~~"Common Shares" means the common shares of the Corporation, or in the event of an adjustment contemplated by Section 48,19, such other securities to which a Participant or a Director Participant may be entitled upon the exercise of an Option as a result of such an adjustment.~~
- (g) (h) ~~"Consultant Participant" means an individual or a consultant company, other than an Employee Participant, a Director Participant or an Affiliated a Related Entity Director Participant, that:~~
- (i) is engaged to provide services to the Corporation or ~~an Affiliated a Related~~ Entity, other than services provided in relation to a distribution of securities of the Corporation or ~~an Affiliated a Related~~ Entity;
 - (ii) provides the services under a written contract with the Corporation or ~~an Affiliated a Related~~ Entity; and
 - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or ~~an Affiliated a Related~~ Entity,

and includes a Consultant Participant's Permitted Assigns. For the purposes of this definition, "consultant company" means, with respect to an individual consultant, either (i) a company of which the individual consultant is an employee or shareholder; or (ii) a partnership of which the individual consultant is an employee or partner.

- (h) ~~(i)~~ "**Corporations Act**" means the *Canada Business Corporations Act*, as amended from time to time, and the regulations promulgated thereunder.
- (i) ~~(j)~~ "**Date of Grant**" means, for any ~~Option Award~~, the date specified by the Committee at the time it grants the ~~Option Award~~, (provided, however, that such date shall not be prior to the date the Committee acts to grant the ~~Option Award~~) or, if no such date is specified, the date upon which the ~~Option Award~~ was granted.
- (j) ~~(k)~~ "**Director Participant**" means a director of the Corporation who is not an employee of the Corporation and includes a Director Participant's Permitted Assigns.
- (k) ~~(l)~~ "**Director's Option**" means an Option granted to a Director Participant in that capacity pursuant to Schedule A of the Plan.
- (l) ~~(m)~~ "**Disabled**" or "**Disability**" means the permanent and total incapacity of an Optionee as determined by the Committee for purposes of the Plan.
- (m) ~~(n)~~ "**Employee Participant**" means a current full-time or part-time employee or officer of the Corporation or an ~~Affiliated Related~~ Entity (other than a Director Participant, an ~~Affiliated Related~~ Entity Director Participant or a Consultant Participant) and includes an Employee Participant's Permitted Assigns.
- (n) ~~(o)~~ "**Exercise Date**" means the date the Secretary of the Corporation receives from a Participant or a Director Participant a completed Notice of Exercise form with payment for the Option Shares being purchased.
- (o) ~~(p)~~ "**Exercise Period**" means, with respect to any Option, the period during which a Participant or a Director Participant may purchase Option Shares pursuant to such Option.
- (p) ~~(q)~~ "**Fair Market Value**" of a Common Share means the "market price" of a Common Share, as defined in ~~Section 604~~Part One of the TSX Rules.
- (q) ~~(r)~~ "**the Group**" means the Corporation and any other company which is an ~~Affiliated Related~~ Entity or a Subsidiary.
- (r) ~~(s)~~ "**Individual Optionee**" means an Optionee who is an individual or the individual of which the Optionee is a Permitted Assign, as the case may be.
- (s) ~~(t)~~ "**Insider**" means: (i) an "insider" as defined in ~~Section 604~~Part One of the TSX Rules; or (ii) an "affiliate" of the Corporation as defined in the 1934 Act.
- (t) ~~(u)~~ "**MINI 45-405106**" means ~~Multilateral~~National Instrument 45-405 of ~~certain~~106 of the Canadian Securities Administrators, as amended from time to time.
- (u) ~~(v)~~ "**NICs**" means UK National Insurance contributions.
- (v) ~~(w)~~ "**NIC Regulations**" means the laws, regulations and practices currently in force relating to liability for and the collection of NICs.
- (w) ~~(x)~~ "**Option**" means a non-assignable and non-transferable option to purchase Option Shares granted by the Committee pursuant to the Plan, including a Director's Option.

- (x) ~~(y)~~ **“Option Gain”** means a gain realised upon the exercise, assignment or release of an Option, being a gain that is chargeable to income tax under section 476 of the *Income Tax Earnings and Pensions Act 2003* (UK).
- (y) ~~(z)~~ **“Optionee”** means a Participant or a Director Participant who has been granted one or more Options.
- (z) ~~(aa)~~ **“Option Shares”** means Common Shares which are subject to purchase upon the exercise of outstanding Options.
- (aa) ~~(bb)~~ **“Option Tax Liability”** means any liability of the Optionee’s Employer to account to the UK Inland Revenue for any amount of, or representing, income tax or NICs (which may, to the extent provided for in Section 12, include Employer’s NICs) on any Option Gain.
- (bb) ~~(cc)~~ **“Optionee’s Employer”** means such member of the Group as is or, if the Optionee has ceased to be employed within the Group, was the Optionee’s Employer or such other member of the Group or other person as, under the PAYE Regulations or, as the case may be, the NIC Regulations, or any other statutory or regulatory enactment is obliged to account for any Option Tax Liability.
- (cc) **“Other Award”** means any right granted under Section 17 of this Plan.
- (dd) **“Participant”** means an Employee Participant, ~~an Affiliated~~ Related Entity Director Participant or a Consultant Participant.
- (ee) **“PAYE”** means the Pay As You Earn System which allows for the collection of income tax on employment income in the United Kingdom.
- (ff) **“the PAYE Regulations”** means the regulations made under section 684 of *Income Tax Earnings and Pensions Act 2003* (UK).
- (gg) **“Permitted Assign”** has the meaning assigned to that term in ~~MNI~~ NI 45-105.
- (hh) **“Plan”** means the March Networks Corporation Stock Option Plan as set out herein and as amended from time to time in accordance with the provisions hereof.
- (ii) **“Related* Entity”** has the meaning assigned by the term “*related entity” in NI 45-106.
- (jj) **“Related* Entity Director Participant”** means a director (other than a Director Participant) of *a Related Entity and includes a Related* Entity Director Participant’s Permitted Assigns*.
- (kk) ~~(ii)~~ **“Retirement”** means (i) retirement from active employment with the Corporation or any ~~Affiliated~~ Related Entity at or after age sixty-five (65), or (ii) at or after such earlier age and upon the completion of such years of service as the Committee may specify.
- (ll) ~~(jj)~~ **“Security Based Compensation Arrangement”** has the meaning given to that term in Section 613 of the TSX Rules.
- (mm) ~~(kk)~~ **“Standing Committee”** means any sub-committee of the Board of Directors, established by the Board of Directors from time to time and shall include the Audit Committee and the Compensation Committee.
- (nn) ~~(H)~~ **“Subsidiary”** means, in relation to the Corporation, any other company which is for the time being a subsidiary (as defined in section 736 of the *UK Companies Act 1985*) of the Corporation.

(oo) ~~(mm)~~ “**Termination Date**” means:

- (i) in the case of a Participant (other than a Consultant Participant) or a Director Participant whose employment or term of office with the Corporation or an ~~Affiliated~~ Related Entity terminates in the circumstances set out in Section 14(b), 14(c) or 14(d), the date that is designated by the Corporation or an ~~Affiliated~~ Related Entity, as the case may be, as the last day of the ~~Optionee~~ Participant’s or Director Participant’s employment or term of office with the Corporation or the ~~Affiliated~~ Related Entity, as the case may be, provided that in the case of termination of employment by voluntary resignation by the ~~Optionee~~ Participant or Director Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not mean the date on which any period of reasonable notice that the Corporation or the ~~Affiliated~~ Related Entity (as the case may be) may be required at law to provide to the ~~Optionee~~ Participant or Director Participant expires; and
- (ii) in the case of a Consultant Participant whose consulting agreement or arrangement with the Corporation or an ~~Affiliated~~ Related Entity, as the case may be, terminates in the circumstances set out in Section 14(e) or 14(f), the date that is designated by the Corporation or the ~~Affiliated~~ Related Entity, as the case may be, as the date on which the ~~Optionee~~ Consultant Participant’s consulting agreement or arrangement is terminated, provided that in the case of voluntary termination by the ~~Optionee~~ Consultant Participant, such date shall not be earlier than the date notice of voluntary termination was given, and “Termination Date” specifically does not mean the date on which any period of notice of termination that the Corporation or the ~~Affiliated~~ Related Entity (as the case may be) may be required to provide to the ~~Optionee~~ Consultant Participant under the terms of the consulting agreement or arrangement expires.

(pp) ~~(nn)~~ “**TSX Rules**” means ~~Part VI~~ of the Company Manual of the Toronto Stock Exchange, as amended from time to time.

(qq) ~~(oo)~~ “**1933 Act**” means the *United States Securities Act* of 1933, as amended from time to time.

(rr) ~~(pp)~~ “**1934 Act**” means the *United States Securities Exchange Act* of 1934, as amended from time to time.

3. ELIGIBILITY

All Participants and Director Participants shall be eligible to participate in the Plan. Eligibility to participate shall not confer upon any Participant or Director Participant any right to be granted one or more ~~Options~~ Awards pursuant to the Plan. The extent to which any Participant or Director Participant shall be entitled to be granted ~~Options~~ Awards pursuant to the Plan shall be determined in the sole and absolute discretion of the Committee.

4. NUMBER OF OPTION SHARES AVAILABLE FOR GRANTS

The aggregate number of Common Shares that may be issued pursuant to the exercise of Options shall not exceed ~~fifteen~~ twelve and one-half percent (~~15~~ 12.5%) of total number of issued and outstanding Common Shares from time to time; provided that (i) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders, together with the number of Common Shares reserved for issuance to Insiders pursuant to all of the Corporation’s other Security Based Compensation Arrangements, at any time shall not exceed ten percent (10%) of the total number of issued and outstanding Common Shares; and (ii) the number of Common Shares issued to Insiders pursuant to the exercise of Options, together with the number of Common Shares issued to Insiders pursuant to all of the Corporation’s other Security Based Compensation Arrangements, within any one year period shall not exceed ten percent (10%) of

the total number of issued and outstanding Common Shares. No Option may be granted by the Committee that would have the effect of causing the total number of Common Shares subject to Options to exceed the total number of Common Shares reserved for issuance pursuant to the exercise of Options. Upon the expiration, surrender, cancellation or termination, in whole or in part, of an unexercised Option, or the exercise of an Option, the Option Shares subject to any such Option shall again become available for grant under the Plan.

5. GRANTING OF OPTIONS

The Committee may from time to time grant Options to Participants to purchase a specified number of Option Shares at a specified exercise price per Option Share. The number of Options to purchase Option Shares to be granted, the Date of Grant, and such other terms and conditions of the Option shall be as determined by the Committee.

The Board of Directors shall grant Options to Director Participants upon the occurrence of the events set forth in Schedule A to the Plan. For all such Options, the Date of Grant and, subject to adjustment pursuant to Section ~~48~~19, the number of Option Shares shall be as set forth in Schedule A.

6. EXERCISE PRICE

The exercise price per Option Share purchasable under an Option shall be no less than the Fair Market Value at the Date of Grant.

7. EXERCISE PERIOD

Unless otherwise specified by the Committee at the time of granting an Option, and except as otherwise provided in the Plan, each Option shall be exercisable as follows:

- (a) Twenty-five percent (25%) of the Option Shares shall vest and become exercisable on the first (1st) anniversary of the Date of Grant and shall remain exercisable to and including the fifth (5th) anniversary of the Date of Grant, provided that, should such fifth (5th) anniversary date, or other date of expiry of the Exercise Period of an Option specified by the Committee at the time of granting the Option, fall within a Black Out Period or within nine Business Days following the expiry of a Black Out Period, such expiry date of the Exercise Period shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date of the Exercise Period of such Option for all purposes under the Plan. Notwithstanding Section ~~2223~~ below, the ten Business Day period referred to in this sentence may not be extended by the Committee; and
- (b) 2.08333% of the Option Shares shall vest and become exercisable monthly, commencing one month after the first (1st) anniversary of the Date of Grant and monthly thereafter to and including the fourth (4th) anniversary of the Date of Grant, and shall remain exercisable to and including the fifth (5th) anniversary of the Date of Grant, provided that, should such fifth (5th) anniversary date, or other date of expiry of the Exercise Period of an Option specified by the Committee at the time of granting the Option, fall within a Black Out Period or within nine Business Days following the expiry of a Black Out Period, such expiry date of the Exercise Period shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date of the Exercise Period of such Option for all purposes under the Plan. Notwithstanding Section ~~2223~~ below, the ten Business Day period referred to in this sentence may not be extended by the Committee.

Once an Option becomes exercisable it shall remain exercisable until expiration or termination of the Exercise Period, unless otherwise specified by the Committee. Each Option or instalment

may be exercised at any time or from time to time, in whole or in part, for up to the total number of Option Shares with respect to which it is then exercisable. The Committee shall have the right to accelerate the date upon which any instalment of any Option is exercisable.

8. TERM OF OPTIONS

Subject to accelerated termination as provided for in the Plan and to the next following sentence of this Section 8, each Option shall, unless otherwise specified by the Committee, expire on the fifth (5th) anniversary of the Date of Grant, provided, however, that no Option may be exercised after the tenth (10th) anniversary of the Date of Grant. However, should the expiry date for an Option fall within a Black Out Period or within nine Business Days following the expiry of a Black Out Period, such expiry date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date for such Option for all purposes under the Plan. Notwithstanding Section ~~2223~~ below, the ten Business Day period referred to in this sentence may not be extended by the Board.

9. EXERCISE OF OPTIONS

An Optionee may at any time within the Exercise Period elect to purchase all or a portion of the Option Shares which such Optionee is then entitled to purchase by delivering to the Secretary of the Corporation a completed Notice of Exercise, specifying the Date of Grant of the Option being exercised, the exercise price of the Option and the number of Option Shares the Optionee desires to purchase. The Notice of Exercise shall be accompanied by payment in full of the purchase price for such Option Shares. Payment can be made by cash, certified cheque, bank draft, money order or the equivalent payable to the order of the Corporation or by such other means as may be specified by the Committee. Notwithstanding the preceding provisions of this Section 9, the Committee may deny an Optionee the right to purchase Option Shares if such purchase would exceed the limitations of Section 4 hereof.

10. WITHHOLDING OF TAX

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is required under applicable law in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may, prior to and as a condition of issuing the Option Shares, require that an Optionee pay to the Corporation, in addition to and in the same manner as the purchase price for the Option Shares, such amount as the Corporation or the relevant ~~Affiliated~~Related Entity is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised becomes includable in the gross income of the Optionee for tax purposes.

11. OPTIONEE TO BEAR COST OF EMPLOYER'S NICS ON OPTION GAINS

The Optionee agrees with the Corporation and undertakes to any other company which is a "secondary contributor" in respect of Employer's NICs payable in respect of any Option Gain ("the Secondary Contributor") that:

- (a) The Secondary Contributor may recover from the Optionee the whole of any Employer's NIC; and
- (b) The Optionee shall join with the Secondary Contributor in making an election (in such terms and such form and subject to such approval by the Inland Revenue as provided in paragraphs 3A and 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992) for the whole of any liability of the Secondary Contributor to Employer's NICs to be transferred to the Optionee.

12. OPTIONEE'S TAX INDEMNITY AND RECOVERY OF EMPLOYER'S NICS

- (a) The Optionee shall indemnify the Optionee's Employer against any Option Tax Liability.
- (b) On any occasion on which an Option is exercised after an election has been made as mentioned in Section 11(b) of this Plan, the Optionee shall ensure that any Employer's NICs are paid to the Optionee's Employer in time to enable the Optionee's Employer to remit such Employer's NICs to the UK Inland Revenue before the fourteenth day following the end of the PAYE month in which the Option is exercised.
- (c) The Corporation shall not be obliged to procure the transfer of Option Shares or to allot and issue any Option Shares or any interest in Option Shares pursuant to this Plan unless and until the Optionee has paid to the Optionee's Employer such sum as is, in the opinion of the Optionee's Employer, sufficient to indemnify the Optionee's Employer in full against any Option Tax Liability or the Optionee has made such other arrangement as, in the opinion of the Optionee's Employer, will ensure that the full amount of any Option Tax Liability will be recovered from the Optionee within such period as the Optionee's Employer may determine.
- (d) The Corporation shall have the right not to procure the transfer of Option Shares or not to allot and issue to or to the order of the Optionee the aggregate number of Option Shares to which the Optionee would otherwise be entitled but to retain out of such aggregate number of Option Shares such number of Option Shares as, in the opinion of the Corporation, will enable the Corporation to sell as agent for the Optionee (at the best price which can reasonably be expected to be obtained at the time of sale) and to pay over to the Optionee's Employer sufficient monies out of the net proceeds of sale, after deduction of all fees, commissions and expenses incurred in relation to such sale, to satisfy the Optionee's liability under such indemnity.

13. SHARE CERTIFICATES

Subject to the provisions of Section 4 hereof, upon exercise of an Option and payment in full of the exercise price and any applicable tax withholdings, the Corporation shall cause to be issued and delivered to the Optionee within a reasonable period of time a certificate or certificates in the name of or as directed by the Optionee representing the number of Option Shares the Optionee has purchased.

14. TERMINATION OF EMPLOYMENT OR SERVICES

- (a) Where, in the case of a Participant (other than a Consultant Participant) or a Director Participant, an Optionee's employment or term of office with the Corporation or ~~an~~ Affiliated or Related Entity ceases by reason of the Optionee's death, Disability or Retirement, then the provisions of Section 15 will apply.
- (b) Where, in the case of a Participant (other than a Consultant Participant), an Optionee's employment or term of office terminates by reason of: (i) termination by the Corporation or ~~an~~ Affiliated or Related Entity without cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice); or (ii) voluntary resignation by the Optionee, then any Options (other than Director's Options) held by the Optionee that are exercisable at the Termination Date continue to be exercisable by the Optionee until the earlier of: (A) the date that is sixty (60) days after the Termination Date; and (B) the date on which the Exercise Period of the particular Option expires. Any Options (other than Director's Options) held by the Optionee that are not exercisable at the Termination Date immediately expire and are cancelled on the Termination Date.

- (c) Where, in the case of a Director Participant, an Optionee's term of office terminates by reason of: (i) termination by the Corporation or ~~an Affiliated~~ Related Entity other than for breach of fiduciary duty; or (ii) voluntary resignation by the Optionee, then any Director's Options held by the Optionee that are exercisable at the Termination Date continue to be exercisable by the Optionee until the earlier of: (A) the date that is three (3) years after the Termination Date; and (B) the date on which the Exercise Period of the particular Director's Option expires.
- (d) Where, in the case of a Participant (other than a Consultant Participant) or a Director Participant, an Optionee's employment or term of office is terminated by the Corporation or ~~an Affiliated~~ Related Entity for cause or for breach of fiduciary duty, then any Options held by the Optionee, whether or not exercisable at the Termination Date, immediately expire and are cancelled on such date at a time determined by the Committee, in its sole discretion.
- (e) Where, in the case of a Consultant Participant, an Optionee's consulting agreement or arrangement terminates by reason of: (i) termination by the Corporation or ~~an Affiliated~~ Related Entity for any reason whatsoever other than for breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in the Optionee's consulting agreement or arrangement); (ii) voluntary termination by the Optionee; or (iii) the death or Disability of the Optionee, then any Options held by the Optionee that are exercisable at the Termination Date, or at the date of the death or Disability of the Optionee, as the case may be, continue to be exercisable by the Optionee until the earlier of: (A) the date that is sixty (60) days from the Termination Date, or from the date of the death or Disability of the Optionee, as the case may be; and (B) the date on which the Exercise Period of the particular Option expires. Any Options held by the Optionee that are not exercisable at the Termination Date, or at the date of the death or Disability of the Optionee, as the case may be, immediately expire and are cancelled on such date.
- (f) Where, in the case of a Consultant Participant, an Optionee's consulting agreement or arrangement is terminated by the Corporation or ~~an Affiliated~~ Related Entity for breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in Optionee's consulting agreement or arrangement), then any Options held by the Optionee, whether or not such Options are exercisable at the Termination Date, immediately expire and are cancelled on the Termination Date at a time determined by the Committee, in its discretion.
- (g) An Optionee's eligibility to receive further grants of Options under the Plan ceases as of the date that the Corporation or ~~an Affiliated~~ Related Entity, as the case may be, provides the Optionee with written notification that the Optionee's employment, term of office, consulting agreement or arrangement, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date.
- (h) Notwithstanding Sections 14(b), ~~14(b)~~ and 14(e), unless the Committee, in its discretion, otherwise determines, at any time and from time to time, Options are not affected by a change of employment or office or consulting arrangement within or among the Corporation or ~~an Affiliated~~ Related Entity for so long as the Participant (other than a Consultant Participant) continues to be an employee or officer of the Corporation or ~~an Affiliated~~ Related Entity or a director of ~~an Affiliated~~ Related Entity, or for so long as the Director Participant continues to be a director of the Corporation, or for so long as the Consultant or the Consultant Company continues to be engaged as a consultant to the Corporation or ~~an Affiliated~~ Related Entity, as the case may be.

15. TERMINATION BY REASON OF DEATH, DISABILITY OR RETIREMENT

If an Individual Optionee dies or becomes Disabled while an employee, director or officer of the Corporation or any ~~Affiliated~~ Related Entity or if the employment or term of office of the Individual Optionee with the Corporation or any ~~Affiliated~~ Related Entity terminates due to Retirement:

- (a) the executor or administrator of the Individual Optionee's estate or the Individual Optionee, as the case may be, may exercise any Options of the Individual Optionee to the extent that the Options were exercisable at the date of such death, Disability or Retirement and the right to exercise such Options terminates on the earlier of: (i) the date that is three hundred sixty five (365) days from the date of the Individual Optionee's death, Disability or Retirement; and (ii) the date on which the Exercise Period of the particular Option expires. Any Options held by the Individual Optionee that were not exercisable at the date of death, Disability or Retirement immediately expire and are cancelled on such date; and
- (b) such Individual Optionee's eligibility to receive further grants of Options under the Plan ceases as of the date of the Individual Optionee's death, Disability or Retirement, as the case may be.

16. **TRANSFER AND ASSIGNMENT**

Subject to Section 15, the rules and policies of any stock exchange on which the Common Shares are listed and applicable law, Options granted under the Plan may only be exercised during the lifetime of the Individual Optionee by such Individual Optionee personally. Except to the extent permitted by such rules and applicable law, no assignment or transfer of Options, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Options whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Options will terminate and be of no further force or effect. If any Individual Optionee (the "**Original Optionee**") has transferred Options to a corporation pursuant to this Section 16 when such transfer is permitted by applicable rules or law, such Options will terminate and be of no further force or effect if at any time the Original Optionee should cease to own all of the issued shares of such corporation.

17. **OTHER AWARDS**

The Committee may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Committee may prescribe, grant Other Awards, including share appreciation rights, to any Participant. Each Other Award will consist of a right (1) which is other than a grant of Options; and (2) which is valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares), and shall contain such other terms and conditions as are deemed by the Committee to be consistent with the purposes of the Plan; provided, however, that such right will comply with applicable law and such right will be payable by the Corporation solely in cash. Subject to the terms of this Section 17, the Plan and any applicable agreement entered into in respect of the Other Award, the Committee will determine the terms and conditions of Other Awards, including termination of such Other Awards upon death, disability or termination of employment or service with the Corporation, exercise period, term and any required withholding provisions.

18. **~~17.~~ ADMINISTRATION OF THE PLAN**

The Plan shall be administered by the Committee. If the Corporation thereafter becomes subject to the requirements of section 162(m) of the Code, the composition of the Committee shall satisfy the requirements of section 162(m) of the Code and the accompanying United States Treasury Department Regulations. No member of the Committee, while a member, shall be eligible to participate in the Plan other than with respect to Options granted as set forth in Schedule A to the Plan. Subject to the terms of the Plan, the Committee shall have the authority to:

- (a) determine the individuals and entities (from among the Participants and the Director Participants) to whom ~~Options~~Awards may be granted;
- (b) determine the number of Option Shares to be subject to each Option;

- (c) determine the terms and conditions of any grant of Option Awards, including but not limited to
 - (i) the time or times at which Options Awards may be granted;
 - (ii) the exercise price at which Option Shares subject to each Option may be purchased;
 - (iii) the time or times when each Option Award shall become exercisable and, subject to Section 8, the duration of the Exercise Period;
 - (iv) whether restrictions or limitations are to be imposed on Option Shares Awards, and the nature of such restrictions or limitations, if any;
 - (v) any acceleration of exercisability or waiver of termination regarding any Option Award, based on such factors as the Committee may determine;
 - (vi) to cancel, amend, adjust or otherwise whether the Award is to be subject to cancellation, amendment, adjustment or other change any Option under such circumstances considered appropriate by the Committee;
- (d) interpret the Plan and prescribe and rescind rules and regulations relating to the Plan; and
- (e) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Plan.

The interpretation and construction by the Committee or the Board of Directors of any provisions of the Plan or of any Option Award granted under it shall be final and binding on all persons. No member of the Committee or the Board of Directors shall be liable for any action or determination made in good faith with respect to the Plan or any Option Award granted under it. The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation or Affiliated Related Entity as the Committee shall determine, but only with respect to Participants who are not insiders or subject to section 162(m) of the Code (or any amended or successor provisions).

19. ~~18.~~ RECAPITALIZATION AND REORGANIZATION

- (a) The existence of any Options Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Common Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this section would have an adverse effect on the Plan or any Option Award granted hereunder.
- (b) Should the Corporation effect a subdivision or consolidation of Common Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that, in the opinion of the Committee, would warrant the replacement or amendment of any existing Options Awards in order to adjust:
 - (i) the number of Common Shares that may be acquired on the exercise of any outstanding Options; or

- (ii) the exercise price of any outstanding Options in order to preserve proportionately the rights and obligations of the Optionees; or
- (iii) the terms of any Other Award in order to preserve proportionately the rights and obligations of the Participants holding such Other Awards.

the Committee will authorize such steps to be taken as may be equitable and appropriate to that end.

- (c) In the event of an amalgamation, combination, arrangement or other reorganization involving the Corporation by exchange of Common Shares, by sale or lease of assets or otherwise, that, in the opinion of the Committee, warrants the replacement or amendment of any existing ~~Options~~Awards in order to adjust:

- (i) the number of Common Shares that may be acquired on the exercise of any outstanding Options; ~~or~~
- (ii) the exercise price of any outstanding Options in order to preserve proportionately the rights and obligations of the Optionees; or
- (iii) the terms of any Other Award in order to preserve proportionately the rights and obligations of the Participants holding such Other Awards.

the Committee will authorize such steps to be taken as may be equitable and appropriate to that end.

- (d) Where the Board determines that the steps provided in Sections ~~48~~19(b) and ~~48~~19(c) would not preserve proportionately the rights and obligations of the ~~Optionees~~Participants or Director Participants in the circumstances or otherwise determines that it is appropriate, the Committee may permit the immediate exercise of any outstanding ~~Options~~Awards that are not otherwise exercisable.

- (e) Except as expressly provided in this Section ~~48~~19, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to:

- (i) the number of Common Shares that may be acquired on the exercise of any outstanding Options; ~~or~~
- (ii) the exercise price of any outstanding Options; or
- (iii) the terms of any Other Award.

- (f) No fractional Common Shares will be issued on the exercise of an Option. Accordingly, if, as a result of any adjustment under Section ~~48~~19(b) or ~~48~~19(c), an Optionee would become entitled to a fractional Common Share, the Optionee has the right to acquire only the adjusted number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.

20. ~~19~~-CONDITIONS OF EXERCISE

The Plan and each Option shall be subject to the requirement that, if at any time the Committee determines that the listing, registration or qualification of the Common Shares subject to such Option upon any securities exchange or under any provincial, state, federal or other applicable law, or the consent or approval of any governmental body, securities exchange, or the holders of the Common Shares generally, is necessary or desirable, as a condition of, or in connection with, the granting of such Option or the issue or purchase of Common Shares thereunder, no such

Option may be granted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

The Committee may, in its discretion, require as a condition to the exercise of any Option that the Optionee shall have represented at the time of exercise, in form and substance satisfactory to the Corporation, that the Optionee (i) understands that the Common Shares are “restricted securities”, as that term is defined in Rule 144 under the 1933 Act, and, accordingly, the Optionee may be required to hold the Common Shares indefinitely unless they are registered under the 1933 Act or an exemption from such registration is available, (ii) is acquiring the Common Shares issued pursuant to such exercise of the Option for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution of any such shares, (iii) understands that the Corporation is not under any obligation to register the Common Shares under the 1933 Act or to comply with any exemption thereunder, and (iv) understands that if Common Shares are issued without registration under the 1933 Act, a legend to this effect may be endorsed upon the securities so issued, as well as any other legends as the Corporation may deem appropriate or that may be required by the Corporation or by the applicable securities laws.

21. ~~20.~~ NOTICES

All written notices to be given by the ~~Optionee~~Participant or Director Participant to the Corporation shall be delivered personally or by registered mail, postage prepaid, addressed as follows:

MARCH NETWORKS CORPORATION
Tower B, 555 Legget Drive
Ottawa, Ontario
Canada K2K 2X3
Attention: Corporate Secretary

Any notice given by the ~~Optionee~~Participant or Director Participant pursuant to the terms of an Option Award shall not be effective until actually received by the Corporation at the above address.

22. ~~21.~~ CORPORATE ACTION

Nothing contained in the Plan or in an Option Award shall be construed so as to prevent the Corporation from taking corporate action which is deemed by the Corporation to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Option Award, including, but not limited to any adjustments to exercise price, exercise period or number of Option Shares with respect to an Option previously granted or any term of any Other Award if required by any securities exchange or if required by applicable securities law.

23. ~~22.~~ AMENDMENTS

- (a) Subject to the rules and policies of any stock exchange on which the Common Shares are listed and applicable law, the Board of Directors may, without notice or shareholder approval, at any time or from time to time, amend the Plan for the purposes of:
 - (i) making any amendments to the general vesting provisions of each Option set out Section 7;
 - (ii) making any amendments to the general term of each Option set out in Section 8, provided that no Option may be exercised after the tenth (10th) anniversary of the Date of Grant;
 - (iii) making any amendments to the provisions set out in Section 14 and 15;

- (iv) making any amendments to add covenants of the Corporation for the protection of Participants, Director Participants or Optionees, as the case may be, provided that the Board of Directors shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, Director Participants or Optionees, as the case may be;
 - (v) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board of Directors, having in mind the best interests of the Participants, Director Participants and Optionees, it may be expedient to make, provided that the Board of Directors shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants, Director Participants and Optionees; or
 - (vi) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Board of Directors shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants, Director Participants and Optionees.
- (b) Subject to Sections ~~19~~20 and ~~21~~22, the Board of Directors shall not alter or impair any rights or increase any obligations with respect to an Option Award previously granted under the Plan without the consent of the Optionee Participant or Director Participant.

24. ~~23.~~ CHANGE IN CONTROL

Unless otherwise determined by the Committee or the Board of Directors at or after the Date of Grant, any Options outstanding immediately prior to the occurrence of a "Change in Control" (as defined below), but which are not then exercisable, shall become fully exercisable upon the occurrence of a Change in Control. Unless otherwise determined by the Committee or the Board of Directors at or after the Date of Grant, all such outstanding Options shall be cashed out at the "Change in Control Price" (as defined below), less the applicable exercise price for such Options, as of the date such Change in Control is determined to have occurred, or as of such other date as the Committee or the Board of Directors may determine prior to the Change in Control. Outstanding Options may only be cashed out, as described above, if the Change in Control Price is higher than the exercise price for such outstanding options. If the Change in Control Price is equal to or lower than the exercise price for such outstanding Options, the Committee or the Board of Directors may terminate such outstanding Options and such outstanding Options shall be of no further force or effect. Further, the Committee or the Board of Directors shall have the right to provide for the conversion or exchange of any outstanding Options into or for options, rights or other securities in any entity participating in or resulting from the Change in Control. In addition, and notwithstanding Section ~~22~~23, the Committee or the Board of Directors shall have the right to determine, at its discretion, that Options outstanding, but which are not then exercisable, shall not become exercisable and shall be cancelled in the event of a Change in Control.

Unless otherwise determined by the Committee or the Board of Directors at or after the Date of Grant, any Other Awards outstanding immediately prior to the occurrence of a "Change in Control" (as defined below) shall become fully vested upon the occurrence of a Change in Control. Unless otherwise determined by the Committee or the Board of Directors at or after the Date of Grant, all such outstanding Other Awards shall be cashed out at the "Change in Control Price" (as defined below), as of the date such Change in Control is determined to have occurred, or as of such other date as the Committee or the Board of Directors may determine prior to the Change in Control. Further, the Committee or the Board of Directors shall have the right to provide for the conversion or exchange of any outstanding Other Awards into or for options, rights or other securities in any entity participating in or resulting from the Change in Control. In addition, and notwithstanding Section 23, the Committee or the Board of Directors shall have the right to determine, at its discretion, that Other Awards outstanding, but which are not then vested,

shall not vest and shall be cancelled and forfeited to the Corporation in the event of a Change in Control.

For purposes of this Section ~~23,24~~, a “Change in Control” shall mean the happening of any of the following events:

- (a) where any “person”, or any “affiliate” or “associate” of such person, as those terms are defined by the Corporations Act, other than the Corporation or ~~Affiliated~~Related Entity, or an employee benefit plan of the Corporation or of ~~an Affiliated~~a Related Entity, including any trustee of such plan acting as trustee, hereafter acquires, the direct or indirect “beneficial ownership”, as defined by the Corporations Act, of securities of the Corporation representing fifty percent (50%) or more of the combined voting power of the Corporation’s then outstanding securities; or
- (b) the occurrence of a transaction requiring approval of the Corporation’s shareholders involving the acquisition of the Corporation or all or substantially all of its business by an entity through purchase of assets, by amalgamation or otherwise.

For the purposes of this Section ~~23,24~~, “Change in Control Price” means the highest price per Common Share paid in any transaction reported on a securities exchange or paid or offered in any bona fide transaction related to a potential or actual Change in Control of the Corporation at any time during the five (5) trading days preceding the Change in Control, as determined by the Committee or the Board of Directors.

25. ~~24.~~ TERMINATION OF PLAN

The Board of Directors may terminate the Plan at any time without shareholder approval. The termination of the Plan shall have no effect on outstanding ~~Options~~Awards, which shall continue in effect in accordance with their terms and conditions and the terms and conditions of the Plan, provided that no Option may be exercised after the tenth (10th) anniversary of its Date of Grant.

26. ~~25.~~ FURTHER ASSURANCES

Each Participant or Director Participant shall, when requested to do so by the Corporation, sign and deliver all such documents relating to the granting or exercise of Options deemed necessary or desirable by the Corporation.

27. ~~26.~~ RIGHTS OF PARTICIPANT/OPTIONEE

No Participant or Director Participant has any claim or right to be granted an ~~Option~~Award (including, without limitation, an ~~Option~~Award granted in substitution for any ~~Option~~Award that has expired pursuant to the terms of the Plan), and the granting of any ~~Option~~Award is not to be construed as giving ~~an Optionee~~a Participant or Director Participant a right to remain in the employ or service of the Corporation or ~~an Affiliated~~a Related Entity. The Optionee shall not have any rights as a shareholder with respect to Option Shares until full payment has been made to the Corporation and the Option Shares have been issued to the Optionee (as evidenced by the appropriate entry on the books of the Corporation or of a duly authorized transfer agent of the Corporation).

28. ~~27.~~ PARTICIPATION IN THE PLAN

The participation of any Participant or Director Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant or Director Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or service nor a commitment on the part of the Corporation to ensure the continued employment or service of such Participant or Director Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Option Shares. The Corporation

does not assume responsibility for the personal income or other tax consequences for the Participant or Director Participant and they are advised to consult with their own tax advisors.

29. ~~28.~~ GOVERNING LAW

The Plan is established under the laws of the Province of Ontario, and the rights of all parties and the construction and effect of each provision of the Plan shall be according to the laws of the Province of Ontario.

DATED this 4th day of May, 1999, as amended on the 20th day of October, 2000, the 3rd day of August, 2001, the 12th day of September, 2002 and as further amended on the 28th day of February, ~~2005~~2005, the 20th day of June, 2007 and the ~~23rd~~ day of June, ~~2007~~2008.

MARCH NETWORKS CORPORATION

Peter Strom
President and Chief Executive Officer

Cheryl Beckett
Corporate Secretary

**SCHEDULE A
To STOCK OPTION PLAN**

Reason for Grant	Date of Grant	Option Grant
Annual Service on Board of Directors	<p>Date of each<u>In the open trading window of the Company immediately prior to or after the annual general meeting of shareholders at (AGM) in which the Director Participant is elected to the Board of Directors</u><u>director is elected.</u></p> <p><u>If grant is made prior to AGM, grant will be conditional upon election of the director by the shareholders.</u></p>	<p>2,000<u>10,000</u> Option Shares</p>

