

March Networks Settles Patent Litigation

OTTAWA, ONTARIO, October 6, 2006 — March Networks™ (TSX:MN; AIM:MNW), a leading provider of Internet Protocol (IP)-based digital video surveillance solutions, today announced a settlement in the patent litigation launched in April 2005 by E-Watch in the Eastern District of Texas.

To obtain this settlement March Networks has agreed to pay E-Watch a sum of \$2 million USD (approximately \$2.24 million CAD). March Networks makes no admission regarding the validity, enforceability or infringement of any E-Watch patents.

March Networks will reflect this settlement as a charge to earnings in the second quarter of fiscal year 2007. As a result of this charge the Company expects net earnings for the fiscal year ending April 30, 2007 to decline by approximately \$1.5 million (\$0.08 per share on a diluted basis).

Forward-Looking Statements

This release contains certain forward-looking information. This information is based on the company's current expectations and assumptions that are subject to a variety of risks and uncertainties that are difficult to predict and that may be beyond March Networks' control. Actual results could differ materially from those expressed in any forward-looking statements due to factors such as customer demand and timing of purchasing decisions, increased levels of competition, technological changes and the successful development of new products, dependence on third-party manufacturers, risks relating to intellectual property infringement claims, and other risks and factors identified in March Networks' public filings with regulatory authorities in Canada. March Networks assumes no obligation to update these forward-looking statements as a result of new information or future events.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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