

MACQUARIE TELECOM GROUP LIMITED

ANNUAL GENERAL MEETING

FRIDAY, 28 NOVEMBER 2008

CHIEF EXECUTIVE'S ADDRESS

Thanks Robert, and welcome shareholders. I'm David Tudehope, Chief Executive of Macquarie Telecom.

Macquarie Telecom's strong results for 2008 supports the strategic direction we have taken and we expect profitability in fiscal 2009 to continue on a solid growth path as our investments continue to increasingly deliver benefits.

Robert has given you a brief overview of Macquarie's recent performance and overall business strategy.

I would now like to take this opportunity to give you an update on our fast growing Hosting business as we have now clearly established ourselves as number one in managed hosting.

Our Hosting business leverages our primary data centre, the Intellicentre, to providing secure, scaleable, high-availability, fully managed hosting services for our customers critical applications.

The success of our Hosting business is driven by Thought Leadership around

Green IT initiatives

Enterprise Server Virtualisation

Accredited Security

Our initial Green IT investigations revealed some quick wins we could make which resulted in an initial 6% energy savings.

We have been measuring and implementing further changes. Six months into the program the results, independently reviewed by The Frame Group's data centre team, showed that although the number of customer managed servers had increased by 30 per cent on the previous six months, we have reduced the overall amount of energy consumption in our data centre by more than 10 per cent.

This equates to more than 600 tonnes of CO2 emissions.

Our Green IT Strategy focuses on utilising energy-efficient servers and networking equipment, storage and solutions designed for managed virtualisation as well as implementation of redesigned best practice data centre infrastructure.

We are focused on Enterprise Virtualisation to deliver Flexibility, Scalability, and Reliability.

Over 30% of the managed servers in our Data Centre are now running as Virtual Servers

And over the last 6 months, 65% of new managed servers are virtualized on dedicated platforms...

This is benefiting customers and according to Richard Swift, General Manager, Yieldbroker "Since moving to the managed virtualised hosting environment Yieldbroker has reduced its sever hosting costs by more than 25 per cent and decreased its energy consumption by more than 40 per cent."

Another customer moving to a Virtualised Environment to cope with their rapid growth is Global Red, whose marketing campaigns encompass web, electronic direct mail, SMS, call centre, point-of-sale and customer loyalty programs. These campaigns generate average customer traffic volumes in the millions per month for Global Red clients.

And according to Mark McCormick, Managing Director, Global Red “The Macquarie Hosting solution gives us access to best-of-breed infrastructure, which scales rapidly with our business without the need to invest in additional hardware.”

The NRMA ‘More4Members’ customer loyalty program currently which Global Red manages has more than 2.2 million members and Global Red is now prepared for anticipated growth of 300 per cent when State-based clubs come on board.

Our Hosting customers enjoy peace of mind knowing that our data centre has unparalleled security accreditations. We back our mission critical application hosting solutions with service level guarantees, performance rebates and third-party accreditations.

We are the first choice critical application hosting partner for many Australian businesses because we meet stringent security assurances, audited by external companies. These audited accreditations include

- ISO 27001:2005
- Microsoft Gold Certified
- VMware Authorised Hosting Provider
- RedHat Enterprise Hosting Partner
- DSD Gateway

And we have recently received our PCI Compliance Certificate.

PCI DSS (Payment Card Industry Data Security Standard) is a set of standards created by card issuers such as Visa and MasterCard to ensure the security of credit card details online, which will become mandatory for companies processing CC payments.

I would now like to share with you some words from one our Hosting customers, PBL, that brings to life some of the benefits of our managed services and illustrates the positive impacts Macquarie has had on their business.

Our focus in the year ahead is to continue to execute on our strategy of growing our higher margin businesses by leveraging the investments we have made and by continuing to deliver exceptional service to our customers. In 2008 we have demonstrated that this strategy is working and we remain confident that the momentum we have created will lead to sustainable profitable growth in 2009 and beyond.

We do so from a healthy financial position, with around \$22 million cash as at 30 June and funding options in place to meet any further investment commitments.

None of the achievements over the past year would have been possible without the support of our business partners and customers.

In closing, I would like to express my thanks to the entire Macquarie team for their hard work and my gratitude to our shareholders and suppliers for their ongoing support.

Thank you all for being here today. I look forward to the year ahead. I will now hand back to the Chairman Robert Kaye.