M2 Telecommunications Group Limited

ASX: MTU

ASX/MEDIA RELEASE

M2 COMPLETES COMMANDER BUSINESS ASSETS ACQUISITION

Commander Data Network Business added to acquired assets

Tuesday 16th June, 2009: Diversified telecommunications provider, M2 Telecommunications Group Limited ("M2", ASX: MTU) has announced that yesterday evening all conditions precedent and contractual requirements were completed in relation to M2's acquisition of all small and medium business ("SMB") telecoms assets and associated intellectual property of Commander Communications Limited ("Commander").

Furthermore, M2 and the Commander vendors have reached agreement that in addition to assets to be acquired as announced on 2nd June, 2009, all assets relating to the Commander "OneStream" Data Network Business will also be acquired by M2 in this transaction.

The Commander OneStream Data Network Business is a highly complementary addition to the Commander SMB business, adding more than $10 million per annum in recurring customer revenues, in addition to the more than $100 million per annum in Commander SMB customer revenues as previously announced.

Included within the Commander Data Network Business assets acquired by M2 is a business-grade national data network, delivering broadband data services and multi-location Virtual Private Network ("VPN") services to business customers Australia-wide. The OneStream network and its customers are supported by an established team of Commander data network personnel, the majority of whom will be offered continuing employment with M2 today.

With the transaction now complete, M2 has assumed control of the Commander businesses acquired, effective 15th June, 2009. Below is a summary of the key assets acquired by M2:

- All SMB customer contracts of Commander and its related entities
- All Data Network customer contracts, including broadband data services, VPN operated on the OneStream network
- The OneStream network, including all plant, equipment and Intellectual Property of the network.

- The "Commander" brand/trademark
- The "OneStream" brand/trademark
- Other Commander-owned brands/trademarks, including "Australia Star", "Call Australia", "Newtel" and others
- All proprietary Commander operating systems, software, plant and equipment relating to the businesses acquired
- Selected inventories

Since announcing the proposed acquisition of the Commander telecommunications business assets on 2 June 2009, M2 has offered continuing employment and/or transitional appointments to the majority of the Commander team responsible for operating the businesses being acquired by M2, with the vast majority of those offers having been accepted.

Managing director and CEO of the M2 Group, Vaughan Bowen, said today, *"We are very pleased to have completed the Commander acquisition and to have further enhanced the transaction with the addition of the OneStream data services business. What is most encouraging is the generally positive reaction which we have received from continuing Commander team members within the acquired businesses and from the majority of the Commander Centre national sales and service network. That said, there is much for us now to do to get this iconic Australian business moving forward once again, which we are committed to achieving. The real work begins today for all involved*".

For further information on Commander, please go to www.commander.com.

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About M2 Telecommunications Group Limited

Established in 1999, M2 Telecommunications Group Limited (ASX: MTU) is Australia's largest network independent provider of fixed-line, mobile and data telecommunications services. M2 is head-quartered in Melbourne and employs approximately 250 people nationwide. M2 also provides fixed-line and 3G mobile services in New Zealand.

Within its "M2 Telecom" business division, M2 offers a suite of unique bundled telecommunications services and value added offerings targeted principally at the small enterprise market, distributed through an exclusive trans-Tasman network of sales dealerships, agencies and through targeted on-line marketing ventures (www.simplymobiles.com.au and www.greenmobiles.com.au). M2 Telecom also incorporates Southern Cross Telco, an established retail and small enterprise targeted telco, acquired by M2 in October 2007.

"M2 Wholesale" is the other core business division of M2, in which wholesale telecommunications services are supplied to small and medium sized telecommunications service providers and Internet Service Providers (ISP's). M2 Wholesale was launched in mid 2006 following M2's appointment by Optus as its exclusively endorsed aggregator/enabler of Optus mobile services. As a further boost to its wholesale operations, in May 2007 M2 completed the purchase of Australia's largest independent data wholesaling business, Wholesale Communications Group Pty Ltd (WCG), followed by the acquisition of Commander Communication's established wholesale network services company, Unitel Australia Pty Ltd in February 2008.

On 24th April 2009, M2 completed the acquisition of People Telecom Ltd, which targets the small and medium enterprise market.

M2's consolidated revenues now exceed $250 million (annualised).

M2 has a proven track-record of delivering consistent growth in both revenues and most importantly "bottom line" profit, year-on-year for each of the last 6 years. In recognition of this significant and consistent growth, M2 was named by Business Review Weekly as one of Australia's fastest growing companies in 2003, 2004, 2005, 2006 and 2008 and on the Deloitte Technology Fast 50 in 2004, 2005 and 2008.

M2 has an established dividend policy, with fully franked dividends exceeding 70% of M2's Net Profit After Tax (NPAT) having been paid to shareholders each fiscal half for four consecutive years, with the most recent being a fully franked first-half dividend of 2.5 cents per share for the half year to 31 December 2008.

For more about M2 visit www.m2.com.au

Related Company sites:

- www.peopletelecom.com.au
- www.sctelco.com.au
- www.wcg.net.au
- www.simplymobiles.com.au
- www.greenmobiles.com.au

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