

CHAIRMAN'S ADDRESS

Protel International General Meeting 1st May 2000
ACN 009 568 772

The Protel Option Plan was intended to cover employees of the Protel group regardless of their global location. However, our current plan does not meet some international legal requirements, significant changes are required to meet legal guidelines in the United States. The board therefore proposes not only to make the minor changes necessary to make the existing plan compliant with international laws generally, but also the adoption of a unique plan for US employees. This separate plan for US employees would still embody the original spirit of the Protel Option Plan.

In the Prospectus, The Board outlined its intention not to issue options under the plan until August 2000 (12 months after the offer). As a result of the company's recent successful acquisition which has considerably swelled our talented employee pool, the company wants to be able to issue options to key staff worldwide as soon as possible so that it may continue to attract and retain valuable employees. Therefore we seek shareholder approval to bring forward the issue of new options to May 2000.

The reasons why these changes are necessary are summarised as follows:

1. ACCEL Acquisition

Recent acquisition of ACCEL has considerably swelled our US employee base. The current plan is inconsistent with US legislation making participation by US employees difficult. As the percentage of staff with US residence has risen considerably, this issue needs to be addressed swiftly to ensure the continuing smooth integration of not only the business but also employees.

2. Importance of Tying Valuable Staff to the Future of the Business

Protel's most valuable asset is its staff, particularly those involved in the research and development of current and future products. It is crucial to be able to provide appropriate incentive for employees to ensure they feel they have a vested interest in the success of the company, remaining loyal to the future goals of the company. It is common practice in the "Hi-Tech" industry to attract and maintain valuable employees through the use of options, as this has proved an effective way of aligning the interests of the individual with those of the company.

3. Future Growth and Development

The Electronic Design Automation (EDA) market, in which Protel competes, predominantly sources its market share from the US. Other world markets in particular Europe and Japan are also continuing to grow and develop. For Protel this means that future business and technology acquisitions will more than likely occur overseas, it is therefore imperative that we have a plan in place, which will cover all employees regardless of geographic location.

Thank you.