

25 February 2009

Court Orders Scheme Meeting

On 5 December 2008, People Telecom Limited (**People**) and M2 Telecommunications Group Limited (**M2**) announced their intention to merge by way of a scheme of arrangement (**Scheme**).

On 25 February 2009 the Federal Court of Australia ordered a meeting of shareholders of People to be held on 6 April 2009 at People Telecom Centre, Level 9, 76 Berry Street, North Sydney, New South Wales at 10 am to enable a vote at the meeting to be taken on a proposed merger of People and M2 via a Scheme of Arrangement between People and the holders of shares in People (**Scheme Meeting**).

Attached is an indicative timetable for the proposed Scheme and a copy of the explanatory statement (**Scheme Booklet**) which explains the effect of the Scheme and which provides information material to shareholders in making a decision whether or not to agree to the Scheme. It can also be found at www.peopletelecom.com.au. A copy of the Scheme Booklet, which includes the notice of Scheme Meeting, will be posted to People shareholders on or before 5 March 2009.

Independent Expert Report

The Independent Expert, Grant Thornton Corporation Finance Limited, has considered the Scheme and has concluded that the Scheme is fair and reasonable to People shareholders and is therefore in their best interests and recommends that People shareholders vote in favour of the Scheme in the absence of a superior proposal.

Directors' Recommendations

The Board of People unanimously recommends that all People shareholders vote in favour of the Scheme in the absence of a superior proposal.

Enquiries

If you have any questions in relation to the Scheme or the Scheme Meeting, please telephone (02) 9458 5813 (if calling within Australia) or + 61 2 9458 5813 (if calling from outside Australia).

Adam Zines
Company Secretary

Timetable

Date and time	Event
5 December 2008	ASX announcement in relation to the proposed Transaction
25 February 2009	First Court hearing to approve the convening of the Scheme Meeting and despatch of the Scheme Booklet
10.00am (AEDT), 4 April 2009	Latest date and time by which Proxy Forms or powers of attorney for the Scheme Meeting must be received
10.00am (AEDT), 4 April 2009	Date and time for determining eligibility to vote at the Scheme Meeting
10.00am (AEST), 6 April 2009	Scheme Meeting to vote on the Scheme to be held at the offices of People at Level 9, People Telecom Centre, 76 Berry Street, North Sydney NSW
9 April 2009	Second Court Date for approval of the Scheme
9 April 2009	Announce to ASX intention to lodge Court Order on following Business Day
14 April 2009	M2 Shares provided pursuant to the Scheme commence trading on a deferred settlement basis
14 April 2009	Effective Date – Court Order lodged with ASIC and announced to ASX that Scheme is effective
14 April 2009	People Shares suspended from trading on ASX at close of trading
5.00pm (AEST), 17 April 2009	Scheme Record Date for determining entitlements to Scheme Consideration
17 April 2009	Implementation Date – Scheme implemented including Scheme Shares transferred to M2 Telecommunications Pty Ltd ACN 090 251 424 (M2 Subsidiary) and M2 issuing M2 Shares, and payment of Cash Consideration as payment of the Scheme Consideration.
22 April 2009	Expected date of dispatch of holding statements for New M2 Shares provided pursuant to the Scheme to Scheme Shareholders, and in any event within 3 Business Days after the Implementation Date.
22 April 2009	Trading of M2 Shares provided pursuant to the Scheme on a normal settlement basis expected to commence on ASX

* The timetable above is indicative only and People has the right to vary any or all of these times and dates, subject to approval by ASX, the Court and M2, where required. People will announce any such variations to ASX and publish them on its website (www.peopletelecom.com.au). The occurrence of certain events on the dates specified or at all is conditional upon:

- certain conditions being satisfied or waived; and
- approval of the Scheme by the Federal Court of Australia.