



## **Details of Chief Executive Officer's Remuneration**

**Sydney, Australia Friday 11 August 2006.** Further to the announcement on 8 August 2006 of the commencement of Mr John Stanton as Chief Executive Officer and Director of the People Telecom group of companies on 7 August 2006, set out below are the material terms of Mr Stanton's contract.

### 1. Fixed Remuneration

Mr Stanton will be paid a fixed remuneration including superannuation of \$425,000 per annum.

### 2. Performance Based Remuneration

Mr Stanton may receive a performance based bonus of up to \$150,000 per annum in the event that certain criteria are satisfied. The criteria are to be determined by Board in consultation with Mr Stanton within the first three months of each financial year during the term.

### 3. Equity Based Remuneration

Subject to shareholder approval on or before the date of the company's next annual general meeting, Mr Stanton will be granted 13,000,000 options to subscribe for shares in the company. All options have an exercise price of 6.8 cents each. The seven tranches of the options have the following vesting conditions:

- a. Tranche 1 options - 1,000,000 options vest on 7 August 2006;
- b. Tranche 2 options - 1,000,000 options vest on 30 June 2007 if employed on 30 June 2007;
- c. Tranche 3 options - 1,000,000 options vest on 30 June 2008 if employed on 30 June 2008;
- d. Tranche 4 options - 1,000,000 options vest on 30 June 2009 if employed on 30 June 2009;
- e. Tranche 5 options - 2,500,000 options vest if a yet to be determined EPS hurdle is met in the year ended 30 June 2007, if employed at 30 June 2007 and after announcement of financial performance;
- f. Tranche 6 options - 2,500,000 options vest if a yet to be determined EPS hurdle is met in the year ended 30 June 2008, if employed at 30 June 2008 and after announcement of financial performance; and
- g. Tranche 7 options - 4,000,000 options vest if a yet to be determined EPS hurdle is met in the year ended 30 June 2009, if employed at 30 June 2009 and after announcement of financial performance.

The exercise period to exercise all options commences 14 days after the date of the ASX announcement of the Group's Appendix 4E for its financial performance for the financial year ending 30 June 2009 and concluding on 31 December 2009.

#### 4. Termination

Mr Stanton's contract will continue till 6 August 2009 unless terminated earlier.

Prior to 7 August 2007, either party may terminate the contract by giving six months notice in writing to the other, or in the case of the company, paying six months fixed remuneration in lieu of notice.

After 7 August 2007, either party may terminate the contract by giving three months notice in writing to the other, or in the case of the company, paying three months fixed remuneration in lieu of notice.

If the amount of fixed remuneration in lieu of notice exceeds the maximum amount that may be paid under the Corporations Act without shareholder approval, unless and until the company seeks and obtains shareholder approval for such payment, the amount paid will be the maximum payable under the Corporations Law without shareholder approval.

#### **About People Telecom:**

As one of Australia's largest telecommunications groups, People Telecom offers a comprehensive range of telecommunications products and services for businesses.

The group is a leader in service within the telecommunications landscape, offering high customer service levels accompanied by a full suite of standard and cutting edge telecommunications products such as Voice-Over Internet Protocol (VoIP).

Over the five year period the group has grown significantly. In the 2004 financial year pro-forma revenues reached \$73m and in the 2005 financial year the revenue achieved was \$100 million.

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