

# People Telecom Limited

ACN 009 273 152

## NOTICE OF GENERAL MEETING

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### TIME AND PLACE OF MEETING AND HOW TO VOTE

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#### VENUE

The General Meeting of the Shareholders of People Telecom Limited to this Notice of Meeting relates will be held at Level 9, 76 Berry Street North Sydney on 28 September 2006 at 9.00am (Eastern Standard Time).

#### YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

#### VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

#### VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed:

- (a) send the proxy form by post to the Company Secretary, People Telecom Limited, PO Box 2014 North Sydney NSW 2059; or
- (b) by facsimile to the Company on facsimile number +61 (0)2 9458 5849,

so that it is received not later than 5.00pm (Eastern Standard Time) on 25 September 2006.

**Proxy forms received later than this time will be invalid.**

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 02 9458 5813.*

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## **CHAIRMAN'S LETTER**

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Dear Shareholder

I am pleased to announce that Mr John Stanton commenced as Chief Executive Officer and Director of the People Telecom Limited on 7 August 2006. He succeeds Mr Ryan O'Hare, who will remain a Non-Executive Director of the Group.

We are extremely happy to have a person of John's calibre accept the role of CEO of People Telecom. He brings to our company a depth of skill in business development and growth creation that will enable People Telecom's continued success as a customer-focused, innovative leader in communications services in Australia and beyond.

As part of the remuneration package agreed with Mr Stanton, the Board of Directors agreed to grant Mr Stanton 13,000,000 Executive Options.

The purpose of the grant of the Executive Options is to form part of the incentive to Mr Stanton to provide dedicated and ongoing commitment and effort to the Company and forms part of his remuneration package. The Directors believe that the quantity of the Executive Options together with the structure of the Executive Option package (i.e. with deferred vesting dates and conditional performance milestones) is reasonable, appropriate in the circumstances and broadly in line with corporate remuneration of similar companies.

This general meeting has been called to obtain shareholder approval for the grant of these Executive Options.

I also wish to advise that the Directors, who directly and indirectly control in excess of 64% of the issued capital of the Company, have expressed their intention to vote in favour of this resolution.

**PEOPLE TELECOM LIMITED**  
**BARRY HAMILTON**  
**Chairman**

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## NOTICE OF GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the General Meeting of shareholders of People Telecom Limited (“Company”) will be held at Level 9, People Telecom Centre, 76 Berry Street North Sydney on 28 September 2006 at 9.00am (Eastern Standard Time) for the purpose of transacting the business set out in this Notice of General Meeting.

The Explanatory Statement to this Notice Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company on 25 September 2006 at 5.00pm (Eastern Standard Time).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### **BUSINESS:**

#### **Resolution – Grant of Executive Options to Mr John Stanton**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to grant 13,000,000 Executive Options each to acquire a fully paid ordinary share in the Company to Mr John Stanton and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Short Explanation:** The ASX Listing Rules require the Company to seek shareholder approval prior to the issue of securities to a related party. Under the Corporations Act, the provision of any financial benefit (which includes the grant of options), requires shareholder approval pursuant to the related party provisions (Part 2E). Mr John Stanton is a related party of the Company by virtue of the fact that he is a director.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Mr John Stanton and any of his associates.

By Order of the Board of People Telecom Limited

Wayne R Wanders  
Company Secretary  
Dated: 22 August 2006

#### **Voting Exclusion Note:**

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Level 9, People Telecom Centre, 76 Berry Street North Sydney on 28 September 2006 at 9.00am (Eastern Standard Time).

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

### **Resolution – Grant of Executive Options to Mr John Stanton**

#### **1.1 Background**

The Company recently announced that it had secured the services of Mr John Stanton as the Chief Executive Officer of the Company for a period of 3 years from 7 August 2006.

Mr Stanton has also accepted the position of a director of the Company.

As part of the remuneration package agreed between the parties, the Company agreed to grant Mr Stanton 13,000,000 Executive Options, subject to all necessary shareholder approvals being obtained.

This Resolution seeks shareholder approval for the grant of 13,000,000 Executive Options to Mr John Stanton.

The purpose of the grant of the Executive Options is to form part of the incentive to Mr Stanton to provide dedicated and ongoing commitment and effort to the Company and forms part of his remuneration package. The Directors believe that the quantity of the Executive Options together with the structure of the Executive Option package (i.e. with deferred vesting dates and conditional performance milestones) is reasonable, appropriate in the circumstances and broadly in line with corporate remuneration of similar companies.

The Corporations Act and the ASX Listing Rules set out a number of regulatory requirements which must be satisfied. These are summarised below.

#### **1.2 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purposes of this meeting, a “related party” includes a director of the Company. Accordingly, the proposed grant of Executive Options to Mr Stanton (a director of the Company) involves the provision of a financial benefit to a related party of the Company.

Where no exception is applicable (as is the case in these circumstances), Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months after the approval is obtained.

In accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed grant of Executive Options to Mr Stanton:

- (a) the related party to whom the financial benefit will be given is Mr John Stanton;
- (b) the maximum number of Executive Options (being the nature of the financial benefit to be provided) to be granted to Mr Stanton is 13,000,000 Executive Options;
- (c) Mr Stanton does not wish to make a recommendation to Shareholders about this Resolution because he has a material interest in the outcome of the Resolution. The other Directors recommend that Shareholders vote in favour of this Resolution as they are of the view that the grant of the Executive Options to Mr John Stanton is an appropriate form of remuneration to provide them with an incentive to maximise returns to Shareholders;
- (d) if Shareholders approve the grant of Executive Options to Mr Stanton, and all of the Executive Options are exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 4% on an undiluted basis. The market price for Shares during the term of the Executive Options would normally determine whether or not Mr Stanton exercises the Executive Options. If, at the time any of the Executive Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Executive Options, there may be a perceived cost to the Company. In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

Highest	18.5 cents
Lowest	6.0 cents
Last	6.7 cents

- (e) in reviewing documents lodged under Section 218 of the Corporations Act relating to the giving of financial benefits to related parties of public companies, the ASIC requires explanatory information regarding the value of the options proposed to be granted. The value of the Executive Options using the Black & Scholes pricing model and is set out in Section 1.4 below;
- (f) Mr Stanton's was appointed as a director on 7 August 2006. The annual remuneration payable to Mr Stanton under the terms of his employment agreement is \$425,000 (inclusive of superannuation). In addition, Mr Stanton may be entitled to a performance based bonus of up to a further \$150,000 per annum in the event certain yet to be defined criteria are satisfied;
- (g) as at the date of this Notice, Mr Stanton does not have any securities in the Company; and
- (h) additional information in relation to this Resolution is set out throughout this Explanatory Statement. Shareholders should therefore read the Explanatory Statement in its entirety before making a decision as to how to vote on this Resolution.

### **1.3 ASX Listing Rules**

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the Company.

If this Resolution is passed, securities will be issued to Mr Stanton, who is a related party of the Company due to the fact that he is a director of the Company as at the date the Options are issued.

Accordingly, Shareholder approval for the issue of Executive Options to Mr Stanton is required pursuant to ASX Listing Rule 10.11.

Separate approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Executive Options to Mr Stanton as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of securities to Mr Stanton will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to this Resolution:

- (a) the maximum number of securities to be issued by the Company is 13,000,000 Executive Options to Mr Stanton;
- (b) the Executive Options will be issued for no cash consideration. The issue of the Executive Options is part of the remuneration package agreed between the parties, with the purpose of giving Mr John Stanton an incentive to provide dedicated and ongoing commitment to the Company;
- (c) the Executive Options will be issued not later than one month after the date of this Meeting (or such later date as permitted by any ASX waiver or

modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date; and

- (d) the terms and conditions of the Executive Options are set out in Schedule 1 to this Explanatory Statement.

#### **1.4 Valuation of Executive Options**

In determining a value of the Executive Options, the following assumptions were used:

1. The Black Scholes Option Valuation methodology has been used (accepted under A-IFRS guidelines, particularly where there are grant conditions attached to the options).
2. The date of the valuations has been set as at 7 August 2006. This is not necessarily the date that the Executive Options are valued for A-IFRS purposes for inclusion in the financial statements of the Company. The assumed grant date of the Executive Options is to be around 30 September 2006.
3. The market price of a listed share in the Company as at 3 August 2006 was 6.7 cents (closing price). There have been no subsequent sales to 7 August 2006 (10.30am WST).
4. The exercise price of the Executive Options at 6.8 cents is the weighted average share price for the last 5 days on which the Company's shares traded prior to 7 August 2006.
5. The exercise period to exercise all Executive Options commences 14 days after the date of the ASX announcement of the Company's Appendix 4E for its financial performance for the financial year ending 30 June 2009 and concluding on 31 December 2009. The seven tranches of Executive Options have the following vesting conditions:
  - (a) Tranche 1 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each, vest on the commencement date;
  - (b) Tranche 2 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each and vest on 30 June 2007 (if employed on 30 June 2007);
  - (c) Tranche 3 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each and vest on 30 June 2008 (if employed on 30 June 2008);
  - (d) Tranche 4 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each and vest on 30 June 2009 (if employed on 30 June 2009);
  - (e) Tranche 5 Executive Options - 2,500,000 Executive Options exercisable at 6.8 cents each and vest if a yet to be determined EPS hurdle is met in the year ended 30 June 2007 and vest if employed, EPS hurdle met and after announcement of financial performance);
  - (f) Tranche 6 Executive Options - 2,500,000 Executive Options exercisable at 6.8 cents each and vest if a yet to be determined EPS

hurdle is met in the year ended 30 June 2008 and vest if employed, EPS hurdle met and after announcement of financial performance); and

- (g) Tranche 7 Executive Options - 4,000,000 Executive Options exercisable at 6.8 cents each and vest, if employed and the EPS hurdle is met for the year ended 30 June 2009.

Other terms are outlined in Schedule 1 to the Explanatory Statement.

6. The risk free rate is 6.0%.
7. We note that the Company's shares have traded on the ASX over the past 12 months in the range of 6.0 cents (late June 2006) to 18.5 cents (7 September 2005) for a volatility of approximately 208%. It is not uncommon for listed small media and information companies to have volatilities in the range of 50% to 100% with some companies falling outside that normal range. Anecdotal evidence suggests that an average volatility for the past year or so for similar companies is around 75%. The company's shares over the past 6 months have traded in the range of 6.0 cents to 14.0 cents for a volatility of around 133%. For the past 3 months, the shares have traded in the range of 6.0 cents and 9.5 cents. The Company over that period of time (12 months) has made a number of announcements regarding its operations and proposals and the market has either marked up the share price or marked down the share price. In our view after taking into account the above factors, including past highs, current prices and term to expiry, we believe an appropriate volatility rate is 100%.

The theoretical value noted below is not necessarily the market price that the Executive Options could be traded at and it is not automatically the market prices for taxation purposes. It would not be unusual to apply a large discount to take into account the vesting and performance conditions for tax purposes.

Under A-IFRS, no discount is applied to the valuation arrived at using Black Scholes or Binomial option valuation methodologies where there are performance conditions. The Company will need to estimate at date of grant the number of Executive Options that may vest and also be exercisable and expense the fair value of the 13,000,000 Executive Options over the vesting period. At the end of each year the Company will estimate how many Executive Options are likely to be exercised at vesting date. An adjustment is made each year to adjust the accumulative expense to date in the revised estimate.

Based on the above assumptions, the theoretical value of one Executive Option (all Tranches) is approximately 4.44 cents.

## SCHEDULE 1

### TERMS OF EXECUTIVE OPTIONS

1. In these terms:
  - (a) the “Employee” means Mr John Stanton;
  - (b) the period 1 July to 30 June is a financial year;
  - (c) for the avoidance of doubt, Executive Options that have vested are able to be exercised during the Exercise Period. No Executive Options become exercisable until they vest and no Executive Options (subject to paragraph 27 of the Conditions) can be exercised other than during the Exercise Period; and
  - (d) the “Commencement Date” means 7 August 2006.
2. The issue date of the 13 million options is the date on which the options are issued (grant date). The Company must use reasonable endeavours to:
  - (a) issue the Executive Options within 14 days of shareholder approval being given to the issue of the Executive Options; and
  - (b) seek shareholder approval on or before the date of the Company’s next annual general meeting after the Commencement Date.
3. The exercise price of the Executive Options is the weighted average share price, as reasonably determined by the Company’s Chief Financial Officer, for the last five days on which the Company’s shares traded prior to 7 August 2006 (**Exercise Price**).
4. The Executive Options which have vested are exercisable in the period commencing 14 days after the date of the ASX announcement of the Company’s Appendix 4E (preliminary final report) for its financial performance for the financial year ending 30 June 2009 and concluding at 5.00pm on 31 December 2009 (**Exercise Period**).
5. Each Option expires on:
  - (a) the date on and from which that Option can not vest; or
  - (b) 31 December 2009,whichever is earlier (**Expiry Date**). The Employee acknowledges and agrees that he has no claim against the Company in connection with any Executive Options for which the Expiry Date has passed.
6. 1,000,000 of the Executive Options (**Tranche 1**) will vest on the Commencement Date and therefore become exercisable during the Exercise Period.
7. If the Employee is still employed by the Company:
  - (a) on 30 June 2007, then 1,000,000 of the Executive Options will vest on 30 June 2007 (**Tranche 2**);

- (b) on 30 June 2008, then 1 million of the Executive Options will vest on 30 June 2008 (**Tranche 3**); or
- (c) on 30 June 2009, then 1 million of the Executive Options will vest on 30 June 2009 (**Tranche 4**).

For avoidance of doubt, under this clause 7 if:

- (a) the Company gave the Employee notice of his termination and he is working out the notice period in respect of his termination on 30 June; or
- (b) the Company gave the Employee payment in lieu of notice of his termination and, if there had not been payment in lieu of notice, the Employee would have been working out the notice period in respect of his termination on 30 June,

the Executive Options for that financial year will vest on 30 June.

Under this clause 7 if on 30 June:

- (a) the reason the Employee is no longer employed is because the Company gave him notice of his termination during the months January to March inclusive; or
- (b) the reason the Employee is no longer employed is because the Company gave him payment in lieu of notice of his termination and the date of his termination was during the months January to March inclusive,

a pro rata amount as reasonably determined by the Company's Chief Financial Officer, of the Executive Options for that financial year will vest on the date of termination.

8. In these terms, EPS Hurdle means a target basic earnings per share to be stated in the Company's Appendix 4E (preliminary financial report) for that financial year, such target set by the Board after consultation with the Employee. The EPS Hurdle is to be set within the first 3 months of each financial year during the Term.
9. Subject to clause 13, if the Company achieves the EPS Hurdle set for:
  - (a) the financial year ending 30 June 2007, then 2,500,000 Executive Options (**Tranche 5**) will vest on the date of the Company announces its financial performance to the ASX for that year; and
  - (b) the financial year ending 30 June 2008, then 2,500,000 Executive Options (**Tranche 6**) will vest on the date the Company announces its financial performance to the ASX for that year.
10. Subject to clause 13, if the Executive Options in 9(a) have not vested, but the EPS Hurdle for the financial year ending 30 June 2008 equals the combined EPS Hurdle for the financial years ending 30 June 2007 and 30 June 2008, 5,000,000 Executive Options will vest on the date the Company announces its financial performance to the ASX for the year ending 30 June 2008.
11. Subject to clause 13, if the aggregate number of Executive Options in 9(a) and 9(b) or in 10 have vested, and the Company achieves the EPS Hurdle for the financial year ending 30 June 2009, then 4,000,000 Executive Options (**Tranche 7**) will vest

on the date the Company announces its financial performance to the ASX for the year ending 30 June 2009.

12. Subject to clause 13, if the aggregate number of Executive Options in 9(a) and 9(b) or in 10 have not vested, but the EPS Hurdle for the financial year ending 30 June 2009 equals the combined EPS Hurdle for the financial years ending 30 June 2007, 30 June 2008 and 30 June 2009, 9,000,000 Executive Options will vest on the date the Company announces its financial performance to the ASX for the year ending 30 June 2009.
13. The Executive Options described in clauses 9 to 12 above only vest if the Employee is still employed by the Company during the relevant financial year up to and including 30 June.

For the avoidance of doubt, if:

- (a) the Company gave the Employee notice of his termination and he is working out the notice period in respect of his termination on 30 June; or
- (b) the Company gave the Employee payment in lieu of notice of his termination and, if there had not been payment in lieu of notice, the Employee would have been working out the notice period in respect of his termination on 30 June,

then provided whichever of clauses 9 to 12 is applicable is satisfied in that financial year, the Executive Options for that financial year will still vest on the date of the ASX announcement of the Company's Appendix 4E (preliminary final report) for its financial performance for that financial year.

Under clauses 9 to 12 above if on 30 June:

- (a) the reason the Employee is no longer employed is because the Company gave him notice of his termination during the months January to March inclusive; or
- (b) the reason the Employee is no longer employed is because the Company gave him payment in lieu of notice of his termination and the date of his termination was during the January to March inclusive,

then provided whichever of clauses 9 to 12 is applicable is satisfied in that financial year, a pro-rata amount, as reasonably determined by the Company's Chief Financial Officer, of the Executive Options for that financial year will vest on the date of the ASX announcement of the Company's Appendix 4E (preliminary final report) for its financial performance for that financial year.

14. From the applicable vesting date, for each vested Option, the Employee has the right to subscribe for one (1) ordinary share in the Company at the Exercise Price during the Exercise Period.
15. Any ordinary shares in the Company issued to the Employee pursuant to an exercise of vested Executive Options rank *pari passu* in all respects with other ordinary shares of the Company.
16. The Executive Options are not transferable other than to:
  - (a) the Employee's spouse, children, or parents; or

- (b) an entity which the Employee controls and is wholly beneficially owned by the Employee (and any of the Employee's spouse, children or parents).
- 17. At all times the Executive Options, and any entitlement to Executive Options, are subject to any applicable law, listing rules or any shareholder approval required.
- 18. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company prior to the Expiry Date, all rights of the Employee as a holder of Executive Options shall be reconstructed (as appropriate) to the extent necessary to comply with the Listing Rules which apply at the time of the reorganisation.
- 19. The Executive Options have no participating rights or entitlements, and the terms of the Executive Options do not change, in respect of any new issues of capital which may be made or offered by the Company from time to time prior to the Expiry Date. The Option holder cannot participate in new issues unless and until the Option is exercised. For the avoidance of doubt, any new issue of capital does not change the Exercise Period.
- 20. If there is a pro-rata issue or bonus issue to the holders of ordinary share, the Employee acknowledges and agrees that the following do not change:
  - (a) the Exercise Price; and
  - (b) the number of underlying ordinary shares that issue pursuant to the exercise of any Executive Options.
- 21. Subject to any applicable laws, listing rules or any shareholder approval that is required:
  - (a) all Executive Options that have been issued at the date of a Takeover will vest and become immediately exercisable on and from the date of the Takeover;
  - (b) however, any entitlement to Executive Options that have not yet been issued lapses. The Employee acknowledges and agrees that he shall have no claim against the Company in respect of this loss of entitlement;
  - (c) this clause 21 applies whether or not you continue to be employed by the Company as a result of the Takeover;
  - (d) for the purposes of this clause 21, "Takeover" means:
    - (i) a takeover bid under Chapter 5 of the Corporations Act 2001 (**Act**) in respect of the Company; or
    - (ii) a scheme of arrangement under Part 5.1 of the Act in respect of the Company is approved by the Company's shareholders,

which results in one person or entity (by themselves, or together with persons or entities who are their associates for the purposes of Chapter 6 of the Act) becoming, whether directly or indirectly, legally or beneficially entitled to more than 50% of the share capital of the Company.



**People Telecom Limited**  
**ABN ACN 009 273 152**

**Instructions for Completing ‘Appointment of Proxy’ Form**

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member’s voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy’s authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
  - (a) send the proxy form by post to the Company Secretary, People Telecom Limited, PO Box 2014 North Sydney NSW 2059; or
  - (b) by facsimile to the Company on facsimile number +61 (0)2 9458 5849,

so that it is received not later than 5.00pm (Eastern Standard Time) on 25 September 2006.

**Proxy forms received later than this time will be invalid.**