



People Telecom becomes Australia's first Virtual Broadband Network Operator

Sydney, January 19, 2006: People Telecom Limited (ASX/NZX:PEO) today announces that it has reached an agreement with Nextep Broadband [a division of NEC Australia] to become Australia's first Broadband Virtual Network Operator [BVNO].

Under the long term agreement, People Telecom has instantly established a significant network across Australia with the ability to offer not only business grade broadband connectivity to its SME/SOHO customers but also next generation ADSL2+ services to both its existing and future customer base.

People Telecom now has access to close to 100 DSLAMs nationally with no capital expenditure. The company will also launch higher margin business VoIP services along with high speed ADSL Broadband, realising access speeds of up to 24,000 Mbps from February this year.

This agreement accelerates People Telecom's position as a new age carrier offering high speed data and converged voice services and substantially increases its margin on these products.

From February, People Telecom will provide nationwide capacity on Nextep's network of Next Generation DSLAMS thus making People Telecom Australia's first Broadband Virtual Network Operator [BVNO].

People Telecom's CEO, Ryan O'Hare, commented that "at a time of uncertainty around deployment of new infrastructure, specifically DSLAMS to service the demand for business grade and higher bandwidth services, we took the view that it would be better to leverage our core competencies in the SME and SOHO markets over an established network infrastructure.

Nextep has built a nationwide network able to offer a higher grade of service and faster speeds than are available to us through other wholesale agreements. By focusing on our leadership in the SME and SOHO markets and combining this with Nextep's network and value added solutions in a new and exciting way, we can now provide services that are both innovative and cost effective; this is what our customers want.

Unlike some of our competitors, we prefer to invest in continuous improvement in our customer service rather than tying up significant working capital in equipment in what are in effect, duplicated networks. "

Nextep Broadband's General Manager, Duncan Wallace said, "NEC Australia has a rich history in developing broadband technology and solutions. By leveraging years of proven experience, Nextep is able to deliver high quality, advanced IP-based broadband bundled services to service provider partners such as People Telecom."

People Telecom will progressively start to offer services on its new platform to service new and existing customers, many of which have already shown interest in higher speeds than are currently possible through their existing connections.

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About People Telecom

One of Australia's largest and fastest growing telecommunications groups, People Telecom offers a comprehensive range of telecommunications products and services for both consumers and business.

The company 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).

For more information, please visit www.peopletelecom.com.au.

About NEC Australia

NEC Australia is a provider of superior, affordable products, services and solutions to carriers, business, government and consumers. As a leader in the development of broadband and mobile communications technologies, NEC Australia's strong sales and service focus has propelled the company to the forefront of a new era in communications. Through the provision of new technologies such as plasma displays, data projectors and high-speed broadband connections, NEC Australia also drives innovation into the home. Boasting the largest Research and Development facility in Australia, NEC's commitment to innovation and continued expansion into export markets remains unrivalled. As well as undertaking leading R & D in DSL technologies and third-generation (3G) mobile terminals, NEC Australia's broadband business, NEXTEP Broadband, delivers business grade DSL services for SMEs, corporates and government. For additional information, please visit the NEC Australia or NEXTEP websites at www.nec.com.au and www.nextep.com.au.

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