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PRESS RELEASE

For Immediate Release:

People Telecom Renews Major Mobile Supply Agreement with Optus

Sydney – 23 January 2007 – People Telecom (ASX:PEO) today renewed its five year relationship as a mobile service provider with Optus by signing a \$21 million agreement for the continuing provision of mobile telephone services to existing and new People Telecom customers.

The agreement enables People Telecom to continue its strong growth in the Australian corporate and wholesale mobile communications market and to further grow the product and feature set for its expanding customer base.

The new agreement will also enable People Telecom to begin offering third-generation or “3G” mobile voice and data services during 2007.

The signing of the agreement follows several months of negotiation with all wholesale GSM providers in Australia and will enable People Telecom to deliver greater value to customers while also improving its underlying operating margins.

People Telecom grew its mobile telephone business by 16% to \$20.2 million in 2005/06 and today has more than 15,000 mobile subscribers.

People Telecom CEO, John Stanton, said the new 18 month agreement with Optus would enable the company to build on its current success.

“We see ongoing growth opportunities, particularly as mobile services form an integral part of the bundled service offerings which are highly valued by our customers, particularly in the small-to-medium-enterprise (SME) sector.

“The Australian businesses that People Telecom serves also stand to benefit from the advanced functionality and data applications available via 3G mobile services”, Mr Stanton said.

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He said the new agreement would also underpin further expansion in People Telecom's wholesale business.

"People Telecom is a long-established wholesale provider of Optus services to emerging and established service providers throughout Australia, and we see significant further growth in the wholesale channel."

Optus Wholesales' David Katz, said Optus remained committed to the wholesale market as a full service telecommunications provider and that includes providing 3G services to customers in 2007.

"Optus continues to work with our diverse range of partners enabling them to deliver innovative services to wholesale customers.

"People Telecom have a growing customer base who are looking for new and emerging capabilities, and we look forward to continuing and strengthening our partnership with them in the years to come". he said.

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About People Telecom

People Telecom (ASX:PEO) is a leading supplier of a broad range of telecommunications products and services providing a convergence of Voice, Mobile, Data and Hosting. In both business and consumer we follow a simple philosophy, 'listen to our customers and bring them the best in class products and services available in the market', our customers always come first.

People Telecom was recently recognised at number six in the BRW Fast 100 Awards and also won the "Best Telecommunications Sales Executive over 10 Million Dollars" presented by The Australian Newspaper Group, Excellence in Sales Awards.

For more information visit: www.peopletelecom.com.au

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