



People Telecom Limited

(ACN 009 273 152 ASX/NZX: PEO)

Address by the Chairman, Mr Barry Hamilton, to the People Telecom Scheme Meeting, Sydney, 6 April 2009

Good Morning Ladies and Gentlemen,

This meeting has been convened in accordance with an order of the Federal Court of Australia made on 25 February 2009 under section 411(1) of the Corporations Act to allow holders of shares to consider and, if thought fit, pass a resolution approving the proposed scheme of arrangement between the Company and shareholders under which it is proposed that M2 Telecommunications Group Limited will acquire all of the shares on issue.

To be passed, the resolution must be approved by both:

- more than 50% by number of shareholders present and voting in person or by proxy, attorney or corporate representative; and
- 75% of the votes cast by shareholders.

To become effective, the scheme must also be approved by the Federal Court of Australia.

A booklet containing explanatory information on the scheme, a report on the scheme by the independent expert, Grant Thornton, and the notice of this meeting has been sent to all members of the Company.

Grant Thornton has concluded in its independent expert report that the scheme is in the best interests of shareholders.

Your Directors unanimously recommend that shareholders vote in favour of the scheme.

Detailed reasons for your directors' recommendations are set out in the Scheme Booklet.

Each Director entitled to vote on the resolution at this meeting intends to vote in favour of the resolution.

As announced to the ASX on 30 March 2009, the Net Cash of the Company exceeded \$4.7 million and therefore the full \$1 million Additional Consideration is payable by M2. As also announced to the ASX on 30 March 2009, M2 elected to pay the Additional Consideration to Scheme shareholders by the issue of M2 shares.

The total Scheme Consideration that People shareholders will therefore receive is as follows:

- 0.0916 M2 Shares for every 1 People Share, held at the Record Date;
- 0.6886 cents in cash for every 1 People Share, held at the Record Date; and
- 0.344 cents in M2 Shares for every 1 People Share, held at the Record Date.

As advised in our announcement a week ago on Monday 30 March 2009, the number of M2 Shares each shareholder will receive in respect of the Additional Consideration will be calculated based on the Volume Weighted Average Price (VWAP) of M2 Shares during the one month preceding the day prior to the Second Court Date, but at a price not exceeding \$0.60.

If the resolution to be put to the Scheme Meeting is passed by shareholders, the Court hearing at which the Court will be asked to approve the scheme will be held on 9 April 2009 at 9.30am in the Federal Court of Australia at Queens Square, Sydney and will be heard by the Honourable Justice Jacobson.

If the Court approves the scheme on 9 April 2009, it is proposed that the Company will lodge an office copy of the Court order approving the scheme with the Australian Securities and Investments Commission on 14 April 2009.

The scheme will become effective on the office copy of the Court order being lodged with ASIC.

If the scheme becomes effective, it is expected that:

- holding statements in respect of the M2 shares and the cash component of the Scheme Consideration will be dispatched on 24 April 2009; and
- the new M2 shares will commence trading on ASX on 27 April 2009.

I propose that we now move to the business of the meeting.

END OF ADDRESS