

7 October 2009

Company Announcements Office
Australian Securities Exchange Limited

MAJOR CAPITAL MANAGEMENT INITIATIVES

- **Cancellation of 81 million 17 cent options (ASX:AMMO)**
- **Underwritten exercise of 150 million 17 cent options expiring 31 December 2009**
- **Generates net cash of \$21 million – positioning Amcom to pursue growth opportunities**
- **Provides immediate clarity in relation to Amcom's capital structure post 31 December 2009**
- **EPS accretive outcome for FY 10**

Amcom Telecommunications Limited ("Amcom") (ASX: AMM) announces that it has entered into agreements with a number of option holders in Amcom to cancel 81 million, 31 December 2009, Options for a cancellation fee of 4 cents per Option.

The Option cancellation is subject to shareholder approval at the Annual General Meeting to be held on 27 November 2009, with only shareholders who are not party to the Option cancellation being able to participate in the shareholder vote. No directors of Amcom are participating in the proposed Option cancellation. The Options currently trade on the ASX under the code "AMMO" and are exercisable into Amcom shares at 17 cents each on or before 31 December 2009.

In combination with the cancellation of the 81 million Options, Euroz Securities Limited will underwrite the exercise of 150 million Options on issue at 17 cents each.

The proposed Transaction (being the Option cancellation and Option underwriting together) will provide immediate certainty around Amcom's issued capital base. Total ordinary shares currently on issue is 539 million and at the completion of the transaction will be approximately 689 million.

The Transaction will raise approximately \$21 million for Amcom, net of the Option cancellation and transaction costs and will add further strength and flexibility to the Company's balance sheet, enabling it to actively pursue further growth initiatives from a strong net cash position.

"This is a proactive capital management initiative which will support EPS accretion for the FY10 financial year compared with the full option conversion scenario, while maintaining maximum financial flexibility to fund the ongoing strong growth of our business" said Chairman Tony Grist.

"We understand many of our ordinary shareholders have been concerned about the uncertainty surrounding the level of AMMO options converting into ordinary shares. Subject to shareholder approval, this transaction will provide certainty for Amcom and its investors regarding our capital structure and the financial resources available to the company, benefiting both ordinary shareholders and remaining option holders. Our business has performed in line with our guidance in the first quarter of this financial year, with solid demand for services delivered across our fibre networks" said CEO Clive Stein.

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