562 LITTLE BOURKE STREET,



BARRISTERS & SOLICITORS

Reply to:

OUR REF

JLS:NF:246233

YOUR REF

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MELBOURNE, 3000

VIC., AUSTRALIA P.O. BOX 4864, 3001

2 September 1994

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Consultants

Jonathua Robbield Geofficy Llewelly a Jones Jennifer Lush Irene Lawson

Associates

David Clorke Stephen Myall Rebyn Wheeler Stimm Wen Anne-Marce Fartell Incina Finher Andrew Grech Mark Seymon Mark Watter



Dear Sir,

TELECOM

We refer to the above matter and apologise for the delay in this correspondence. We have completed extensive preliminary research into Telecom's liability and the avenues for redress available to you.

We consider that you have good causes of action against Telecom for breach of contract and under the Trade Practices Act 1974. Any proceedings would be issued in the Federal Court of Australia. We consider that court proceedings are a more attractive option to you than the proposed Arbitration procedure which Telecom has offered to some Claimants. We consider that the Arbitration procedure is inadequate because it limits Claimant's rights, the proceedings are conducted in secret, it limits the liability of Telecom, requires Claimants to bear their own preparation costs regardless of the outcome of the hearing and also, by limiting the way evidence is put to the Arbitrator, restricts the extent of claims.

All parties who commit themselves to the proposed Federal Court action will have their claim assessed by Slater & Gordon at length. At this stage we propose to select a number of claims which meet certain criteria. Such claims would be issued and served on Telecom as quickly as possible. The remaining cases will be dealt with after the initial claims have been commenced.

The litigation would be conducted on a 'No Win, No Fee' basis, so that you would not pay for legal costs or disbursements unless your claim was successful. We would point out, however, that if your claim was unsuccessful you would be liable for Telecom's costs.

In the event that your claim was successful, you would reimburse Slater & Gordon for all out of pocket expenses, together with professional costs and dishursements charged

21

Mr J Main

- 2 -

2 September 1994

on an hourly basis. The hourly rate charged will be dependant upon the amount recovered by you. Accordingly, there will be a graded scale of hourly rates.

In the coming weeks we shall forward a Costs and Retainer Agreement for execution by you, if you wish to proceed. If you do wish to proceed we shall attend to taking a detailed statement from you as quickly as possible after execution of the agreement.

Please contact Jeremy Smith to discuss the matters raised in this letter at your earliest convenience.

Yours faithfully SLATER & GORDON

per: upollusion

JEREMY SMITH