FACSIMILE TRANSMISSION

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DATE: 8 DECEMBER 1998

TO: MR GRAHAM SCHORER
C/- CANBERRA INTERNATIONAL HOTEL

FAX NO: (02) 6248 7823

FROM: PAUL J COSGRAVE

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REMARKS:

Graham,

This advice has been completed more hurriedly than I would wish and may need to be changed.

Regards, Paul.

IMPORTANT

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TELSTRA CORPORATION LIMITED
(ACN 051 775 556)

- and -

GRAHAM SCHORER and others

MEMORANDUM OF ADVICE

1. In this matter, my instructing solicitor acts on behalf of Mr Graham Schorer and companies and other entities associated with and controlled by him ("the Schorer interests"). The Schorer interests have been engaged in a lengthy dispute with Telstra regarding the provision of telecommunication services to the business conducted by Mr Schorer.

2. My advice is sought on whether the Schorer interests have a cause of action against Telstra and/or the telecommunications industry ombudsman in connection with the entry by the Schorer interests into the arbitration currently on foot between them and Telstra. Due to the complexity and the period over which the dispute between the parties has raged, it is necessary to canvass the factual history in some detail.

3. I am instructed that in early to mid 1992, five Telecom subscribers, Garms, Gillan, Hawkins, Smith and Schorer formed a self-help Telecom user group. This group constituted the initial Casualties of Telecom ("COT") members.

4. On 26 August 1992 the foundation members of COT met with senior management of Telstra in the presence of two AUSTEL members, Amanda Davis and Francis Wood. The COTs' aim for holding the meeting was to:
   (a) determine Telstra's preparedness to provide the COTs with a telephone service fit for the purpose at no cost to the foundation members;
   (b) obtain Telstra's agreement to financially compensate the COT members for damages incurred due to the defective service.

   Telstra did not respond in a positive way with determination to resolve the difficulties experienced by the COT cases.

available means to increase the costs and pressure upon Mr Schorer and his business. Further, if Mr Schorer is able to withstand the legal and financial pressure which will be brought to bear against him, and succeeds at trial, I would expect Telstra to appeal any adverse findings.

46. If my instructing solicitor has any enquiries with respect to the foregoings, he should not hesitate to contact me.

P.J. Cosgrave

P.J. COSGRAVE
Owen Dixon Chambers West
8 December 1998