Issues Involved During the Resolution - Factors Considered

1. Alan requested
2. Chances of legal action - high
3. Chances of media action - 100%
4. Poor performance of Telecom:
   - historically
   - March problem
   - Local Portland problem fixed in October
   - wiring and cabling issues
   - RVA on congestion
5. Slow resolution of past problems both technical and claims
6. COT involvement:
   - chances of class action
   - chances of mass media action
   - chances of membership growth
   - Adelaide Pizza
   - Mt Gambia
   - Portland
7. Evidence of problems:
   - Many letters stating the problem of not getting through to Alan Smith
   - People prepared to make statements of problems
   - Claims that Alan had rung himself from his Goldphone and not got through
   - Austel and Ombudsman both had trouble getting through
   - Many claims which might be difficult to substantiate in court but would be credible in the media
   - Viability of business for the future - increased bookings since the service
8. Costs incurred:
   - Additional phone calls to chase up business - about $5000
   - Legal costs - about $1000
   - Camps prepared but not run
   - Advertising
   - Time
9. Alan's time and other consequential costs - health, stress, etc
Telecom Secret

Evidence and claims. I do not believe it would be in Telecom's interest to have this case go to court.

Overall, Mr Smith's telephone service had suffered from poor grade of network performance over a period of several years; with some difficulty to detect exchange problems in the last 8 months.

In the media Telecom would not have looked good at a time when we are working hard to improve general customer perceptions.

In a legal battle, Telecom's chance of winning would have to be about 50/50. The bad publicity for Telecom would have been significant.

In my view were Alan Smith to win a legal battle he could have been awarded payment as high as $[redacted] If we went to arbitration a payout of the order of $[redacted] would not be out of the question; with costs of setting up the arbitration extra.

In the interests of expediency and Commercial judgement I considered it better to reach a commercial settlement.

Mr Smith's communication arrangement is questionable:
- other ways eg second line, fax, 008, etc. of contacting him not set up
- use of answering machine improper or incorrect
- answering arrangements when Mr Smith was not there not satisfactory
- Telecom's defence in some doubt on causality

There is no personal note recorded at the time of settlement. Alan Smith does remain under an order to pay the substantial costs of this claim.

[Signature]
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