STATEMENT OF [redacted]

On 29 June 2007 I, [redacted] of [redacted], state as follows:

Confidentiality

1 The information in this statement is confidential to Telstra Corporation Limited ("**Telstra**"). I have prepared this statement on the basis that the information in it will remain confidential and that the information will only be disclosed in accordance with the terms and conditions agreed with Telstra and the recipient of the information.

[redacted]

2 [redacted]

3 [redacted]

4 [redacted]

5 [redacted]

6 [redacted]

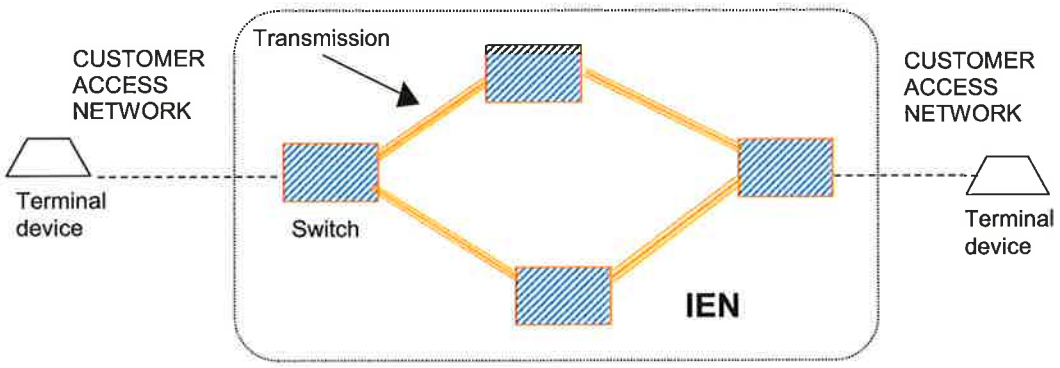
The Public Switched Telephone Network

7 A PSTN consists of switches (which are generally located in exchanges) connected by transmission systems and a customer access network. The switches are generally specific to a set of services and the transmission systems are typically shared by all of the switches. Telephone switches allow a call to be routed from one end-user device to another by establishing a temporary connection between the end-users. Without telephone switches, an end user would need a dedicated telephone handset and line connecting to each person with whom he or she wanted to communicate.

8 Telstra's PSTN is a nation wide fixed line telecommunications network. The PSTN is used to provide voice telephony and data (for example, facsimiles and dial-up and broadband internet access) services.

9 The PSTN is made up of two parts, the Customer Access Network ("**CAN**") and the Inter-Exchange Network ("**IEN**"). The CAN is the part which connects an end-user to a local access switch in an exchange. The IEN is the part of the PSTN which connects exchanges together. The IEN allows for calls to be sent from an A-party connected to one exchange to a B-party connected to another exchange.

10 A diagrammatic representation of the PSTN, in its simplest form is set out below.



where:

terminal devices: (such as a telephone handset) provide user functionality and connection. These are sometimes also known as CPE (Customer Premises Equipment).

switch: transfers/transits the call into/through the IEN making decisions about which route to take along the way.

transmission: transports the call between switches.

Telephone switches

11 Switches enable the transmission of telecommunications traffic by establishing a temporary connection between the calling party (usually referred to as the "**A-party**", who has the "**A-Number**"), and the called party (the "**B-party**", who has the "**B-number**"). Switches avoid the need for a dedicated telephone handset and line to each person with whom the A-party wishes to communicate.

12 Telephone switches differ in the manner in which their lines are used. Local access switches ("**LAS**") have lines connected to customers and to other switches. Other switches (such as those used for international calls) normally have lines connected only to other switches.

Use of ULLS to provide STS quality voice and broadband

13 The ULLS enables access seekers to access the CAN component of an existing PSTN network allowing them to build and deploy services such as voice and a range of digital subscriber line services ("**DSL**") to customers.

14 An alternative network operator wishing to provide a standard telephone service ("**STS**") quality voice service using a combination of its own infrastructure and access to Telstra's CAN by acquiring the ULLS service from Telstra, would typically build out a digital subscriber line access multiplexer ("**DSLAM**") network for the provision of voice and broadband data services.

15 The DSLAM itself would include a POTS card (a device which interfaces the fixed line from the customer premises to the PSTN network) and a voice/data splitter (which splits the line into voiceband frequency and non-voiceband frequency (data)). The DSLAM would usually be housed within or adjacent to a Telstra exchange building.

16 A network operator wishing to carry and deliver STS voice services using existing circuit switched technology and signalling, would also need to build or acquire access to switching equipment, transmission infrastructure and the capacity to interconnect with other carriers' networks (including Telstra's PSTN network).

17 Another alternative would be to provide voice over internet protocol service ("**VOIP**") in combination with the current generation of soft switches, which are capable of delivering STS quality voice services. A telecommunications service provider would also have to set up interconnection arrangements (including media gateway switches) in order to convert internet protocol ("**IP**") based voice information packets to circuit switched format for the

purpose of interconnecting with other carriers' networks (including Telstra's PSTN network).

18 Alternatively, I am aware of arrangements which exist in the market place whereby a VOIP operator wishing to provide STS voice services can enter into an arrangement with a third party carrier and use that carrier's network and third party interconnection arrangements in order to deliver STS equivalent voice services to customers.

Access to an existing circuit switch PSTN network

19 In Australia, Telstra has defined 66 interconnection calling areas, (known as "Call Collection Areas" or "**CCA**"s) grouped around each of the five mainland capital cities (Sydney, Melbourne, Brisbane, Perth and Adelaide, referred to as "**CCA regions**") whereby an alternative DSLAM-based network operator can interconnect with Telstra (and other carriers) in order to deliver STS quality voice services through the existing circuit-switched PSTN network.

20 For a DSLAM-based network operator to provide any to any connectivity between its own directly connected customers and Telstra's directly connected customers, interconnection with Telstra's PSTN would be required, as a minimum, in at least one point of interconnection in each of the five CCA regions.

21 [redacted]

22 Consequently, wherever ULLS is available, carriers would appear to be technically capable of providing a bundle of broadband and STS voice service provided that they install the appropriate DSLAM equipment and switching equipment.

DATED: 29 June 2007.

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