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PRIVATE AND CONFIDENTIAL – NOT FOR ONWARD TRANSMISSION

Ron Warmington & Ian Henderson
Second Sight Support Services Limited
(By email)

24 September 2014

Dear Sirs,

Second Sight's Engagement

As mentioned at last week's Working Group meeting, it is with regret that I am now compelled to write to you in connection with the meeting to which you, Second Sight, will be invited to shortly to deal with the delivery of your services to Post Office and the Working Group. As you know, the reason for my writing is that there have been a number of events over the last month (including your firm's rate of progress in dealing with case reports and the preparation of the Part Two Report) which have given us cause for concern.

Below I have set out, in general terms, the matters that I will be covering in my meeting with you next week. This should allow you sufficient time to consider the necessary remedies. Let me be clear, Post Office in no way wishes to fetter your independence, findings, or opinions you express, merely the manner in which they are being delivered.

1) Of most concern to us has been the rate of delivery of your case Reviews. At the Working Group meeting on 12 June you proposed a Schedule for the delivery of your Case Review Reports which the Working Group endorsed. The minutes record that Legal Privilege

Legal Privilege

Legal Privilege" It is now 14 weeks since that meeting and in that period you have produced a total of 19 reports at an average of 1.4 a week. Only twice have you delivered your target for a week. The knock on effect for the prompt and cost effective resolution of the Scheme is obvious. Equally, you committed repeatedly to deliver the Part Two Report in March but we received it in August.

2) The manner of the delivery is also of concern to us. There have been a number of instances where Second Sight as a service provider to the Working Group, has failed to properly engage in the manner we would expect of external professional advisors. In particular, in relation to the spot reviews (ten reviews), the detailed briefing notes (four sets) and the feedback/comments provided on the draft CRRs (twenty four sets of comments) you have failed to explain why and where you disagree with Post Office in such a way that Post Office and, most importantly, other readers can understand your perspective on the competing positions. Indeed

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when Post Office has attempted to schedule meetings with you to discuss substantive factual issues of concern this has proved very difficult.

In future, I will expect a Second Sight Director to attend Post Office offices within a reasonable time of a meeting being requested, just as Post Office expects and receives from the other professionals it engages.

Finally, Post Office has concerns about the value for money it has received from Second Sight's services. Second Sight has been engaged continuously by Post Office. During that time, Post Office has invested a considerable amount of valuable time and resource to provide Second Sight with information, in some instances on more than one occasion, to assist your investigation into Horizon. However, since 2012, aside from attending Working Group meetings, Second Sight has only produced two, "thematic reports" and investigated and reported on twenty five applications the utility of which have not yet been established. You have now provided Post Office with a suggested new billing arrangement linked to report production and I understand that you have discussed your thinking with my team. Having carried out a preliminary review of your proposal it still requires further work. The rate is still too high and I will need you to link the rate of your case report production explicitly to your fees. Please respond to Belinda's outstanding question this week so that we can discuss your proposal when we meet.

I realise that there are always two sides to every coin and appreciate you may have a different perspective on these issues but as your client, albeit where there are others interested in your work product, our expectations are not being met. Post Office is not looking to fetter your independence or to undermine Second Sight's position, although the requirement to be independent does not absolve you of the requirements on you to deliver to the Working Group (including Post Office) the work which you are contracted to provide, and to report to and engage with Post Office on the management of your services: time, billing and quality.

Yours sincerely

GRO

Chris Aujard

General Counsel, Post Office Ltd