

Linklaters

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Belinda Crowe and David Oliver
Post Office Limited
148 Old Street
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By Email

10 March 2014

Our Ref Christa Band/ Jonathan Swill

Dear Belinda and David

Outline of report on Initial Complaint Review and Mediation Scheme

As requested, we enclose a draft outline of the report the Board of Post Office Limited ("Post Office") has commissioned us to prepare in connection with the Initial Complaint Review and Mediation Scheme (the "Scheme").

The outline sets out the facts and issues we envisage the report will cover and its general structure. The final report may differ in some respects from the outline, including to the extent necessary having received your comments on the report before it is finalised. However, the outline should serve as a reliable guide of what the final work product will be.

In preparing the report we will bear in mind the following comments made by the Board as to the reason for our commission and its expectations as to the matters on which we will report:

"In respect of each individual application, the project team were taking extensive advice about Post Office's legal potential exposure. However, it was acknowledged that, in light of the facts now available, and the projected level of claims and costs, it would be sensible to commission more generic legal advice on the overall level of legal and financial exposure (taking into account the possibility of class actions) and steps that could be taken to mitigate any exposure including considerations of alternative structures that might be available to deal with the mediation cases. Such advice should have regard to alternative dispute resolution mechanisms, such as the Financial Ombudsman Service."

In particular, our report will focus on what we understand are the two key aspects of the commission:

- the legal and financial risks arising from and associated with the Scheme in its current form; and
- the issues on which we believe Post Office will need to form a view in order to resolve its current concerns about the Scheme and proposals for how it might do so, including any alternatives to the Scheme.

We look forward to receiving any comments Post Office has on the outline document.

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Yours sincerely

Christa Band
Partner