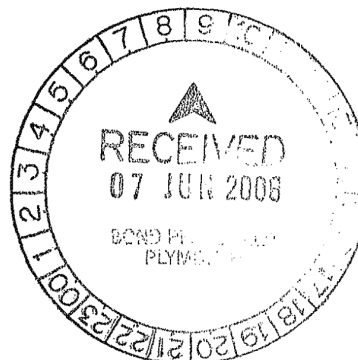


Our ref: 2 June 2006
Our ref: SJD3/FAC1/348035.134
Please ask for: MDT.113969
Direct dial: Mark Turner
Direct fax : **GRO**
E-mail: m.turner **GRO**



Bond Pearce
Solicitors
DX 8251
PLYMOUTH



Dear Sirs

Post Office Limited -v- Mr L Castleton

Thank you for your letter of 25 May. We shall arrange to provide you with a complete set of the documents set out in our client's list.

We are considering which documents from your client's we require copies of. Given that the documentation contained is voluminous, we do not wish to request copies unnecessarily. We shall revert to you shortly in this regard.

In the meantime, would you please explain why your client's list appears to take 9/10/11 March 2004 as the cut-off date/s in a number of categories of document, beyond which no copies have been disclosed. We refer in particular to Giro deposits and withdrawals, declared cash/cash on hand receipts, miscellaneous transaction reports and balance snapshots. Mr Castleton was not suspended until 23 March 2004 and, as such, we would have expected that date to be the earliest point at which a "cut off" is drawn. Is it your client's case that no documents in the categories above were produced after 9/10/11 March?

We note that your client discloses only a partial set of balance snapshots. We know that our clients disagree as to the relevance and usefulness of these documents but they are without doubt relevant to these proceedings and fall to be disclosed. Our client is adamant that a complete set of balance snapshots for each day's trading until his suspension was produced and removed from Marine Drive Post Office by Cath Oglesby. Please confirm your client's position in relation to what has happened to those balance snapshots that were removed from the office but which have not been disclosed.

We understand from our client that the Horizon system is equipped with a facility by which its operating software can be updated remotely via the connection to your client's head office. Indeed, on one occasion during the period when our client experienced problems with the Horizon, the system went offline for a number of hours without explanation or warning. Our client is given to understand that this sometimes occurs to facilitate updates to the system's software.

That being the case, and given our client's contention that the fundamental problem giving rise to the losses alleged by your client lies in the operation of the Horizon system, please confirm that you will make available documents relating to the updating of the software of the Horizon system in use at Marine Drive Post Office during the period of our client's tenure as sub-postmaster.

We also note that (notwithstanding our previous request) your client does not appear to have disclosed the P242 form normally signed by the outgoing sub-postmaster on the audit and handover to an incoming sub-postmaster. Please confirm whether this is an oversight or whether your client says that it does not have this document.

4288a

Quay House • Quay Street • Manchester M3 3JE • **GRO**
DX 14352 MCR-1 • Email law **GRO** • Website www.rowecohen.com

Partners: S. E. Cohen • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor • M.C. Woodall
R.J. Sprston • S. Room • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton Associates: L.F. Swerling • A.D. Owens • M. Molloy • P. Sampson Consultants: I. Rowe • M.T. Horwich

This firm is regulated by the Law Society

Also at London



G:\MARKT\ABBEY\CASTLETON\020606 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

We are considering whether there are other documents that we would have expected to see disclosed in your client's list but which have not been disclosed. We shall revert to you on this point shortly if there are further documents that we believe may have been overlooked.

Yours faithfully



ROWE COHEN

42886

6 June 2006

By Fax **GRO**

Rowe Cohen
Solicitors

DX 14352 MCR-I

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
DX 8251 Plymouth

stephen.dilley **GRO**
Direct: **GRO**

Our ref:
SJD3/SJR2/348035.134
Your ref:
MDT.113969

Dear Sirs

Post Office Limited v Mr L Castleton

We refer to unanswered fax dated 25 May.

As requested in that fax, please now provide a set of all documents contained on Mr Castleton's list.

We look forward to hearing from you as soon as possible.

Yours faithfully

Bond Pearce LLP

8 June 2006

Rowe Cohen
Solicitors

DX 14352 MCR-I

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
DX 8251 Plymouth

stephen.dilley **GRO**
Direct: **GRO**

Our ref:
SJD3/LJP1/348035.134
Your ref:
MDT.113969

Dear Sirs

Post Office Limited v Mr L Castleton

Thank you for your letter dated 2 June, received on 7 June.

Witness statements are due to be exchanged on 14 July and we do require a full set of documents urgently so that we can move forward on the next stage of the litigation.

We are taking instructions on your letter of 2 June but, for reasons we will explain in due course, believe that none of them are of substance.

We will revert to you.

Yours faithfully

Bond Pearce LLP

13/06 00 08:00

GRO

ROWECOHEN

0002

Date: 13 June 2006
Our ref: SJD3/FAC1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial: **GRO**
Direct fax :
E-mail: m.turner@GRO



Bond Pearce
Solicitors
DX 8251
PLYMOUTH

By Fax Only

Dear Sirs

Post Office Limited -v- Mr L Castleton

Please provide us with copies of the following:

1. Giro Bank deposits and withdrawals for the period 7 January 2004 to 7 April 2004
2. Declared cash/ cash on hand reports for the period 7 January 2004 to 7 April 2004
3. Final balance and Final Account Def Receipt for 23 March 2004
4. Miscellaneous Transactions for the period 7 January 2004 to 7 April 2004
5. Balance Snapshots for the period 7 January 2004 to 7 April 2004
6. Each of the Transaction Logs disclosed at section 9 of the List
7. "Other Receipts" - User Summary of an Office Copy for 23 March 2004
8. Items 13 to 20; all documents at 24; 26; 27; all documents at 33 and 35.

We do of course undertake to meet your reasonable photocopying charges.

We apologise for the delay in sending to you the requested copies. We shall remedy this oversight forthwith.

Yours faithfully

Reid
ROWE COHEN

4290a

Quay House • Quay Street • Manchester M3 3JE • Tel:

DX 14352 MCR-1 • Email law@GRO • Website www.rowecohen.com

Partners: S.E. Cohen • D.J. Morwich • I.N. Lewis • M.V. Hymanson • G.R. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor • M.C. Woodall
R.J. Sprston • S. Room • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton Associates: L.F. Swerling • A.D. Owens • M. Molloy • P. Sampson Consultants: I. Rowe • M.T. Harwich

This firm is regulated by the Law Society

Also at London

13-JUN-2006 09:55

GRO

G:\MARKTADBEY\CASTLETON\130606 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

94%

P.002

16 June 2006

Rowe Cohen
Solicitors
DX 14352 MCR-I

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
DX 8251 Plymouth

stephen.dilley **GRO**
Direct: **GRO**

Our ref:
SJD3/JL1/348035.134
Your ref:
MDT.113969

Dear Sirs

Post Office Limited v Mr L Castleton

Thank you for your fax dated 13 June 2006. We enclose copies of the following:

1. Giro bank deposits and withdrawals for the period 7 January 2004 to 10 March 2004.
2. Declared cash/cash in hand reports for the period 7 January 2004 to 10 March 2004.
3. The final balance and final account DEF receipt for 23 March 2004.
4. Miscellaneous transactions for the period 7 January 2004 to 10 March 2004.
5. Balance Snapshots for the period 10 February 2004 to 9 March 2004.
6. We have enclosed the weekly cash flow reports at section 9 and the transaction logs at section 10 as your original request was unclear.
7. Other receipts, user summary of an office copy for 23 March 2004.
8. Items 13, 14, 15, 16, 17, 18, 19, 20, 24, 26, 27, 33 and 35.

The folders have been tabbed in accordance with the disclosure index you were previously sent. We will send the bill for photocopying charges shortly.

On 25 May, 6 June and 8 June we requested a full set of all documents contained on Mr Castleton's disclosure list. You acknowledged these 3 requests in your fax of 13 June 2006. Please now provide these documents preferably by return.

Yours faithfully

Bond Pearce LLP

21 June 2006

By DX and email: m.turner **GRO**

Bond Pearce LLP

Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**

Fax: **GRO**
DX 8251 Plymouth

stephen.dilley **GRO**

Direct: **GRO**

Our ref:
SJD3/KAK2/348035.134
Your ref:
MDT.113969

Rowe Cohen
Solicitors
DX 14352 MCR-I

URGENT

Dear Sirs

Post Office Limited v Mr L Castleton

We refer to our letter dated 16 June.

We have taken instructions and have the following comments upon your letter dated 2 June:

(1) Giro receipts and declared cash/cash on hand receipts

- (a) We have disclosed those giro receipts and declared cash/cash on hand receipts that we have.
- (b) We have also disclosed to you the transaction logs. The transaction logs record every transaction at the Marine Drive branch during the period in question. This is the "audit trail" you requested. We do not need additional giro receipts given that we have the transaction logs.

(2) Balance snapshots

- (a) It is not mandatory for a sub-postmaster to print, or if they do print, to retain, a balance snapshot report. It is only used as a rough guide. Ms Oglesby states that she does not recall being given a balance snapshot for every day by Mr Castleton. We have disclosed those balance snapshots which we have received from the Post Office.
- (b) For the detailed reasons previously provided, we do not believe that the balance snapshots will really be useful in determining this dispute. You have not explained why you consider that they will.
- (c) The overriding objective is to deal with cases justly and "justly" includes saving expense and dealing with a case which is proportionate to the amount of money involved. The Post Office's claim is for £27,115.83 plus interest and costs. We have already made clear to you that the costs involved in this dispute will significantly exceed the value of the claim. This is largely because of the time taken up dealing with Mr Castleton's groundless allegations about "computer generated" losses. As you have acknowledged, our client's disclosure is already voluminous. You already have the full audit trail in the transaction logs. We therefore do not propose to incur costs debating balance snapshots. No discourtesy is intended.
- (d) On 2 December 2005, the Post Office sent two managers to the Marine Drive branch to try to obtain the information you had then requested. They were informed that the branch would not release any data without them signing for it and that they should photocopy the documents. They were also led to believe that all the accounts referring to past accounting years are in Mr Castleton's storage areas. When the managers tried to collect those documents, Mrs Castleton refused to deliver them up. Accordingly, if you seek any further balance snapshots that Mr Castleton claims to have printed, we suggest that you ask him to produce them.

(3) Software updates

We are instructed that software is updated remotely and that software update could result in a desktop being closed and restarted. However, even then, this would not result in computer generated losses, as you assert in your Part 18 Reply.

We enclose two Excel spreadsheets of all the updates for the period January to April 2004 for your information. Software updates are relatively rare and (unless prior agreement is made with the sub-postmaster) only tend to take place outside office hours and with occasional extensions at the weekends (i.e. when the sub-postmaster is not using the machine).

In the product column of the attached spreadsheet, I = in store, D = delete, U = update. Counter one shows that there were no updates between 8.30am and 5.30pm over the period. Counter two shows (with the exception on 2 February) there were no updates between 8.58am and 10.06pm over the period in question.

On 2 February there were 24 instances of IUD at 2.09pm and 1 instance at 2.10pm, which indicates a process (lasting 1 minute) starting at 2.09pm and completing at 2.10pm. We are instructed that this is due probably to a counter installation that would have been with the subpostmaster's knowledge and consent.

(4) P242

We await instructions on this point and will revert to you.

(5) Mr Castleton's disclosure

- (a) Subpostmasters are required to print and retain remittance in and out slips. These are a list of products, for example cash or stock, that the subpostmaster receives. However, your disclosure did not list any of these. Please explain why not and if Mr Castleton has them, please disclose them.
- (b) We have asked you on 25 May 6, 8 and 16 June to provide all the documents contained in your disclosure list. You have failed to produce any. These are now way overdue. Your failure to provide them is unhelpful and may adversely impact upon the Court timetable. Accordingly, unless we receive all your documents by return, we shall advise the Post Office to issue an application against Mr Castleton without further reference to compel you to deliver up those documents. In that event, we will refer to our correspondence on the question of costs.

We await hearing from you.

Yours faithfully

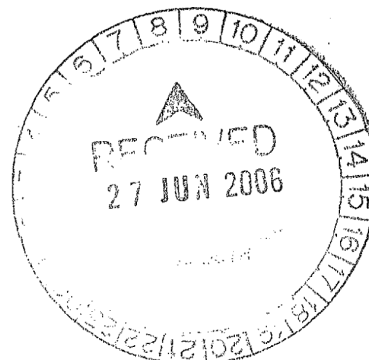
Bond Pearce LLP

Enc

Date: 26 June 2006
Your ref: SJD3/FAC1/348035.134
Ref: MDT.113969
Please ask for: Mark Turner
Direct dial: **GRO**
Direct fax :
E-mail: m.turner **GRO**



Bond Pearce
Solicitors
DX 8251
PLYMOUTH



Dear Sirs

Post Office Limited -v- Mr L Castleton

We refer to our telephone conversation of 23 June.

We apologise for the delay in forwarding to you the copy documents you had requested from our client's List. As we explained, this was in the first instance as a result of oversight on the part of the writer. We did however send various copy documents to you under cover of a letter of 15 June, following your letter of 13 June chasing up the copies requested. You confirmed to us that this has not been received by you. We can only assume that the DX system is at fault.

We enclose with this letter copies of items 20 to 76, 78 and 79 from our client's list. Items 1 to 18 will follow very shortly. We assume that you will not actually require copies of item 19, being the bundle of copy documents that you yourselves provided to us prior to the issue of proceedings.

As we explained when we spoke, we await copies of item 77, the accounts for Marine Drive Post Office, from our client's accountant. These will follow as soon as they are to hand, which we envisage should be within the next 7 days.

Yours faithfully

Rowe Cohen
ROWE COHEN

Enc

Quay House • Quay Street • Manchester M3 3JE • **GRO**
DX 14352 MCR-1 • Email law **GRO** • Website www.rowecohen.com

Partners: S. E. Cohen • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor • M.C. Woodall
R.J. Sproston • S. Room • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton Associates: L.F. Swerling • A.D. Owens • M. Molloy • P. Sampson Consultants: I. Rowe • M.T. Horwich

This firm is regulated by the Law Society

Also at London

G:\MARKT\ABBEY\CASTLETON\260606 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE

This page is deliberately left blank.

7

27 June 2006

Rowe Cohen
Solicitors
DX 14352 MCR-I

Bond Pearce LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tel: **GRO**
Fax: **GRO**
DX 8251 Plymouth

Adrian.bratt **GRO**
Direct: **GRO**

Our ref:
SJD3/ARB3/348035.134
Your ref:
MDT.113969

Dear Sirs

Post Office Limited v Mr L Castleton

Thank you for your letter dated 23 June 2006 sending to us some of the documents from your client's list. They were not in any order and we have incurred several hours sorting through them.

Master Fontaine's order of 9 March 2006 provided for disclosure on 18 May and inspection by 25 May 2006. It is now nearly 5 weeks since the documents were due and we have so far asked you 5 times (excluding this request) to provide copies of the documents in your list. By contrast, we provided you with the documents in our client's list just 3 days after receiving your request. Items 58, 62 and 76 were not present in the bundle you sent. We also await items 1-18 and item 77. Please now provide them.

The Order dated 9 March provided for approximately 9 weeks between disclosure and exchange of witness statements. This would have permitted both parties to have an ample opportunity to review the other's disclosure before exchange of statements, to see which needed to be dealt with in the statements. Our Mr Dilley is away on 29 and 30 June and from 4 to 6 July and your continued delay to provide all your documents has meant that the deadline for exchange of statements has now become very tight.

Accordingly we suggest that a practical solution is as follows:

1. You now confirm to us precisely when you will be supplying the balance of your disclosure. If that disclosure is imminent, this may save us having to make an application compelling you to disclose them;
2. We add 9 weeks to this date and set that as the new date for exchange of statements of fact; and
3. The remaining dates in the court timetable are consequently put back by the same length of time that exchange of statements has to be put back.

As the trial is not listed until the week commencing 4 December, there should be sufficient time to accommodate the new dates. If you agree, we propose to draw up a consent order for your approval and file it at Court with the new timetable for approval. If you do not agree, then we reserve the right if necessary to make an application for an extension of time to exchange statements. In that event, we will explain to the Court that the reason the extension is sought is because of the inexplicable delay in receiving your disclosure. We will also seek costs of the application.

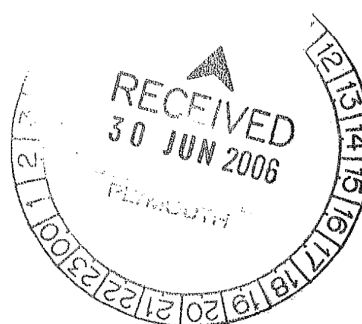
Finally, we should add that we are instructed to issue an application compelling you to disclose the remainder of your documents. Please therefore provide the remainder of your documents by return.

We await hearing from you.

Yours faithfully

Bond Pearce LLP

Date: 29 June 2006
Your ref: SJD3/FAC1/348035.134
Our ref: MDT.113969
Please ask for: Mark Turner
Direct dial: **GRO**
Direct fax :
E-mail: m.turner@**GRO**



Bond Pearce
Solicitors
DX 8251
PLYMOUTH

By Fax and DX

Dear Sirs

Post Office Limited -v- Mr L Castleton

Thank you for your letter of 27 June.

We are surprised by your comments to the effect that the documents sent under cover of our letter of 23 June were not in any order. The correspondence from our client's list was in chronological order and in accordance with the order set out in our client's disclosure list when it was copied. From the brief check that the writer made before sending the letter of 23 June, the copies also appeared to be in that order. We apologise if that proved not to be the case.

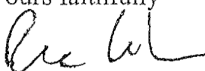
The remainder of the copies you have requested should be despatched to you in the next 24 hours. The reason for the delay is that it appears that some of the items listed at 1 to 18 in our client's list were inadvertently sent to our client along with other copy documents sent to him. We are due to see our client later today and should be in a position to retrieve those documents and to ensure that we now have a complete set of the transaction documents listed at items 1 to 18 of the List. We shall arrange to have these copied and sent to you, together with copies of items 58, 62 and 76 that we note you say were not sent under cover of our last letter.

Turning now to your proposal to revise the existing directions timetable, we have no fundamental objection to what you suggest. We agree that it should not have any material effect on the trial fixture given that it has been listed at the back end of the trial window for the week commencing 4 December.

The only point that we would make is that it would be of assistance to us if the revised date for exchange of witness evidence be taken as 10 weeks from tomorrow rather than 9. This is because the writer is due to be out of the office on two weeks annual leave from close of business on Friday 11 August, returning on Tuesday 29 August (as the Monday is a bank holiday). In the ordinary course of events, 9 weeks from tomorrow would take the revised date for exchange of witness evidence to Friday 1 September. Given the writer's absence in the preceding two weeks, we would prefer to allow a further week following his return to ensure that everything that needs to be attended to has been addressed, meaning that exchange of witness evidence would take place on Friday 8 September. Exchange of expert evidence would then take place on Friday 6 October.

We assume that this will not be problematic. On the assumption that it can be agreed, we look forward to receiving a draft consent order from you for approval.

Yours faithfully


ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • **GRO**
DX 14352 MCR-I • Email law@**GRO** • Website www.rowecohen.com

Partners: S. E. Cohen • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor • M.C. Woodall
R.J. Sproston • S. Room • A. Curwen • R.J. Myer • H. Burns • S.P. Sutton Associates: L.F. Swerling • A.D. Owens • M. Molloy • P. Sampson Consultants: I. Rowe • M.T. Horwich

This firm is regulated by the Law Society

Also at London

4299

G:\MARKTABBAY\CASTLETON\290606 LETTER TO BOND PEARCE
INVESTOR IN PEOPLE