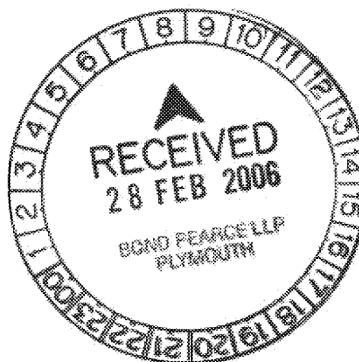


Date: 27 February 2006
Your ref: SJD3/FAC1/348035.134
Our MDT.113969
ask for: Mark Turner
Direct dial: **GRO**
Direct fax : **GRO**
E-mail:



Bond Pearce
Solicitors

GRO

By DX and fax

Dear Sirs

Post Office Limited -v- Mr L Castleton

We refer to previous correspondence and, in particular, our exchange of letters in November 2005 in which mediation of this claim was mooted. We are mindful that at next week's CMC Master Fontaine will expect the parties to have given proper consideration to ADR.

Your client's position now appears to be that there can be no substance to our client's Defence and that it is fundamentally misconceived, a point with which, for the complete avoidance of doubt, we fundamentally disagree, although we do not propose to deal with the reasons why in this letter.

In the circumstances, should we assume that your client is no longer prepared to consider mediation in this matter?

For the record, our client has been and remains willing to consider mediation. Historically, we have expressed concerns as to the likelihood of mediation being successful before disclosure has taken place (or at least disclosure of certain specific documents). We remain concerned that positions are entrenched and, without sight of those documents that we have previously identified as being of core relevance, neither party is likely to change its position. Those concerns notwithstanding, both we and our client take the view the parties should actively consider mediation.

We shall write to you separately in relation to the discrete disclosure issues arising from your correspondence in the run-up to your application to set aside default judgment. We do not intend to litigate the substance of this matter in correspondence, and much of what our client takes issue with in the witness evidence that you served will have to be dealt with in his own statement. There are however a number of specific issues which need to be addressed before that point is reached.

We look forward to hearing from you.

GRO
ROWE COHEN

Quay House • Quay Street • Manchester M3 3JE • Tel: **GRO**
Email law: **GRO** • Website www.rowecohen.com

Partners: S. E. Cohen • I. Rowe • 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
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