



Post Office Limited
Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

Alex Chisholm
Permanent Under-Secretary of State
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London SW1H 0ET

[13 November 2019]

Dear [Alex],

Re: Alan Bates & Ors v Post Office Limited – Group Litigation

The purpose of this letter is to confirm that:

1. On the basis of its current forecasts, Post Office Limited believes it will be able to fund the value recommended by HSF in their note dated [13 November 2019] (a copy of which is appended to this letter). It is important to put that into context as we do not yet have plans beyond March 2021 agreed with the Board or with BEIS as shareholder. In addition, forecasting outcomes is complex and volatile for a number of reasons:
 - Product flows are changing rapidly and decisions we will make may create further, material change.
 - Branches are moving from net withdrawal to deposit which changes operational cash flows.
 - We have no funding agreed after March 2021. We are assuming in making this statement that the RC Facility will continue.
 - The Bank of England is reviewing the operation of the NCS scheme, our second source of funding and we expect changes next year.
 - The timing of the outflow is not known.
 - We have not yet completed the prioritisation work and do not therefore have an approvable Five Year Plan or clarity over the nature and timing of investments including next year.
2. The current forecasts suggest that we can fund such a payment through our annual cash profit. That may result in Post Office Limited needing to utilise its existing facilities to fund future investment. Our forecasts assume a continued network subsidy after March 2021, so that unprofitable branches do not also have to be supported by the annual cash profit.

Please feel free to contact me if any further details are required.

Yours sincerely,

Alisdair Cameron,
Chief Financial Officer, Post Office Limited