

Message

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Sent: 28/11/2019 23:31:12
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Subject: GLO - Mediation Day 2 and Summary of Embargoed Horizon Judgment - DO NOT FORWARD - LEGALLY PRIVILEGED AND STRICTLY CONFIDENTIAL

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The mediation of the second day has drawn to a close. Given the progress made over the last two days, the parties have decided to maintain momentum and continue to mediate tomorrow for the full day.

The claimants spent the first part of the day working through the quantum methodology. Post Office explained why £19m - £27m was a rational and reasonable range. Subsequently, Post Office offered £32m "all up" inclusive of cost but given that £5.5m has already been paid in respect of costs for the CIJ, the net offer was in effect £26.5m, but optically it presented well to have the offer described at £32m. This approach is based on a 12 month allocation for post termination losses. The Claimants argued that their methodology produces a total of £113m but offered £100m and reduced to £85m. The basis of their offer includes allocating 26 months for post termination losses. This is a promising start to the financial component of a potential settlement.

In addition to the financial settlement, we are working through the other elements of the settlement structure :

- An agreed acknowledgement statement recording the conclusion of the litigation;
- The process POL may take in respect of the convicted claimants;
- Agreed approach in respect of the Claimants who are currently Postmasters but wish to exit the business.

We received the embargoed Horizon Issues Judgment just after 4pm earlier today. Broadly, it has been found that the Horizon system in use today (HNG-A) is "relatively robust". The judge notes that "This judgment is a historical analysis of the Horizon system as it relates to the period in question in the group litigation, not a judgment upon Horizon HNG-A as it is today". This is a helpful finding as it substantially mitigates the immediate operational risk to the network. However, the remainder of the judgement is adverse to Post Office. The robustness of the previous version of Horizon Online (HNG-X, 2010-2018) was "questionable, and did not justify the confidence placed in it by Post Office in terms of its accuracy" and Legacy Horizon (2000 to 2010) was "not robust". Our Horizon contingency planning will be implemented including preparing comms and further analysis on the implications in respect of the convicted claimants (Brian Altman QC has been instructed this afternoon). I will send a more detailed note on the judgment shortly. Please note this judgment is subject to an embargo. The content of the judgment, including the information in my email, cannot be discussed outside the Post Office. Failure to adhere to this is a criminal offence. Please do not forward this email or discuss its contents outside of the Board and GE unless you have first discussed with me or the legal team.

We will continue with the mediation tomorrow and will update you further but do let me know if you have any queries in the meantime.

Kind regards
Ben

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Mobile GRO

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