

## Message

**From:** Jane MacLeod; GRO  
on behalf of Jane MacLeod; GRO  
**Sent:** 21/10/2016 16:06:44  
**To:** Tim Parker; GRO; Carla Stent; GRO; Richard Callard; Ken McCall; GRO; Tim Franklin; GRO; Virginia Holmes; GRO  
**CC:** Paula Vennells; GRO; Alisdair Cameron; GRO; Alwen Lyons; GRO; Rodric Williams; GRO; Mark Ellis; GRO  
**Subject:** POST OFFICE LIMITED - SUPPLY CHAIN LITIGATION - CONFIDENTIAL AND SUBJECT TO LEGAL PRIVILEGE. DO NOT FORWARD.

Further to my email of 12 October 2016, Post Office Limited has been served with notice that Choice International intends to seek an injunction requiring us to continue to provide cash processing services to them after 6 November. At this stage the court has allocated a window of 3 days (November 2-4) for a one day hearing during which the application will be heard. We will not know the exact timing until much closer to the date. If the application is successful, Post Office could be compelled to continue providing cash processing services until a full trial of Choice's claim (likely some time in 2017).

The grounds set out in the application are consistent with Choice's previous communications, which we refuted on good legal grounds. We have subsequently received requests from other MSB suppliers to continue supply of services, and we would also need to supply the services to those suppliers (and potentially others) should we elect to continue service to Choice.

Post Office will defend the legal claim vigorously and we have been working on our defence with CMS and Aidan Robertson QC of Brick Court Chambers over the last week. We have also instructed RBB Economists to address the expert economic evidence filed by Choice concerning the markets in which Supply Chain supplies services, as this is central to the strength of Choice's competition law claims. We expect to file our case by Thursday 27 October.

We expect the costs of defending the application to be c.£170k (ex VAT). The Court can make orders about who should pay these costs based on its assessment of the merits of the application. Should we be successful in our defence, the Court would typically order Choice to pay a substantial portion of these costs (c.60%). If Choice succeeds in obtaining an injunction, questions about who should pay the legal costs are usually delayed until after the full trial, but it is possible that Post Office could be ordered to contribute to Choice's costs.

We will provide a further update closer to the date.

#### POSTMASTER GROUP LITIGATION

The next significant milestone is the hearing of the Postmasters' application for a Group Litigation Order (GLO). The GLO application will be heard on 26 January 2017. Its outcome will shape substantially the procedural direction and timetable for the litigation from that date.

In terms of the substance of the claims, the Postmasters' solicitors Freeths asserted that they would by 20 October 2016 substantively reply to the long letter we sent on 28 July 2016 rejecting their clients' claims. However, late on 20 October Freeths notified our solicitors that we would not receive their reply as promised, but a week later on 27 October 2016.

We will provide a further update on this once we have had the opportunity to review Freeths' substantive reply.

Kind regards,

Jane



**Jane MacLeod**

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**GRO**