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Post Office Limited

Post Office Mediation Scheme: outline of report on Horizon

Following the submission to the Post Office Board on 26 March 2014 of our report into legal issues in relation to the Horizon mediation scheme, you have asked us to outline the scope of the report about the Horizon system to which we refer in our report to the Board.

As we note in our report, a report on Horizon covering the matters outlined below is something we would have expected an independent investigator, such as Second Sight, might have prepared (in conjunction with Fujitsu and/or relevant independent technical experts) at the early stages of this matter as a reference point against which complaints in the mediation scheme could be compared and tested. We appreciate that some of the matters outlined below may already be covered in existing documents which we have not seen and/or may, if we had relevant technical expertise, be matters which we would recognise as being less relevant in the present context (e.g. the accuracy of our identification of the key technical attributes of the Horizon system in point 1).

We also appreciate that the scope of any further report or documentation on Horizon prepared in the context of the mediation scheme is entirely a matter for the Post Office. That scope will depend on the cost the Post Office is prepared to expend, the state of existing relevant material and the breadth of use to which the Post Office envisages such a report would be put.

We expect that a report on Horizon would cover the following.

1. A general description of the Horizon system understandable in lay terms, including:
 - a. its ordinary range of functions as stipulated by Fujitsu;
 - b. key software;
 - c. the end-user hardware and interface;
 - d. the network in which it operates and the interface with the broader Post Office IT system; and
 - e. key statistics of the size of the network and usage.
2. How the Post Office and SPMRs typically use Horizon, including:
 - a. examples of typical transactions for which Horizon is used and a description of their transmission through the system from start to finish, in particular, by reference to characteristics typical to all transactions in Horizon;
 - b. the weekly and monthly transaction reconciliation process;
 - c. loss recovery; and
 - d. workarounds and other ad hoc measures commonly adopted by the Post Office and/or SPMRs to maintain Horizon's functionality (if any).
3. Recognised or suspected weaknesses (if any) in Horizon that impact or are likely to impact at least a significant proportion of SPMRs or the Post Office's business.
4. A categorisation of the alleged defects in Horizon as reported by affected SPMRs into several broadly defined issues and an explanation as to why, if it be the case, such issues:
 - a. are not defects in Horizon as such;

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- b. are not caused by Horizon or anything else for which the Post Office is responsible;
 - c. are unlikely to effect the vast majority of SPMRs; and/or
 - d. otherwise do not fall within any of the recognised or suspected weaknesses identified above.
5. A clear statement that, isolated exceptions aside, Horizon functions across the entire SPMR network satisfactorily in accordance with its design parameters and to a standard sufficient reasonably to allow the Post Office and SPMRs to carry out their respective day-to-day functions (if that be the case).

Linklaters LLP