

Strictly Confidential

JULY 2013

**POST OFFICE LIMITED MATTERS – DISPUTE RESOLUTION
PRIVILEGED AND CONFIDENTIAL – CLAIMS OVER £500K OR THOSE OF A SENSITIVE NATURE**

| FILE NAME | CASE HOLDER | BUSINESS UNIT & CONTACT | DESCRIPTION | STATUS | XSP |
|---------------------------|-------------|-------------------------|--|---|-----------------|
| Horizon claims | POL/HF/RW | Simon Baker | <p>POL has received various claims from subpostmasters (SPMs) alleging wrongful termination of contract and/or damages based on alleged defects in the Horizon system and POL's internal processes.</p> <p>These allegations were initially made in 5 claims brought through the SPMs' solicitors, Shoosmiths. Shoosmiths is not currently progressing these claims through the courts.</p> <p>Similar allegations are also being made through SPMs' MPs, through the "Justice for Subpostmasters Alliance" (JFSA), and in defences to court proceedings brought by POL to recover debts from SPMs.</p> <p>An independent investigator Second Sight Support Services Ltd (Second Sight) has been reviewing these allegations in consultation with James Arbuthnot MP and JFSA.</p> | <p>On 08.07.13, Second Sight provided an interim report on its review. This is the subject of a stand-alone report to the Board.</p> <p>Second Sight's initial findings (based on its review of 4 of the 47 cases being considered) conclude that while there are no systemic problems with Horizon, there are two specific "bugs", which gave rise to errors in a number of branches' accounts. Second Sight also highlighted shortcomings in POL's internal training and support to SPMs in relation to the Horizon system.</p> <p>Second Sight is continuing to investigate the SPMs' concerns. POL is cooperating with Second Sight's investigation and conducting a review of the criminal and civil proceedings it has issued against SPMs where issues with the Horizon system have been raised to establish which cases may be vulnerable to challenge.</p> | Bond Dickinson |
| Claim for Judicial Review | POL/HF/RW | Angela Van-Den-Bogerd | <p>A former subpostmaster (SPM) has sought "judicial review" of POL's decision to terminate his SPM contract.</p> <p>The SPM claimed that POL's termination</p> | <p>The parties are waiting for the Court to list the case for hearing, which is likely to be in November 2013.</p> <p>POL has tried to engage the SPM in</p> | DAC Beachcrofts |

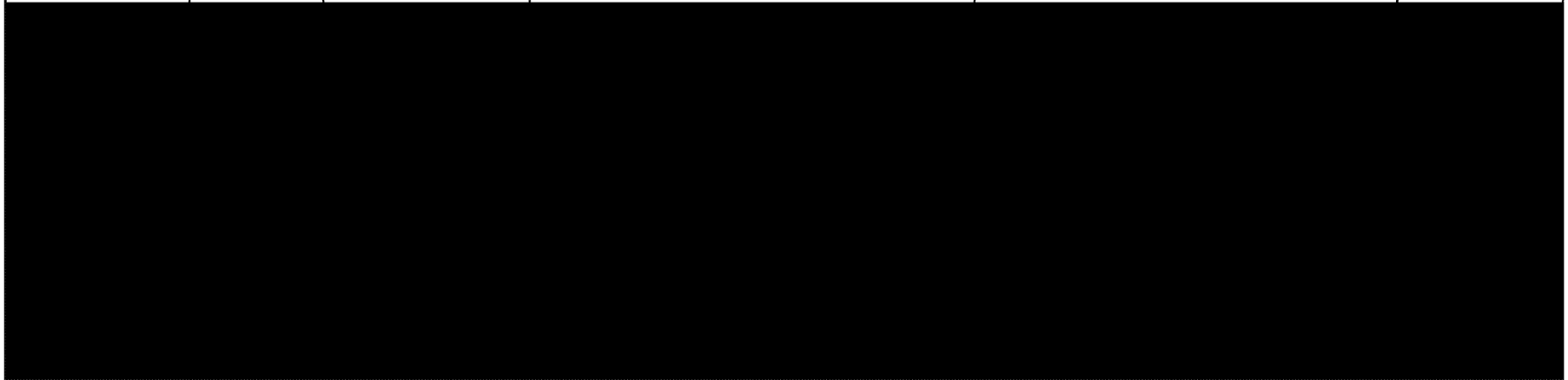
Significant Litigation Report

Susan Crichton
11 July 2013

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| | | | <p>process was flawed and infringed his Human Rights. He has asked the court to review POL's decision and find that it was unlawful and/or an abuse of power.</p> <p>POL is asking the Court to dismiss the claim on the grounds that it is a commercial matter which the Court cannot review, and in any event POL did not breach the SPM's rights.</p> | <p>settlement discussions, and continues to explore options for resolving the claim before any Court hearing.</p> | |
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PART (B) – PRINCIPAL CRIMINAL CASES BROUGHT BY POST OFFICE LIMITED

| DESCRIPTION | STATUS |
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| Two assistant sub postmasters accused of covering shortages by delaying the processing of business deposits to Santander. Case concerned 40 deposit slips being suppressed with a total value of £34,115.50. | Both defendants pleaded guilty, and were sentenced to 5 months and 6 months imprisonment (suspended for 12 months) respectively. Civil recovery of the outstanding debt is being considered. |
| Sub postmaster accused of theft of £78,660.63. | Defendant pleaded guilty on 05/02/13 and was sentenced to 2 years imprisonment. We are currently awaiting a date for the hearing of the Proceeds of Crime Act confiscation proceedings. |
| Sub postmasters accused of theft of £85,000. | Crown Court trial fixed for 18/11/13. |
| Subpostmaster accused of theft of £77,905.02. | The case has been committed to the Crown Court. There will be a hearing on 12/07/13 to determine the details of trial. POL has recovered £62,992.78 to date. |
| Subpostmaster accused of theft of £57,811.79. | Defendant pleaded guilty and on 28/11/12 was sentenced to 9 months imprisonment (suspended for 18 months) and 180 hours unpaid community work. A timetable has been set for confiscation proceedings to determine the sum payable to POL, with a final hearing to be fixed. POL has recovered £43,988.03 to date. |
| Subpostmaster accused of two offences of theft of £9,999.43 and £175,260, and two offences of false accounting. | The case has been committed to the Crown Court. There will be a hearing on 25/07/13 to determine the details of trial. A restraint order has been obtained to assist recovery of the financial loss. |
| Subpostmaster accused of fraud of £115,172.11. | Defendant pleaded guilty and on 03/05/13 was sentenced to 16 months imprisonment. A timetable has been set for confiscation proceedings to determine the sum payable to POL, with a final hearing set for 20/09/13. |

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| DESCRIPTION | STATUS |
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| | POL has recovered £61,000 to date. |
| Subpostmaster accused of theft of £197,107.36. | There will be a hearing to determine the details of trial at a date to be fixed. The Defendant has stated he intends to repay loss in full if no Proceeds of Crime Act proceeding are commenced. |
| Subpostmaster accused of theft of £115,000. | POL has recovered £60,000. A timetable for Proceeds of Crime Act proceedings has been set with a review hearing fixed for 23/08/13. |
| Subpostmaster accused of theft of £186,000. | Further enquiry undertaken by the investigation team |