



LT1072WN

London Transport

6 March 2003

Infraco BCV Limited
55 Broadway
London SW1H 0BD

Transition Team

*Ground Floor
Albany House
London
SW1H 0BD
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Infraco Sub-Surface Limited
55 Broadway
London SW1H 0BD

Tube Lines Limited
30 The South Colonnade
London E14 5EU

Dear Sirs,

London Underground Limited Public-Private Partnership

- 1.1 We refer to the amended and restated Master Definitions Agreement signed by LUL, Infraco BCV Limited, Infraco Sub-Surface Limited and Infraco JNP Limited (now known as Tube Lines Limited) on 31 December 2002 (*MDA*), and propose that notwithstanding its terms, the MDA shall be amended as follows:
- (a) the defined terms set out in paragraphs 1.2 to 1.7 (inclusive) of this letter shall have the meaning set out in those paragraphs (amendments to existing definitions are underlined) and the definition shall replace the term as defined in Schedule 2 to the MDA;
 - (b) in addition to the definitions set out in the MDA (as amended by this letter) the definition of *Signal House Sub-lease* set out in paragraph 1.8 of this letter shall be inserted after the definition of "Signal Failure", but before the definition of "Signal Operator" in Schedule 2 to the MDA; and
 - (c) new item 2 (Leases) set out in paragraph 1.9 to this letter shall replace item 2 (Leases) of Schedule 1 to the MDA.

1.2 Supplemental Share Purchase

'Supplemental Share Purchase Agreement means, in relation to any Share Purchase Agreement, an agreement supplemental to that Share Purchase Agreement entered into between the parties to that Share Purchase Agreement.'

Cont.

1.3 *Insured Party*

'*Insured Party* means any of the following to the extent of their interest in the PPP:

- (a) the Mayor of London, the Greater London Authority, TfL, LUL and all subsidiary and affiliated companies and bodies and their respective assigns, directors, officers, employees, servants and agents;
- (b) each Infraco and their respective assigns, directors, employees, servants and agents;
- (c) TMU (Acton) Limited (for so long as it is a subsidiary of BCV) and REW (Acton) Limited (for so long as it is a subsidiary of SSL) and their respective directors, employees, servants and agents;
- (d) any person who is providing, or who acts as agent, trustee or account bank in respect of the provision of, financing, hedging or funding (including without limitation provision of a financial guarantee) to an Infraco (or to an Affiliate of an Infraco who is then providing financing, hedging or funding to that Infraco) and its assigns, directors, employees, servants and agents;
- (e) Metronet Rail BCV Finance plc, Metronet Rail SSL Finance plc, Metronet Rail BCV Intermediate Limited, Metronet Rail SSL Intermediate Limited and their respective directors, employees, servants and agents;
- (f) the shareholders from time to time of:
 - (i) Infraco; and
 - (ii) the immediate parent company of Infraco,in their capacity as shareholders of such companies; and
- (g) such other parties notified in writing to LUL (such notification to set out the extent of each notified party's interest in the PPP) by an Infraco and consented to in writing by LUL such consent not to be unreasonably withheld and who shall be included in the Insurances with effect from the date falling thirty (30) days from the date such notice is received by LUL;'

1.4 *Other Transaction Documents*

'*Other Transaction Documents* means the Transaction Documents other than the PPP Contract, the Infraco Leases, the Depot Sub-leases and (in the case of the SSL Contract only) the Frank Pick House Sub-lease and (in the case of the BCV Contract only) the Signal House Sub-lease;'

1.5 *Relevant Agreement*

'*Relevant Agreement* means any:

- (a) Ancillary Agreement to which Infraco is a party; or
- (b) Centralised Service Agreement to which Infraco is a party; or

- (c) other agreement in relation to the PPP to which Infraco is a party and over which Infraco has granted a Security Interest or is required to grant a Security Interest in favour of a Funder pursuant to any Funding Agreement,

other than the PPP Contract, the Infraco Leases, the Depot Sub-leases and (in the case of the SSL Contract only) the Frank Pick House Sub-lease and (in the case of the BCV Contract only) the Signal House Sub-lease;'.

1.6 Exceptional Amounts

'*Exceptional Amounts* means any amounts which are payable by LUL to Infraco or, as the case may be, by Infraco to LUL, as lump sum payments (other than amounts which are accounted for in the calculation of Baseline ISC and the ISC Adjustment or which are payable in respect of Non-ISC Services) including, without limitation, payments arising as a result of:

- (a) Law Change Costs payable pursuant to clause 28.11(b) (*Costs and other Consequences*) of the PPP Contract;
- (b) Safety Change Costs payable pursuant to clause 28.11(b) (*Costs and other Consequences*) of the PPP Contract;
- (c) amounts payable under the Access Code;
- (d) Infraco's share of cost-savings pursuant to clause 16.3 (*Cost Saving Proposals*) of the PPP Contract;
- (e) Excess Costs or Exceptional Costs payable pursuant to clauses 26.2, 26.3 (*Reinstatement of Infrastructure*) or 28.5 (*Cost Calculations*) of the PPP Contract;
- (f) incremental costs payable pursuant to clause 26.5 (*Reinstatement of Infrastructure*) of the PPP Contract;
- (g) any payment for Minor Works pursuant to paragraph 6.4 of Schedule 2.1 (*Service Outputs*) of the PPP Contract;
- (h) any payment for Intermediate Works pursuant to paragraph 6A.5 of Schedule 2.1 (*Service Outputs*) of the PPP Contract;
- (i) any claim for LUL Breach pursuant to clauses 16.7 (*LUL Breach*) and 50 (*Claims*) of the PPP Contract;
- (j) Increased Infraco Costs payable pursuant to clauses 16.8 (*Non-Compliance with LUL Safety Case*) and 50 (*Claims*) of the PPP Contract;
- (k) Increased Infraco Costs payable pursuant to clause 17.1 (*LUL Specified Rights*) of the PPP Contract or costs and expenses recoverable in respect of the LUL Specified Rights procedure pursuant to clause 17.8 (*Action following Receipt of Notice*) of the PPP Contract;
- (l) any amounts recoverable pursuant to clause 18.16 (*Overpaid and Wrongfully Paid Amounts*) of the PPP Contract as a result of them being overpaid, wrongfully paid or allowed;

- (m) any amounts payable to LUL or Infraco as a result of LUL exercising its Step-in Rights pursuant to clauses 23.3, 23.4 and 23.9 (*LUL Step-In Rights*) of the PPP Contract;
- (n) any amounts payable pursuant to clause 23 (*LUL Step-in Rights*) of the PPP Contract;
- (o) any amounts payable by LUL to Infraco or Infraco to LUL as a result of indemnities contained in clause 24 (*Indemnity*) of the PPP Contract;
- (p) Irrecoverable VAT payable pursuant to clause 28.13 (*VAT Law Changes*) of the PPP Contract;
- (q) payment for Essential Works or Essential Services pursuant to clause 29.5 (*Essential Works and Services*) of the PPP Contract;
- (r) administration charge levied for access to the LT Museum pursuant to clause 37.7 (*Infraco Access to Drawings in London Transport Museum*) of the PPP Contract;
- (s) any amounts payable in respect of parallel remedial action pursuant to clause 40.6(b) (*Infraco to remedy despite dispute etc.*) of the PPP Contracts;
- (t) any amounts payable on the Expiry Payment Date pursuant to clause 42.3 (*Payment on Expiry*) of the PPP Contract;
- (u) any amounts payable in relation to Hostilities and Acts of Violence pursuant to clause 44.3 (*Hostilities and Acts of Violence*) of the PPP Contract;
- (v) any amounts payable in relation to Heritage and Records pursuant to clause 51.1, 51.2 and 51.11 (*Heritage and Records*) of the PPP Contracts;
- (w) the Compensating Sum pursuant to clause 53.2 (*Compensating Sum*) of the PPP Contracts;
- (x) any amounts payable in taking reasonable steps to enable another party to mitigate pursuant to clause 65 (*Mitigation*) of the PPP Contract;
- (y) any amounts payable for interest pursuant to clause 66 (*Default Interest*) of the PPP Contract;
- (z) any amounts payable for Metered Utilities and excessive use of utilities pursuant to paragraph 2 and 3 of Schedule 1.4 (*Utilities*) of the PPP Contract;
- (aa) (in relation to the JNP Contract only) any amounts payable pursuant to paragraphs 1.4.1(d), 7.1, 7.2.1(b), 7.2.2, 7.2.3, 8.4, 8.6.2(ii), 8.6.3, 9.1, 9.4 and 11.2 and any Increased Infraco Costs payable pursuant to paragraphs 8.1.2 and 11.3.2 of Schedule 1.5 (*Property Provisions and Documentation*) of the PPP Contract;
- (bb) (in relation to the BCV Contract and SSL Contract only) any amounts payable pursuant to paragraphs 1.4(d), 7.1, 7.2.1(b), 7.2.2, 7.2.3, 8.1.2, 8.4, 9.1, 9.4, 11.2 and 11.3.2 of Schedule 1.5 (*Property Provisions and Documentation*) of the PPP Contract;
- (cc) any amounts payable under Schedule 2.1 (*Service Output*) of the PPP Contract including temporary changes to working timetable (paragraph 1.2.8), all night running

- (paragraph 1.2.9), limit of LUL remedies (paragraph 7) and provision of emergency services by Infraco (paragraph 4.2);
- (dd) any amounts elected to be paid through the ISC under the Major Enhancement Agreement;
 - (ee) any amounts payable under the CTRL Works Agreement (but excluding those payable in respect of clause 22.3.1 of the CTRL Works Agreement, which shall be paid in accordance with the terms of that agreement); or
 - (ff) any amounts payable by LUL to Infraco as a result of the indemnity contained in clause 37.10 (*Liability for Existing Key IPRs*) of the PPP Contracts;
 - (gg) any amounts (including Increased Infraco Costs and amounts in respect of Increased Infraco Risk) payable under the Standards Code;
 - (hh) any amounts payable in respect of the Working Capital Debtor Adjustment pursuant to clause 4.12 or 4.15 of the Share Purchase Agreement;
 - (ii) any amounts payable in respect of Changes in Costs to Complete Transition Projects and Special Projects pursuant to clause 8.1 of the Share Purchase Agreement;
 - (jj) any amounts payable under the TIMIS Agreements;
 - (kk) any amounts payable in respect of Law Change Costs and Safety Change Costs pursuant to clause 28.10 of the PPP Contract or any Excess Expenditure payable pursuant to clause 28.11(b);
 - (ll) any amounts payable in respect of premiums, insurance premium tax payable thereon, or any insurance brokerage or fees pursuant to clause 3.6.3, 4.3, 4.5 or 4.6 of the Insurance Agreement and (in relation to the BCV Contract and the SSL Contract only) any amounts payable in respect of deposit premiums pursuant to paragraph 3.3 of Schedule 5.19 (*Insurance*), any amounts payable in respect of premiums, insurance premium tax payable thereon, or any insurance brokerage or fees pursuant to paragraph 3.4 of Schedule 5.19 (*Insurance*) and any amounts payable in respect of deductibles pursuant to paragraph 3.6 of Schedule 5.19 (*Insurance*);
 - (mm) (in relation to the BCV Contract and SSL Contract only) any amounts payable in respect of the Shortfall pursuant to paragraph 3.3 of Schedule 5.19 (*Insurance*);
 - (nn) Interim Payment Amounts;
 - (oo) (in relation to the BCV Contract and SSL Contract only) any amounts payable under paragraph 1.2.4 of Schedule 4.1;

1.7 *LUL Specified Right*

'LUL Specified Right' means each of LUL's rights under:

- (a) clause 29.4 (*Disruptive Commercial Exploitation*) of the PPP Contracts to undertake, authorise or permit Disruptive Commercial Exploitation;

- (b) section 3 (*Surplus Property*) of the Property Code relating to Surplus Property in circumstances where paragraph 1(a)(vii)(B) or 1(b) of that section applies;
- (c) paragraph 7.2 of Schedule 1.1 (*National Network*) of the PPP Contracts relating to the negotiation of any new contracts, agreements or arrangements with any National Network Parties which LUL requires to be treated as National Network Agreements and the amendment, variation or replacement of National Network Agreements unless following such amendment, variation or replacement the agreement would qualify as a Relevant Third Party Agreement;
- (d) paragraph 5 (of the BCV and SSL Contracts) and paragraph 6 (of the JNP Contract) of Schedule 1.2 (*Third Party Contracts*) of the said Contracts relating to the amendment, variation or replacement of Third Party Contracts unless following such amendment, variation or replacement the agreement would qualify as a Relevant Third Party Agreement;
- (e) paragraph 3 of Schedule 1.3 (*PFI Contracts*) of the PPP Contracts relating to the amendment, variation or replacement of PFI Obligations unless following such amendment, variation or replacement the agreement would qualify as a Relevant Third Party Agreement;
- (f) clauses 8.1.1 (*Performance by an Alternative Provider*) or 9.1 (*Suspension of Infraco for Duration of Major Enhancement*) of the Major Enhancement Agreement relating to performance of Major Enhancement Works by an Alternative Provider;
- (g) clause 51.13 (*Heritage Trains*) of the PPP Contracts relating to the running of Heritage Trains;
- (h) clause 11A (*TIMIS*) of the BCV Contract and clause 11C (*TIMIS*) of the JNP Contract relating to the ongoing maintenance of the respective parts of the TIMIS System, and clause 11A (*TIMIS*) of the SSL Contract relating to the maintenance of the TIMIS System or any part thereof;
- (i) clause 11B (*Terminal 5*) of the JNP Contract to require JNP to undertake certain obligations in respect of Project T5;
- (j) clause 11B.2 (*East London Line*) of the SSL Contract to require SSL to undertake certain obligations in respect of the East London Line;
- (k) clause 1.2(r) (*Interpretation of Transaction Documents*) of the MDA regarding the withdrawal of approval by LUL;
- (l) clause 11C (*Croxley*) of the SSL Contract to require SSL to undertake certain obligations in respect of the Croxley Link;
- (m) paragraph 8.1.4 of Schedule 1.5 (*Property Provisions and Documentation*) of the PPP Contracts to grant interests in or rights of use of or access to land where such grant is in favour of a New PFI Contractor;
- (n) clause 11D (*East London Line*) of the JNP Contract to require JNP to undertake certain obligations at Canada Water station in respect of the East London Line;
- (o) clause 11E (*Jubilee Line Upgrade*) and 11H (*Jubilee Line*) of the JNP Contract to require JNP to undertake additional obligations in respect of the Jubilee Line;

- (p) clauses 11F (*Project Thameslink*) of the JNP Contract, 11B (*Project Thameslink*) of the BCV Contract and 11D (*Project Thameslink*) of the SSL Contract to require Infraco to undertake certain works and services in relation to Project Thameslink;
- (q) clause 11G.1 (*Connect Enabling Works*) of the JNP Contract, clause 11C (*Connect Enabling Works*) of the BCV Contract and clause 11E (*Connect Enabling Works*) of the SSL Contract relating to certain works and services in respect of the Connect Contract;
- (r) paragraph 6A.1 of Schedule 2.1 (*Service Outputs*) of the PPP Contracts to require Infraco to carry out Intermediate Works;
- (s) (in respect of the JNP Contract only) the SSL Contract or any other documentation whatsoever to terminate in whole or in part any Lease or Ancillary Lease granted to SSL in circumstances where clause 3.2 of the Depot Facilities Agreement requires that LUL complies with the provisions of clause 17 (*LUL Specified Rights*) of the JNP Contract in respect of such termination;
- (t) [Not used];
- (u) (in respect of the JNP Contract and the SSL Contract only) the BCV Contract or any other documentation whatsoever to terminate in whole or in part any Lease or Ancillary Lease granted to BCV in circumstances where clause 13.4 of the Ruislip Depot Loading Area Agreement requires that LUL complies with the provisions of clause 17 (*LUL Specified Rights*) of the JNP Contract and/or the SSL Contract (as the case may be) in respect of such termination;
- (v) paragraph 1.6A of Schedule 3.2 (*Reasonable Life Expectancy, Condition Benchmarks and Residual Life Benchmarks*) of the BCV and SSL Contracts to require Infraco to carry out more extensive works to bring a Grey Asset into a condition to be specified by LUL;
- (w) the right of LUL to require that property which has temporarily been Surplus Property shall cease to be Surplus Property, in the circumstances set out in paragraph 4(a) of Section 3 of the Property Code;
- (x) clause 11F (*Circle Line Trains*) of the SSL Contract to require SSL to undertake certain works and services in relation to Trains on the Circle Line; and
- (y) clause 11G (*Air Conditioning*) of the SSL Contract to require SSL to undertake works and services in relation to the installation and maintenance of air-conditioning systems on Trains on the SSL Lines;
- (z) clause 11H.1 and 11H.2 of the SSL Contract to amend Fixed Parameters and determine Infraco Measures for the inclusion of Barking Sidings, Rayners Lane Terminus and Rayners Lane Flat Junction in the Capability Model Workbook and to require Infraco to complete additional infrastructure or enabling works at such locations;
- (aa) clause 11K of the JNP Contract to require JNP to provide a Train Service Management Information System for the Jubilee Line;

- (bb) clause 11G.2 (*Northern Line Train Service Contracts*) of the JNP Contract to procure certain variations in relation to the radio system on the Northern Line and assist LUL in procuring certain variations to the Connect Contract;
- (cc) clause 11J.1 (*Northern Line Train Service Contracts*) of the JNP Contract regarding changes to the terms of the Northern Line Train Service Contracts;
- (dd) clause 11J.2 (*Northern Line Train Service Contracts*) of the JNP Contract regarding the exercise of voluntary termination rights under the Northern Line Train Service Contracts;
- (ee) clause 11J.3 (*Northern Line Train Service Contracts*) of the JNP Contract regarding the service of certain notices under the Northern Line Train Service Contracts;
- (ff) paragraph 2.3 of the Access Code to allow PFI Contractors other than the Prestige Contractor, the Power Service Contractor, the Connect Contractor and (subject to the specific provisions of clause 11B of the JNP Contract) any PFI Contractor in respect of Project T5 to have Access pursuant to the Access Code;
- (gg) clause 11I of the SSL Contract to require Infraco to undertake certain works and services in relation to Train Refurbishments on the District Line;
- (hh) clause 11L (*Legal Proceedings*) of the JNP Contract to require Infraco to provide certain services in relation to legal proceedings involving LUL in respect of the Jubilee Line;
- (ii) clause 11D (*OPO CCTV*) of the BCV Contract and clause 11J (*OPO CCTV*) of the SSL Service Contract regarding the implementation and maintenance of one-person-operation (OPO) closed circuit television (CCTV) systems;
- (jj) clause 11E (Station Modernisations) of the BCV Contract to require Infraco to Deliver into Service in relation to each or any of Buckhurst Hill Station and/or Notting Hill Gate Station a Station Modernisation and/or in respect of Marble Arch Station a Station Modernisation and Congestion Relief Project.

1.8 - *Signal House Sub-lease*

'*Signal House Sub-lease* means the sub-lease of premises at Acton Works to be granted by SSL to BCV substantially in the agreed form;'

1.9 Item 2 of Schedule 1 to the MDA shall be deleted and replaced with the following:

'2. Leases

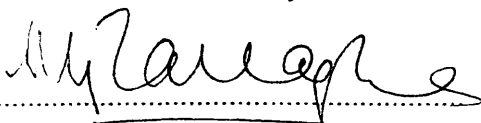
Each of the Leases, the Ancillary Leases, the Underleases, the Ancillary Underleases, any Supplemental Lease and any Supplemental Underlease, any Depot Sub-leases, the Frank Pick House Sub-lease, the Signal House Sub-lease and any Acton Works Lease (so long as LUL is the landlord thereunder).'

1.10 Terms, which are defined in the MDA, other than those amended or added by this letter, shall bear the same meaning they bear in the MDA when used in this letter.

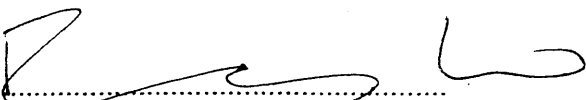
- 1.11 The agreement contained in this letter is supplemental to the MDA and, in order to comply with the provisions of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, all of the terms and conditions in the MDA are incorporated in this letter.
- 1.12 To the extent that this letter amends the MDA any such amendment shall be construed as if it forms part of the MDA and to the extent that this letter amends the MDA so as to include a term not previously defined in the MDA, the MDA shall be construed so as if to include that term.
- 2.0 This letter is governed by, and shall be construed in accordance with, English law.
- 2.1 This letter may be entered into in the form of two or more counterparts, which taken together shall form one instrument and this shall have the same effect as if the signatures on the counterparts were on a single copy of this letter.
- 2.2 Please confirm your acceptance of the terms of this letter by signing and returning the enclosed copy of this letter to us.

Yours faithfully,

EXECUTED as a DEED by)
LONDON UNDERGROUND LIMITED)
 acting by two Directors/one)
 Director and the Secretary)



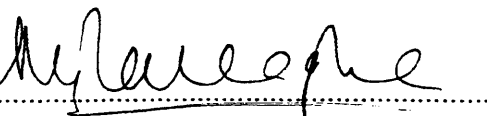
 Director



 Director/Secretary

We hereby accept the terms of this letter.

EXECUTED as a DEED by)
INFRACO BCV LIMITED)
 acting by two Directors/one)
 Director and the Secretary)

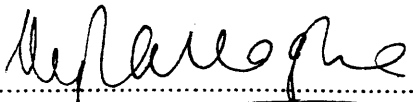


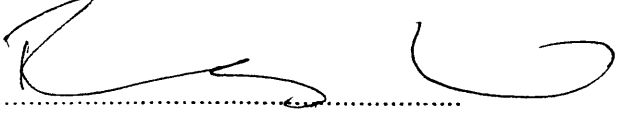
 Director



 Director/Secretary

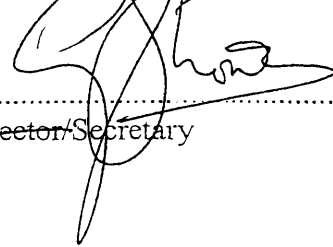
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INFRACO SUB-SURFACE LIMITED)
acting by two Directors/one)
Director and the Secretary)


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Director


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Director/Secretary

EXECUTED as a DEED by)
TUBE LINES LIMITED)
acting by two Directors/one)
Director and the Secretary)


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Director


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Director/Secretary