

Tube Lines' Quarterly Performance Report September – December 2008, Q3– 2008/9

Summary

“Being safe” is Tube Lines’ central corporate value and the company has worked hard to make employees safe at work, despite the challenging conditions faced on the Underground network. This quarter safety performance was again better than target with no RIDDOR reportable lost time injuries. Employees and contractors working on Tube Lines sites are now over ten times safer than they were when Tube lines took over in 2003. The lost time injury frequency rate fell to 0.13, but work continues to ensure complacency does not threaten safety.

Tube Lines was ahead of target for nearly all its contractual measures this quarter. Availability, which measures the impact of delays on customers, was 30% better this quarter compared with the same quarter last year. This is largely due to further improvements in the performance of Northern line fleet and signalling. There are now 25% fewer delays caused by infrastructure problems on the Northern line than when Tube Lines took over in 2003.

Good progress was made with the Jubilee line upgrade, especially during a Christmas closure. The final trains were fitted out with the transmission-based train control equipment and further equipment installed in signal equipment rooms. There was also work on the Northern line upgrade and activity stepped up on the Piccadilly line upgrade.

More station upgrades were completed this quarter taking the total number of station upgrade completions to 62, with two more completed since the quarter finished; upgrade work continues to plan on the remaining stations currently with work in progress.

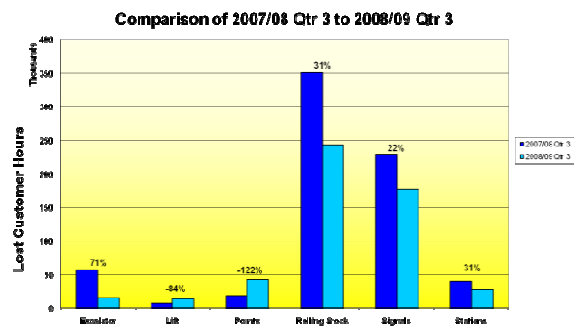
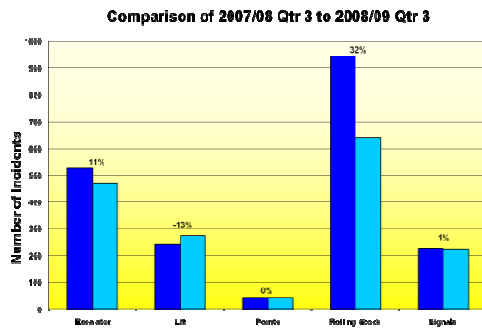
Capital expenditure for the quarter was slightly less than planned at £120m, compared with a forecast £125m.

There were 40 zero delays days over the quarter, which is 38% more zero delay days than the same quarter last year.

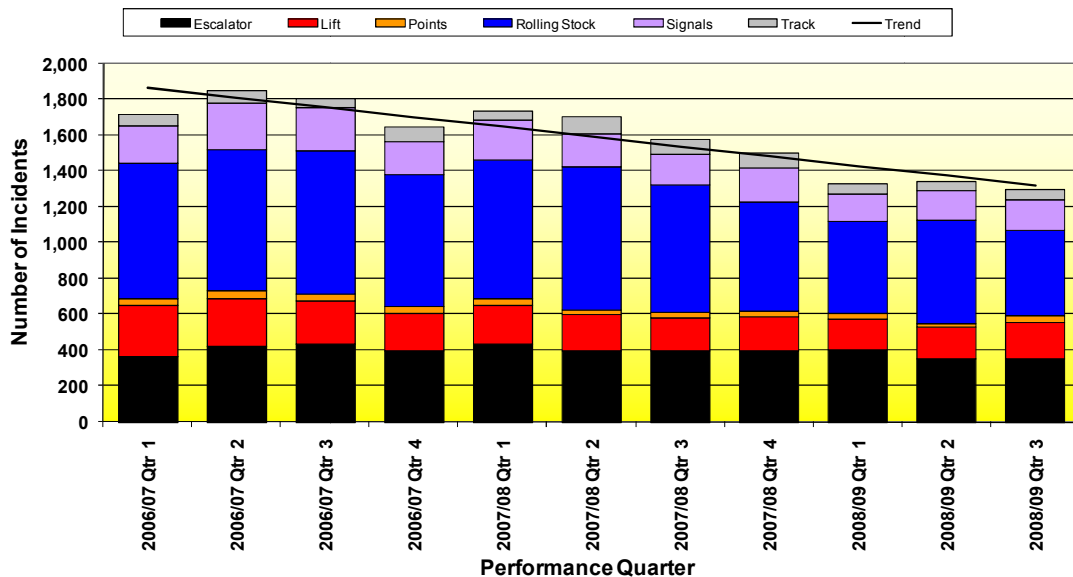
Highlights

Across all of our lines:

- Investment in infrastructure was £120m, compared with a forecast £125m
- Availability (lost customer hours): each line was ahead of target for the quarter and overall we were 30% better this quarter compared with the same last year
- Reliability (incident count): the number of recorded incidents causing delays was 17% lower than the same quarter last year
- 40 zero delay days were achieved



Availability - Overall Asset Incidents Count



Note: Quarter 3 figures are normalised to allow comparison to other quarters.

Jubilee line:

- Achieved 14 zero delay days
- Line upgrade programme
 - The final Jubilee line trains were fitted out with the transmission-based train control equipment and put into operational service
 - Continued fitting out signal equipment rooms, finishing five more (at Canning Town, North Greenwich, Canada Water, Bermondsey and London Bridge) bringing the total completed to seven, with work ongoing at Southwark, Waterloo, Westminster and Green Park
 - Completed installation of change over cubicles, which switch between old and new signalling systems, at Canning Town, North Greenwich, Canada Water, Bermondsey and London Bridge
 - Successfully used a five day Christmas closure, involving over 300 employees and contractors. Tests included control centre and train computer software, axle counters and engineer's trains. Other installation and commissioning work was also undertaken.
- Stations
 - Work continued at five stations: Waterloo, Green Park, Stanmore, Canons Park and Queensbury. The work at Queensbury reached practical completion and the team upgrading Canons Park achieved beneficial use (completing the communication system and related controlling facility and put into use)
- Lifts & escalators

- The refurbishment of four escalators at Canary Wharf were completed and returned to passenger service as planned
- Track and civils work
 - 132 sleepers were installed, plus 93 insulation pots (ceramic sealed pots that sit on the sleeper and hold the conductor rail). 320m of rail was realigned to achieve the correct running profile
 - Completed excavation, regrading and topsoil installation for a 108m cutting at Kingsbury and removed 2,300 tonnes of waste from another nearby site

Northern line:

- Achieved one zero delay day
- Line upgrade programme
 - Enabling works for 33 cable management systems were completed
 - A refurbishment of Edgware depot progressed. This previously disused depot will be used for future work to fit new signalling equipment onto trains, freeing up maintenance space at the congested Morden depot
- Stations
 - Upgrade work at Edgware station achieved beneficial use (completing the communication system and related controlling facility and put into use) and the work at West Finchley reached a major milestone
 - Started upgrades at Oval and Clapham Common stations, making the most of early closures on weekday evenings to accelerate work
- Lifts & escalators:
 - Completed reliability enhancement work to an escalator at Bank, enabling work to begin on its neighbour to replace all machinery within the truss
 - The refurbishment of a lift at Borough station was completed and returned to passenger service
 - Step free access work at Golders Green progressed further
- Track and civils work
 - Over 2km of new rail was installed and 279m of rail was realigned to achieve the correct running profile
 - 184 sleepers were installed, 245 pit blocks (in station areas) and 216 insulation pots
 - Work continued on the embankment at East Finchley

Piccadilly line:

- Achieved 25 zero delay days
- Stations
 - The upgrades of Russell Square, Acton Town (including the addition of lifts providing step free access) and Hounslow West stations were completed, and good progress was made with the work at Covent Garden and Osterley
- Lifts & escalators
 - Completed refurbishing an escalator at Knightsbridge and returned it to passenger service
- Track and civils work
 - 290m of rail was realigned to achieve the correct running profile
 - 36 sleepers and 137 pit blocks (in station areas) were installed together with 107 insulation pots
- Line upgrade programme
 - Issued evaluation of rolling stock tenders
 - Conducted surveys regarding the new control centre site at Acton

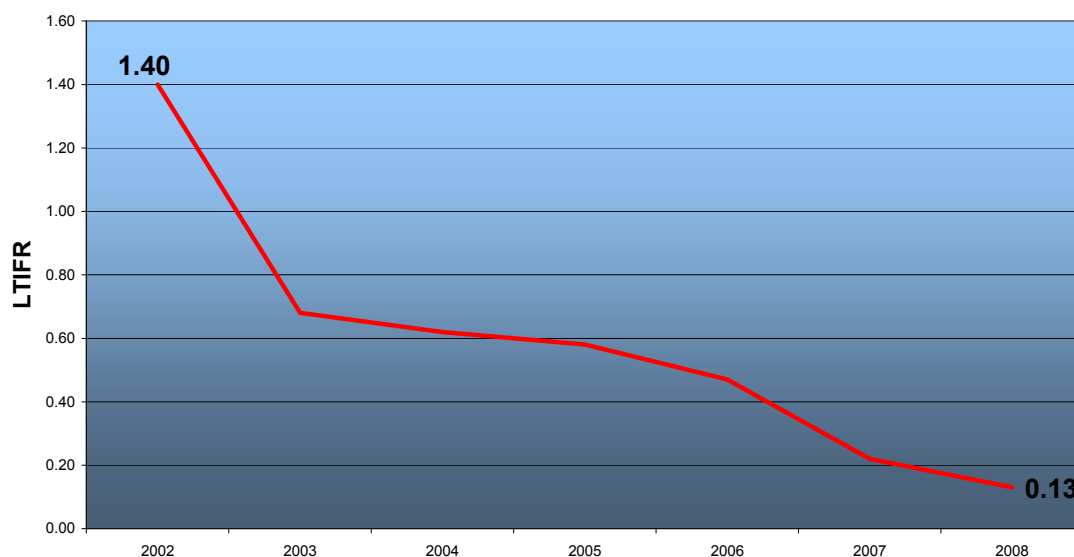
Safety

Another strong quarter with respect to the safety of staff and contractors with no RIDDOR* reportable lost time injuries recorded compared with seven reported in the same quarter last year.

The lost time injury frequency rate (LTIFR**) has reduced to 0.13. Employees and contractors working on Tube Lines' sites are now over ten times less likely to have such an injury than they were when Tube Lines assumed responsibility for its three lines, when the LTIFR was 1.40. Maintaining this performance and further driving down the risk of injury continues to be a priority for Tube Lines.

Our P-Way Delivery Manager, Paul Watson, won the Achiever of the Year Award for safety at the annual awards of the Institution of Occupational Safety & Health (IOSH).

Tube Lines Combined Employee/Contractor (RIDDOR) Lost Time Injury Frequency Rate (LTIFR)

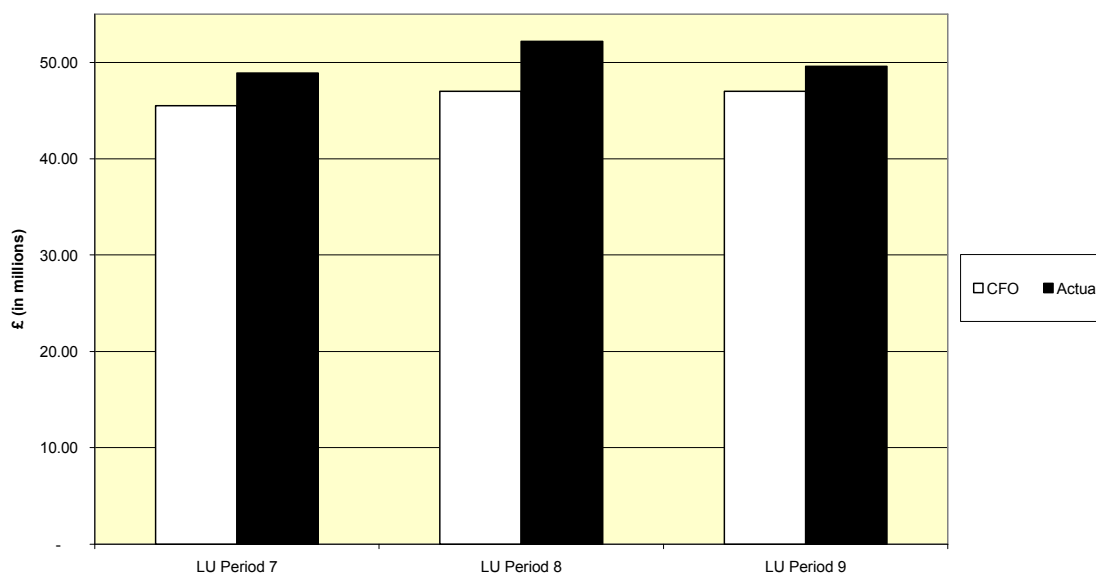


*RIDDOR stands for the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995. This legislation includes a requirement to report work place injuries that result in over three days of absence from work.

**LTIFR is the Tube Lines lost time injury frequency rate and is defined as the ratio of RIDDOR reportable lost time injuries per 100,000 hours of work. This measure is used across the industry.

Payment

ISC Payment Per Period Against CFO Financial Target
July to December 2008

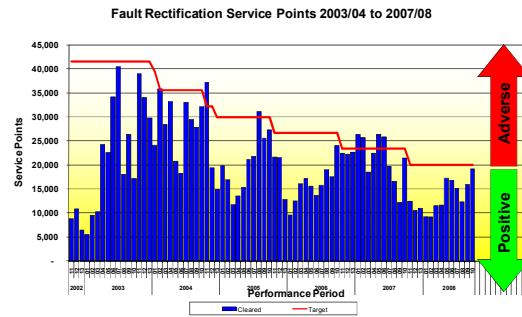
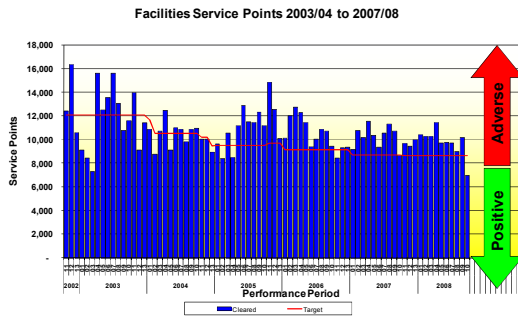
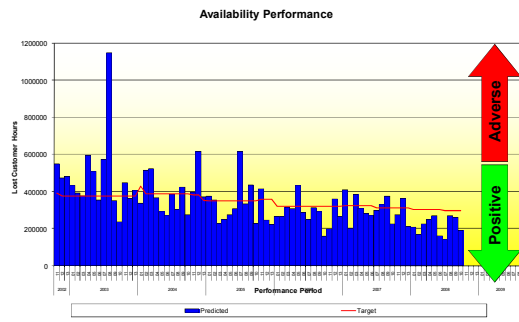
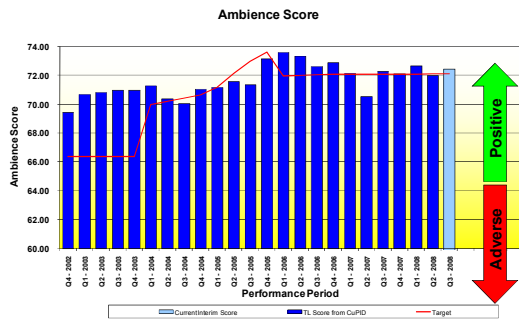


The above graph provides an overview of the infrastructure service charge payment for each period against our financial targets agreed with London Underground in the contract. In line with the contract, the payments vary according to the levels of performance achieved against the performance targets – availability, ambience and service points. The graph does not necessarily represent an accurate reflection of operational performance in the quarter as allocation of abatements normally relates to incidents from previous periods. No payment is ever made in period 10 – it is handled in period 11 instead.

The infrastructure service charge was ahead of target, due to extra work over and above the core PPP and the clarification and settlement of queried issues with London Underground.

Contractual Performance - Ambience, availability and service points

- Ambience (the measure of the travelling environment) – our performance was better than target. The quarterly scores for train litter and graffiti particularly improved on the Northern and Piccadilly lines. The score is generated by a mystery shopper survey; other anecdotal feedback from London Underground’s customer satisfaction survey has communicated positive feedback from Tube users about the cleanliness of the system. For example, trials of a new on-train cleaning initiative at Stratford attracted encouraging comments from passengers.
- Availability (delays caused by infrastructure) – we are expecting to exceed our target, although it is worth noting that the figures include a number of lost customer hours yet to be allocated and agreed with London Underground. All three lines proved better than their targets this quarter. The number of lost customer hours was 30% better than the same quarter last year, with the number of incidents also significantly lower.
- Service points – fault rectification service points were better than target but facilities service points missed the target, despite continuing improvements.



Station modernisations/ refurbishments on site: July – September 2008

Work is mobilised, ongoing or has been completed this quarter on the following stations:

• West Finchley	• Hounslow West
• Covent Garden	• Stanmore
• Canons Park	• Waterloo
• Russell Square	• Acton Town
• Edgware	• Queensbury
• Green Park	• Osterley
• Clapham Common	• Oval

Note: London Underground's financial year starts on April 1. The year is divided into 13 four-week accounting periods, referred to in the charts attached as P1 to P13. Q3 is a four-period quarter as opposed to the other three-period quarters and the charts showing quarters have been normalised to enable like-for-like comparisons. Tube Lines' financial year now starts on 1 January but for consistency and ease of comparison, this report uses London Underground's reporting periods.

Tube Lines Quarterly Performance Targets January – March 2009, Q4 – 2008/9

Highlights for the next three periods

Across all lines:

- Keep the employee accident rate below the action level set
- Achieve our contractual target for ambience
- Achieve fewer fault rectification points and facilities service points
- Reduce delays to passengers by incurring fewer lost customer hours

Jubilee line:

Line upgrade programme

- Commission six change over cubicles
- Further progress testing

Stations

- Complete station upgrades at Canons Park and Stanmore

Lifts & escalators

- Continue with major refurbishment of an escalator at Swiss Cottage station

Northern line:

Line upgrade programme

- Start fitting trains with new signalling equipment at Edgware

Stations

- Start site work on Goodge Street and High Barnet station upgrades
- Continue upgrading Clapham Common and Oval stations

Lifts & escalators

- Complete major refurbishment of an escalator at London Bridge and return it to passenger service
- Start major refurbishment of a lift at Kennington station

Track

- Start re-railing at Tufnell Park station
- Complete pit block and pedestal installation at three sites

Piccadilly line:

Line upgrade programme

- Continue identifying locations for signalling equipment rooms

Stations

- Complete station upgrade at Osterley
- Continue upgrading Covent Garden station
- Start upgrading Hatton Cross station

Lifts & escalators

- Complete escalator refurbishment at Heathrow T1,2,3 and return to passenger service