



Metronet

March 2008

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**Presentation to
Bondholders**

Put Option Price

- The put option price (including interest) was paid by LUL on 12 February 2008.
- Together with credit balances held, this gave recoveries of:
 - £1,089,989,451.50 (BCV – total outstanding debt: £1,138,346,819.14); and
 - £838,030,678.65 (SSL – total outstanding debt: £873,760,805.33)

Amount Claimed Allocable to Bonds

- Total claim for Bonds was:

BCV

Index Linked Bonds (FSA): **£251,799,963.94** (comprised of **£192,874,149.66** (outstanding principal amount), **£1,904,897.16** (accrued interest) and **£57,020,917.12** (early redemption price))

Fixed Rate Bonds (Ambac): **£399,037,874.60** (comprised of **£350,000,000.00** (outstanding principal amount), **£6,376,201.92** (accrued interest) and **£42,661,672.68** (early redemption price))

SSL

Index Linked Bonds (Ambac): **£245,029,097.84** (comprised of **£192,874,149.66** (outstanding principal amount), **£1,904,632.23** (accrued interest) and **£50,250,315.95** (early redemption price))

Fixed Rate Bonds (FSA): **£394,352,288.11** (comprised of **£350,000,000.00** (outstanding principal amount), **£6,381,009.62** (accrued interest) and **£37,971,278.49** (early redemption price))

Distribution of Amounts Allocable to Bonds - Clause 14.6 (a) of Intercreditor Deed

Where there is an Event of Default...

- unpaid Approved Debt due and owing to noteholders or interest accrued in respect of bonds by reason of failure to pay under financial guarantee, paid to Bond Trustee (this limb does not apply)...
- ... and the remaining amount to the Relevant Monoline

Escrow Agreements and Accounts

- Escrow Agreements with Monolines, Bond Trustee and Citibank as Escrow Agent
- 4 Segregated Escrow Accounts
- Monolines do not beneficially own Escrow Accounts or Authorised Investments made with escrowed funds
- The Monolines and Bond Trustee (as “Directing Parties”) share in the right to direct payment of escrowed funds for authorised purposes (“Qualifying Payments”)

Escrow Arrangements

- Amounts paid into Escrow Accounts
- BCV
 - Index Linked (FSA): **£240,821,097.63**
 - Fixed rate (Ambac): **£382,086,607.31**
- SSL
 - Index Linked (Ambac): **£234,733,484.91**
 - Fixed rate (FSA): **£378,226,299.03**
- Only Qualifying Payments by Directing Party, or by court order

Escrow - Qualifying Payments

- Payments for Escrow Agent (Directing party, Monoline)
- Tax liabilities (Directing party, Monoline or Bond Trustee)
- Principal and interest, scheduled or accelerated (Directing party, Monoline or Bond Trustee)
- Monoline reimbursement, scheduled or accelerated (Directing party, Monoline)
- Bond Trustee expenses, Paying Agent expenses (Directing party, Monoline or Bond Trustee)
- Monoline premia legal and other costs and expenses (Directing party, Monoline)
- Other payment as agreed by Monoline and Bond Trustee

Escrow Amount - Authorised Investments

- UK Government Securities
- Repackagings, secured solely on UK Government Securities
- Short-Term Instruments/Deposits A1/P1

... or as agreed by the Bond Trustee and Monoline

Escrow Amounts: Interest Payment Applications – 17 March 2008

■ SSL

- Index Linked (Ambac):
£2,772,000.00
- Fixed rate (FSA):
£9,292,500.00

■ BCV

- Index Linked (FSA):
£2,772,000.00
- Fixed rate (Ambac):
£9,285,500.00

Possible Options

- Acceleration of Bonds at par (as contemplated by documents)
- More detailed information about other possibilities is available only on terms of confidentiality letters

Next Steps

- ABI form special committee of bondholders
- Further meeting only on terms of confidentiality letters



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