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30 March 2017

Kerry Taylor Network Rail Infrastructure Limited Floor 4B George Stephenson House Toft Green York YO1 6JT Colin Whittle Tyne & Wear Passenger Transport Executive Nexus House St James' Boulevard Newcastle upon Tyne NE1 4AX

Dear Kerry and Colin

Novation of the track access contract between Network Rail Infrastructure Limited and Tyne & Wear Passenger Transport Executive (trading as Nexus)

1. The Office of Rail and Road (ORR) has, on 29 March 2017, in accordance with section 18 of the Railways Act 1993 (the Act), approved the novation of the above track access contract from DB Regio Tyne & Wear Limited (DB Regio) to Tyne & Wear Passenger Transport Executive (trading as Nexus) and directs Nexus to enter into the contract with Network Rail Infrastructure Limited (Network Rail) (jointly the parties).

2. The original Tyne and Wear Metro track access contract between Network Rail and Nexus commenced on 22 December 1999 and runs for thirty years. In March 2010, Nexus gave DB Regio a seven year contract to operate the service and Network Rail requested that the track access agreement be novated from Nexus to DB Regio. ORR directed this novation on 24 March 2010. The operating contract expires on 31 March 2017 and Nexus will take over operation of the service from DB Regio on 1 April 2017.

3. Network Rail submitted the proposed deed of Novation and explanatory letter to ORR on 16 March 2017. We discussed a number of legal issues with the parties. We were content with the proposed wording of the deed.

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4. We issued our directions to the parties on 28 March 2017, directing them to enter into the proposed track access agreement by 31 March 2017. Nexus have subsequently provided us with a signed copy of the deed and Network Rail have written to us to confirm they have executed the novation and entered into the track access contract.

5. A copy of the directions and the signed deed will be placed on our public register, copies of this letter, the directions, the deed and Netwrok Rail's letter will also be placed on the ORR website. The parties have not requested any redactions.

6. I am also copying this letter to Peter Craig at Network Rail and Keith Merritt at Department for Transport.

Yours sincerely

Jonathan Rodgers