

THIS AGREEMENT is made the day of 1995

BETWEEN

THE OPERATORS (as defined in Schedule 1); and

LONDON REGIONAL TRANSPORT (LRT) of 55 Broadway, London SW1H 0BD.

- (A) The Board and LRT provide and market a range of tickets known as Travelcards which are valid on certain of the Board's passenger rail services and on certain LRT Bus Services and Underground Services;
- (B) On implementation of the restructuring of the passenger rail industry in Great Britain, as contemplated by the Railways Act 1993, the Operators will be operating passenger rail services and will be required to provide and honour Travelcards;
- (C) The parties have agreed that as from the Effective Date arrangements for providing and honouring Travelcards shall be governed by the terms and conditions contained in this Agreement.

NOW IT IS HEREBY AGREED as follows:

DEFINITIONS

1.1 In this Agreement and the Schedules the words and expressions defined in Schedule 1 shall (unless the context requires otherwise) have the meanings there given to them and this Agreement and the Schedules shall be construed and interpreted in accordance with Schedule 1.

1.2 References in this Agreement to words importing the plural shall include the singular and vice versa.

1.3 Except where the context requires otherwise, references to Clauses or Schedules are to clauses of or schedules to this Agreement and references to sub-clauses are to sub-clauses of the Clause in which the reference appears. The Schedules form part of this Agreement. Any reference to an Act of Parliament shall be deemed to include any statutory modification or re-enactment of that Act.

COMMENCEMENT AND DURATION

2.1 This Agreement shall commence on the Effective Date.

2.2 From the Effective Date this Agreement shall supersede and replace the BR/LRT Travelcard Agreement without prejudice to any rights or obligations which may have accrued under such Agreement before the Effective Date.

2.3 This Agreement is conditional upon the following:

- (a) the ATOC/LRT Scheme coming into force;

- (b) the LRT/RSP Clearance Agreement coming into force;
- (c) approval of this Agreement by the Regulator and the Franchising Director;
- (d) the Ticketing and Settlement Agreement coming into force; and
- (e) appointment of the ATOC Representative

and each of the Operators and LRT (where relevant) shall use all reasonable endeavours to ensure that the above conditions are fulfilled.

2.4 Subject to Clause 10, this Agreement may only be determined by LRT giving to the ATOC Representative or by the ATOC Representative (on behalf of the Operators) giving to LRT at least thirteen months' notice in writing.

LRT SUBSIDIARIES AND THIRD PARTIES

3. The obligations of LRT under this Agreement (other than those contained in Clauses 4.2 (accounting for moneys due), 6 (revenue and settlement), 7 (appointment of the ATOC Representative), 8 (re-negotiation of the Operating Schedule), 9 (admission of participants), 10 (ceasing participation), 11 (extension and reduction of networks) and 15 (mediation and arbitration) and any obligation to negotiate with or give notice to the ATOC Representative) shall extend to:

- (a) any subsidiary of LRT which provides public passenger services on which Travelcards may be used pursuant to the terms of this Agreement; and
- (b) any LRT Third Party

in each case in respect of those services operated by them on which Travelcards may be used. LRT shall procure that, for as long as they operate services on which Travelcards may be used, each such subsidiary and each LRT Third Party complies with such obligations.

OBLIGATIONS IN RELATION TO TRAVELCARDS AND SERVICES

4.1 Each of the Operators and LRT shall offer for sale, issue and accept Travelcards on and in accordance with the terms of this Agreement including the Schedules.

4.2 Subject to and in accordance with the terms of this Agreement LRT shall:

- (a) account to RSP in accordance with the LRT/RSP Clearance Agreement for all moneys due in respect of sales of Travelcards by it and by its subsidiaries;
- (b) account to RSP in accordance with the LRT/RSP Clearance Agreement for all moneys due in respect of Travelcards from persons who are under contract to LRT to sell Travelcards (including any LRT Third Parties); and
- (c) take reasonable steps to ensure that all such subsidiaries and such persons respectively referred to in (a) and (b) above have in place effective and secure

control and recording procedures in respect of their respective sales of Travelcards.

4.3 Subject to and in accordance with the terms of this Agreement each Operator shall:

- (a) account to RSP in accordance with the Ticketing and Settlement Agreement for all moneys due in respect of sales of Travelcards by it;
- (b) account to RSP in accordance with the Ticketing and Settlement Agreement for all moneys due in respect of Travelcards from persons who are under contract to such Operator to sell Travelcards; and
- (c) take reasonable steps to ensure that all such persons referred to in (b) above have in place effective and secure control and recording procedures in respect of their respective sales of Travelcards.

4.4 Subject to and in accordance with the terms of this Agreement the Operators shall jointly:

- (a) account to RSP in accordance with the Ticketing and Settlement Agreement for all moneys due in respect of Travelcards from persons who are under contract to all of the Operators jointly to sell Travelcards; and
- (b) take reasonable steps to ensure that all such persons referred to in (a) above have in place effective and secure control and recording procedures in respect of their respective sales of Travelcards.

DUTIES OF THE OPERATORS AND LRT

5.1 Each of the Operators and LRT severally shall take reasonable steps to ensure that passengers travelling on any services which it provides and on which Travelcards may be used, travel with a valid ticket.

5.2 The Operators (through the agency of the ATOC Representative) and LRT shall co-operate together to facilitate the use of Travelcards and the implementation of this Agreement.

5.3 Each of the Operators and LRT shall comply with the provisions of the Operating Schedule.

REVENUE AND PAYMENT

6.1 Apportionment of Total Travelcard Revenue between the Operators and LRT will be made in accordance with the provisions set out in the Operating Schedule in order to calculate sums due under the LRT/RSP Clearance Agreement and the Ticketing and Settlement Agreement.

6.2 Payments in respect of Total Travelcard Revenue shall be made between LRT and RSP in accordance with the provisions of the LRT/RSP Clearance Agreement and

between the Operators and RSP in accordance with the provisions of the Ticketing and Settlement Agreement.

6.3 Each of the Operators undertakes to LRT that it will provide to RSP the information described in Clause 4 of the LRT/RSP Clearance Agreement in respect of sales of Travelcards by it or on its behalf (including any related commission or refunds) in the form and at such times as are required to enable such Travelcards to be Accepted for Clearing (as defined in the LRT/RSP Clearance Agreement).

6.4 All sums due under this Agreement are exclusive of VAT thereon, if any, which shall be charged in addition thereto under the relevant regulations in force at the time of making the relevant taxable supply.

6.5 Where under this Agreement a party has agreed to make a reimbursement or indemnity in respect of any payment made or cost incurred by another party then the first party shall also reimburse any VAT paid by the other which forms part of its payment or costs incurred to the extent that such VAT is not available for credit for the other under sections 25 and 26 of the Value Added Tax Act 1994.

APPOINTMENT OF THE ATOC REPRESENTATIVE

7.1 Each of the Operators has entered into this Agreement as principal and hereby appoints a representative (known in this Agreement as the ATOC Representative) to act as its agent for as long as it is a party to this Agreement. The ATOC Representative may appoint one or more individuals to facilitate the performance of its functions hereunder including groups of individuals with responsibility for separate aspects of the arrangements contained in this Agreement.

7.2 The ATOC Representative is appointed by each of the Operators as its agent to negotiate with and give notices, consents, waivers and receipts in accordance with this Agreement to LRT and to perform all other actions expressed to be performed by the ATOC Representative under this Agreement.

7.3 No notice, consent or waiver under this Agreement purported to be given:

- (a) by an Operator on behalf of another Operator or Operators; or
- (b) by an Operator in respect of any of the matters for which the ATOC Representative is appointed agent under this Agreement

shall have any effect.

7.4 The person acting as ATOC Representative may from time to time give LRT not less than 30 days' notice of his ceasing to act as such and the identity of the person who is to take his place as ATOC Representative. Upon the expiry of such notice, the person so identified shall be the ATOC Representative for all purposes of this Agreement.

7.5 The Operators undertake to LRT, jointly and severally, to procure:

- (a) the performance by the ATOC Representative of any action to be performed by the ATOC Representative hereunder; and
- (b) that the ATOC Representative has all information required for such performance.

RE-NEGOTIATION OF THE OPERATING SCHEDULE

8.1 The ATOC Representative and LRT will review the provisions of the Operating Schedule at least once in each calendar year and negotiate in good faith amendments to the Operating Schedule. The Operators and LRT agree to be bound by any such amendments agreed between those negotiating under the authority of LRT and the ATOC Representative.

8.2 Any review of the Apportionment Factors shall be conducted with a view to any consequent amendments being agreed no later than 21 days before the date such Apportionment Factors are due to take effect (as determined in accordance with the Operating Schedule).

8.3 Amendments to the Operating Schedule agreed by LRT and the ATOC Representative following negotiations pursuant to this Clause 8 shall take effect on the date agreed by LRT and the ATOC Representative for that purpose. A revised version of the Operating Schedule incorporating such amendments shall be signed by or on behalf of LRT and the ATOC Representative (as agent for the Operators) and, once so signed, such version shall replace the immediately preceding version of the Operating Schedule (but shall not thereby extinguish any rights or liabilities accrued under the preceding version and then outstanding) and be binding on LRT and the Operators.

8.4 Any failure to agree amendments to the Apportionment Factors following negotiation pursuant to this Clause 8 shall be referred to arbitration in accordance with the provisions of Clause 15.

8.5 If LRT and the ATOC Representative have not agreed changes in prices for any category of Period Travelcard or One-day Travelcard by the date which is 120 days before the anniversary of the previous change in prices for the relevant category of Period Travelcard or One-day Travelcard the price (exclusive of any applicable VAT) for such category shall, with effect from such anniversary, be increased by a percentage equal to the percentage increase in the Index of Retail Prices (All Items) during the 12-month period to such date. If necessary, fares shall be rounded up or down as agreed between LRT and the ATOC Representative.

8.6 Any failure to agree amendments to the Operating Schedule (other than the Apportionment Factors or changes in Travelcard prices) following negotiation pursuant to this Clause 8 shall be referred to mediation in accordance with the provisions of Clause 15.

8.7 LRT shall be required to negotiate only with the ATOC Representative in fulfilment of its obligations under this Clause 8 and shall not be obliged to enter into

any discussions with any of the Operators in respect of the subject matter of the negotiations referred to in this Clause 8.

ADMISSION OF PARTICIPANTS

9.1 LRT shall be entitled to include LRT Third Parties in the Travelcard arrangements provided for by this Agreement, without the consent of the Operators, if:

- (a) LRT is required to or wishes to effect such inclusion as a result of any statutory obligations or power then applying to LRT;
- (b) at least 120 days' written notice of such proposed inclusion is given by LRT to the ATOC Representative;
- (c) LRT gives written notice to the ATOC Representative, at least 90 days before the expiry of the notice under sub-clause (b), of the change(s) which it proposes should be made to this Agreement as a result of the proposed inclusion or of the fact that no such changes are proposed. The notice given pursuant to this sub-clause (c) shall include any proposed adjustment to the Apportionment Factors to take into account such proposed inclusion; and
- (d) LRT executes and delivers to the ATOC Representative, before the expiry of the notice referred to in sub-clause (b), a letter in the form of Schedule 5 agreeing to treat the relevant person as an LRT Third Party for the purposes of this Agreement.

Following receipt of the notice referred to in sub-clause (c) LRT and the ATOC Representative shall review any proposals made by LRT pursuant to sub-clause (c) and agree any changes to be made to this Agreement as a result of such review. Any failure to agree such changes (other than changes to Apportionment Factors which shall be dealt with in accordance with paragraphs 2.12 to 2.15 of Schedule 4) shall be referred to mediation in accordance with the provisions of Clause 15 with a view to such changes being agreed prior to the expiry of the notice referred to in sub-clause (b).

Such person shall, if it is not a subsidiary of LRT, upon expiry of the notice referred to in sub-clause (b) and subject to execution of the letter referred to in sub-clause (d), become an LRT Third Party for the purposes of this Agreement.

9.2 Any operator or provider of Railway Services may become an Operator without the consent of LRT if:

- (a) at least 120 days' written notice of such person's intention to become a party to this Agreement is given to LRT by the ATOC Representative;
- (b) such person is a member of the ATOC/LRT Scheme and such membership has been confirmed in writing to LRT by the ATOC Representative;

- (c) written notice is given by the ATOC Representative to LRT, at least 90 days before the expiry of the notice referred to in sub-clause (a), of the change(s) proposed to be made to this Agreement as a result of such person becoming an Operator or the fact that no such changes are proposed. The notice given pursuant to this sub-clause (c) shall include any proposed adjustment to the Apportionment Factors to take into account the admission of such person; and
- (d) such person executes, before the expiry of the notice referred to in sub-clause (a), a deed of adherence substantially in the form of the deed set out in Schedule 6.

Following receipt of the notice referred to in sub-clause (c) LRT and the ATOC Representative shall review the proposals made pursuant to sub-clause (c) and agree changes to be made to this Agreement as a result of such review. Any failure to agree such changes (other than changes to Apportionment Factors which shall be dealt with in accordance with paragraphs 2.12 to 2.15 of Schedule 4) shall be referred to mediation in accordance with the provisions of Clause 15 with a view to such changes being agreed prior to the expiry of the notice referred to in sub-clause (a).

Such person shall, upon expiry of the notice referred to in sub-clause (a) and subject to execution of the deed referred to in sub-clause (d), become an Operator for the purposes of this Agreement.

9.3 Where a proposed LRT Third Party or Operator is to be included in the arrangements for Travelcard because it is taking over the operation of existing Railway Services or Underground Services and LRT and the ATOC Representative have agreed that no changes need be made to this Agreement as a consequence, no notice shall be required to be given under Clause 9.1(c) or 9.2(c) and the notice to be given under Clause 9.1(b) or 9.2(a) shall be 30 days.

9.4 The provisions of Clause 9.1 shall not apply to LRT Bus Services and LRT may include the operators of such services in the Travelcard arrangements contained in this Agreement as LRT Third Parties without notifying the ATOC Representative. In such circumstances LRT may propose changes to this Agreement which it believes should be made as a result of the inclusion of such an LRT Third Party. LRT and the ATOC Representative shall review any proposals made by LRT under this Clause 9.4 and agree any changes to be made to this Agreement as a result of such review. Any failure to agree such changes (other than changes to Apportionment Factors which shall be dealt with in accordance with paragraphs 2.12 to 2.15 of Schedule 4) shall be referred to mediation in accordance with the provisions of Clause 15 with a view to their being agreed before the inclusion of the relevant LRT Third Party.

CEASING PARTICIPATION

10.1 Any subsidiary of LRT or any LRT Third Party may cease to participate in the Travelcard arrangements contained in this Agreement, without the consent of the Operators, if:

- (a) LRT gives at least 12 months' notice in writing (or such shorter period of notice as is agreed between LRT and the ATOC Representative being not less

than 180 days) to the ATOC Representative of the proposed exclusion of such subsidiary of LRT or LRT Third Party from the Travelcard arrangements with effect from the expiry of such notice; and

- (b) LRT also gives notice in writing to the ATOC Representative at least 180 days before the expiry of the notice under sub-clause (a), of the changes which it proposes should be made to this Agreement as a result of such person ceasing so to participate. The notice given pursuant to this sub-clause (b) shall include a proposed adjustment to the Apportionment Factors to take into account such person's ceasing so to participate.

Within 30 days of the date of the notice referred to in sub-clause (b) LRT and the ATOC Representative shall review any proposals made by LRT pursuant to sub-clause (b) and agree any changes to be made to this Agreement as a result of such review. Any failure to agree such changes (other than changes to Apportionment Factors which shall in such circumstances be referred to arbitration in accordance with the provisions of Clause 15) shall be referred to mediation in accordance with the provisions of Clause 15 with a view to such changes being agreed prior to the expiry of the notice referred to in sub-clause (a). To the extent that any such change is not agreed following mediation, the provisions of this Agreement in respect of which such change was proposed shall continue in full force and effect.

As from the expiry of the notice referred to in sub-clause (a), the person in respect of which such notice is given shall be excluded from the Travelcard arrangements and in the case of an LRT Third Party, shall cease to be an LRT Third Party.

10.2 Any Operator may cease to be an Operator and a party to this Agreement, without the consent of LRT, if:

- (a) the ATOC Representative gives at least 12 months' notice in writing (or such shorter period of notice as is agreed between LRT and the ATOC Representative being not less than 180 days) to LRT that such Operator intends ceasing to be a party to this Agreement (and thereby participate in the Travelcard arrangements) with effect from the expiry of such notice; and
- (b) the ATOC Representative gives notice in writing to LRT at least 180 days before the expiry of the notice under sub-clause (a) of the changes which it proposes should be made to this Agreement as a result of such Operator ceasing to be a party to this Agreement. The notice given pursuant to this sub-clause (b) shall include a proposed adjustment to the Apportionment Factors to take into account such Operator's so ceasing to be a party.

Within 30 days of the date of the notice referred to in sub-clause (b) LRT and the ATOC Representative shall review any proposals made by the ATOC Representative pursuant to sub-clause (b) and agree the changes to be made to this Agreement as a result of such review. Any failure to agree such changes (other than changes to the Apportionment Factors which shall, in such circumstances, be referred to arbitration in accordance with the provisions of Clause 15) shall be referred to mediation in accordance with the provisions of Clause 15 with a view to such changes being agreed prior to the expiry of the notice referred to in sub-clause (a). To the extent that

any such change is not agreed following mediation, the provisions of this Agreement in respect of which such change was proposed shall continue in full force and effect.

As from the expiry of the notice referred to in sub-clause (a), such Operator shall cease to be a party to and an Operator for the purposes of this Agreement.

10.3 When a subsidiary of LRT, an LRT Third Party or an Operator is to be excluded from the Travelcard arrangements because another person is to take over the operation of Railway Services or Underground Services in the circumstances described in Clause 9.3, no notice shall be required to be given under Clause 10.1(b) or 10.2(b) and the notice to be given under Clause 10.1(a) or 10.2(a) shall be 30 days.

10.4 The provisions of Clause 10.1 shall not apply to LRT Bus Services and LRT Third Parties operating such services may cease to participate in the Travelcard arrangements contained in this Agreement without notification having been given to the ATOC Representative. In such circumstances LRT may propose changes to this Agreement which it believes should be made as a result of such an LRT Third Party ceasing to participate in the Travelcard arrangements covered by this Agreement. LRT and the ATOC Representative shall review any proposals made by LRT under this Clause 10.4 and agree any changes to be made to this Agreement as a result of such review. Any failure to agree such changes (other than changes to Apportionment Factors which shall, in such circumstances, be referred to arbitration in accordance with the provisions of Clause 15) shall be referred to mediation in accordance with the provisions of Clause 15 with a view to their being agreed before the relevant LRT Third Party ceases so to participate.

10.5 Any costs of, or relating to, the sale, issue, acceptance or marketing of Travelcards which would not have been incurred but for a person ceasing to participate in the Travelcard arrangements under Clause 10.1 or Clause 10.2 and incurred up to the date when such a person ceases so to participate shall be for the account of LRT in the case of any cessation pursuant to Clause 10.1 and shall be for the account of the Operators in the case of any cessation pursuant to Clause 10.2.

10.6 The ATOC Representative shall notify LRT immediately prior to any Operator ceasing to be a member of the ATOC/LRT Scheme. This Agreement shall terminate in respect of any such Operator forthwith on such Operator's ceasing to be a member of the ATOC/LRT Scheme. The ATOC Representative and LRT shall agree any changes to be made to this Agreement as a result of such termination. Any failure to agree such changes (other than changes to Apportionment Factors which shall, in such circumstances, be referred to arbitration in accordance with the provisions of Clause 15) shall be referred to mediation in accordance with the provisions of Clause 15.

10.7 If an Event of Default has occurred in respect of any Operator LRT may (without prejudice to Clause 10.8) give notice to the ATOC Representative requesting that such Operator should cease to be a member of the ATOC/LRT Scheme. Following receipt of such notice the ATOC Representative shall procure that the ATOC/LRT Scheme Council gives reasonable consideration to LRT's request and within eight weeks of receipt of such notice it shall notify LRT of the decision of the ATOC/LRT Scheme Council with respect to such Operator.

10.8 LRT may terminate this Agreement by giving notice to the ATOC Representative if an Event of Default has occurred in respect of any Operator or RSP. This Agreement shall terminate with effect from the receipt of such notice.

10.9 The ATOC Representative may, on behalf of the Operators, terminate this Agreement by giving notice to LRT if an Event of Default has occurred in respect of LRT, any subsidiary of LRT participating in the Travelcard arrangements or any LRT Third Party. This Agreement shall terminate with effect from the receipt of such notice.

10.10 Ceasing participation in the Travelcard arrangements shall not prejudice the accrued rights or obligations of any party to this Agreement (including the right of LRT and Operators to recover from an Operator which has ceased to be a party to the arrangements for Travelcard any revenue received by such Operator in respect of Travelcards which are not honoured by it in accordance with this Agreement).

10.11 Following termination of this Agreement each party shall continue to accept for travel on its services Travelcards issued prior to the date of such termination. This clause 10.11 shall survive termination of this Agreement.

EXTENSION AND REDUCTION OF NETWORKS

11.1 LRT or the ATOC Representative shall give to the other at least 120 days' prior written notice of any extension or reduction of the rail network operated (in the case of a notice given by LRT) by LRT, any of its subsidiaries or any LRT Third Party and (in the case of a notice given by the ATOC Representative) by an Operator in each case where such extension or reduction is to be effected pursuant to statutory powers or obligations granted or imposed expressly for the purpose of such extension or reduction. A notice given under this Clause 11.1 shall include the date when such extension or reduction is to take effect.

11.2 Following receipt of a notice referred to in Clause 11.1 LRT and the ATOC Representative shall meet to agree any changes to be made to this Agreement as a result of the proposed extension or reduction (other than changes to Apportionment Factors which shall be dealt with in accordance with paragraphs 2.16 to 2.18 of Schedule 4). Any failure to agree such changes shall be referred to mediation in accordance with the provisions of Clause 15 with a view to such changes being agreed prior to the expiry of the notice referred to in Clause 11.1.

CONDITIONS OF CARRIAGE

12.1 LRT authorises each of the Operators and each of the Operators authorises LRT to sell Travelcards as its agent such that Travelcards shall be sold and accepted subject to the applicable Conditions of Carriage of the seller and the provider of services upon which the passenger travels as laid down and published from time to time. Conditions of Carriage shall not prevent, inhibit, or otherwise restrict the use of Travelcards in accordance with, or otherwise contradict, the provisions set out in this Agreement and in particular shall not, except as provided in the Operating Schedule, prohibit or restrict the use at any time of Travelcards on all routes within the Zones for which the Travelcards are valid.

12.2 No party shall alter its Conditions of Carriage if to do so would make them inconsistent with those of the other parties insofar as is necessary properly to implement the provisions of this Agreement. The parties further agree and acknowledge that it is their intention to maintain consistency as between their respective Conditions of Carriage insofar as may be desirable to facilitate or promote the objectives of the Travelcard arrangements as set out in this Agreement.

12.3 No party shall alter its Conditions of Carriage in order to increase sales of Travelcards by it or its agents without there being a proportionate increase in the number of Travelcard holders using its services.

12.4 If a party alters its Conditions of Carriage for the benefit of passengers using its services, any additional cost resulting from such alteration shall be borne by the party whose Conditions are so altered.

FREEDOM OF ACTION

13. Each of the Operators and LRT agrees that nothing in this Agreement will impose any restriction on its freedom to offer for sale any other ticket, product or service.

NON-USE OR PARTIAL USE OF TRAVELCARDS

14. The practices for giving refunds or extensions to Travelcard holders or making other adjustments for non-use or partial use of Travelcards in the event of labour disputes, operational incidents or severe weather conditions affecting the operation of services (including the allocation of the consequent loss of revenue) shall be as set out in the Operating Schedule.

MEDIATION AND ARBITRATION

15.1 Any failure to reach agreement by, or any dispute between, (1) LRT and (2) the ATOC Representative and/or the Operators in connection with or arising out of this Agreement shall be settled in accordance with the provisions of this Clause 15.

Failure to agree

15.2 The provisions of Clauses 15.3 to 15.11 shall apply where (1) LRT and (2) the ATOC Representative and/or the Operators are expressly required to reach agreement on a specified matter and there is a failure to reach such agreement.

15.3 For the purposes of Clauses 15.3 to 15.11 there shall be deemed to be a failure to reach agreement when either LRT or the ATOC Representative serves on the other a notice in writing (a ***Notice of Failure to Agree***) stating the matter or matters on which there is a failure to agree and indicating that such notice is served pursuant to this Clause 15.3.

15.4 During a period of 7 days from the date of service of a Notice of Failure to Agree pursuant to Clause 15.3 LRT and the ATOC Representative shall negotiate in good faith to agree the matter or matters referred to in such notice.

15.5 If:

- (a) LRT and the ATOC Representative fail to agree the matter or matters referred to in a Notice of Failure to Agree within 7 days of service of such notice; or
- (b) LRT and the ATOC Representative decide during the period of 7 days from service of a Notice of Failure to Agree to refer the matter or matters contained in such notice to mediation,

such matter or matters shall immediately be referred to a mediator appointed by agreement between LRT and the ATOC Representative. If LRT and the ATOC Representative have not appointed a mediator within 14 days of service of a Notice of Failure to Agree (or within 21 days of service of a Notice of Failure to Agree if a reference has been made under Clause 15.15), such matter or matters shall be referred to the Disputes Secretary (as defined in the Railway Industry Dispute Resolution Rules) who shall be asked to appoint a mediator within the next following 7 days from the list of persons who are suitably qualified and willing and able to act as mediators maintained in accordance with such Rules.

15.6 LRT and the ATOC Representative shall within 7 days of the appointment of a mediator meet the mediator in order to agree a programme for the exchange of any relevant information and the structure of the mediation.

15.7 Two representatives of each of LRT and the ATOC Representative (at least one of whom shall have decision-making authority in the matter or matters referred to mediation) shall attend any meeting with the mediator. No other person may attend such meetings without the mediator's agreement. Unless LRT, the ATOC Representative and the mediator agree otherwise, meetings with the mediator shall not continue later than 14 days after the appointment of the mediator.

15.8 LRT and the ATOC Representative shall explain their respective positions to the mediator who shall encourage agreement on the matter or matters contained in the relevant Notice of Failure to Agree. The mediator shall have no authority to impose a settlement on any parties to the mediation.

15.9 LRT shall bear its costs and the Operators shall bear the costs of the ATOC Representative in preparing and submitting their respective cases to mediation unless the mediator considers that the mediation has been initiated or conducted frivolously or vexatiously by one party to it in which case the mediator shall have power to order such party to pay the fees of the mediator (including any applicable VAT) in full or such share as the mediator considers appropriate and to reimburse the other party in respect of its reasonable costs in connection with the mediation, such costs in default of agreement to be determined by the mediator. LRT and the Operators agree to be bound by any order of the mediator made under this Clause 15.9.

15.10 The mediator's proposals and advice, any views expressed or admissions made, the fact that a party has or has not indicated a willingness to accept a proposal for agreement and all documents produced or disclosed in the course of a mediation shall be treated as confidential and unless otherwise agreed in writing between LRT and the ATOC Representative such matters and documents shall only be used for the

purposes of the mediation and shall be treated as without prejudice in any subsequent litigation or arbitration proceedings involving the parties to the mediation.

15.11 If, following mediation conducted pursuant to this Clause 15, LRT and the ATOC Representative are unable to reach agreement on the matter or matters contained in a Notice of Failure to Agree, the relevant provisions of this Agreement (including any provisions applying in default of agreement) shall continue to apply to such matter or matters which shall not be referred again to mediation unless and until the provisions of this Agreement so require.

Disputes

15.12 The provisions of Clauses 15.13 to 15.18 shall apply where a dispute arises between (1) LRT and (2) the ATOC Representative and/or the Operators in respect of the provisions of this Agreement.

15.13 For the purpose of Clauses 15.13 to 15.18 a dispute shall be deemed to arise when either LRT or the ATOC Representative serves on the other a notice in writing (a ***Notice of Dispute***) stating the nature of the dispute and indicating that such notice is served pursuant to this Clause 15.13.

15.14 During a period of 14 days from the date of service of a Notice of Dispute LRT and the ATOC Representative shall negotiate in good faith to settle the matter or matters referred to in such Notice of Dispute.

15.15 If:

- (a) LRT and the ATOC Representative fail to settle any matter or matters referred to in a Notice of Dispute within 14 days of service of such notice; or
- (b) LRT and the ATOC Representative decide during the period of 14 days from service of a Notice of Dispute to refer the matter or matters contained in such notice to mediation

such matter or matters shall immediately be referred to a mediator appointed in accordance with Clause 15.5 and mediation shall be conducted under the provisions of Clauses 15.6 to 15.10.

15.16 If, following mediation conducted pursuant to this Clause 15, LRT and the ATOC Representative are unable to settle any matter or matters contained in a Notice of Dispute, such matter or matters shall immediately be referred to the arbitration of a person to be agreed upon by either LRT or the ATOC Representative serving on the other a written notice to concur in the appointment of an arbitrator (a ***Notice to Concur***).

15.17 If:

- (a) LRT and the ATOC Representative fail to appoint an arbitrator within 14 days of either party serving on the other a Notice to Concur; or

- (b) an arbitrator declines the appointment or after appointment is removed by order of a competent court or is incapable of acting and LRT and the ATOC Representative do not within 14 days of the vacancy arising fill the vacancy,

the matter or matters in dispute shall be referred to the Disputes Secretary (as defined in the Railway Industry Dispute Resolution Rules) who shall be asked to appoint an arbitrator within the next following 7 days from the list of persons who are suitably qualified and willing and able to act as arbitrators maintained in accordance with such Rules.

15.18 The arbitrator shall conduct the arbitration in such manner as he considers most suitable for the fair resolution of the issues before him. He shall have the power at any time to make or amend the procedure to be followed by the parties in the arbitration. But unless he rules otherwise the following timetable and procedure shall apply:

- (a) within 14 days of the appointment of the arbitrator the claimant shall serve on the arbitrator and the other party a written statement of its case;
- (b) within 14 days of service by the claimant of the statement of its case the other party shall serve on the arbitrator and the claimant a written statement of its defence;
- (c) both statements shall attach copies of any documents referred to in them or upon which the party serving the statement wishes to rely. That party shall if required make the originals of such documents available for inspection by the arbitrator or the other party;
- (d) within 42 days of the appointment of the arbitrator each party shall serve upon the arbitrator and the other party:
 - (i) a signed statement of any factual witness, and
 - (ii) a signed report from any expert witness (not exceeding one per party for each discipline, with a maximum of two per party),

upon whose evidence it wishes to rely, together with any copies of documents referred to in them not already in the possession of the other party. That party shall if required make the originals of such documents available for inspection by the arbitrator or the other party;

- (e) within 35 days of the appointment of the arbitrator, the relevant parties shall agree with the arbitrator a hearing date and the estimated length of the hearing. The hearing date shall be no later than 56 days after the appointment of the arbitrator;
- (f) there shall be no automatic discovery of documents but each party shall be obliged to produce to the other and to the arbitrator any specific, identified documents which:

- (i) either another party or the arbitrator requires it to produce;
- (ii) are relevant to the issues in dispute; and
- (iii) the party would not be entitled to refuse to disclose in an action in the High Court on the grounds of legal professional privilege.

A notice by one party requiring the other to produce documents must be served at least 21 days before the hearing date and must be complied with within seven days;

- (g) at least three working days before the hearing each party shall serve on the other and on the arbitrator its written submissions;
- (h) at the hearing:
 - (i) there shall be no oral opening submissions, but the arbitrator may ask the parties questions arising out of their written submissions or pleadings;
 - (ii) there shall be no examination-in-chief of factual or expert witnesses;
 - (iii) the parties may cross-examine witnesses on oath to the extent permitted by the arbitrator;
 - (iv) the parties may make oral closing submissions, not exceeding twenty minutes each; and
 - (v) the parties may be legally represented;
- (i) the arbitrator shall deliver to the parties a reasoned award within 14 days of the end of the hearing.

15.19 Immediately after his appointment, the arbitrator shall require each party to inform him of any amendments to the procedure or the time limits set out in Clause 15.18 which it considers appropriate (whether because more than two parties will be involved or otherwise). Each party shall promptly send any proposed amendments to the arbitrator and the other party. Before responding, the arbitrator may require the parties to meet him.

15.20 If any party fails to do any act, or to comply with any time limit, specified in this Clause 15 or by the arbitrator, the arbitrator may strike out its claim or defence or any part of either and make any appropriate award.

15.21 Whether or not the arbitration reaches the stage of a final award, the arbitrator may order any party to pay some or a specified proportion of any party's costs incurred in the arbitration, the arbitrator's fees (together with any applicable VAT) and any costs of his appointment.

15.22 Subject to the provisions of the Arbitration Act 1979 (and any amendment or re-enactment thereof), awards shall be final and binding on the parties.

15.23 The arbitrator may order any principal sum which he may order one party to pay to another to carry interest at such rate and over such period as he may determine.

15.24 All documents produced or disclosed in the course of an arbitration shall be treated as confidential and such documents shall only be used:

- (a) for the purposes of the arbitration;
- (b) for enforcing the arbitration award; or
- (c) in support of a plea of estoppel in any subsequent proceedings.

The parties to an arbitration shall not disclose to third parties (other than their professional advisers) any details of the arbitration or its result, except if required by law or for the purposes set out in sub-clauses (a) to (c) above.

IMPLEMENTATION OF AGREEMENT

16. Each of the Operators and LRT undertakes with each other to do all things within its power which are necessary or desirable to give effect to the spirit and intent of this Agreement. Notwithstanding that any provision may prove to be unenforceable the remaining provisions shall continue in full force and this Agreement should be read as if the invalid provisions had to that extent been deleted therefrom and the validity of the remaining terms shall not be affected thereby provided that if the intent of this Agreement is seriously affected by any such deletions LRT and the ATOC Representative shall seek to agree new terms to replace those deleted provisions so that the Agreement then reflects as nearly as possible the document before the deletions were made.

CONFIDENTIALITY

Confidentiality obligations

17.1 Each of the Operators and LRT undertakes with each other that it shall keep confidential any information which it acquires (whether before or after the date of this Agreement) relating to sales, revenues and prices of Travelcards; arrangements relating to settlement and allocation of Total Travelcard Revenue; and information relating to the business, assets or affairs of each other, and shall not disclose to any third party any such information.

17.2 The confidentiality obligations contained in Clause 17.1 shall extend to information relating to the business, assets or affairs of any subsidiary of LRT participating in the Travelcard arrangements, any LRT Third Party and the ATOC Representative.

Exceptions from confidentiality obligations

17.3 The confidentiality obligations contained in Clause 17.1 shall not apply to the disclosure of information to the extent that such disclosure is:

- (a) of publicly available information or information which becomes publicly available otherwise than as a result of a breach of this Clause 17;
- (b) of information which is lawfully in the possession of the receiving party prior to its disclosure by the disclosing party;
- (c) of information which is received in good faith by the receiving party from a third party and is not knowingly disclosed in breach of this Clause 17;
- (d) required by any law (including any order of a court of competent jurisdiction) or the rules of any stock exchange or governmental or other regulatory authority, whether or not having the force of law (but, if not having the force of law, compliance with which is in accordance with the general practice of persons subject thereto);
- (e) by LRT to any person who has an entitlement to any part of the Total Travelcard Revenue (including any subsidiary of LRT or any LRT Third Party so entitled) or by any LRT Third Party to its parent corporation or company or its concessionaire or to any person which such LRT Third Party considers has a bona fide interest in becoming its concessionaire;
- (f) required to ensure compliance with any statutory duties to which the disclosing party is subject under the Transport Act 1962, the Act of 1984, the Transport Act 1985 or the Act of 1993, as the case may be, or under any other relevant legislation;
- (g) to the Secretary of State for Transport (or the government department responsible for public transport in London for the time being), the Traffic Director for London, the Regulator, the Franchising Director or any person or body who has statutory responsibilities in relation to transport in London and their employees, agents and professional advisers;
- (h) to any person which the disclosing party considers has a bona fide interest in acquiring any subsidiary, holding company or subsidiary of a holding company, in each case of the disclosing party;
- (i) to RSP, its employees, agents or advisers (including any Systems Administrator or Funds Administrator) in fulfilment of any obligation or duty owed by LRT to the RSP pursuant to the LRT/RSP Clearance Agreement or by any Operator to RSP pursuant to the Ticketing and Settlement Agreement;
- (j) of information relating to Travelcard sales or the Survey to the consultants appointed by the Travelcard Survey Working Group to conduct the Survey;
- (k) to any person for the purposes of enabling such person to decide whether to become an Operator or an LRT Third Party provided that such person has agreed to be bound by the confidentiality obligations contained in Clause 17.1;
- (l) to the Inland Revenue, HM Customs and Excise or any other taxation authority; or

- (m) by LRT to any person with whom it is considering entering into a contract for the provision of revenue collection services, provided that LRT has procured that such person has entered into a separate confidentiality agreement requiring it to keep confidential any information relating to this Agreement.

AMENDMENTS

18. This Agreement (other than the Operating Schedule which may be amended in accordance with Clause 8) may be amended only by an instrument in writing signed by LRT and the ATOC Representative (on behalf of the Operators). Amendments to any of the following clauses and schedules shall be of no effect until they have been approved by the Regulator:

4 (Obligations in relation to Travelcards and Services); 5 (Duties of the Operators and LRT); 6 (Revenue and Settlement); 8 (Re-negotiation of the Operating Schedule); 9 (Admission of Participants); 10 (Ceasing Participation); 11 (Extension and Reduction of Networks); 12 (Conditions of Carriage); 13 (Freedom of Action); 14 (Non-use or Partial Use of Tickets); 15 (Mediation and Arbitration); 17 (Confidentiality); 18 (Amendments); 22 (Governing Law); Schedule 1 (Definitions); paragraph 1 of Schedule 4 (Revenue Apportionment Principles).

ASSIGNMENT

19. No party may assign or transfer any of its rights or obligations under this Agreement in whole or in part without the prior written consent of the other parties (which shall not be unreasonably withheld or delayed).

WAIVER OF RIGHTS

20. No waiver by a party of a failure or failures by any other party to perform any provision of this Agreement shall operate or be construed as a waiver in respect of any other or further failure whether of a like or different character.

NOTICES

Address of notices

21.1 Save as otherwise expressly provided in this Agreement any notice or other communication to be given under this Agreement shall either be delivered by hand or sent by first class post to the addresses set out below:

If to LRT:

London Regional Transport
55 Broadway
London SW1H 0BD

Addressed for the attention of: The Secretary

If to the Operators (or any of them):

ATOC/LRT Scheme
Eighth Floor
Euston House
24 Eversholt Street
London NW1 1DZ

Addressed for the attention of: The ATOC Representative

Deemed service

21.2 All notices given in accordance with Clause 21.1 shall be deemed to have been served as follows:

- (a) if delivered by hand, at the time of delivery;
- (b) if posted, at the expiration of two Business Days after a day on which the envelope containing the same was delivered into the custody of the postal authorities,

PROVIDED that where, in the case of delivery by hand, such delivery occurs after 6 p.m. on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9 a.m. on the next following Business Day. References to time in this Clause are to local time in the country of the addressee.

Proof of service

21.3 In proving such service it shall be sufficient to prove that the envelope containing such notice was properly addressed and delivered either to the address shown thereon or into the custody of the postal authorities as a pre-paid first class letter.

GOVERNING LAW

22. This Agreement shall be governed by and construed in accordance with the laws of England.

COUNTERPARTS

23. This Agreement may be executed in one or more counterparts each signed by or on behalf of one of the parties and such counterparts shall together constitute one agreement.

RESTRICTIVE TRADE PRACTICES ACT 1976

24. Notwithstanding any other provisions of this Agreement (or any other agreement which, together with this Agreement, may form part of an agreement for the purposes of the Restrictive Trade Practices Act 1976 (together the **RTPA Agreement**)) LRT and the Operators will not give effect to any restriction or restrictions contained in the RTPA Agreement which cause the RTPA Agreement to be registrable under the Restrictive Trade Practices Act 1976 until one day after

particulars of the RTPA Agreement shall have been furnished to the Director General of Fair Trading in accordance with that Act.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

SCHEDULE 1

Definitions

Act of 1984 shall mean the London Regional Transport Act 1984;

Act of 1993 shall mean the Railways Act 1993;

Apportionment Factors shall mean, in relation to any particular category of Total Travelcard Revenue, the percentage shares of any of the Operators, Underground Services and LRT Bus Services thereto, in accordance with which that particular sub-category of Total Travelcard Revenue is apportioned between the parties;

ATOC shall mean the Association of Train Operating Companies;

ATOC Representative shall mean the person designated as such for the purposes of this Agreement pursuant to the rules of the ATOC/LRT Scheme;

ATOC/LRT Scheme shall mean the ATOC scheme subsisting from time to time in which each Operator is required to participate in order to provide Travelcards;

ATOC/LRT Scheme Council shall mean the council established under the constitution of ATOC to implement the ATOC/LRT Scheme;

Board shall mean the British Railways Board;

BR/LRT Travelcard Agreement shall mean the agreement dated 31 March 1994 between LRT and the Board which is superseded by this Agreement with effect from the Effective Date;

Bus Passes shall mean one-day and longer-period tickets valid for travel only on LRT Bus Services;

Bus Zone shall mean one of those areas into which the London area is notionally divided for the purpose of the pricing and validity of tickets for use on LRT Bus Services, as more particularly set out in the maps in Schedule 2, as amended from time to time;

Business Day shall mean any day other than a Saturday or Sunday on which banks are open for business in London;

Child Rate Period Travelcards shall mean Travelcards valid for a period which is more than one day and issued by or on behalf of a party at reduced rates for travel by children aged between 5 and 15 years;

Child Rate Photocard shall mean a card incorporating the photograph of the ticket holder required to accompany Child Rate Period Travelcards or, in the case of LRT, One-day Travelcards issued to passengers aged 14 or 15;

Chiltern Line shall mean the railway line between Marylebone and Amersham;

Chiltern Line Stations shall mean any of the following railway stations: Amersham; Chalfont & Latimer; Chorleywood; Marylebone; and Rickmansworth;

Conditions of Carriage shall mean the conditions of carriage issued from time to time by LRT in respect of the rights and obligations of passengers and LRT (or its subsidiaries); by any LRT Third Party in respect of the rights and obligations of passengers and such LRT Third Party; and by any Operator (together with the National Conditions of Carriage) in respect of the rights and obligations of passengers and such Operator;

Customer Charter shall mean the charter pursuant to which LRT makes refunds or discounts where punctuality and reliability of Underground Services fail to meet specified standards;

Disabled Persons Railcard shall mean a railcard issued from time to time by an Operator to disabled persons for discounted travel pursuant to the scheme operated from time to time by ATOC under the requirements of Section 28 of the Act of 1993 or such other method pursuant to which an Operator offers discounted fares under the requirements set out in Section 28 of the Act of 1993;

Effective Date shall mean the date upon which all of the conditions contained in Clause 2.3 have been satisfied or such other date as is agreed in writing between the parties;

Event of Default shall, in respect of a person, mean that such person:

- (a) being an Operator or LRT, is in material breach of this Agreement and such breach is incapable of remedy or is not remedied within 7 days of such party being requested in writing to remedy such breach;
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied or enforced against all or substantially all its assets where either (i) the secured party maintains possession of the assets for at least 30 days or (ii) the legal process is not dismissed, discharged, stayed or restrained within 30 days;
- (e) seeks or becomes subject to the appointment of an administrator, provisional liquidator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (f) institutes or has instituted against it insolvency proceedings or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and:

- (i) it results in the making of an order for the winding-up or liquidation of such party; or
 - (ii) it is not dismissed, discharged, stayed or restrained within 30 days of the institution of the proceeding or the presentation of the petition;
- (g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation, merger or other reorganisation);
- (h) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events referred to in paragraphs (b) to (g) above;
- (i) being an Operator, receives notice from the Regulator that the passenger licence granted to it under the Act of 1993 has been or is to be terminated or suspended, or it surrenders such licence or gives notice to the Regulator of its intention to do so;
- (j) being an Operator, is in material breach of the Ticketing and Settlement Agreement; or
- (k) being LRT or RSP, is in material breach of the LRT/RSP Clearance Agreement.

Express Coach Services shall mean limited stop road services as shown in publications issued by LRT from time to time;

Family Railcard shall mean a railcard issued from time to time by an Operator pursuant to the relative ATOC scheme permitting discounts in respect of travel by families;

Forces Railcard shall mean a railcard issued from time to time by an Operator pursuant to the ATOC HM Forces Railcard Scheme to members of HM Forces for discounted travel;

Franchising Director shall mean the Franchising Director appointed pursuant to the Act of 1993;

GLBPS shall mean the Greater London Bus Passenger Survey;

Gold Cards shall mean annual Travelcards issued by an Operator, LRT, a subsidiary of LRT, an LRT Third Party or their agents or annual season tickets issued by such persons for use on Railway Services in the One-day Travelcard Area or on Underground Services;

Gross Sales Revenue shall mean the full selling price (exclusive of VAT) of a Travelcard or Scholars' Travel Pass (as determined from time to time in or pursuant to the Operating Schedule) before deduction of any ticket selling commission or other ticket selling expenses and excluding:

- (a) all revenue (exclusive of VAT) returned to passengers in the form of refunds on Travelcards surrendered before expiry, as estimated by the person which makes such refund;
- (b) all revenue (exclusive of VAT) returned to passengers in the forms of refunds, ticket extensions or substitute tickets made pursuant to the provisions of the Operating Schedule, as estimated by the person which makes such refund;
- (c) all revenue (exclusive of VAT) (over and above the full selling price of the Travelcard as determined from time to time in or pursuant to the Operating Schedule) charged to Travelcard holders in respect of premium charges for travel in first class accommodation;
- (d) all revenue (exclusive of VAT) (over and above the full selling price of the Travelcard as determined from time to time in or pursuant to the Operating Schedule) charged by an Operator in respect of travel outside the Zones;

holding company shall have the meaning ascribed thereto by Section 736 of the Companies Act 1985;

Joint Stations shall mean any of the following railway stations: Barking; Ealing Broadway; Finsbury Park; Gunnersbury; Harlesden; Harrow & Wealdstone; Kensal Green; Kensington Olympia; Kenton; Kew Gardens; Kings Cross Thameslink; New Cross; New Cross Gate; North Wembley; Paddington; Queens Park; Richmond; South Kenton; Stonebridge Park; Stratford; Upminster; Walthamstow Central; Wembley Central; Willesden Junction; and Wimbledon;

LEAs shall mean local education authorities;

London Underground shall mean the rail services provided by LUL;

LRT shall mean London Regional Transport;

LRT - controlled Outlets shall mean all points of sale for Travelcards which are from time to time operated by, or under the control of, or under contract to, LRT, any of its subsidiaries or any LRT Third Party;

LRT Bus Services shall mean the bus services provided under contract to LRT on which Travelcards may be used excluding Express Coach Services, excursions, sight-seeing tours and other special and other bus services shown on the fare tables and other publications issued by LRT from time to time as not available to holders of Travelcards;

LRT/RSP Clearance Agreement shall mean an agreement between LRT and RSP relating to the clearance and settlement of sums through RSP;

LRT Third Party shall mean any operator of public passenger transport services within the Zones (other than an Operator) under contract to, or authorised by LRT to, issue and accept Travelcards (it being acknowledged that at the date of this Agreement Docklands Light Railway Limited is an LRT Third Party);

LT Card shall have the meaning given in the Through Ticketing Agreement;

LUL shall mean London Underground Limited, a wholly-owned subsidiary of LRT;

Main Line Southern Terminal Stations shall mean any of the following main line railway stations: Charing Cross; London Bridge; Victoria; and Waterloo;

National Conditions of Carriage shall have the meaning given in the Ticketing and Settlement Agreement;

Network Card shall mean a card issued from time to time by an Operator pursuant to the relative ATOC scheme for discounted travel within the One-day Travelcard Area;

Night Bus Services shall mean those LRT Bus Services which have a number which is preceded by the letter "N";

Odd-period Tickets shall mean a ticket which is valid for a period which is more than one month and less than one year;

One-day Travelcards shall mean Travelcards (other than Visitor Travelcards) valid (subject to published conditions) for a period of one day;

One-day Travelcard Area shall mean an area bounded by (and including) the following railway stations and lines: Portsmouth Harbour, Lymington Pier, Weymouth, Dorchester West, Salisbury-Exeter, Bedwyn, Didcot-Oxford- Worcester, Banbury - Birmingham Snow Hill, Aylesbury, Northampton, Bedford, Huntingdon, Cambridge-Ely- Kings Lynn, Manningtree, Harwich Town;

One-day Travelcard Stations shall mean all railway stations within the One-day Travelcard Area;

Operating Schedule shall mean Schedule 3 to this Agreement as amended from time to time;

Operator shall mean any person which is for the time being a member of the ATOC/LRT Scheme and a party to this Agreement (whether by being an original signatory or by executing a deed of adherence in the manner set out in this Agreement);

Out-Boundary Ticket shall mean a ticket issued by an Operator to a passenger for a journey on Railway Services outside the Zones which includes a Travelcard to be used in conjunction with the relevant journey on Railway Services;

Passengers Charter shall mean the charter pursuant to which Operators make refunds or offer discounts where punctuality and reliability of Railway Services fail to meet specified standards;

Peak Travel Periods shall mean travel on weekdays on Railway Services between 07.00 and 10.00 and between 16.00 and 19.00;

Penalty Fares shall, in respect of Underground Services operated by LRT or any of its subsidiaries, be interpreted in accordance with the Act of 1984; in respect of Underground Services operated by an LRT Third Party, be interpreted in accordance with any relevant statute or statutory instrument; and, in respect of Railway Services, have the meaning given in the Ticketing and Settlement Agreement;

Period Travelcards shall mean Travelcards (other than Visitor Travelcards) valid (subject to published conditions) for a period which is more than one day;

Permit to Travel shall mean a document (other than a Travelcard, ticket or Voucher) issued by a machine operated by an Operator which evidences that the holder of the document has paid the sum of money stated on it to enable a journey to be made on services on which a Travelcard is valid for travel;

Photocard shall mean a card incorporating the photograph of the ticket holder which must accompany Period Travelcards;

Railcards shall mean those railcards issued by or on behalf of the Operators as are listed in paragraph 1.4 of the Operating Schedule;

Railway-controlled Outlets shall mean all points of sale for Travelcards which are from time to time operated by, under the control of, or under contract to, an Operator;

Railway Industry Dispute Resolution Rules shall have the meaning given in the Ticketing and Settlement Agreement;

Railway Services shall mean passenger rail services provided by the Operators or any of them;

Regulator shall mean the Rail Regulator appointed pursuant to the Act of 1993;

RSP shall mean Rail Settlement Plan Limited;

Scholars' Travel Passes shall mean Travelcards and Bus Passes sold by any of the parties to this Agreement or LRT's subsidiaries or LRT Third Parties to LEAs for use by students for travel to and from schools and/or colleges;

Senior Persons' Railcard shall mean a railcard issued from time to time by an Operator pursuant to the relative ATOC Scheme to persons who qualify for such Railcard;

subsidiary shall have the meaning ascribed thereto by Section 736 of the Companies Act 1985 (as amended from time to time);

Survey shall mean the survey carried out on a rolling basis (with results provided on a quarterly basis) in accordance with the procedures set out in the Operating Schedule with the intention of estimating the number of passenger miles travelled on the passenger services of the Operators, LRT and such other persons as provide public passenger transport services on which Travelcards may be used in accordance with this Agreement;

Survey Fieldwork Period shall, in relation to any set of Apportionment Factors, mean the period of consecutive quarters (determined in accordance with Schedule 4) during which sampling is carried out for the purposes of deriving such Apportionment Factors;

Survey Revenue Period shall, in relation to any set of Apportionment Factors, mean the period of consecutive financial accounting periods (determined in accordance with Schedule 4), the Travelcard sales data for which is used in the analysis of results of the Survey for the purpose of deriving such Apportionment Factors;

Through Ticketing Agreement shall mean the agreement between the parties to this Agreement governing the arrangements between them in relation to certain combined tickets (other than Travelcards);

Ticket Selling Commission shall mean the commission (exclusive of any VAT) payable in respect of sales of Travelcard as set out in paragraph 11 of the Operating Schedule;

Ticketing and Settlement Agreement shall mean the agreement governing arrangements between the Operators for the operation of Railway Services and the apportionment and settlement between them of revenue from such operation, signed by the Operators and RSP;

Total Travelcard Revenue shall mean the aggregate of:

- (a) the Gross Sales Revenue in respect of sales of Travelcards by LRT and its subsidiaries;
- (b) the Gross Sales Revenue in respect of sales of Travelcards by persons referred to in Clause 4.2(b);
- (c) the Gross Sales Revenue in respect of sales of Travelcards by the Operators;
- (d) the Gross Sales Revenue in respect of sales of Travelcards by persons referred to in Clause 4.3(b) in relation to each Operator; and
- (e) the Gross Sales Revenue in respect of sales of Travelcards by persons referred to in Clause 4.4(a) in relation to the Operators;

Travel Centres shall mean centres operated by an Operator for, inter alia, the sale of Travelcards;

Travel Information Centres shall mean centres operated by LRT for, inter alia, the sale of Travelcards;

Travelcard Survey Working Group shall mean the group established pursuant to paragraph 2 of Schedule 4;

Travelcards shall mean tickets (available on their own or as an additional element to other tickets issued for services not covered by this Agreement) valid for travel on the following services in accordance with the Zonal availability appearing on the tickets:

- (a) regular scheduled Railway Services and regular scheduled Underground Services within the Zones;
- (b) regular scheduled LRT Bus Services within the Zones;
- (c) services within the Zones provided by persons under contract to LRT to issue Travelcards (including LRT Third Parties); and
- (d) Express Coach Services;

Underground Services shall mean rail services provided by LRT, its subsidiaries and LRT Third Parties;

VAT shall mean value added tax as provided for in the Value Added Tax Act 1944 and any other tax calculated by reference to turnover or value added in effect in the United Kingdom from time to time;

Visitor Travelcards shall mean Travelcards as more particularly described in paragraph 4.8 of the Operating Schedule;

Voucher shall mean a document which evidences the holder's entitlement to a specified sum of money either as compensation for a claim made under the Passengers Charter, the Customer Charter or Conditions of Carriage or as a result of meeting the relevant conditions of a promotional arrangement which has been agreed between LRT and an Operator or the ATOC Representative on behalf of Operators;

Warrant shall mean a document (other than a Permit to Travel or Voucher) which entitles the holder to purchase a Travelcard in exchange for the surrender of the document and which is issued in accordance with a Warrant Agreement (as defined in the Ticketing and Settlement Agreement);

Young Persons Railcard shall mean a railcard issued from time to time by an Operator pursuant to the relative ATOC Scheme to persons who qualify as young persons under such ATOC Scheme for discounted travel;

Zone shall mean one of those areas into which the London area is notionally divided for the purpose of the pricing and validity of Travelcards, as more particularly set out in the maps in Schedule 2 as amended from time to time and ***Zonal*** shall be construed accordingly.

SCHEDULE 2

Part I - Map of Zones for Railway and Underground Services

Part II - Map of Zones for LRT Bus Services

SCHEDULE 3

Operating Schedule

List of Paragraphs

1. Fares and Price Structure
2. Types of Travelcard
3. Zone Structure
4. Ticket Validity
5. Retailing Obligations
6. Marketing and Advertising
7. Revenue Apportionment
8. Service Interruptions
9. Ticket Design and Technology
10. Photocard Arrangements
11. Ticket Selling Commission
12. Revenue Protection Measures

FARES AND PRICE STRUCTURE

Period Travelcards

1.1 The prices (excluding any applicable VAT) which shall apply to all sales of seven-day Period Travelcards are as follows:

Number of Zones	Including Central Zone		Excluding Central Zone		
	Adult £	Child £	Adult £	Child £	
1	11.00	4.20	6.00	3.90	
2	13.80	4.50	8.00 10.20	4.05 4.50	(Zones 5 and 6) (any other combination of two contiguous Zones)
3	18.30	6.40	13.00 14.70	4.90 6.40	(Zones 4, 5 and 6) (any other combination of three contiguous Zones)
4	23.30	8.80	17.50 18.00	7.20 8.80	(Zones 3, 4, 5 and 6) (Zones 2, 3, 4 and 5)
5	28.50	9.20	20.50	9.20	
6	31.20	9.40	—	—	

Monthly Period Travelcards shall be charged at 3.84 times the seven-day rates; Odd-period Tickets shall be charged pro-rata to the monthly rates and annual Travelcards shall be charged at 40 times the seven-day rates.

One-day Travelcards

1.2 The prices (excluding any applicable VAT) which shall apply to all sales of One-day Travelcards are as follows:

Zones	Price	
	Adult £	Child £
1, 2	2.80	1.50
1, 2, 3, 4	3.30	1.50
1, 2, 3, 4, 5, 6	3.80	1.50
2, 3, 4, 5, 6	2.90	1.50

Visitor Travelcards

1.3 The prices (excluding any applicable VAT) which shall apply to all sales of Visitor Travelcards are as follows:

Period	Zones of Travel			
	All Six Zones		Central Zone only	
	Adult £	Child £	Adult £	Child £
1 day	3.90	1.50	-	-
2 days	10.00	4.00	-	-
3 days	14.00	6.00	7.20	3.30
4 days	18.50	7.00	8.00	3.60
7 days	31.50	11.00	11.00	4.25

Where Visitor Travelcards are sold outside the United Kingdom the above prices may be adjusted to reflect the fact that exchange rates will vary.

Railcards

1.4 One-day Travelcards shall be issued at special prices (excluding any applicable VAT) to holders of Railcards and all Gold Cards (and to others eligible under the Railcard arrangements) as set out below. The special prices to be charged for such tickets (or, in the case of Travelcards sold by an Operator with validity outside the Zones the amount attributable to travel within the Zones) shall be as set out in the first column of the table set out below. The second column sets out the additional amount (excluding any applicable VAT) due to LRT from RSP under the LRT/RSP Clearance Agreement in respect of the sale of each such Travelcard.

Adult Fares		Fare £	Additional Amount p
(a)	within the Zones NC/GC/F/HMF/YP/S/ DP	3.30	10
(b)	outside the Zones NC/GC/F/HMF/YP/S/ DP	3.30	-
Child Fares			
Child accompanying NC/GC/F/HMF			
(a)	within the Zones	1.00	-

(b)	outside the Zones	1.00	-
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Railcard Abbreviations:

NC	Network Card
GC	Gold Card
F	Family Railcard
HMF	Forces Railcard
YP	Young Persons Railcard
S	Senior Persons Railcard
DP	Disabled Persons Railcard

Weekly Bus Pass Prices

1.5 The prices (excluding any applicable VAT) which shall apply to weekly Bus Passes (for the purposes of determining prices of Scholars' Travel Passes) are as follows:

Number of Zones	Including Zone 1		Excluding Zone 1	
	Adult £	Child £	Adult £	Child £
1	-	-	6.00	-
2	12.20	-	7.50	-
3	-	-	9.30	3.95
4	14.40	-	-	-
Local Area	-	-	5.10	-

Discounts

1.6 Travelcards may not be sold at a discount other than to the extent required by the Customer Charter or the Passengers Charter or as agreed between LRT and the ATOC Representative.

Supplementary Charges

1.7 Travelcards may not be sold at prices (excluding any applicable VAT) greater than those set out in this paragraph 1 and no party shall impose any supplementary charge on passengers as a condition of its accepting Travelcards (other than a premium charge for travel in first class accommodation). LRT and the ATOC

Representative may exceptionally agree a relaxation of the provisions of this paragraph 1.7 and it is their intention to do so in the case of the acceptance of Travelcards for travel on certain extensions of the rail network (including the proposed Lewisham extension to Docklands Light Railway).

Price Structure and Increases

1.8 Changes in Travelcard prices (other than changes resulting from an alteration in the rate of VAT in force which is applicable to Travelcards) shall be determined by agreement between LRT and the ATOC Representative at least 120 days before such changes come into effect, subject to the following requirements:

- (a) there shall be higher charges for tickets which are valid for a single Zone which is, or for a combination of Zones which include, Zone 1 than for those tickets which exclude Zone 1;
- (b) any alteration in prices outside the Zones (except for the Chiltern Line, alteration of prices for which shall be determined by LRT) shall be determined by the relevant Operator who shall notify the other parties to this Agreement accordingly (provided that prices for Travelcards which include validity outside the Zones shall at no time be lower than the prices for Travelcards which are valid for travel only within the relevant Zone or Zones);
- (c) any increase in prices (exclusive of any VAT) agreed pursuant to this paragraph shall, when calculated on a weighted average basis to reflect the different volumes of types of ticket sold, and if the circumstances then prevailing permit, be equal to or in excess of the percentage increase in the Index of Retail Prices (All Items) during the previous 12 months.

1.9 The parties hereby acknowledge and agree that the requirements set out in paragraph 1.8 shall not be amended before 1 April 1996.

TYPES OF TRAVELCARD

2.1 Travelcards shall be offered for sale in three forms:

- (a) Period Travelcards, available in seven-day, monthly and Odd-period and annual versions;
- (b) One-day Travelcards; and
- (c) Visitor Travelcards, available in one, two, three, four and seven-day versions.

2.2 The parties hereby acknowledge and agree that the range of Travelcards offered for sale as set out in paragraph 2.1 above shall not be amended before 1 April 1996.

ZONE STRUCTURE

3. The structure of the Zones set out in Schedule 2 shall not be amended before 1 April 1996, other than:

- (a) to adjust the structure as it applies to LRT Bus Services (provided there is no material effect on a bus/rail interchange); or
- (b) to make minor adjustments to Zonal boundaries as proposed by LRT or the ATOC Representative and subject to the consent of the other (such consent not to be unreasonably withheld).

TICKET VALIDITY

4.1 One-day Travelcards shall be available for a limited number of Zonal combinations only, as set out in paragraph 1.2 above, and shall not be valid either on Night Bus Services or on any services operating before certain times on Business Days as published from time to time by each of the Operators and LRT.

4.2 One-day Travelcards shall be available for travel on Railway Services beyond the Zones only:

- (a) from the One-day Travelcard Stations; and
- (b) from any other station as may be agreed between LRT and the ATOC Representative from time to time.

4.3 Period Travelcards shall be available for any one Zone or for any combination of adjacent Zones and in appropriate cases (as determined and published by each of the Operators and LRT from time to time) for additional travel (at an additional cost) beyond the Zones.

4.4 Travelcards available for travel in Zones including Zones 4, 5 or 6 shall be available for travel on LRT Bus Services (other than Express Coach Services) in Bus Zone 4. Period Travelcards shall also be available, as determined by LRT from time to time, for additional travel on LRT Bus Services beyond the Zones.

4.5 On Express Coach Services, Period Travelcards for a combination of two or more adjacent Zones shall be available for travel within those Zones and (as determined and published by LRT from time to time), for additional travel beyond the Zones.

4.6 Travelcards are not valid for travel on trains of those Operators none of whose services call intermediately within the Zones except for Travelcards issued with the relevant extension beyond the Zones.

4.7 Any Operator may offer for sale "London Day Out" tickets which combine a One-day Travelcard valid for Zone 1 only and a ticket for travel on the services of such Operator from any railway station outside the One-day Travelcard Area to such Operator's stations within Zone 1. The price (exclusive of VAT) in respect of the Zone 1 portion of such combined tickets shall be agreed between LRT and the relevant Operator and such price shall accrue to LRT.

Visitor Travelcards

4.8 LRT may market as "Visitor Travelcards" a product aimed at visitors to London (and not regular travellers or permanent residents within the One-day Travelcard Area) which shall be valid for 1, 2, 3, 4 or 7 days and for all six Zones or for Zone 1 only. Such Visitor Travelcards shall in all other respects be equivalent to Travelcards save that Photocards shall not be required with any Visitor Travelcard. One-day Visitor Travelcards will not be valid for travel before certain times on Business Days as specified by the Operators and/or LRT from time to time.

4.9 Visitor Travelcards shall be sold by accredited agents of LRT in the United Kingdom and abroad. Such tickets may be sold through tour operators and agents but are not intended to be sold to regular travellers and permanent residents within the One-day Travelcard Area.

Gold Cards

4.10 Travelcards valid for a period of one year issued pursuant to this Agreement will be issued as Gold Cards. Any concessions for reduced fares given on demand to Gold Card holders by either an Operator or LRT on production of their Gold Card will be available to any Gold Card holder, irrespective of which party issued the ticket. Any change in the concessions offered by a party will be advised to the others in sufficient time to enable any contractual period of notice to be given to the holders of Gold Cards issued by any such other party so as not to result in a breach of contract by that other party. Any other activity associated with Gold Cards will be undertaken by the parties at their own expense and on their own responsibility. Any intention by LRT or an Operator to withdraw from the issue of Gold Cards will be advised to the ATOC Representative or LRT respectively at least three months before the date when such issues will cease so as not to result in a breach of contract by any other party.

4.11 The provisions relating to the tickets described in this paragraph 4 (other than Gold Cards) shall not be amended before 1 April 1996.

RETAILING OBLIGATIONS

5.1 Travelcards shall only be sold by or on behalf of LRT, its subsidiaries, LRT Third Parties and the Operators at the prices prevailing from time to time under this Agreement (or as otherwise agreed between LRT and the ATOC Representative) and using suitably equipped ticket vending facilities (or from a stock of pre-printed, pre-encoded tickets supplied by an Operator or LRT) which comply with the provisions of this Operating Schedule relating to ticket design and technology.

5.2 Each Operator shall offer Travelcards for sale at the following locations:

(a) Period Travelcards:

- at stations staffed by such Operator where reasonable demand is seen to exist, for travel to or from that station;

(b) One-day Travelcards:

- at stations staffed by such Operator in the One-day Travelcard Area, for travel from that station and at any other station staffed by such Operator as may be agreed between LRT and the ATOC Representative from time to time.

In addition, Travelcards may be sold by agents authorised by Operators to sell Travelcards.

5.3 LRT shall offer Travelcards for sale at the following locations where reasonable demand is seen to exist:

(a) Period and One-day Travelcards:

- at stations and offices, Travel Information Centres staffed by LRT and certain bus garages;
- at LRT-appointed sales agents in the area served by Underground Services and LRT Bus Services;

(b) Visitor Travelcards:

- at LRT-appointed sales agents in the United Kingdom and abroad.

5.4 LRT and a relevant Operator may make representations to each other if it appears that the reasonable requirements of passengers in respect of the availability for sale of Travelcards are not being adequately met and the person receiving any such representations will consider them and give a reasoned reply.

5.5 LRT shall accept Permits to Travel which have been tendered within two hours of their issue, and the Operators and LRT shall accept Vouchers and Warrants, in each case as full or part payment for the sale of Travelcards.

5.6 The provisions of this paragraph 5 shall not be amended before 1 April 1996.

MARKETING AND ADVERTISING

6.1 The Operators and LRT will advise each other from time to time of their respective strategies for promoting the use of One-day Travelcards including their negotiations for this purpose with any third parties. Each of them will offer the others the opportunity jointly to sponsor any promotional idea or initiative. Any joint marketing activity, including the appointment of a joint advertising agency, will be by prior agreement between the ATOC Representative and LRT.

6.2 No party to this Agreement shall publish any material containing a description of the Travelcard product unless, in the case of LRT, it has obtained the prior written consent of the ATOC Representative and, in the case of an Operator, it has obtained the prior written consent of LRT (such consent not to be unreasonably withheld and the decision to give or withhold such consent (together with reasons for such decision) to be provided within 7 days of receipt of a request for consent, failing which consent shall be deemed to have been given).

6.3 All copyright, designs, rights, trademarks and other intellectual property rights whatsoever subsisting in literature, posters, maps and other materials produced by or at the request of a party (including but not limited to such party's rights in the Journey Planner Map, London Connections Map, Travelcard Zone Map, London and South East Map and, in the case of LRT, the London Transport roundel device) are vested in and shall remain the exclusive property of such party. Any Operator may incorporate the London Transport roundel device in its Travelcard publicity material provided that it has given LRT copies of such material in advance of publication. No party shall use or permit the use of any other intellectual property rights of another party other than in accordance with a separate licence to be granted by the party owning such rights upon application by that other party.

6.4 All visual advertising materials for Travelcards, whether produced on a joint or individual basis, will include the double arrow railway logo and LRT logos in the agreed form.

6.5 Subject to paragraphs 6.2 and 6.3 above, the Operators and LRT may include references to Travelcards as part of their individual marketing activities in support of their respective services.

6.6 The Operators and LRT may conduct, either individually or by joint agreement, consumer research into the use of Travelcards. The results of this research will be made available for use by all parties to this Agreement to the extent such research relates only to, or is targeted specifically at, Travelcard users.

REVENUE APPORTIONMENT

7.1 Revenue from Travelcards shall be apportioned between the parties in accordance with the provisions of this paragraph 7 in order to calculate sums due under the LRT/RSP Clearance Agreement and the Ticketing and Settlement Agreement. There shall be no retrospective adjustment to revenue so apportioned except where expressly permitted by Schedule 4.

7.2 Total Travelcard Revenue shall be apportioned between the Operators and LRT in accordance with the provisions of Schedule 4 to produce Apportionment Factors for each of the following categories:

- (a) Visitor Travelcard sales at all LRT-controlled Outlets and One-day Travelcard sales at LRT-controlled Outlets excluding Chiltern Line Stations;
- (b) weekly and longer-period Travelcard sales at LRT-controlled Outlets, excluding Chiltern Line Stations;
- (c) One-day Travelcard sales at Chiltern Line Stations;
- (d) weekly and longer-period Travelcard sales at Chiltern Line Stations;
- (e) monthly and longer-period sales at LRT-Controller Outlets of Scholars' Travel Passes;

- (f) the following categories of Travelcard sales at all Railway-controlled Outlets: One-day, weekly and longer-period Travelcard sales for travel to stations operated by LRT outside the Zones;

and to the extent that any Travelcard sales at Railway-controlled Outlets do not fall within (f) above, Apportionment Factors shall be produced in respect of such sales for the following categories in respect of each Operator:

- (g) One-day Travelcard sales with no additional availability on an Operator's or Operators' services outside the Zones, (other than where the station of origin is a Joint Station);
- (h) One-day Travelcard sales, for travel including additional availability on an Operator's or Operators' services outside the Zones;
- (i) Weekly and longer-period Travelcard sales (including Scholars' Travel Passes) with no additional availability on an Operator's or Operators' services outside the Zones, (other than where the station of origin is a Joint Station);
- (j) Weekly and longer-period Travelcard sales (including Scholars' Travel Passes) for travel including additional availability on an Operator's or Operators' services outside the Zones;
- (k) One-day Travelcard sales with no additional availability on an Operator's or Operators' services outside the Zones, from a station of origin which is a Joint Station;
- (l) Weekly and longer-period Travelcard sales with no additional availability on an Operator's or Operators' services outside the Zones from a station of origin which is a Joint Station.

For the purposes of this paragraph 7.2 Travelcard sales shall be attributed to an Operator by reference to the station of origin to which the issue of the Travelcard relates. Where such station of origin cannot be identified for any Travelcard(s) sold, the revenue in respect of such Travelcard(s) shall be apportioned on the basis of a revenue-weighted average of all Operators' Apportionment Factors for the relevant Travelcard in categories (g) to (j) above (ignoring sales where the station of origin is a Joint Station), or such other basis as the Travelcard Survey Working Group may recommend which is agreed by LRT and the ATOC Representative.

7.3 The Apportionment Factors derived under this paragraph 7 above shall be set out in an Appendix to the Operating Schedule in the agreed terms from time to time and entitled as follows:

"Travelcard Apportionment Factors. Detailed below are the percentage revenue Apportionment Factors to be applied to the following categories of Total Travelcard Revenue with effect from [_____] ."

7.4 Such Appendix shall be deemed to be incorporated into, and to form part of, this Operating Schedule.

7.5 The Apportionment Factors for the categories listed in paragraph 7.2 above to take effect from 1 April 1995 to 14 October 1995 are contained in the Appendix attached to this Operating Schedule as at the date of execution of this Agreement.

7.6 The Apportionment Factors for the categories listed in paragraph 7.2 above to take effect from 15 October 1995 to 31 March 1996 shall be derived in accordance with the provisions of Schedule 4 using a Survey Fieldwork Period of the three quarters ending in June 1995 and a Survey Revenue Period of the period from 26 June 1994 to 24 June 1995 provided that if the ATOC Representative so requests:

- (a) the Apportionment Factors so derived will not be used as Apportionment Factors but will be known for the purposes of this paragraph as reference factors;
- (b) a Survey Fieldwork Period of duration to be agreed between the ATOC Representative and LRT shall be used to produce factors for each of the Operators and LRT derived in the same way as Apportionment Factors but known for the purposes of this paragraph as local factors;
- (c) local factors representing sales at LRT-controlled Outlets excluding Scholars' Travel Passes (being sales attributable to categories (a) to (d) of paragraph 7.2 above) will be adjusted upwards or downwards in relation to LRT and the Operators (as may be required), so that the Total Travelcard Revenue attributed to LRT using the local factors as so adjusted is equal to that attributed to LRT using the reference factors for those same categories;
- (d) local factors representing sales at Railway-controlled Outlets for Travelcards with no additional availability outside the Zones (being sales attributable to categories (g), (i), (k) and (l) of paragraph 7.2 above) will be adjusted upwards or downwards in relation to LRT and the Operators (as may be required), so that the Total Travelcard Revenue attributed to LRT using the local factors as so adjusted is equal to that attributed to LRT using the reference factors for those same categories;
- (e) local factors representing sales at Railway-controlled Outlets for Travelcards including additional availability outside the Zones (being sales attributable to categories (h) and (j) of paragraph 7.2 above) will be adjusted upwards or downwards in relation to LRT and the Operators (as may be required), so that the Total Travelcard Revenue attributed to LRT using the local factors as so adjusted is equal to that attributed to LRT using the reference factors for those same categories;
- (f) the Apportionment Factors to take effect for the period from 15 October 1995 to 31 March 1996 shall be the local factors so adjusted.

7.7 The Apportionment Factors for the categories listed in paragraph 7.2 above to take effect from 1 April 1996 onwards shall be derived in accordance with the provisions of Schedule 4 using Survey Fieldwork Periods and Survey Revenue Periods determined in accordance with paragraph 2.6(b) of Schedule 4.

7.8 LRT or the ATOC Representative (on behalf of the Operators) may, by giving written notice to the other, request verification of the completeness and/or accuracy of any information supplied by the other for the purposes of determining the Apportionment Factors. As soon as practicable after receiving such a request LRT or (in the case of a request received by the ATOC Representative) the Operators shall instruct auditors to verify such information and (after taking account of any representations made in the request) make a written report of their conclusions. The costs of such verification shall be borne by the party or parties making the request unless the information which is the subject of such request is shown by the auditors' report to be materially inaccurate, in which case such costs shall be borne by the party or parties receiving such request.

7.9 As soon as practicable after presentation of a report made under paragraph 7.8 above, the Travelcard Survey Working Group shall determine any adjustment to be made to the Apportionment Factors as a result of the findings of such report. If the Travelcard Survey Working Group cannot reach agreement on any such adjustment the matter will be dealt with in accordance with paragraph 2.9 of Schedule 4.

7.10 Where LRT accepts a Warrant, Voucher or Permit to Travel issued by an Operator or where an Operator accepts a Warrant or Voucher issued by LRT, in each case as full or part payment for the sale of a Travelcard, for the purposes of the apportionment of revenue the sale shall be treated as a sale at the full selling price (including any applicable VAT) of the relevant Travelcard made by the party accepting such Warrant, Voucher or Permit to Travel. The party accepting such Warrant, Voucher or Permit to Travel shall be entitled to receive that portion of the relevant Travelcard's full selling price (including any applicable VAT) in respect of which the warrant, voucher or permit for travel is accepted in accordance with the provisions of the LRT/RSP Clearance Agreement or the Ticketing and Settlement Agreement (as the case may be).

7.11 In addition to the provisions for the apportionment of revenue from Travelcards set out in paragraphs 7.1 to 7.10 above, LRT and the ATOC Representative may from time to time agree arrangements for the allocation of revenue between Operators and LRT to reflect practices carried on at particular stations or lines (such as the exchange at Marylebone of Operator-issued SPORTIS, PERTIS and excess tickets for Travelcards valid for travel on Underground Services in Zone 1, in respect of which it is agreed that the practices carried on at the date of this Agreement shall continue in force unless they are amended pursuant to this paragraph 7.11).

SERVICE INTERRUPTIONS

8.1 This paragraph 8 sets out the arrangements between LRT and the Operators for apportioning the costs of compensation made to Travelcard holders as a result of interruptions to services. Unless otherwise stated in this paragraph 8, each party to this Agreement shall bear its own costs in relation to any such compensation without any apportionment of such costs to any other party. For the purposes of this paragraph 8 references to LRT's services include references to any public passenger

transport services on which Travelcards may be used which are provided by a subsidiary of LRT or an LRT Third Party.

Payment of Refunds

8.2 As soon as possible after the commencement of any disruption which gives rise to a right to any refund or ticket extension (whether pursuant to the Customer Charter or any Passengers Charter or any refund policy of the party whose services are disrupted), the disrupted party shall determine the rules and guidelines which are to be applied in respect of refunds to be made in relation to that disruption, and shall notify all other parties of:

- (a) the nature, scope and (if known) duration of the disruption;
- (b) the amount of any refund (including any repayment in respect of VAT) and scope of any ticket extension payable in respect of the disrupted service;
- (c) any other information needed to enable all parties to make the appropriate refund or ticket extension.

8.3 Refunds and ticket extensions due in respect of any service disruption shall be made by the party which sold the Travelcard in respect of which the compensation is due, irrespective of which party's services were disrupted.

Liability for Refunds to Passengers

(a) Joint Disruption

8.4 If both LUL and an Operator's services are disrupted, the relevant parties may agree that the payment of all compensation will be the sole responsibility of the issuer of the ticket and not those parties separately.

(b) Customer and Passengers Charters

8.5 Compensation or price discounts payable to Travelcard holders for delays to services or failure to meet performance standards in accordance with the provisions of the Customer Charter and the Passengers Charter respectively will be the responsibility of the party whose services were so delayed or failed to meet performance standards. The costs of such compensation shall not be taken into account in the apportionment of Travelcard revenues between the parties.

(c) Arrangements in the event of total non-use of Travelcards

8.6 Where it is accepted by the party who makes the payment of compensation that, as a result of service disruption (of any party's services), the ticket holder made no use of his ticket in any period of 24 hours or more (and for this purpose such party shall be required to make all reasonable enquiries to ascertain that no such use was made), compensation may be in the form of monetary payment representing the daily equivalent of the amount paid for the ticket, for each day affected, or in the form of an equivalent extension of validity of the ticket. Extensions may be made either by

issuing a substitute ticket or by adjustment of the next ticket purchased, but not by endorsement of an existing ticket. Where the service disruption affected the services of LUL, LRT may offer in compensation LT Cards for the appropriate Zones of travel and for an equivalent period of time, provided the passenger is willing to accept compensation in this form. Any compensation paid in consequence of service disruption other than in accordance with the provisions of paragraph 8.6 shall be regarded as an ex gratia payment by the party paying such compensation who shall inform the ticket holder accordingly. Such ex gratia payments shall be for the account of the party making such payment and shall not be regarded as refunds for the purposes of determining Total Travelcard Revenue.

8.7 Full refunds and extensions on Period Travelcards will normally be calculated on a five-day working week basis. If the disruption extends to Saturdays, Sundays or Bank Holidays, and the ticket holder claims for non-use on these days, the refund/extension will be assessed on a seven-day week basis.

8.8 Where, in accordance with the provisions of paragraph 8.6, a full refund (including any repayment in respect of VAT) is made to the ticket holder in compensation for non-use of the ticket, the cost of such refund shall be deducted from the Total Travelcard Revenue to be accounted for by the party who makes the payment of compensation in accordance with the calculation of Gross Sales Revenue so that the cost of the refund will be borne in the same proportions as the other parties would have received revenue had the ticket been used. Where an extension of availability of the ticket is allowed, the equivalent revenue cost of that ticket extension shall be dealt with in the same way.

8.9 Where LRT provides compensation in the form of LT Cards for a corresponding period there shall be no such deduction from the Total Travelcard Revenue in respect of that transaction.

Arrangements in the event of partial use of Travelcard

8.10 In cases of disruption of services where it is decided that a partial refund shall be allowed to reflect part-use of the Travelcard, the cost of such refund (including any repayment in respect of VAT) shall be borne by the party whose services were disrupted without any deduction from the Total Travelcard Revenue in respect of that refund. The costs of any extension to the validity of Travelcards made to reflect part-use of Travelcards shall be borne by the party offering such extension. The fact that such an extension has been offered shall be notified (in the case of extensions offered by an Operator) to LRT and (in the case of extensions offered by LRT) to the ATOC Representative to ensure that there is no deduction from the Total Travelcard Revenue in respect of the extension.

8.11 In cases where there is disruption of services of an Operator and/or of Underground Services, the following provisions shall apply to take account of transfer of passengers between different Parties and modes of transport:

- (a) No revenue adjustment will be made to recognise the possible transfer of passengers:

- (i) between the services of such Operator and Underground Services save as set out in sub-paragraphs (b), (c) and (d) below; and
 - (ii) between the services of such Operator and LRT Bus Services save as set out in sub-paragraphs (e) and (f) below.
- (b) Where any Operator's or Operators' services are disrupted to the extent that less than 60% of the services scheduled to be operated by such Operator or Operators within the Zones throughout any 24-hour period (exclusive of weekends and bank holidays) in fact operates, the re-allocation by the Operators to Underground Services of revenue (exclusive of any VAT) from sales of Period Travelcards at Railway-controlled Outlets and LRT-controlled Outlets which would have been due to the Operators in accordance with this Agreement but for the disruption shall be on the following basis:

Percentage of Operators' scheduled services actually operating	Re-allocation of Operators' revenue to Underground Services		
	Category 1	Category 2	Category 3
60% or more	nil	nil	nil
50% or more (but less than 60%)	20%	15%	10%
35% or more (but less than 50%)	30%	20%	15%
20% or more (but less than 35%)	35%	25%	20%
10% or more (but less than 20%)	45%	30%	25%
less than 10%	55%	40%	30%

where the Operators within Category 1 are Thames, Chiltern, North London, West Anglia & Great Northern, Great Eastern and London Tilbury & Southend; the Operators within Category 2 are South Central, South West and Thameslink; and the Operator within Category 3 is South Eastern.

These provisions are subject to there being no material service interruption to Underground Services.

- (c) Where Underground Services are disrupted to the extent that less than 60% of the services scheduled to be operated throughout any 24-hour period (exclusive of weekends and bank holidays) in fact operates, the re-allocation by LRT to the Operators of revenue (exclusive of any VAT) from sales of

Period Travelcards at LRT-controlled Outlets which would have been due to LRT in accordance with this Agreement but for the disruption shall be on the following basis:

Percentage of scheduled Underground Services actually operating	Re-allocation of LRT-retained revenue to Operators
60% or more	Nil
35% or more (but less than 60%)	7.5%
10% or more (but less than 35%)	15%
less than 10%	25%

These provisions are subject to there being no material service interruption to the Operators' services.

- (d) Where Underground Services operating on specific lines are disrupted to the extent that they do not operate on such line or lines throughout any 24-hour period (exclusive of weekends and bank holidays) but notwithstanding such disruption at least 60% of all Underground Services scheduled to operate actually do so, 50% of the revenue (exclusive of any VAT) from sales of Period Travelcards at stations on the disrupted line (beyond the stations indicated below) which would have been due to LRT in accordance with this Agreement but for the disruption shall be re-allocated to Operators on the following basis:

Underground Services disrupted	Operator to which LRT-retained revenue to be re-allocated
District Line	SouthWest (beyond Putney Bridge or Turnham Green in the West) LTS (beyond Barking in the East)
Central Line	Great Eastern (beyond Leytonstone in the East) Thames/Chiltern (beyond White City in the West)
Victoria Line	West Anglia/Great Northern (beyond Finsbury Park in the North) South Eastern (beyond Vauxhall in the South)

Piccadilly Line	West Anglia/Great Northern (beyond Finsbury Park in the North)
Northern Line	Thameslink (beyond Golders Green in the North)
	South Central (beyond Clapham Common in the South)
Metropolitan Line	Chiltern (Harrow on the Hill or beyond)
Bakerloo Line	North London (beyond Queens Park)

These provisions are subject to there being no material service interruption to the Operators' services.

- (e) Where any Operator's or Operators' services are disrupted to the extent that less than 60% of the services scheduled to be operated by the Operators within the Zones throughout any 24-hour period (exclusive of weekends and bank holidays) in fact operates, the daily revenue allocation to LRT Bus Services from the Operators shall be adjusted. This adjustment will be based on a bona fide estimate by the ATOC Representative of a normal annual retention of revenue (exclusive of any VAT) from sales of in-boundary Period Travelcards by the Operators, divided by the number of working days in a year. Such estimate shall be based upon relevant annual revenue (exclusive of any VAT) for the 12-month period prior to the service disruption, uplifted by the average percentage of any price increases for Period Travelcards during such period. If less than 60% of the Operators' services within the Zones operate, the re-allocation of revenue (exclusive of any VAT) to LRT Bus Services from the Operators shall be on the following basis:

Percentage of Operators' scheduled services actually operating	Re-allocation of Operators' retained revenue to LRT Bus Services
60% or more	none
35% or more (but less than 60%)	7%
10% or more (but less than 35%)	10%
Less than 10%	14%

These provisions are subject to there being no material service interruption to LRT Bus Services.

- (f) Where the services of any Operator or Operators are disrupted (not to the extent that the provisions in sub-paragraph (c) above become effective, but to the extent that one or more of the Main Line Southern Terminal Stations is closed or substantially closed during one or both peak travel periods on Mondays to Fridays), such that passengers are advised to use alternative LRT Bus Services, then a reallocation of revenue (exclusive of any VAT) normally retained by the Operators (which shall be calculated on the basis set out in (e) above) to LRT Bus Services of 7 per cent. shall be made.
- (g) In the event of any disruption of the services of an Operator or Operators falling within sub-paragraphs (b), (e) or (f) the ATOC Representative shall notify LRT forthwith of the extent to which such services are disrupted and (in the case of sub-paragraphs (e) or (f)) of its bona fide estimate of a normal annual retention of revenue (exclusive of any VAT) from sales of in-boundary Period Travelcards.
- (h) In the event of any disruption of Underground Services falling within sub-paragraphs (c) or (d) LRT shall notify the ATOC Representative forthwith of the extent to which such services are disrupted.

General

8.12 The practices adopted by any party in compensating passengers for the effects of service interruptions will be open to inspection by the other parties.

8.13 Where services are suspended on a planned basis by LUL or an Operator or Operators the party which is to be disrupted shall notify the other parties of the planned disruption and LRT and the ATOC Representative shall agree in advance:

- (a) any adjustments to the scope and/or period of the validity of any Travelcards;
- (b) any adjustments to the way in which the Survey is conducted; and
- (c) any adjustments in revenue apportionment necessary or appropriate to make compensation for additional costs incurred as a result of the disruption.

8.14 Where services are suspended on an unplanned basis by LUL or an Operator or Operators, LRT and the ATOC Representative shall meet as soon as possible after the commencement of such disruption and, in any event, within 7 days to agree:

- (a) any adjustments to the way in which the Survey is conducted; and
- (b) any adjustments in revenue apportionment necessary or appropriate to compensate for additional costs incurred as a result of the disruption.

TICKET DESIGN AND TECHNOLOGY

9.1 The parties shall ensure, as far as is practicable, that the design and general appearance of Travelcards and Photocards shall be uniform across all sales outlets and

shall not alter the design of or the nature of information carried on Travelcards without prior consultation between LRT and the ATOC Representative.

9.2 Each Operator shall ensure that all Travelcards issued at its stations, or by any other person authorised by it to issue Travelcards, shall comply with LRT technical requirements as set out in specifications AFC ST 4095, AFC ST 4096 and AFC ST 4097 (including requirements as to magnetic encoding) and shall be in encoding formats supplied from time to time by LRT to the ATOC Representative so that ticket holders are able to use automatic gates installed at LUL stations.

9.3 Should subsequent LRT technical requirements necessitate a change to an Operator's tickets and ticket issuing equipment, LRT shall consider jointly with such Operator any necessary changes so that the tickets remain compatible with the LUL system, and LRT shall pay such Operator's reasonable costs and the reasonable costs of any other person authorised by it to issue Travelcards and/or Photocards incurred in effecting amendments required by LRT.

9.4 Each party shall give reasonable notice of any changes it proposes making in ticket design or technology to any other party likely to be affected by such changes to enable such affected party to comply with its obligations under this paragraph 9.

PHOTOCARD ARRANGEMENTS

10.1 Each Operator and LRT shall use reasonable endeavours to ensure that all Period Travelcards are only issued on production of, and during use are supported by, Photocards (which in the case of Child Rate Period Travelcards shall be Child Rate Photocards). Each of the Operators and LRT shall ensure that it has in place (and shall procure that any person which it has authorised to sell Travelcards in accordance with this Agreement has in place) adequate security and control measures to ensure compliance with this requirement.

10.2 LRT shall require proof of age by possession of a valid Child Rate Photocard by 14 and 15 year-olds travelling on LRT Bus Services and Underground Services with Child Rate One-day Travelcards when the tickets have been purchased at LRT outlets or from LRT agents. The Operators and LRT shall not require Photocards for One-day Travelcards issued by an Operator, and LRT shall accept such tickets for use on its service without accompanying Photocards.

TICKET SELLING COMMISSION

11.1 All proceeds (exclusive of VAT) from the sales of Travelcards (except for sales of Visitor Travelcards) received by one party which are attributable to another party (as determined by the application of the appropriate Apportionment Factors) shall be subject to a ticket selling commission which shall be payable to the party which makes the Travelcard sale by the other party at the rates set out below together with any applicable VAT:

Type of Travelcard	Rate of Commission Per cent.
One-day	9

11.2 In accordance with the LRT/RSP Clearance Agreement LRT shall receive a proportion of the ticket selling expenses attributable to sales of Visitor Travelcards that corresponds to the Apportionment Factors which apply to the Operators in relation to Visitor Travelcards. The ticket selling expenses shall be the difference between the total face value (exclusive of any VAT) of all tickets sold (as apportioned between the parties) and the net revenue (exclusive of any VAT) remitted by the selling agent. Such net revenue shall take into account the agent's commission (as agreed between the agents and LRT), after payment to the agents for ticketing services and after allowing for any exchange rate gains or losses resulting from differences between the ticket selling prices as set out in the Operating Schedule and the actual foreign currency denominated prices.

11.3 Any commission payable to third parties as a result of sales of Travelcards being made by credit card or debit card shall be borne by the party selling such Travelcards or on behalf of whom such Travelcards were sold.

11.4 For the purposes of this paragraph 11 sales of Travelcards by any subsidiary of LRT or by any LRT Third Party (or by an agent of LRT or of any such person) shall be deemed to be sales by LRT.

REVENUE PROTECTION MEASURES

12.1 Exercises devised either jointly or individually by any Operator and LRT to police the purchase and use of valid tickets by persons travelling on Railway Services and/or Underground Services shall be conducted at locations jointly served by the relevant Operator and LRT (or a subsidiary of LRT or LRT Third Party) as agreed between them.

12.2 Any such exercise carried out jointly between an Operator and LRT will be co-funded as agreed by the relevant Operator and LRT in advance of such exercise. LRT and any Operator involved in such exercise shall ensure that a sufficient number of persons respectively authorised by them to undertake the collection of any Penalty Fares is available to carry out the exercises in accordance with their terms.

12.3 Where any revenue protection exercises have been agreed to be held by either LRT or an Operator on the premises of the other, such Operator and LRT shall co-operate and provide reasonable assistance to each other to enable such exercises to be carried out in accordance with their terms.

12.4 LRT and any Operator will make available to each other, upon reasonable request, information upon, and access to, any database or other records relating to Penalty Fares respectively held by them (together with all other records, maintained either jointly or individually, relating to the purchase of Travelcards to enable specific cases of fare evasion or related fraud to be actively pursued). To this effect, LRT and the Operators acknowledge their obligations to observe the requirements of the Data Protection Act 1984 insofar as the same affects the transfer and sharing of information contained in such records.

12.5 The parties acknowledge that a significant decrease in the number of ticket-issuing or ticket-checking staff respectively employed by them from time to time increases the likelihood of customers changing between services operated by LRT and Operators without a valid ticket. To minimise this practice, the parties agree to keep each other fully informed in advance of any changes in policy regarding existing staffing practice and ticket-selling policy.

12.6 The parties shall use their reasonable endeavours to ensure that blank Travelcard ticket stocks are kept securely so as to prevent their misuse and shall take reasonable precautions to prevent the re-sale of One-day Travelcards.

APPENDIX TO OPERATING SCHEDULE

TRAVELCARD APPORTIONMENT FACTORS

Detailed below are the percentage revenue Apportionment Factors to be applied to the following categories of Total Travelcard Revenue with effect from 1 April 1995.

Sales at LRT-controlled Outlets

	LUL/DLR %	Bus Services %	Total LRT/DLR %	Operators %
Visitor Travelcard sales at all outlets and One-day Travelcard sales at all outlets excluding Chiltern Line stations	78.360	12.440	90.8	9.2
Weekly and longer-period Travelcard sales at all outlets excluding Chiltern Line stations	72.271	20.029	92.3	7.7
One-day Travelcard sales at Chiltern Line stations	59.979	9.521	69.5	30.5
Weekly and longer-period Travelcard sales at Chiltern Line stations	50.504	13.996	64.5	35.5
Monthly and longer-period Scholars' Travel Passes	20.600	67.800	88.4	11.6

Sales by the Operators

Operator Sales with LUL Out-Boundary Availability

Period Travelcards	47.331	20.869	68.2	31.8
One-Day Travelcards	57.609	10.891	68.5	31.5

Sales by the Operators

	LUL/DLR %	Bus Services %	Total LRT/DLR %	Operators %
One-day Travelcard sales for travel including additional availability on Operators' services outside the Zones:				
South Eastern	17.748	2.352	20.1	79.9
South Central	20.221	2.679	22.9	77.1
South West	23.753	3.147	26.9	73.1
Thames	24.901	3.299	28.2	71.8
Chiltern	21.987	2.913	24.9	75.1
North	23.488	3.112	26.6	73.4
Thameslink	30.287	4.013	34.3	65.7
West Anglia & Great Northern	33.907	4.493	38.4	61.6
Great Eastern	27.638	3.662	31.3	68.7
London Tilbury & Southend	24.724	3.276	28.0	72.0
Anglia	24.989	3.311	28.3	71.7
East Coast	24.989	3.311	28.3	71.7
Gatwick Express	19.073	2.527	21.6	78.4
Great Western	24.371	3.229	27.6	72.4
Midland	24.989	3.311	28.3	71.7
West Coast	24.989	3.311	28.3	71.7
Operator Unidentified	24.989	3.311	28.3	71.7
Weekly and longer-period Travelcard sales (including Scholars' Travel Passes) for travel including additional availability on Operators' services outside the Zones:				
South Eastern	11.750	2.650	14.4	85.6

Sales by the Operators

	LUL/DLR %	Bus Services %	Total LRT/DLR %	Operators %
South Central	13.627	3.073	16.7	83.3
South West	17.218	3.882	21.1	78.9
Thames	24.072	5.428	29.5	70.5
Chiltern	18.523	4.177	22.7	77.3
North	18.605	4.195	22.8	77.2
Thameslink	14.198	3.202	17.4	82.6
West Anglia & Great Northern	26.112	5.888	32.0	68.0
Great Eastern	17.707	3.993	21.7	78.3
London Tilbury & Southend	15.994	3.606	19.6	80.4
Anglia	11.098	2.502	13.6	86.4
East Coast	25.133	5.667	30.8	69.2
Gatwick Express	9.547	2.153	11.7	88.3
Great Western	21.869	4.931	26.8	73.2
Midland	14.525	3.275	17.8	82.2
West Coast	18.605	4.195	22.8	77.2
Operator Unidentified	17.462	3.938	21.4	78.6
Weekly and longer-period Travelcard sales (including Scholars' Travel Passes) with no additional availability on Operators' services outside the Zones other than where the station of origin is a Joint Station:				
South Eastern	13.325	5.875	19.2	80.8
South Central	17.905	7.895	25.8	74.2
South West	18.877	8.323	27.2	72.8
Thames	29.217	12.883	42.1	57.9
Chiltern	42.473	18.727	61.2	38.8

Sales by the Operators

	LUL/DLR %	Bus Services %	Total LRT/DLR %	Operators %
North	33.104	14.596	47.7	52.3
Thameslink	24.012	10.588	34.6	65.4
West Anglia & Great Northern	27.205	11.995	39.2	60.8
Great Eastern	21.930	9.670	31.6	68.4
London Tilbury & Southend	14.019	6.181	20.2	79.8
Anglia		No Tickets sold		
East Coast	46.637	20.563	67.2	32.8
Gatwick Express		No Tickets sold		
Great Western		No Tickets sold		
Midland	46.637	20.563	67.2	32.8
West Coast	46.637	20.563	67.2	32.8
Operator Unidentified	18.252	8.048	26.3	73.7
One-day Travelcard sales with no additional availability on Operators' services outside the Zones other than where the station of origin is a Joint Station:				
South Eastern	22.455	4.245	26.7	73.3
South Central	25.314	4.786	30.1	69.9
South West	25.651	4.849	30.5	69.5
Thames	32.799	6.201	39.0	61.0
Chiltern	51.469	9.731	61.2	38.8
North	39.948	7.552	47.5	52.5
Thameslink	29.267	5.533	34.8	65.2
West Anglia & Great Northern	40.200	7.600	47.8	52.2
Great Eastern	33.051	6.249	39.3	60.7
London Tilbury & Southend	20.184	3.816	24.0	76.0

Sales by the Operators

	LUL/DLR %	Bus Services %	Total LRT/DLR %	Operators %
Anglia			No Tickets Sold	
East Coast	55.842	10.558	66.4	33.6
Gatwick Express			No Tickets Sold	
Great Western			No Tickets Sold	
Midland	55.842	10.558	66.4	33.6
West Coast	55.842	10.558	66.4	33.6
Operator Unidentified	27.080	5.120	32.2	67.8
One-day Travelcard sales with no additional availability on Operators' services outside the Zones where the station of origin is a Joint Station:				
South Eastern	51.806	9.794	61.6	38.4
South Central	59.375	11.225	70.6	29.4
South West	61.057	11.543	72.6	27.4
Thames	75.858	14.342	90.2	9.8
Chiltern			No Tickets Sold	
North	59.543	11.257	70.8	29.2
Thameslink	66.271	12.529	78.8	21.2
West Anglia & Great Northern	67.616	12.784	80.4	19.6
Great Eastern	71.737	13.563	85.3	14.7
London Tilbury & Southend	67.953	12.847	80.8	19.2
Anglia			No Tickets sold	
East Coast			No Tickets sold	
Gatwick Express			No Tickets sold	
Great Western	55.842	10.558	66.4	33.6
Midland			No Tickets sold	

Sales by the Operators

	LUL/DLR %	Bus Services %	Total LRT/DLR %	Operators %
West Coast			No Tickets sold	
Weekly and longer-period Travelcard sales with no additional availability on Operators' services outside the Zones other than where the station of origin is a Joint Station:				
South Eastern	42.681	18.819	61.5	38.5
South Central	41.779	18.421	60.2	39.8
South West	34.006	14.994	49.0	51.0
Thames	61.350	27.050	88.4	11.6
Chiltern			No Tickets Sold	
North	47.747	21.053	68.8	31.2
Thameslink	62.738	27.662	90.4	9.6
West Anglia & Great Northern	60.447	26.653	87.1	12.9
Great Eastern	53.854	23.746	77.6	22.4
London Tilbury & Southend	32.896	14.504	47.4	52.6
Anglia			No Tickets sold	
East Coast			No Tickets Sold	
Gatwick Express			No Tickets sold	
Great Western	53.785	23.715	77.5	22.5
Midland			No Tickets Sold	
West Coast			No Tickets Sold	

SCHEDULE 4

Revenue Apportionment Principles and Methodology

PRINCIPLES OF REVENUE APPORTIONMENT

1.1. Revenue from the sales of Travelcards shall be apportioned among the parties according to Apportionment Factors agreed between LRT and the ATOC Representative so as to reflect as nearly as possible the value of passenger kilometres travelled on each party's services (subject to the weighting provided for in paragraph 2.8(e) below).

1.2 Passenger kilometres shall mean the sum of the journey lengths (for which Travelcard tickets sold are valid) made on the services of the parties (and those of LRT's subsidiaries and any LRT Third Party) by holders of Travelcards (including Visitor Travelcards) calculated as follows:

- (a) for an Operator: by reference to journeys on that Operator's services within the Zones, including such part of journeys which start or finish outside the Zones as fall within the Zones (as indicated in the information to be held on disc by the Regulator on behalf of the parties for this purpose (and identified as such));
- (b) for Underground Services: by reference to journeys on Underground Services both within and outside the Zones (as indicated in the information to be held on disc by the Regulator on behalf of the parties for this purpose (and identified as such)); and
- (c) for LRT Bus Services and Express Coach Services: by reference to journeys made on such services both within and outside the Zones (and for this purpose journeys which commence between fare stages are assumed to have commenced at the fare stage prior to the actual boarding point; journeys which end between fare stages are assumed to have ended at the fare stage after the actual alighting point; and fare stages are assumed to be at 0.805 kilometre (0.5 mile) intervals outside Zone 1 and at 0.604 kilometre (0.375 mile) intervals within Zone 1).

1.3 The passenger kilometre data on which the apportionment of revenue is based shall be derived from the results of the Survey (or, in the case of (c) below, the GLBPS) in accordance with the provisions of this Schedule. The Survey shall be used to estimate, for Travelcard holders:

- (a) the number of passenger journeys on each of the three main modes (Railway Services, Underground Services and LRT Bus Services);
- (b) the average journey lengths on Railway Services and Underground Services;
- (c) the average journey lengths on LRT Bus Services; and

- (d) the passenger kilometres travelled on each of the three modes derived from (a) to (c) above.

1.4 The information set out in paragraph 1.3 is to be used to derive Apportionment Factors for Railway Services, Underground Services and LRT Bus Services by reference to the categories of Total Travelcard Revenue set out in the Operating Schedule.

1.5 In deriving the Apportionment Factors for adoption hereunder regard shall be had to variations to allow for inaccuracies as set out in paragraphs 2.8 and 2.9 below.

METHODOLOGY OF REVENUE APPORTIONMENT

2.1 The stages of the process of adopting the Apportionment Factors shall be as follows:

- (a) the commissioning of the Survey in accordance with paragraph 2.3 below;
- (b) the collection and processing of data in accordance with the Survey in accordance with paragraphs 2.4 and 2.5 below;
- (c) the derivation of the Apportionment Factors from the Survey data;
- (d) the adjustment of the Apportionment Factors in accordance with paragraphs 2.7 to 2.9 below; and
- (e) the adoption of the new Apportionment Factors.

The Survey

2.2 The objective of the Survey shall be to enable passenger kilometres travelled on each mode by Travelcard holders to be estimated and the relevant Apportionment Factors to be derived in accordance with the procedure outlined in paragraphs 2.3 to 2.14 below.

2.3 The Operators and LRT shall appoint a joint working group known as the Travelcard Survey Working Group. The Travelcard Survey Working Group will be responsible for:

- (a) determination of the Survey programme;
- (b) detailed Survey design, including such aspects as sampling, editing and analysis of results;
- (c) management of the Survey (including instructing any market research agencies and consultants);
- (d) reporting results and recommendation of Apportionment Factors;
- (e) deciding, in the event of significant service disruption, whether or not the Survey field work should be suspended and whether or not certain data shall

be excluded from the derivation of Apportionment Factors, having regard to the Operating Schedule.

The Travelcard Survey Working Group shall be the focal point for liaison between the various bodies involved in the Survey including LRT, Operators, market research agencies and consultants and shall perform its functions in accordance with the documents entitled "Survey Objectives and Overview", "Fieldwork Brief" and "Coding, Editing and Analysis Brief" initialled by LRT and the ATOC Representative on the date hereof for the purpose of identification.

The collection and processing of Survey data

2.4 The Survey shall comprise self-completion diary questionnaires. Travelcard holders selected to take part in the Survey shall be requested to record details of journeys made using their Travelcard. Survey fieldwork shall be conducted on a rolling basis, with results provided on a quarterly basis. The Survey will be jointly commissioned by the ATOC Representative and LRT and the costs of the Survey shall be shared between the Operators and LRT. The costs of the Survey to be borne by LRT shall be the lower of:

(a)
$$\frac{\text{The amount of Total Travelcard Revenue allocated to LRT in the previous financial year}}{\text{Total Travelcard Revenue in the previous financial year}} \times \text{actual Survey cost}$$

and

(b)
$$\frac{A}{B} \times \text{£ } 140,000$$

where

A = Whole Economy Average Earnings Index for April of the year concerned, as published by the DoE; and

B = 121.6 (being the value of the Index in April 1994).

2.5 Subject to observance of any standard procedures of the Operators and LRT in relation to the conduct of the Survey, market research agencies and consultants will be permitted to undertake interviews on any station from which a Travelcard is valid for travel and will be given access to records of the names and addresses of Travelcard holders, where these exist, solely for the purposes of distributing questionnaires as part of the Survey.

Derivation of the Apportionment Factors

2.6 Apportionment Factors for each of the categories defined in the Operating Schedule shall be derived as follows:

- (a) a series of sub-categories (which shall be sub-categories of the categories for which there are Apportionment Factors) will be defined, whose precise definition will be determined as part of the Survey design and analysis process

but will take into account such factors as Zonal combination, period of availability and sales outlet;

- (b) LRT and the ATOC Representative shall determine the Survey Revenue Period and the Survey Fieldwork Period to be used in the derivation of revised Apportionment Factors, such Periods to be set out in the Operating Schedule. Unless agreed otherwise:
 - (i) the Survey Fieldwork Period shall be the period of four quarters, the final quarter of such period being that for which the most recent Survey data is available at the time when Apportionment Factors are to be derived; and
 - (ii) the Survey Revenue Period shall be the most readily available accounting information for a period which coincides with the relevant Survey Fieldwork Period;
- (c) the Total Travelcard Revenue within each sub-category received during such Survey Revenue Period (excluding, in the case of sales from LRT-Controlled Outlets, revenue from Child Rate Period Travelcards) shall be allocated according to the respective shares of passenger kilometres travelled on the services of the parties during such Survey Fieldwork Period;
- (d) the resultant revenues (exclusive of VAT) relating to each sub-category shall be aggregated to the relevant categories of Travelcard sales for which there are Apportionment Factors to give a total revenue (exclusive of VAT) for (1) LRT (including any of its subsidiaries involved in Travelcard arrangements and any LRT Third Parties) and (2) the Operators. The split of such total revenue between the parties expressed as a percentage for each category shall constitute the Apportionment Factors.

Adjustment of Apportionment Factors

2.7 It shall be the responsibility of the Travelcard Survey Working Group to control and monitor the conduct of the Survey, with a view to ensuring that the Survey results are (having regard, inter alia, to diminishing returns for value for money) a reasonably accurate assessment of Travelcard usage. Where the Travelcard Survey Working Group considers the Survey results to be unacceptably inaccurate in any respect (outside the normal tolerances of inaccuracy expected in such a survey), it shall consider what further information or evidence (including the results of other surveys) may be adduced in order to derive the Apportionment Factors.

2.8 In particular, the Travelcard Survey Working Group shall consider making (and, in the case of (b), (c), (d), (e) and (f) below, shall make) the following adjustments to the Survey results before calculating the Apportionment Factors:

- (a) where any party considers that the Survey results are unacceptably inaccurate, whether as a result of inadequate distribution of sampling, misleading recording of the Survey information, unusual factual circumstances or as a result of the way in which the Survey has been conducted or for any other

reason, any further information or evidence which may be reasonably available in order to correct such results shall be adduced;

- (b) modifications shall be made to the calculation of the share of revenue (exclusive of any VAT) of LRT Bus Services for Travelcard sales at LRT-controlled Outlets (being the shares of revenue attributable to categories (a) to (d) of paragraph 7.2 of the Operating Schedule) derived from the Survey, to reflect the fact that GLBPS indicates a higher usage of LRT Bus Services. Such modifications shall be made on the basis set out below:
 - (i) in respect of Period Travelcard sales at LRT-controlled Outlets (being sales attributable to categories (b) and (d) of paragraph 7.2 of the Operating Schedule), the share of revenue (exclusive of any VAT) of LRT Bus Services is to be multiplied by a factor of 1.11 and the Apportionment Factors for LRT and each of the Operators are then to be reduced rateably to give a total of 100 per cent; and
 - (ii) in respect of One-day Travelcard sales at LRT-controlled Outlets (being sales attributable to categories (a) and (c) of paragraph 7.2 of the Operating Schedule) the share of revenue (exclusive of any VAT) of LRT Bus Services is to be multiplied by a factor of 1.103 and the Apportionment Factors for LRT and each of the Operators are then to be reduced rateably to give a total of 100 per cent;
- (c) following any modification made pursuant to sub-paragraph (b) above, a further modification shall be made to adjust the respective shares of revenue (exclusive of any VAT) of Underground Services and LRT Bus Services in order to reconcile the results of the Survey, insofar as it relates to bus journeys, with the results of the GLBPS in respect of a common twelve-month period. Such modifications shall be made on the basis set out below:
 - (i) the Apportionment Factors for LRT Bus Services in respect of sales of Period Travelcards attributable to categories (b), (d), (i), (j) and (l) of paragraph 7.2 of the Operating Schedule shall be uplifted by a certain percentage derived in accordance with sub-paragraph (iii) below;
 - (ii) thereafter the share of revenue (exclusive of any VAT) of each of the Underground Services and LRT Bus Services in respect of the sale of Period Travelcards attributable to the categories referred to in sub-paragraph (i) above shall be reduced rateably so that without there being any alteration to the percentage shares of the Operators the aggregate shares of Underground Services, LRT Bus Services and the Operators total 100 per cent;
 - (iii) the percentage uplift in respect of the LRT Bus Services Apportionment Factors applied to the sale of Period Travelcards by LRT shall be twice the percentage uplift in respect of the LRT Bus Services Apportionment Factors applied to the sale of Period Travelcards by the Operators; and

- (iv) the size of the percentage uplift shall be such as is needed to reconcile the estimate of total annual bus journeys in any twelve month period using Travelcards derived by the Survey with the estimate produced by GLBPS;
- (d) adjustments shall be made to take account of sales from LRT stations through to an Operator's stations outside the Zones such that an amount representing the difference between the rate for the number of Zones and the rate actually paid by the passenger is due wholly to the Operators in respect of the out-boundary portion of the journey;
- (e) in respect of categories consisting of tickets with availability on the services of Operators outside the Zones, a weight of 1.55 until 14 October 1995 and 1.65 thereafter shall be applied to kilometres travelled on Underground Services and LRT Bus Services.

2.9 If the Travelcard Survey Working Group cannot reach agreement as to the Apportionment Factors, it shall refer the matter to the consultants instructed by the Travelcard Survey Working Group pursuant to paragraph 2.3(c) above whose determination of the results of the Survey shall apply pending resolution of the matter by arbitration conducted in accordance with the provisions of Clause 15. Following such arbitration a retrospective adjustment to the Apportionment Factors shall be made (if required) such that the results of the Survey as determined by arbitration are applied to Total Travelcard Revenue received from the date on which such Apportionment Factors were applied.

Adoption of Apportionment Factors

2.10 The Travelcard Survey Working Group shall be the forum for reaching technical agreement on the Apportionment Factors to be agreed by the parties. Formal agreement and adoption of the Apportionment Factors will be effected in accordance with the Operating Schedule and the other provisions of this Agreement.

2.11 If, as a result of exceptional circumstances, the foregoing provisions of this Schedule 4 cannot be applied or they produce Apportionment Factors which are clearly inconsistent with the principle set out in paragraph 1.1 above, the ATOC Representative and LRT shall negotiate in good faith with the objective of adopting arrangements under which revenue from Travelcards will be allocated on the basis of passenger kilometres carried, as set out in paragraphs 1.1 and 1.2 above. In these circumstances, and in accordance with the provisions of the Operating Schedule relating to the adoption of new Apportionment Factors, the parties may adduce any information deemed relevant in determining revised Apportionment Factors, and may also agree that retrospective adjustments to allocated revenue may be made for the duration of such exceptional circumstances.

Admission of new participants

2.12 Subject to paragraphs 2.14 to 2.16 below, any subsidiary of LRT, LRT Third Party or Operator which has become a participant in the Travelcard arrangements pursuant to Clause 9 shall be taken into account in the apportionment of revenue from

Travelcards on the basis of passenger kilometres carried and Travelcards sold with effect from the date on which it became such a participant.

2.13 Within 30 days of receipt of a notice given under Clause 9.1(c) or Clause 9.2(c), the Travelcard Survey Working Group shall produce an estimate of the passenger kilometres likely to be travelled by Travelcard holders on the services operated by the person in respect of which such notice is given. In producing such estimate the Travelcard Survey Working Group may adduce such evidence as it deems necessary including any evidence provided by the person in respect of which such notice is given.

2.14 New Apportionment Factors shall be used with effect from the date such person is included in the Travelcard arrangements such that the share of revenue allocated to that person is based on the estimate referred to in paragraph 2.13.

2.15 If necessary, retrospective adjustments to revenue allocated on the basis of the new Apportionment Factors referred to in paragraph 2.14 shall be made following subsequent reviews of the Apportionment Factors carried out pursuant to Clause 8. To the extent that they are necessary, such retrospective adjustments shall be made at any such review at which less than twelve months' Survey data is available for the person in respect of which the notice referred to in paragraph 2.14 has been given.

Extension and reduction of rail network

2.16 Within 30 days of receipt of a notice given under Clause 11.1 the Travelcard Survey Working Group shall produce an estimate of the passenger kilometres likely to be travelled by Travelcard holders on each party's services following the relevant extension or reduction of the rail network. In producing such estimate the Travelcard Survey Working Group may adduce such evidence as it deems necessary including any evidence provided by the person whose network is to be extended or reduced.

2.17 New Apportionment Factors shall be used with effect from the date on which services begin operating on the relevant extension of the network or the date on which they cease operating on the relevant part of the network which has been reduced (as the case may be) such that the allocation of revenue is based on the estimate referred to in paragraph 2.16.

2.18 If necessary, retrospective adjustments to revenue allocated on the basis of the new Apportionment Factors referred to in paragraph 2.17 shall be made following subsequent reviews of the Apportionment Factors carried out pursuant to Clause 8. To the extent that they are necessary, such retrospective adjustments shall be made at any such review at which less than twelve months' Survey data is available for the relevant network as extended or reduced.

SCHEDULE 5
LRT Third Party Letter

To: [ATOC Representative]

[Date]

Dear Sirs

Admission of LRT Third Party

Pursuant to clause 9.1 of the Travelcard Agreement dated [] (the *Agreement*), we, London Regional Transport, hereby give notice that [] is to be treated as an LRT Third Party for the purposes of the Agreement with effect from [].

Yours faithfully,

.....
duly authorised for and on behalf
of London Regional Transport

SCHEDULE 6

Operator Deed of Adherence

THIS DEED POLL is made on []

BY [] of [] (the *Covenantor*)

WHEREAS:

- (A) On [] the persons in the schedule hereto entered into an agreement implementing arrangements for providing and honouring Travelcards (such agreement, as amended and novated, the *Travelcard Agreement*).
- (B) The Covenantor wishes to become an Operator for the purposes of the Travelcard Agreement and to be bound by the terms of the Travelcard Agreement which are capable of applying to an Operator with effect from [].

NOW THIS DEED WITNESSES as follows:

1. Interpretation

Words and expressions defined in the Travelcard Agreement shall, unless the context otherwise requires, have the same meanings when used in this Deed.

2. Adherence

The Covenantor hereby confirms that it has been supplied with a copy of the Travelcard Agreement and with effect from [] covenants to and undertakes with each of the persons in the schedule to this Deed and with each such other person who may from time to time expressly adhere to the Travelcard Agreement (by way of execution of a deed or by way of novation) to be bound by and comply with the terms of the Travelcard Agreement which are capable of applying to an Operator.

3. ATOC Representative

The Covenantor hereby appoints a representative (known as the ATOC Representative) as its agent for as long as the Covenantor is a party to the Travelcard Agreement for the purpose of performing all functions which the ATOC Representative is to perform on behalf of the Operators in accordance with the Travelcard Agreement.

4. Notices

For the purpose of the Travelcard Agreement, the Covenantor's address for notices shall be as follows:

Address:

Fax No:

Telex No:

Addressed for the personal attention of:

5. Governing Law

This Deed shall be governed by and construed in accordance with English law.

IN WITNESS WHEREOF this Deed has been duly executed the day and year first above written.

EXECUTED as a **DEED**)
and **DELIVERED** by)
[])
acting by two Directors/)
a Director and the Secretary)

SIGNED by)
for and on behalf of)
GREAT WESTERN TRAINS)
COMPANY LIMITED)
INTERCITY EAST COAST)
LIMITED)
MIDLAND MAIN LINE LIMITED)
CARDIFF RAILWAY COMPANY)
LIMITED)
INTERCITY WEST COAST)
LIMITED)

SIGNED by)
for and on behalf of)
LTS RAIL LIMITED)
SOUTH WEST TRAINS LIMITED)
GATWICK EXPRESS RAILWAY)
COMPANY LIMITED)
NETWORK SOUTHCENTRAL)
LIMITED)
THE CHILTERN RAILWAY)
COMPANY LIMITED)

SIGNED by)
BRITISH RAILWAYS BOARD)
for and on behalf of)
SCOTRAIL TOU)
ANGLIA TOU)
SOUTH WALES AND WEST TOU)
THAMES TOU)
GREAT EASTERN TOU)
NORTH LONDON RAILWAYS)
TOU)
WEST ANGLIA GREAT)
NORTH TOU)
CENTRAL TOU)
INTERCITY CROSS)
COUNTRY TOU)
REGIONAL RAILWAYS)
NORTH EAST TOU)
MERSEYRAIL ELECTRICS TOU)
REGIONAL RAILWAYS)
NORTH WEST TOU)
ISLAND LINE TOU)

SIGNED by)
for and on behalf of)
LONDON REGIONAL)
TRANSPORT)

DATED 1995

THE OPERATORS

LONDON REGIONAL TRANSPORT

TRAVELCARD AGREEMENT

FRESHFIELDS

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