

8 January 2010

Schedule 5.5

Regulation of Individual Fares

- (1) Secretary of State for Transport**
- (2) Stagecoach South Western Trains Limited**

DEED OF AMENDMENT

**of the Stagecoach South West Trains Franchise Agreement dated 21st
September 2006 between the Secretary of State of Transport and
Stagecoach South Western Trains Limited**

**Department for Transport
76, Marsham Street
London SW1P 4DR**

THIS DEED OF AMENDMENT is made the 8th day of January 2010

BETWEEN:

- (1) **THE SECRETARY OF STATE FOR TRANSPORT**, whose principal address is at 76 Marsham Street, London SW1P 4DR ("**the Secretary of State**"); and
- (2) **STAGECOACH SOUTH WESTERN TRAINS LIMITED** whose registered office is at Friars Bridge Court, 41-45, Blackfriars Road, London, SE1 8NZ ("**the Franchisee**").

WHEREBY IT IS AGREED as follows:

RECITALS

- A. The Secretary of State and the Franchisee entered into the Stagecoach South West Trains Franchise Agreement on 21 September 2006 for the provision of railway passenger services within the Franchise (the "**Franchise Agreement**").
- B. The parties have agreed to amend the Franchise Agreement on the terms set out in this Deed.

NOW THIS DEED WITNESSES AS FOLLOWS:

- 1) Defined terms used in this Deed shall, unless the context requires otherwise, have the meaning given to such terms in the Franchise Agreement.
- 2) A reference herein to this Deed shall be construed as including a reference to the Appendix to this Deed.
- 3) The Secretary of State has decided to change fares regulation so as to restrict increases in individual regulated fares to no more than RPI+1% for the average fares basket cap.
- 4) The Secretary of State is entitled, pursuant to paragraph 5 of Schedule 5.7 to the Franchise Agreement, to alter the obligations of and restrictions on the Franchisee in relation to the way fares are regulated under the Franchise Agreement. The Franchisee is required to accept any such alteration.
- 5) The Franchise Agreement shall be amended as set out below:
 - a. With effect from 00.00 on 1 January 2010 Schedule 5.5 of the Franchise Agreement will be amended as set out in the Appendix to this Deed.
 - b. From 00.00 on 1 January 2011 the amendments to the Franchise Agreement set out in this Deed of Amendment shall be reversed so that, except as may be contained in a further notice, Schedule 5.5 of the Franchise Agreement shall be read as if this Notice of Amendment had not been served.

- 6) Save as provided herein, the Franchise Agreement shall continue to have full force and effect.
- 7) This Deed is supplemental to and shall be read and construed together with the Franchise Agreement, which shall together constitute one and the same instrument. References to the Franchise Agreement in the Franchise Agreement shall refer to the Franchise Agreement as amended by this Deed.

Appendix 1

1) Schedule 5.5 paragraph 2.1

- (i) In Schedule 5.5 of the Terms the following shall be deleted from paragraph 2.1: "the greater of:

(a) Preceding Year Ticket Price + £0.10p; and"

- (ii) In Schedule 5.5 of the Terms subparagraph 2.1 (b) shall be renumbered 2.1(a).

2) Schedule 5.5 paragraph 2.2

- (i) The figure "+5" shall be deleted from the top line of the formula so that it shall read as follows:

"The Permitted Individual Increase in any Fare Year shall be determined in accordance with the following formula:

$$PII = \frac{(100 \times RPI) + k}{100}$$

where:

PII is the Permitted Individual Increase in that Fare Year;

RPI is an amount equal to:

$$\frac{RPI_{-1}}{RPI_{-2}}$$

where:

RPI₋₁ is the Retail Prices Index for the July of the calendar year preceding that Fare Year; and

RPI₋₂ is the Retail Prices Index for the July of the calendar year preceding the calendar year referred in the definition of RPI-1; and

k is equal to + 1.

- (ii) The following paragraph shall be added to the end of paragraph 2.2:

"provided that within the restrictions on Individual Fares in Fare Baskets set out in this schedule:

- a) A Fare which is set under the terms of the Travelcard Agreement may be rounded up to the nearest £0.20p, and
- b) A Fare for a Monthly Season Ticket or Weekly Season Ticket or an Annual Season Ticket may be rounded up to the nearest £0.50p, and
- c) Any other Fare may be rounded up to the nearest £0.10p."

Signed for and on behalf of the Secretary of State


