

**(1) Secretary of State for Transport**

**(2) M40 Trains limited**

**(3) The Chiltern Railway Company Limited**

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**Notice of Amendment of  
the Franchise Agreement  
dated 16 February 2002**

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

This **Notice** is made this 26 July 2006 by **The Secretary of State**.

1. By a Franchise Agreement dated 16 February 2002 (the "Franchise Agreement") the Strategic Rail Authority, the Franchisee and the Franchise Operator recorded their agreement as to the provision of certain services for the carriage of passengers by railway.
2. By virtue of the provisions of the Railways Act 2005 the rights and obligations under the Franchise Agreement were transferred from the Strategic Rail Authority to the Secretary of State.
3. The Secretary of State is entitled, pursuant to paragraph 25 of Part 2 of Schedule 5 of the Franchise Agreement, to alter the obligations of, and restrictions on, the Franchise Operator in relation to the way Fares are regulated under the Franchise Agreement. The Franchise Operator is required to accept any such alteration.
4. In 'The Future of Rail' white paper published in July 2004, the Secretary of State expressed his intention to bring about the rationalisation of rail fares for journeys within London. By making this notice, he requires the Franchise Operator to work together with other train operators to deliver simplified and consistent fares for train journeys between stations in London.
5. Accordingly the Secretary of State hereby amends the Franchise Agreement as set out in paragraph 6 of this Notice.

#### **6. AMENDMENTS TO SCHEDULE 5 OF THE FRANCHISE AGREEMENT**

- 6.1. With effect from 00:00 on 1 August 2006, Schedule 5 of the Franchise Agreement will be amended as set out in Appendix 1 to this Notice
- 6.2. Except where the context otherwise requires, terms defined and references construed in the Franchise Agreement shall have the same meaning and construction in this Notice.
- 6.3. A reference herein to this Notice shall be construed as including a reference to the Appendix to this Notice.
- 6.4. Save as provided herein, the Franchise Agreement shall continue to have full force and effect.
- 6.5. This Notice 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 Notice.

# Appendix 1

## Amendments to Schedule 5 — Fares (Clause 9.1)

### Part 1 — Definitions and Construction

The following definition shall be added to the definitions listed in Part 1, with appropriate regard for alphabetical order:

**“Off-peak Return Fare”**

Means a Fare which is a Permanent Fare and which entitles the purchaser to make a journey in each direction in Standard Class Accommodation between the stations and/or the zones for which the fare is valid, at any time on Saturdays & Sundays and at such times as the Franchise Operator may designate on Mondays to Fridays, and which expires no earlier than 02:00 on the day after the day of the outward journey, or if later, the time the relevant journey may be completed if commenced before 02:00.

### Part 2 — Fare Regulation

The following additional heading & paragraphs shall be added, immediately following paragraph 28.

**29. Fares between London Stations**

29.1 The Franchise Operator shall negotiate each Fares Setting Round with each other train operator and agree the prices to be charged for Single Fares, Return Fares, Season Ticket Fares and Off-peak Return Fares for travel between each London Station and each other London Station.

29.2 With effect from 1 January 2007, unless otherwise agreed with the Department for Transport, Single Fares, Return Fares and Off-peak Return Fares set in accordance with paragraph 29.1 shall be set so that the same price shall apply for any journey which involves travel within or across the same Zone or Zones. The Franchise Operator shall agree with other operators any terms and conditions necessary for these fares or for these journeys, including the time period to be designated as ‘off-peak’, so that the same terms, conditions and (in the case of Off-peak Returns) time restrictions shall apply to journeys between any two London Stations;

29.3 With effect from 1 January 2010, unless otherwise agreed with the Department for Transport, Season Ticket Fares set in accordance with paragraph 29.1 shall be set so that the same price shall apply for any journey which involves travel within or across the same Zone or Zones. The Franchise Operator shall agree with other operators any terms and conditions necessary for these fares or for these journeys so that the same terms and conditions shall apply to Season Ticket Fares between any two London Stations;

29.4 The Single Fares, Return Fares and Season Ticket Fares (but, for the avoidance of doubt, not Off-peak Return Fares) set in line with paragraphs 29.1 to 29.3 above shall remain subject to the fares regulation set out in this Schedule 5. However, the Department for

Transport may grant such derogations from the terms of this Schedule 5 as are reasonably necessary to accommodate the requirements of paragraph 29.2 and 29.3.

- 29.5 The Franchise Operator shall use all reasonable endeavours to negotiate the fares set under paragraphs 29.1 to 29.3 above, and shall adjust other fares within its control as necessary within the requirements of this Schedule 5, so as to ensure that the Franchise Operator makes no net loss as a result.