

THIS AGREEMENT is dated 12 December 2005.

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)¹ **FIRST GREATER WESTERN LIMITED**, whose registered office is at Milford House, 1 Milford Street, Swindon, Wiltshire, SN1 1HL (the *Franchisee*).

WHEREAS

(A) The Secretary of State wishes to appoint a franchisee to provide railway passenger services within the Franchise and expects his franchisee, on the terms of this Agreement, actively to seek, in all reasonable business ways, greatly improved performance over the Franchise Term from its employees, its Train Fleet and other assets, and from Network Rail and its other suppliers, so as to deliver to the passenger the best railway passenger service that can be obtained from the resources that are available to it.

(B) The Franchisee wishes to be appointed as the Secretary of State's franchisee for the Franchise and intends, on the terms of this Agreement, actively to seek, in all reasonable business ways, greatly improved performance over the Franchise Term from its employees, its Train Fleet and other assets, and from Network Rail and its other suppliers, so as to deliver to the passenger the best railway passenger service that can be obtained from the resources that are available to it.

(C) This Agreement has been entered into pursuant to and incorporates by reference the Terms. This Agreement specifies the matters which the Terms require to be addressed in a franchise agreement and which are to be agreed between the parties or prescribed by the Secretary of State, together with any other provisions that the parties have agreed should amend or supplement the Terms.

(D) The following provisions of this Agreement are intended to reflect and give effect to the matters referred to in Recitals (A) to (C) inclusive.

1. INTERPRETATION AND DEFINITIONS

1.1 In this Agreement:

Conditions Precedent Agreement means the agreement between the Secretary of State and the Franchisee of even date herewith specifying certain conditions to be satisfied prior to issue of a Franchise Commencement Certificate.

Terms means the National Rail Franchise Terms (First Edition) attached to this Agreement.

1.2 The Terms are hereby incorporated by reference in this Agreement.

1.3 This Agreement, the Conditions Precedent Agreement and the Terms together constitute a single agreement, which is a "franchise agreement" for the purposes of the Act.

¹ Date of change 31/3/2009

1.4 This Agreement shall be interpreted in accordance with the Terms, for which purpose terms defined therein shall have the same meanings where used in this Agreement, unless this Agreement expressly provides to the contrary.

1.5 If there is any conflict between the terms of this Agreement and the Terms, the terms of this Agreement shall prevail.

2. COMMENCEMENT

2.1 The provisions of the Terms listed in clauses 2.1(a) to 2.1(m) (inclusive) together with such provisions of this Agreement as may be required to give effect to the same, shall take effect and be binding upon each of the Secretary of State and the Franchisee immediately upon signature of this Agreement:

- (a) paragraph 5.3 of Schedule 1.4 (*Passenger Facing Obligations*);
- (b) paragraph 2 of Schedule 2.2 (*Security of Access Agreements, Rolling Stock Leases, Station and Depot Leases*);
- (c) paragraph 2 of Schedule 2.3 (*Third Party Delivery of Passenger Services and Other Franchisees*);
- (d) Schedule 5.1 (*Purpose, Structure and Construction*);
- (e) Schedule 5.3 (*Allocation of Fares to Fares Baskets*);
- (f) Schedule 5.7 (*Changes to Fares and Fares Regulation*);
- (g) Schedule 9 (*Changes*);
- (h) Schedule 10 (*Remedies, Termination and Expiry*);
- (i) paragraphs 1 to 3 (inclusive) of Schedule 11 (*Agreement Management Provisions*);
- (j) paragraphs 1, 2, 5, 6, 7 and 8 of Schedule 13 (*Information and Industry Initiatives*);
- (k) Schedule 14.3 (*Key Contracts*);
- (l) Schedule 17 (*Confidentiality*); and
- (m) Schedule 19 (*Other Provisions*).

2.2 The other provisions of this Agreement and of the Terms shall take effect and become binding upon the parties on the Start Date, as stated in the Certificate of Commencement issued pursuant to the Conditions Precedent Agreement.

3. TERM

This Agreement shall terminate on the Expiry Date or on the date of any earlier termination pursuant to clause 4.2 or 4.3 of the Conditions Precedent Agreement or pursuant to Schedule 10 (*Remedies, Termination and Expiry*) of the Terms.

4. GENERAL OBLIGATIONS

4.1 The Franchisee shall perform its obligations under this Agreement in accordance with their terms and with that degree of skill, diligence, prudence and foresight which would be exercised by a skilled and experienced Train Operator of the Franchise.

4.2 Any obligation on the part of the Franchisee to use all reasonable endeavours shall extend to consequent obligations adequately to plan and resource its activities, and to implement those plans and resources, with all due efficiency and economy.

4.3 The Franchisee shall co-operate with the Secretary of State and act reasonably and in good faith in and about the performance of its obligations and the exercise of its rights pursuant to this Agreement.

4.4 The Secretary of State shall act reasonably and in good faith in and about the performance of his obligations and the exercise of his rights pursuant to this Agreement.

5. SPECIFIC OBLIGATIONS

The following provisions shall apply for the purpose of implementing the Terms.

Clause 3 (*Definitions*)

5.1 The following words and expressions contained in clause 3.1 of the Terms shall be interpreted in accordance with the following:

- (a) the prescribed month for the purpose of the definition of ***Bond Year*** is March;
- (b) the prescribed stations for the purpose of the definition of ***Commuter Fare*** are:
 - (i) London Stations; and
 - (ii) Suburban Stations;
- (c) the prescribed period for the purpose of the definition of ***Evening Peak*** is the period between 1600 and 1859 during a Weekday or such other continuous evening three hour period as the Secretary of State may specify from time to time;
- (d) the prescribed date for the purpose of paragraph (b) of the definition of ***Expiry Date*** is 31 March 2016;
- (e) for the purposes of the definition of ***Franchise***:
 - (i) the prescribed date is 1 June 2005; and
 - (ii) the prescribed places are London, Oxford, Reading, Bristol, Plymouth and Cardiff, amongst others;
- (f) the date for the purposes of the definition of ***Franchise Letting Process Agreement*** is 2 February 2005;
- (g) each ***Franchisee Year*** shall, subject to the terms of that definition, begin on 1 April and end on 31 March;
- (h) the ***Initial Business Plan*** in the agreed terms is attached to this Agreement marked ***IBP***;

- (i) the date for the purpose of the definition of **Initial Expiry Date** is 31 March 2013;
- (j) the prescribed stations for the purpose of the definition of **Major Station** are London Paddington and Gatwick Airport;
- (k) the prescribed amount for the purpose of the definition of **Minor Works' Budget** is £250,000 for each Franchisee Year;
- (l) the prescribed period for the purpose of the definition of **Morning Peak** is the period between 0700 and 0959 during a Weekday or such other continuous morning three hour period as the Secretary of State may specify from time to time;
- (m) the **Operational Model** in the agreed terms is attached to this Agreement marked **OM**;
- (n) **Parent** means, in the context of Schedule 10.3 (*Events of Default and Termination Event*)², either FirstGroup plc or First Rail Holdings Limited, and in the context of Schedule 13 (*Information and Industry Initiatives*)³ both of those persons;
- (o) the **Passenger's Charter** in the agreed terms is attached to this Agreement marked **PC**;
- (p) the **Power of Attorney** in the agreed terms is attached to this Agreement marked **POA**;
- (q) for the purpose of the definition of **Qualifying Change**, the prevailing discount rate is 3.5 per cent. per annum (in real terms) at the date of this Agreement;
- (r) the **Record of Assumptions** in the agreed terms is attached to this Agreement marked **ROA**;
- (s) the **Reporting Accountants** are Ernst & Young LLP;
- (t) the date for the purposes of paragraph (a) of the definition of **Review Date** is 1 March 2006;
- (u) the agreed assumptions for the purpose of the definition of **Secretary of State Risk Assumptions** are set out in Appendix 1 (*Secretary of State Risk Assumptions*);
- (v) the **Service Level Commitments** in the agreed terms are attached to this Agreement marked **SLC 1** and **SLC 2**;
- (w) **Service Quality Audit Programme** in the agreed terms is attached to this Agreement marked **SQAP**;
- (x) the **Service Quality Management System** in the agreed terms is attached to this Agreement marked **SQMS**;
- (y) the **Service Quality Standards** in the agreed terms are attached to this Agreement marked **SQS**;
- (z) **SLC 1** in the agreed terms is attached to this Agreement marked **SLC1**;

² DATE IF DELETION 31.3.2006

³ DATE IF DELETION 31.3.2006

- (aa) **SLC2** in the agreed terms is attached to this Agreement marked SLC2;
- (ab) the time and date for the purposes of paragraph (a) of the definition of **Start Date** is 0200 hours on 1 April 2006;
- (ac) the agreed amounts of “TR” for the purpose of the definition of **Target Revenue** are set out in Appendix 2 (*Target Revenue (expressed in real terms)*);
- (ad) for the purposes of the formula set out in the definition of **Threshold Amount**:
- (i) ⁴**Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

Franchisee Year	FAT (£k expressed in real terms)

- (ii) the prescribed month for the purpose of the definition of “CRPI” is November; and
- (iii) the prescribed base month and year for the purpose of the definition of “ORPI” are November 2005; and
- (ae) the **Train Plan** in the agreed terms is attached to this Agreement marked **TP**.

⁴ Date of exclusion 27.7.06

Changes to the Terms

5.2(a) The following Terms shall not apply to the Franchise:

- (i) the following words and expressions or parts thereof contained in clause 3.1 thereof: (A) the reference to “Capacity Benchmark” in the definition of **Benchmark**; (B) paragraph (b) of the definition of **Benchmark Table**; (C) **Capacity Benchmark**; and (D) **Capacity Benchmark Table**; and
- (ii) the following provisions or parts thereof: (A) Appendix 6 (*Capacity Benchmark Table*); (B) paragraphs 1.2, 2.3 to 2.6 (inclusive), 4.1(b) and 4.4(b) of Schedule 7.1 (*Performance Benchmarks*) of the Terms; and (C) the reference to the “Capacity Benchmark” in paragraph 1.2(a) of Schedule 18 (*Franchise Continuation Criteria*) of the Terms.

(b) The following Terms shall be amended by:

- (i) the insertion in clause 3.1 thereof of the following definitions:

Committed Obligation Payment Adjustment has the meaning given to it in paragraph 1.2 of Part 3 of Appendix 11 (*Committed Obligations and Related Provisions*) to the Franchise Agreement;

Crossrail Scheme means the scheme known as ‘Crossrail’ which is the subject of the Crossrail Bill before Parliament as at the date of this Agreement;

ERTMS has the meaning given to it in paragraph 3 of Appendix 1 (*Secretary of State Risk Assumptions*) to the Franchise Agreement;

Full Agreement has the meaning given to it in paragraph 13 of the Appendix to the Conditions Precedent Agreement;

GSM-R has the meaning given to it in paragraph 3 of Appendix 1 (*Secretary of State Risk Assumptions*) to the Franchise Agreement;

Hire Agreement has the meaning given to it in paragraph 13 of the Appendix to the Conditions Precedent Agreement;

HST means the high speed trains forming part of the Train Fleet referred to as **HST** in Column 1 of Table 1.1 in Appendix 3 (*The Train Fleet*) and as **HST** in Column 2 of Table 1.2 in Appendix 3 (*The Train Fleet*);

HST2 means the HST replacement vehicles;

NFRIP means the National Fleet Reliability Improvement Programme;

⁵**"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 and 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."

Previous Passenger Service means any railway passenger service operated under the Previous Franchise Agreement that is the same as or substantially the same as any Passenger Service in terms of departure and arrival times and stopping patterns;

Profit Share Threshold has the meaning given to it in paragraph 5 of Appendix 13 (*Greater Western Specific Provisions*) to the Franchise Agreement;

Relevant Profit has the meaning given to it in paragraph 5 of Appendix 13 (*Greater Western Specific Provisions*) to the Franchise Agreement;

⁶***Remedial Period means the period from and including 1 April 2008 until the cessation of the Remedial Period in accordance with paragraph 2.5 of Schedule 2 to the Deed of Amendment between the Secretary of State and the Franchisee pursuant to which this definition was included in the Franchise Agreement;***

Remedial Plan means the Remedial Plan as presented by the Franchisee to the Secretary of State dated 11th March 2008 as it may be amended from time to time in accordance with the terms of Schedule 2 to the Deed of Amendment between the Secretary of State and the Franchisee pursuant to which this definition was included in the Franchise Agreement;

Single Track Access Agreement means the single Greater Western Track Access Agreement to be entered into between Network Rail and the Franchisee in December 2006 replacing the three Track Access Agreements existing as at the Start Date;

SLC1 means the first Service Level Commitment specified and issued by the Secretary of State under this Agreement;

SLC2 means the second Service Level Commitment specified by the Secretary of State under this Agreement;

⁵ date of change 4.8.2006

⁶ Insert new text wef 17/03/08

⁷*Trajectory means the Trajectory set out in the Exhibit to Schedule 2 to the Deed of Amendment between the Secretary of State and the Franchisee pursuant to which this definition was included in the Franchise Agreement.*

- (ii) the amendment to clause 3.1 thereof of the following definitions:
 - (A) the definition of ***Change*** shall be amended by:
 - (x) the insertion of a new paragraph (c) as follows:
 - “(c) the Secretary of State’s proposals referred to in paragraph 2.1 of Appendix 13 (*Greater Western Specific Provisions*) to the Franchise Agreement are implemented and the costs relating to rolling stock vehicle leasing and/or maintenance arrangements payable by the Franchisee under any Rolling Stock Related Contract are reduced as a consequence or a competition authority directs such reduction (in each case subject and having regard to the terms of paragraph 2.4 of Appendix 13);”
 - (y) the renumbering of all subsequent paragraphs within that definition accordingly;
 - (z) the deletion of paragraph (f) (old paragraph (e)) thereof and its replacement with the following:
 - “(f) a change to the Service Level Commitment previously in force pursuant to the issue of a new Service Level Commitment in accordance with paragraph 9 of Schedule 1.1 (*Service Development*), other than the issue of SLC2 for the purposes of securing a Timetable to be operated on and from the Passenger Change Date occurring in December 2006;”;
 - (B) the definition of ***Charging Review*** shall be amended by deleting paragraph (a)(i) and replacing it with the following paragraph:
 - “(i) Part 7 of Schedule 7 of any or all of the three Track Access Agreements to which the Franchisee is a party as at the Start Date (where such agreements are changed after the date of the Franchise Agreement by the exercise of those powers whether before, on or after the Start Date) or any Replacement Agreement which is or is deemed to be a Relevant Agreement in accordance with the definition of that Term;”
 - (C) the definition of ***Committed Obligations*** shall be deleted and replaced by the following:

⁷ Insert new text wef 17/03/08

“Committed Obligations means any of the Franchisee’s obligations listed in Part 1 (*List of Committed Obligations*) of Appendix 11 (*Committed Obligations and Related Provisions*) to the Franchise Agreement;”

- (D) the definition of **Commuter Fares Document** shall be deleted and replaced with the following:

⁸**“Commuter Fares Document** means the document marked CFD to be agreed by the parties on or prior to 11 June 2006 or such other date as the Secretary of State and the Franchisee shall agree, and pending such agreement, shall consist of the commuter fares documents relating to the franchise services provided by Wales & West Passenger Trains Limited, Great Western Trains Company Limited and First Great Western Link Limited applying immediately prior to the Start Date under their respective franchise agreements with the Secretary of State.

- (E) the definition of **Expiry Date** shall be amended by the insertion of “clause 5.1(d) of” after “the date prescribed as such in” in line one of paragraph (b);

- (F) the definition of **Protected Fares Document** shall be deleted and replaced with the following:

⁹**“Protected Fares Document** means the document marked PFD to be agreed by the parties on or prior to 11 June 2006 or such other date as the Secretary of State and the Franchisee shall agree, and pending such agreement, shall consist of the protected fares documents relating to the franchise services provided by Wales & West Passenger Trains Limited, Great Western Trains Company Limited and First Great Western Link Limited applying immediately prior to Start Date under their respective franchise agreements with the Secretary of State.

- (G) the definition of **Service Level Commitment** shall be amended by inserting “and the second such service level commitment” before “prescribed” in the third line;

- ¹⁰(H) **the definition of Revenue** means the gross revenue (without any deduction for operating costs or charges except for commission charged to revenue in the normal course of business) of the Franchisee, as stated in the audited or management accounts and statements submitted to the Secretary of State in accordance with Schedule 13 (*Information and Industry Initiatives*), relating to:

⁸ date of change 31.3.2006

⁹ date of change 31.3.2006

¹⁰ Insert new text wef 17/03/08

- (a) *the sale of tickets of any type for the carriage of passengers by railway (including revenue allocated to the Franchisee through the Ticketing and Settlement Agreement or otherwise);*
 - (b) *in relation to Schedule 4 (Rules of the Route, Rules of the Plan and Restrictions of Use) to the Track Access Agreement:*
 - (i) *the Marginal Revenue Effect (MRE) element of any payments to the Franchisee by Network Rail; and*
 - (ii) *the revenue element of any payments to the Franchisee by Network Rail or a “Competent Authority” in compensation for a “Competent Authority Restriction of Use” (as such terms are defined in Schedule 4 to the Track Access Agreement) relating to the sale of tickets of any type for the carriage of passengers by railway (including revenue allocated to the Franchisee through the Ticketing and Settlement Agreement or otherwise);*
 - (c) *the MRE element of any payments to the Franchisee by Network Rail as provided for under Schedule 8 (Performance Regime) to the Track Access Agreement, net of MRE payments to Network Rail thereunder;*
 - (d) *the revenue element of any payments to the Franchisee by Network Rail under Condition G (Network Change) of the Network Code relating to the sale of tickets of any type for the carriage of passengers by railway (including revenue allocated to the Franchisee through the Ticketing and Settlement Agreement or otherwise);*
 - (e) *retail commission;*
 - (f) *the sale of any Discount Card;*
 - (g) *the imposition of any penalty upon any person making a journey on the Passenger Services without a ticket which is valid for such journey;*
- but shall not include any Franchise Payment;*
- (iii) (A) deleting paragraph 1.4(a) of Schedule 7.1 and replacing it with the following paragraph “1.4(a) the Cancellations Benchmark and the Service Delivery Benchmark shall be recalibrated in accordance with paragraph 1 of Appendix 14 (*Recalibration of Benchmarks*) to the Franchise Agreement”; and (B) replacing the words “Appendices 5 to 7 (inclusive)” in paragraph 1.4(b) of Schedule 7.1 with “Appendices 5 and 7”;
 - (iv) the deletion of “no later than 28 days thereafter” in paragraph 2.9(b) of Schedule 7.2 (*Service Quality Management*) thereof and its replacement with “no less than 28 days and no more than 90 days thereafter (having regard to the scope of the amendment notified by the Secretary of State)”; and
 - (v) the amendment to Schedule 8.1 (*Franchise Payments*) thereof of the following:

- (A) the deletion of the formula in paragraph 1.1 and its replacement with the following:

$$\text{£FP} = \text{PFP} - \text{RS}_{\text{hA}} - \text{RS}_{\text{hRA}} + \text{RS}_{\text{uA}} + \text{RS}_{\text{uRA}} + \text{TAA} + \text{SCA} + \text{COPA}$$

- (B) the deletion of “and” at the end of the factor explaining “TAA” in that paragraph;
- (C) the deletion of the full stop at the end of the factor explaining “SCA” in that paragraph and its replacement with “; and”; and
- (D) the insertion of the following after the factor explaining “SCA” in that paragraph:

“COPA means any Committed Obligation Payment Adjustment to be made on that Reporting Period’s Payment Date.”

Schedule 1.1 (*Service Development*)

- 5.3(a) For the purpose of paragraph 3.1 of Schedule 1.1 (*Service Development*) of the Terms, Tables 1 and 2 are set out in Appendix 3 (*The Train Fleet*).
- (b) For the purpose of paragraph 1 of Schedule 1.1 (*Service Level Commitment*) of the Terms, as at the date of signing of this Franchise Agreement, the relevant Service Level Commitment in respect of the period up to but excluding the Passenger Change Date occurring in December 2006 is SLC1 and in respect of the period from that Passenger Change Date is SLC2.

Schedule 1.5 (*Information about Passengers*)

5.4 The technology to be used for the purpose of paragraph 1.2 of Schedule 1.5 (*Information about Passengers*) of the Terms is:

- (a) manual passenger counts;
- (b) information to the extent available from automatic ticket gates operated by the Franchisee; and
- (c) passenger counting equipment to be fitted to 16 Class 16x vehicles in the Train Fleet within two years of the Start Date.

Schedule 1.6 (*Franchise Services*)

5.5 The prescribed percentages for the purposes of paragraphs 5(d)(i) and (ii) of Schedule 1.6 (*Franchise Services*) of the Terms are, respectively:

- (a) two per cent.; and
- (b) two per cent.

5.6 The relevant Depots for the purpose of paragraph 5(e) of Schedule 1.6 of the Terms are as follows:

Bristol St Philips Marsh
Plymouth Laira

Reading

Old Oak Common

Landore

5.7 The relevant property for the purpose of paragraph 5(n) of Schedule 1.6 of the Terms is as follows: the Franchisee's office and training accommodation from time to time.

5.8 The prescribed Original Amounts for the purposes of paragraph 5(q) of Schedule 1.6 of the Terms are:

- (a) £25,000 per annum per item; and
- (b) £250,000 per annum in aggregate.

Schedule 2.1 (*Asset Vesting and Transfer*)

5.9 The provisions of Part 1 of Schedule 2.1 (*Asset Vesting and Transfer*) of the Terms shall apply, for which purpose any new Property Leases shall be in the agreed terms attached to this Agreement marked **SL** and **DL** (as appropriate).

Schedule 2.3 (*Third Party Delivery of Passenger Services and Other Franchisees*)

5.10 The prescribed percentage for the purpose of paragraph 1.2(d) of Schedule 2.3 (*Third Party Delivery of Passenger Services and Other Franchisees*) of the Terms is five per cent.

Schedule 2.5 (*Transport, Travel and Other Schemes*)

5.11 The prescribed Integrated Transport Schemes for the purpose of paragraph 1.1 of Schedule 2.5 (*Transport, Travel and Other Schemes*) of the Terms are as follows:

The integrated transport schemes:

- (a) identified as such in the "Rail Links" supplement to edition 91 of the "National Fares Manual"; and
- (b) operated by the Train Operators under the Previous Franchise Agreements.

5.12 The prescribed concessionary travel schemes for the purpose of paragraph 2.1(a) of Schedule 2.5 of the Terms are as follows:

Token Schemes with the following Local Authorities:

Cotswold District Council

¹¹

Stroud District Council

¹²

5.13 The prescribed multi-modal schemes for the purpose of paragraph 3.1(a) of Schedule 2.5 of the Terms are as follows:

¹¹ date of deletion 31.3.2006

¹² date of deletion 31.3.2006

Scholar Season Ticket Schemes with the following Local Authorities:

Devon County Council

13

5.14 The prescribed Discount Fare Schemes for the purpose of paragraph 4.1 of Schedule 2.5 of the Terms are as follows:

- (a) ATOC Disabled Persons Railcard Scheme dated 23 July 1995 between the participants named therein;
- (b) ATOC Young Persons Railcard Scheme dated 23 July 1995 between the participants named therein; and
- (c) ATOC Senior Railcard Scheme dated 23 July 1995 between the participants named therein.

5.15 The prescribed Inter-Operator Schemes for the purpose of paragraph 5.1 of Schedule 2.5 of the Terms are as follows:

- (a) ATOC Staff Travel Scheme dated 23 July 1995 between the participants named therein;
- (b) Ticketing and Settlement Agreement;
- (c) ATOC LRT Scheme dated 23 July 1995 between the participants named therein;
- (d) Travelcard Agreement dated 15 October 1995 between London Regional Transport and the parties named therein;
- (e) Through Ticketing (Non-Travelcard) Agreement dated 15 October 1995 between London Regional Transport and the parties named therein; and
- (f) National Rail Enquiry Scheme dated 11 June 1996 between the participants named therein.

Schedule 3 (*Priced Options*)

5.16 The Priced Options and the terms upon which the Secretary of State may exercise each Priced Option for the purpose of Schedule 3 (*Priced Options*) of the Terms, are set out in Appendix 4 (*List of Priced Options*).

Schedule 7.1 (*Performance Benchmarks*)

5.17 The Cancellations Benchmarks for the purpose of paragraph 1.1 of Schedule 7.1 (*Performance Benchmarks*) of the Terms are set out in Appendix 5 (*Cancellations Benchmark Table*).

5.18 Intentionally left blank.

5.19 The Service Delivery Benchmarks for the purpose of paragraph 1.4 of Schedule 7.1 of the Terms are set out in Appendix 7 (*Service Delivery Benchmark Table*).

¹³ date of deletion 31.3.2006

Schedule 8.1 (Franchise Payments)

¹⁴**5.19A**¹⁵ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

5.20 The prescribed percentage for the purpose of paragraph 3.1 of Schedule 8.1 (*Franchise Payments*) of the Terms is two per cent.

5.21 The prescribed percentages to be applied to the formula set out in paragraph 3.2(c) of Schedule 8.1 of the Terms are, respectively:

¹⁶ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

- (a) for paragraph (a) of factor [-]
- (b) for paragraph (b) of factor “[-]
- (c) for factor “X”, [-]
- (d) for factor “B”, [-]
- (e) for factor “Y [-]

¹⁷**5.21A** *Notwithstanding the other provisions of Schedule 8.1 of the Terms, in calculating the amount of the Revenue Share Adjustment or Revenue Support Adjustment in any Franchisee Year under paragraphs 3, 4 and 5 of Schedule 8.1 of the Terms, the amount of Revenue used to make the relevant calculations shall be subject to such further adjustment as is required to ensure that the effects on Revenue of the Committed Obligations set out in paragraphs 20 to 26 inclusive of Appendix 11 to the Franchise Agreement are disregarded.*

5.21B Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

Schedule 8.2 (Annual Franchise Payments)

5.22 The agreed figures for the purposes of the definitions of “FXD”, “VCRPI”, “VCAEI”, “PRPI” and “TRRPI” in the formula set out in Schedule 8.2 (*Annual Franchise Payments*) of the Terms are shown in the table set out in Appendix 8 (*Figures for Calculation of Annual Franchise Payments*).

5.23 The prescribed month and the prescribed date for the purposes of the definitions of “RPI” and “AEI” in the formula set out in Schedule 8.2 of the Terms are, respectively, November and 2005.

¹⁴ Date of change 6.6.2006

¹⁵ date of exclusion 27.7.06

¹⁶ date of exclusions 27.7.2006

¹⁷ Date of change 6.6.2006

Schedule 9.3 (*Runs of the Financial Model*)

- 5.24 ¹⁸ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

Schedule 12 (*Financial Obligations and Covenants*)

¹⁹5.25 The agreed amounts of any Performance Bond for the purposes of paragraphs 4.4(a), (b) and (c) of Schedule 12 (*Financial Obligations and Covenant*) of the Terms are, respectively:

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

- (a) X²⁰, being 1.5 per cent. of the aggregate forecast operating costs of the Franchisee for the period referred to in sub-paragraph (a), as forecast in the Initial Business Plan;
- (b) X²¹, being 3.0 per cent. of the annual aggregate forecast operating costs of the Franchisee for the year referred to in sub-paragraph (b), as forecast in the Initial Business Plan; and
- (c) X²², being 5.5 per cent. of the annual aggregate forecast operating costs of the Franchisee for the third year following the Start Date, and for each subsequent year during the Franchise Term, 5.5 per cent. of the annual aggregate forecast operating costs of the Franchisee for each such year, as forecast in the latest available Business Plan.

Schedule 14.3 (*Key Contracts*)

5.26 Key Contracts as at the date of this Agreement for the purpose of paragraph 1.2 of Schedule 14.3 (*Key Contracts*) of the Terms are set out in Appendix 9 (*List of Key Contracts*).

¹⁸date of deletion 27.7.2006

¹⁹date of deletion 27.7.2006

²⁰ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

²¹ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

²² Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

Schedule 14.4 (Designation of Franchise Assets)

5.27 The Primary Franchise Assets as at the date of this Agreement for the purpose of paragraph 2(a) of Schedule 14.4 (*Designation of Franchise Assets*) of the Terms are listed in Appendix 10 (*List of Primary Franchise Assets*).

Schedule 16 (Pensions)

5.28 *The relevant sections of the Railways Pension Scheme for the purpose of paragraph 1 of Schedule 16 (Pensions) of the Terms are:*

(a) *First Great Western Section.*²³

²⁴5.28A *In paragraph 1 (Franchise Sections) of Schedule 16 (Pensions) of the Terms:*

- (a) *the existing paragraph shall be numbered "1.1", and*
- (b) *after the end of that paragraph 1.1 a new paragraph shall be inserted as follows:*
 - 1.2 *Notwithstanding the other terms of this Schedule, the Franchisee shall be permitted to merge any two or more of the Franchise Sections with the approval of the Trustee of the Railways Pension Scheme. Such merger shall take effect from Start Date or such later date as the Franchisee and the Trustee may agree and shall be implemented by the transfer of the assets and liabilities of one or more Franchise Sections to one ongoing Franchise Section. References in this Schedule to "a Franchise Section" shall exclude a Franchise Section once it has transferred all its assets and liabilities to another Franchise Section.*

Schedule 18 (Franchise Continuation Criteria)

5.29 The relevant date for the purpose of paragraph 1.2 of Schedule 18 (*Franchise Continuation Criteria*) of the Terms is the date prescribed in paragraph (b) of the definition of Expiry Date.

Schedule 19 (Other Provisions)

5.30²⁵ The details of the parties for the purpose of paragraph 5.1(a) of Schedule 19 (*Other Provisions*) of the Terms are as follows.

Name:	<i>The Secretary of State</i>
Address:	<i>Department for Transport Great Minster House 76 Marsham Street London SW1P 4DR</i>

²³ Insert change text wef 01/08/07

²⁴ Date of change 6.6.2006

²⁵ Date of change 13.4.2006

Facsimile: 020 7944 2446²⁶
 E-mail: Franchise.notices@dft.gsi.gov.uk²⁷
 Attention: Director, Rail Commercial Contracts²⁸

Name: First Greater Western Limited
 Address: Milford House,
 1 Milford Street
 Swindon
 SN1 1HL
 Facsimile: 01793 499569
 E-mail: mark.hopwood@firstgroup.com
 Attention: Managing Director

²⁹*Schedule 5.2 (Franchisee's obligation to Create Fares)*

The following wording shall be added as a new Clause 5.31 of the Franchise Agreement:

3. Fares between London Stations

- 3.1 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.***
- 3.2 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 3.1 above 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 Franchisee 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 and for these purposes shall exchange such information as may be reasonably necessary for or associated with reaching and reviewing such agreement;***
- 3.3 With effect from 1 January 2010, unless otherwise agreed with the Department for Transport, Season Ticket Fares set in accordance with paragraph 3.1 above 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 Franchisee shall agree with other***

²⁶ Date of Change 01/08/2011

²⁷ Date of Change 01/08/2011

²⁸ Date of Change 01/08/2011

²⁹ Date of Change 4.8.2006

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;

- 3.4** *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 3.1 to 3.3 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 3.2 and 3.3.*
- 3.5** *The Franchisee shall use all reasonable endeavours to negotiate the fares set under paragraphs 3.1 to 3.3 above, and shall adjust other fares within its control as necessary within the requirements of this Schedule 5, so as to ensure that there is no Qualifying Change as a result of the amendment of this Schedule 5.2 to include this paragraph 3, but this paragraph 3.5 is without prejudice to the operation of Schedule 9 if, having exercised all reasonable endeavours, any adjustment made by the Franchisee at any time during the Franchise Term under this paragraph 3 is a Qualifying Change.*

6. COMMITTED OBLIGATIONS

The Franchisee shall deliver the Committed Obligations that are set out in Appendix 11 (*Committed Obligations and Related Provisions*) in accordance with the terms thereof.

7. SUPPLEMENTAL TERMS

- 7.1** The provisions of Appendix 12 (*2012 Olympic Games*) shall apply.
- 7.2** The provisions of Appendix 13 (*Greater Western Specific Provisions*) and Appendix 14 (*Recalibration of Benchmarks*) shall apply.

8. DOCUMENTS IN THE AGREED TERMS

The parties hereby acknowledge that the list of documents in the agreed terms is set out in Appendix 15 (*List of Documents in the Agreed Terms*).

9. ENTIRE AGREEMENT

9.1 This Agreement, the Conditions Precedent Agreement, the pensions side letter from the Secretary of State to the Franchisee dated the same date as this Agreement and the Terms contain the entire agreement between the parties in relation to the subject matter of this Agreement and supersede all prior agreements and arrangements between the parties other than any confidentiality agreements or undertakings which the Franchisee may have entered into with the Secretary of State in connection with his proposal to secure the provision of the Passenger Services under this Agreement.

9.2 The Franchisee hereby acknowledges that it is not entering into this Agreement, and the other documents referred to in Clause 9.1 in reliance on any warranties, representations or undertakings howsoever or to whomsoever made except in so far as such warranties, representations or undertakings are:

- (a) contained in this Agreement; or

- (b) embodied in any warranties, representations or undertakings contained in the long form reports provided by the Reporting Accountants in respect of Great Western Trains Company Limited, First Great Western Link Limited and Wales and West Passenger Trains Limited, dated 18 April 2005.

9.3 The Franchisee hereby acknowledges and agrees with the Secretary of State (for himself and as trustee for each of the other persons referred to therein) to the disclaimer of liability which is contained in the section entitled "Important Notice" contained in any document supplied by or on behalf of the Secretary of State in connection with this Agreement, the process leading to the entering into of this Agreement, or the Franchise Services (including any "Invitation to Tender" issued in connection therewith).

9.4 The Franchisee irrevocably and unconditionally waives any right which it may otherwise have to claim damages in respect of and/or to rescind this Agreement, and the other documents referred to in Clause 9.1 on the basis of any warranty, representation (whether negligent or otherwise, and whether made prior to and/or in this Agreement and the other documents referred to in Clause 9.1) or undertaking howsoever or to whomsoever made unless and to the extent that such warranty, representation or undertaking was made fraudulently.

IN WITNESS whereof the parties hereto have executed this Agreement the day and year first before written.

}

THE CORPORATE SEAL
OF THE **SECRETARY OF
STATE FOR TRANSPORT**
IS HEREUNTO AFFIXED:

[Secretary of State seal attached]

Richard Horton

Authenticated by authority of the
Secretary of State for Transport

SIGNED FOR AND ON
BEHALF OF **FIRST GREATER
WESTERN LIMITED**

DIRECTOR:

P Furze-Waddock

}

APPENDIX 1

Secretary of State Risk Assumptions (*Clause 5.1(u)*)

A Change shall occur if and whenever any of the events set out in any of the following risk assumptions (*Secretary of State Risk Assumptions*) occur during the Franchise Term:

1. FARES

The Franchisee is required pursuant to any Transport for London initiative to:

- (a) structure its Prices or Child Prices for Fares by reference to zones within which a station falls, rather than by reference to Flows between individual stations; and/or
- (b) issue, validate or accept tickets in a dematerialised form (for example, 'Oyster Cards'),

in each case, affecting any area where Travelcards (as defined under the Travelcard Agreement) apply, provided that no Secretary of State Risk Assumption is made to the extent that the Secretary of State uses his powers pursuant to paragraph 5 of Schedule 5.7 (*Changes to Fares and Fares Regulation*) of the Terms to alter the obligations of and restrictions on the Franchisee under Schedules 5.2 (*Franchisee's Obligations to Create Fares*) to 5.8 (*Fares Regulation Information Monitoring*) (inclusive) of the Terms as a result of any such initiative.

2. CROSSRAIL SCHEME

The Franchisee is affected by the implementation of the Crossrail Scheme, provided that no Secretary of State Risk Assumption is made to the extent that the Franchisee is capable of being compensated for the effects of the implementation and operation of any such scheme on the basis that that scheme is a Network Change under the Network Code (including Condition G2.2 of that code).

3. GSM-R AND ERTMS

There is a requirement on the Franchisee to implement or be involved in the implementation of:

- (a) the radio communication system known as the Global Standard for Mobile Communications – Radio (*GSM-R*); and/or
- (b) the national automatic train protection and signalling project known as the European Rail Traffic Management System (*ERTMS*),

provided that no Secretary of State Risk Assumption is made to the extent that the Franchisee is capable of being compensated for the effects of the implementation or involvement in the implementation of GSM-R or ERTMS (as the case may be) on the basis that GSM-R or ERTMS (as the case may be) is a Network Change under the Network Code (including Condition G2.2 of that code).

4.³⁰ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

³⁰ date of deletion 27.7.2006

5³¹. Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

³¹ date of change 27.7.06

APPENDIX 2

³²Target Revenue (expressed in real terms) (*Clause 5.1(ac)*)

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

³² date of exclusion 27.7.2006

APPENDIX 3

The Train Fleet (*Clause 5.3*)

1. THE COMPOSITION OF THE TRAIN FLEET

The Train Fleet consists of:

- (a) (i) from the Start Date to 31 December 2007, the rolling stock vehicles specified in Table 1.1, with the capacity characteristics referred to there, subject to the notes to that Table; and
- (ii) with effect from and including 1 January 2008 until the lease expiry dates specified in Table 1.2, the rolling stock vehicles specified in Table 1.2, with the capacity characteristics referred to there, subject to the notes to that Table;
- (b) following any such lease expiry, substitute rolling stock vehicles having:
 - (i) at least the capacity specified in respect of the original rolling stock vehicles being substituted; and
 - (ii) reliability, capability and quality that is at least equal to the reliability, capability and quality of the original rolling stock vehicles being substituted; and
- (c) from the dates specified in Table 2, the additional rolling stock vehicles referred to against those dates, having:
 - (i) in the case of any additional rolling stock vehicles of the same class as any original rolling stock vehicles:
 - (A) at least the capacity specified in respect of such original rolling stock vehicles; and
 - (B) reliability, capability and quality that is at least equal to the reliability, capability and quality of such original rolling stock vehicles; and
 - (ii) in the case of any other additional rolling stock vehicles:
 - (A) at least the capacity specified in respect of any original rolling stock vehicles that are, in the reasonable opinion of the Secretary of State, most similar to such additional rolling stock vehicles; and
 - (B) reliability, capability and quality that is, in the reasonable opinion of the Secretary of State, at least equal to the reliability, capability and quality of any original rolling stock vehicles that are, in the reasonable opinion of the Secretary of State, most similar to such additional rolling stock vehicles.

Table 1.1 (existing vehicles as at the Start Date)^{33 34}

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>				<i>Column 4</i>	<i>Column 5</i>
<i>Class of vehicle</i>	<i>Number of vehicles and unit configuration</i>	<i>Capacity of vehicles</i>				<i>Owner / Lessor</i>	<i>Lease expiry date(s) Note 8</i>
		<i>Seats</i>	<i>Standing</i>	<i>Total</i>	<i>Standard Class</i>		
<i>HST Note 1</i>	<i>348 (2+8)</i>	<i>471</i>	<i>72</i>	<i>543</i>	<i>358</i>	<i>Porterbrook /Angel</i>	<i>03/16</i>
<i>180 Note 2</i>	<i>70 (5 car)</i>	<i>284</i>	<i>48</i>	<i>332</i>	<i>242</i>	<i>Angel</i>	<i>12/07</i>
<i>165 Note 11</i>	<i>40 (2 car)</i>	<i>186</i>	<i>65</i>	<i>251</i>	<i>186</i>	<i>Angel</i>	<i>03/16</i>
<i>165 Note 11</i>	<i>48 (3 car)</i>	<i>270</i>	<i>95</i>	<i>381</i>	<i>270</i>	<i>Angel</i>	<i>03/16</i>
<i>166 Note 3</i>	<i>63 (3 car)</i>	<i>257</i>	<i>79</i>	<i>336</i>	<i>225</i>	<i>Angel</i>	<i>03/16</i>
<i>143</i>	<i>16 (2 car)</i>	<i>104</i>	<i>36</i>	<i>140</i>	<i>104</i>	<i>Porterbrook /Wessex</i>	<i>03/16</i>
<i>150 Note 4</i>	<i>50 (2 car)</i>	<i>139</i>	<i>49</i>	<i>188</i>	<i>139</i>	<i>Porterbrook</i>	<i>03/16</i>
<i>153 Note 5 Note 7</i>	<i>15 (1 car)</i>	<i>75</i>	<i>8</i>	<i>83</i>	<i>75</i>	<i>Porterbrook Angel</i>	<i>03/16</i>
<i>158 Note 6</i>	<i>24 (2 car)</i>	<i>140</i>	<i>14</i>	<i>154</i>	<i>140</i>	<i>Porterbrook /Angel/First ScotRail/Northern</i>	<i>03/16</i>
<i>158</i>	<i>28 (3 car)</i>	<i>219</i>	<i>22</i>	<i>241</i>	<i>219</i>	<i>Porterbrook /Angel</i>	<i>03/16</i>
<i>Mark III Day Coaches</i>	<i>8 (3 vehicles in sleeper set configuration)</i>	<i>105</i>	<i>-</i>	<i>105</i>	<i>69</i>	<i>Porterbrook</i>	<i>03/16</i>
<i>Mark III Sleeper stock Note 10</i>	<i>8</i>					<i>Porterbrook</i>	<i>03/16</i>

Notes:³³ Date of Change 31.3.2006³⁴ Date of Second Change 14/06/07

- Note 1 This row represents 42 (2 +8) HST sets plus 12 spare passenger vehicles. Power cars are not counted. During the period to 31st December 2007 56 additional HST passenger vehicles will be introduced following modification work and the entire fleet of HSTs (53 sets) will be re-configured over this period to achieve the configuration as shown in Table 1.2. During this period, 27 caterer vehicles will become surplus to requirements and, unless otherwise agreed with the Secretary of State, will cease to be part of the Train Fleet and will either be returned to their owner/lessor or stored, without being subject to any substitution requirement.
- Note 2 The Class 180 fleet will be displaced by additional HSTs as referred to in Note 1 and the lease with Angel Trains will terminate accordingly in December 2007. They will not be subject to any substitution requirement.
- Note 3 ³⁵³⁶ ***6 x Class 166 vehicles may be returned to Angel Trains in December 2006, in which case the lease of those vehicles will terminate without their being subject to any substitution requirement. If and to the extent they are retained on lease by the Franchisee those vehicles will be treated as comprising Additional Rolling Stock Investment."; and***
- Note 4 16 x Class 150 vehicles will be returned to Porterbrook in December 2006 and the lease in respect of those vehicles will terminate. They will not be subject to any substitution requirement.
- Note 5 ³⁷ ***7x Class 153 vehicles will be returned to Porterbrook (2 vehicles) and Angel Trains (5 vehicles) in December 2006 and the lease in respect of those vehicles will terminate. in December 2006 (for the 2 Porterbrook vehicles) and December 2007 (for the 5 Angel vehicles). They will not be subject to any substitution requirement.***
- Note 6 ³⁸ ***2 x Class 158 vehicles will be sub-leased from the First ScotRail franchise from April 2006 until June 2006 (to be replaced by 2 cascaded vehicles from the Transpennine Express franchise) and 10 x Class 158 vehicles will be sub-leased from the Northern franchise between April 2006 and August 2006 (to be replaced by 10 x Class 158 vehicles cascaded from the Transpennine Express franchise).***
- 28 x Class 158 vehicles will be returned to Angel Trains in December 2006 following the transfer of Class 158 stock owned by Porterbrook from the Transpennine Express franchise as detailed in Table 1.2 (although the lease with Angel Trains in respect of these vehicles will continue until December 2007).***
- Note 7 The numbers of Class 153 units are shown before taking account of the return of one Class 153 unit to be returned to its lessor and the numbers of dmu units generally are shown before taking into account of the lease of one further two car dmu unit (which may potentially be achieved by reducing the numbers of dmu units otherwise

³⁵ date of deletion 31.3.2006

³⁶ date of change 6.6.2006

³⁷ date of change 31.3.2006

³⁸ date of deletion 31.3.2006

returned) in connection with changes made to the SLC2 associated with Severn Beach and Bicester services.

³⁹ *It is acknowledged that in fulfilling its commitments under paragraph 18 of Appendix 11 (Committed Obligations and Related Provisions) one additional Class 153 unit beyond that envisaged in the Financial Model as at the Start Date is being retained through to December 2007, but at that date will be returned to its lessor/hirer without being subject to any substitution requirement.*

Note 8 The information in this column is subject to (i) further information in the Notes to the table regarding earlier termination of the leases of specific rolling stock and (ii) lease provisions for early termination, including on the earlier termination of the Franchise.

Note 9 Table 1.1 excludes the four-car Class 360/2 electric multiple units provided by Heathrow Airport Limited to the Franchisee under the Hire Agreement. On expiry or termination of the Hire Agreement the Franchisee shall use all reasonable endeavours to procure substitute rolling stock vehicles complying with the requirements set out in paragraph 1(b) of this Appendix 3 (*Train Fleet*).

Note 10 The Mark III sleeper stock and associated ⁴⁰**Mark III** rolling stock in sleeper configuration is intended for use only on the Franchisee's sleeper services and is not required to be used in delivering the Peak Passenger Services.

Note 11 The number of standard class seats for Class 165 units is shown after completion of the process of de-designation of first class seats which will be undertaken following the Start Date and completed prior to 1 January 2008.

³⁹ date of added text 6.6.2006

⁴⁰ Date of Change 31.3.2006

Table 1.2 (Train Fleet from 1 July 2008 to March 2016)^{41 42 43 44 45}

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>				<i>Column 5</i>	<i>Column 6</i>
<i>Lease start date(s) Note 1</i>	<i>Class of vehicle</i>	<i>Number of vehicles and unit configuration</i>	<i>Capacity of vehicles</i>				<i>Owner / Lessor</i>	<i>Lease expiry date(s) Note 2</i>
			<i>Seats</i>	<i>Standing</i>	<i>Total</i>	<i>Standard Class</i>		
<i>04/06</i>	<i>HST Note 3 Note 12</i>	<i>128 (2 + 8)</i>	<i>490</i>	<i>76</i>	<i>565</i>	<i>378</i>	<i>FirstGroup/Angel/ Porterbrook</i>	<i>03/16</i>
<i>04/06</i>	<i>HST (high capacity) Note 3 Note 12</i>	<i>88 (2 + 8)</i>	<i>514</i>	<i>79</i>	<i>593</i>	<i>395</i>	<i>FirstGroup/Angel/ Porterbrook</i>	<i>03/16</i>
<i>04/06</i>	<i>HST (high capacity) Note 3 Note 12</i>	<i>189 (2 + 7)</i>	<i>476</i>	<i>76</i>	<i>552</i>	<i>381</i>	<i>FirstGroup/Angel/ Porterbrook</i>	<i>03/16</i>
<i>04/06</i>	<i>165 Note 10</i>	<i>40 (2 car)</i>	<i>186</i>	<i>59</i>	<i>245</i>	<i>170</i>	<i>Angel</i>	<i>03/16</i>
<i>04/06</i>	<i>165 Note 10</i>	<i>48 (3 car)</i>	<i>286</i>	<i>97</i>	<i>383</i>	<i>270</i>	<i>Angel</i>	<i>03/16</i>
<i>04/06</i>	<i>166 Note 10</i>	<i>⁴⁶57 (3 car)</i>	<i>259</i>	<i>79</i>	<i>338</i>	<i>227</i>	<i>Angel</i>	<i>03/16</i>
<i>04/06</i>	<i>143</i>	<i>16 (2 car)</i>	<i>104</i>	<i>36</i>	<i>140</i>	<i>104</i>	<i>Porterbrook/ Wessex</i>	<i>03/16</i>
<i>04/06</i>	<i>150</i>	<i>34 (2 car)</i>	<i>139</i>	<i>49</i>	<i>188</i>	<i>139</i>	<i>Porterbrook</i>	<i>03/16</i>

⁴¹ DATE OF CHANGE 31.3.2006⁴² Date of Second Change 14/06/07⁴³ Date of Third Change 18/09/07⁴⁴ Date of Fourth Change 26/09/07⁴⁵ Date of Change 01/08/2011⁴⁶ date of change 6.6.2006

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>				<i>Column 5</i>	<i>Column 6</i>
<i>Lease start date(s)</i> <i>Note 1</i>	<i>Class of vehicle</i>	<i>Number of vehicles and unit configuration</i>	<i>Capacity of vehicles</i>				<i>Owner / Lessor</i>	<i>Lease expiry date(s)</i> <i>Note 2</i>
			<i>Seats</i>	<i>Standing</i>	<i>Total</i>	<i>Standard Class</i>		
<i>04/06</i>	<i>153</i> <i>Note 4</i>	<i>9 (1 car)</i>	<i>75</i>	<i>8</i>	<i>83</i>	<i>75</i>	<i>Angel/Porterbrook</i>	<i>03/16</i>
<i>04/06</i>	<i>158</i> <i>Note 13</i>	<i>40 (2 car)</i>	<i>140</i>	<i>14</i>	<i>154</i>	<i>140</i>	<i>Porterbrook/Angel</i>	<i>03/16</i>
<i>04/06</i>	<i>158</i>	<i>3 (3 car)</i>	<i>219</i>	<i>22</i>	<i>241</i>	<i>219</i>	<i>Porterbrook/Angel</i>	<i>03/16</i>
<i>04/06</i>	<i>Mark III</i>	<i>8 (3 vehicles in sleeper set configuration)</i>	<i>123</i>	<i>-</i>	<i>123</i>	<i>70</i>	<i>Porterbrook⁴⁷</i>	<i>03/16</i>
<i>04/06</i>	<i>Mark III</i>	<i>8</i>					<i>Porterbrook</i>	<i>03/16</i>
⁴⁸ <i>Note 8 and 9</i>	<i>150/1</i> <i>Note 11</i>	<i>30 (2 car)</i>	<i>147</i>	<i>59</i>	<i>206</i>	<i>147</i>	<i>Angel Trains</i>	<i>03/16</i>

Note 1 The Lease Start Date reflects the date by which the lease is expected to be entered into. The commencement of vehicles in operation will occur over the period to 1st January 2008.

Note 2 The information in this column is subject to (i) further information in the Notes to the table regarding earlier termination of the leases of specific rolling stock and (ii) lease provisions for early termination, including on the earlier termination of the Franchise.

Note 3 In addition there will be 7 spare passenger vehicles to operate as a common float across the three different configurations.

Note 4 ***The overall number of Class 153 vehicles has been amended to reflect the retention of the 'Ivybridge unit' required under the Amendment Agreement of 6 June 2006.***

Note 5 Table 1.2 excludes the four-car Class 360/2 electric multiple units provided by Heathrow Airport Limited to the Franchisee under the Hire Agreement. On expiry or termination of the Hire Agreement the Franchisee shall use all reasonable endeavours to procure substitute rolling stock vehicles complying with the requirements set out in paragraph 1(b) of this Appendix 3 (*Train Fleet*).

⁴⁷ Insert change text wef 29/08/07

⁴⁸ Date of change 02/03/2010

Note 6 The Table is subject to further amendment to reflect the outcome of the Secretary of State's proposed procurement of new trains to replace HSTs. It is anticipated that these will substitute for HSTs on a one for one basis and provide at least equivalent capacity.

Note 7 The Mark III sleeper stock and associated ⁴⁹*Mark III* rolling stock in sleeper configuration is intended for use only on the Franchisee's sleeper services and is not required to be used in delivering the Peak Passenger Services.

⁵⁰***"Note 8 The Lease start dates will be in accordance with the Franchisee's obligations pursuant to Part 4 of Appendix 11 (Committed Obligations and HLOS Committed Obligations and Related Provisions), with each unit available for service from the dates seven days after the hire of each relevant unit commences provided that where any of the units are sub-leased by the Franchisee with the approval of the Secretary of State to another franchisee such obligation shall not apply in respect of any relevant vehicle concerned during the period of that sub-lease and for seven days after the end of that sub-lease. It is acknowledged that the figures for the capacity of the vehicles are the estimated numbers as at the date of the HLOS Deed of Amendment and are subject to verification on delivery of the vehicles to the Franchisee. The Franchisee shall notify the actual figures for capacity of the vehicles as soon as reasonably practicable following such delivery, with such capacity being calculated using a methodology which is consistent with that used for the balance of the Table. Subject to resolution of any issues raised by the Secretary of State, following such notification the Table shall be and shall be deemed to have been amended to reflect such actual figures;***

Note 9 A class 150/1 is a class 150 without end gangways."

Note 10 Amended to correct errors in capacities shown in the previous versions of the Table.

Note 11 Amended to correct an error in the number of vehicles shown in the Deed of Amendment of 2 March 2010.

⁴⁹ DATE OF CHANGE 31.3.2006

⁵⁰ Date of change 02/03/2010

Note 12 Amended to reflect the addition to the Fleet of HST set EC64 in line with the Remedial Agreement of 17 March 2008 and to reflect the fact that original plans were not fully followed through, being replaced instead by a reconfiguration of certain standard class vehicles in connection with the provision of additional buffet facilities.

Note 13 15 Class 158 2-car units have been reformed into 10 3-car units in line with the requirements of the Remedial Agreement of 17 March 2008 and the further requirements of the Deed of Amendment of 2 March 2010.”

Table 2 (additional vehicles)

Column 1	Column 2	Column 3	Column 3				Column 5	Column 6
Lease start date(s)	Class of vehicle	Number of vehicles and unit configuration	Capacity of vehicles				Owner / Lessor	Lease expiry date(s)
			Seats	Standing	Total	Standard Class		
This table is left intentionally blank								

APPENDIX 4

List of Priced Options (*Clause 5.16*)

1. EXTENSION OF PORTSMOUTH-CARDIFF SERVICES TO SERVE CARDIFF AIRPORT

Description, Objective and Specification

1.1 This is a Priced Option to change the Service Level Commitment to amend the SLC2 by extending the current Portsmouth to Cardiff Central Service to Rhoose station with effect from the Timetable Change Date in December 2006, with the extension to be funded by the Welsh Assembly Government (**WAG**) through a separate funding agreement to be entered into between the Secretary of State and WAG.

1.2 Where this Priced Option is called after the signature of the Franchise Agreement, it is conditional on the Franchisee being able to secure before the date of the Timetable Conference in February 2006 an option to an additional Class 158 unit at the price specified in the Financial Model, unless the Secretary of State agrees to fund any incremental price (which will in turn be funded by WAG).

1.3 If the Secretary of State elects to call this Priced Option, he shall attach to the written notice he serves pursuant to paragraph 2 of Schedule 3 (*Priced Options*) of the Terms, a Service Level Commitment that takes account of the extension of the current Portsmouth to Cardiff Central Service to Rhoose station with effect from the Timetable Change Date in December 2006.

⁵¹Price for exercising this Priced Option (in £k base date)

1.4 Where this Priced Option is called in accordance with its terms and the condition specified in paragraph 1.2 is met, the price for this Priced Option payable by the Secretary of State to the Franchisee, subject to adjustment in accordance with Schedule 9 (*Changes*) of the Terms to reflect any Change that occurs prior to its exercise, shall be as set out in the Financial Model and corresponds to the adjustments set out in the table below. That price shall be indexed in accordance with the principles set out in Schedule 8.2 (*Annual Franchise Payments*) of the Terms.

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

⁵¹ date of exclusion 27.7.2006

1.5 ⁵²The Target Revenue set out in Appendix 2 will be subject to adjustment by the application of the following increments (expressed in real terms) where this Priced Option is called and becomes unconditional in all respects:

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

Timescale for implementing the Priced Option from the date it is called

1.6 Provided the Secretary of State has called this Priced Option by the 31 January 2006, the Franchisee shall procure that this Priced Option is implemented on and from the Timetable Change Date in December 2006.

1.7 If and to the extent that the Franchisee is not able to secure a Timetable enabling it to operate railway passenger services that comply with the Service Level Commitment issued pursuant to paragraph 1.3 as a result of not being able to obtain the timetable development rights that it requires for that purpose:

- (a) the provisions of paragraph 10 of Schedule 1.1 (*Service Development*) of the Terms shall apply; and

⁵² date of exclusion 27.7.2006

- (b) the Threshold Amount shall be zero for the purposes of paragraph 10.7 of Schedule 1.1 (*Service Development*) of the Terms.

Other effects on the Franchise Agreement

1.8 With effect from the Timetable Change Date in December 2006, Table 1.1 in Appendix 3 (*Train Fleet*) shall be amended by the addition of one two-car Class 158 unit and that additional unit shall also be included in Table 1.2 in Appendix 3.

Latest date for exercising the Priced Option in order to maintain the price detailed in Paragraph 1.4

1.9 The Secretary of State may call this Priced Option up to and including 31 January 2006.

APPENDIX 5

Cancellations Benchmark Table (Clause 5.17)⁵³

<i>Franchisee Year / Reporting Period</i>		<i>Remapped target</i>	<i>Improvement Plan Level</i>	<i>Breach Performance Level</i>	<i>Default Performance Level</i>
<i>Year 1</i>	<i>Period 1</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 2</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 3</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 4</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 5</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 6</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 7</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 8</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 9</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 10</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 11</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 12</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 1</i>	<i>Period 13</i>	<i>1.05</i>	<i>1.13</i>	<i>1.21</i>	<i>1.26</i>
<i>Year 2</i>	<i>Period 1</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 2</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 3</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 4</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 5</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 6</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 7</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 8</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 9</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 10</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 11</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 12</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 2</i>	<i>Period 13</i>	<i>1.02</i>	<i>1.10</i>	<i>1.17</i>	<i>1.22</i>
<i>Year 3</i>	<i>Period 1</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 2</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 3</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 4</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 5</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 6</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 7</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 8</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 9</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 10</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 11</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 12</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 3</i>	<i>Period 13</i>	<i>0.99</i>	<i>1.06</i>	<i>1.13</i>	<i>1.18</i>
<i>Year 4</i>	<i>Period 1</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 2</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 3</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>

⁵³ Insert change text wef 19.02.07

<i>Year 4</i>	<i>Period 4</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 5</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 6</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 7</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 8</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 9</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 10</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 11</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 12</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 4</i>	<i>Period 13</i>	<i>0.95</i>	<i>1.02</i>	<i>1.09</i>	<i>1.14</i>
<i>Year 5</i>	<i>Period 1</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 2</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 3</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 4</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 5</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 6</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 7</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 8</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 9</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 10</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 11</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 12</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 5</i>	<i>Period 13</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 6</i>	<i>Period 1</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 6</i>	<i>Period 2</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 6</i>	<i>Period 3</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 6</i>	<i>Period 4</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 6</i>	<i>Period 5</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>Year 6</i>	<i>Period 6</i>	<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>
<i>To continue for remainder of Franchise</i>		<i>0.92</i>	<i>0.99</i>	<i>1.06</i>	<i>1.10</i>

1. Start of the Franchise

The Reporting Period in the cells entitled “Year 1 Period 1” shall be the first Reporting Period of the Franchise Term.”

APPENDIX 6

Capacity Benchmark Table (*Clause 5.18*)

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APPENDIX 7 ^{54 55}*Service Delivery Benchmark Table (Clause 5.19)*

<i>Franchisee Year / Reporting Period</i>		<i>Target (rounded to nearest 10)</i>	<i>Improvement Plan Level (rounded to nearest 10)</i>	<i>Breach Performance Level (rounded to nearest 10)</i>	<i>Default Performance Level (rounded to nearest 10)</i>
<i>Year 1</i>	<i>Period 1</i>	38130	40990	43850	45760
<i>Year 1</i>	<i>Period 2</i>	38060	40920	43770	45670
<i>Year 1</i>	<i>Period 3</i>	37990	40840	43690	45590
<i>Year 1</i>	<i>Period 4</i>	37910	40750	43600	45490
<i>Year 1</i>	<i>Period 5</i>	37840	40680	43520	45410
<i>Year 1</i>	<i>Period 6</i>	37760	40590	43420	45310
<i>Year 1</i>	<i>Period 7</i>	37690	40520	43340	45230
<i>Year 1</i>	<i>Period 8</i>	37620	40440	43260	45140
<i>Year 1</i>	<i>Period 9</i>	37530	40350	43160	45040
<i>Year 1</i>	<i>Period 10</i>	37470	40290	43090	44970
<i>Year 1</i>	<i>Period 11</i>	37400	40200	43010	44870
<i>Year 1</i>	<i>Period 12</i>	37320	40120	42920	44790
<i>Year 1</i>	<i>Period 13</i>	37250	40040	42840	44700
<i>Year 2</i>	<i>Period 1</i>	37180	39970	42750	44620
<i>Year 2</i>	<i>Period 2</i>	37110	39880	42670	44530
<i>Year 2</i>	<i>Period 3</i>	37030	39810	42580	44440
<i>Year 2</i>	<i>Period 4</i>	36960	39730	42510	44350
<i>Year 2</i>	<i>Period 5</i>	36880	39640	42420	44260
<i>Year 2</i>	<i>Period 6</i>	36810	39570	42330	44180
<i>Year 2</i>	<i>Period 7</i>	36740	39490	42240	44080
<i>Year 2</i>	<i>Period 8</i>	36650	39420	42170	44000
<i>Year 2</i>	<i>Period 9</i>	36590	39340	42080	43910
<i>Year 2</i>	<i>Period 10</i>	36520	39250	41990	43820
<i>Year 2</i>	<i>Period 11</i>	36450	39180	41910	43740
<i>Year 2</i>	<i>Period 12</i>	36370	39090	41830	43640
<i>Year 2</i>	<i>Period 13</i>	36300	39020	41740	43560
<i>Year 3</i>	<i>Period 1</i>	36210	38950	41650	43470
<i>Year 3</i>	<i>Period 2</i>	36150	38860	41580	43390
<i>Year 3</i>	<i>Period 3</i>	36080	38780	41490	43300
<i>Year 3</i>	<i>Period 4</i>	36010	38700	41400	43200
<i>Year 3</i>	<i>Period 5</i>	35930	38630	41310	43120
<i>Year 3</i>	<i>Period 6</i>	35860	38540	41240	43030
<i>Year 3</i>	<i>Period 7</i>	35780	38470	41150	42950
<i>Year 3</i>	<i>Period 8</i>	35700	38390	41070	42860
<i>Year 3</i>	<i>Period 9</i>	35640	38310	40980	42750
<i>Year 3</i>	<i>Period 10</i>	35570	38230	40900	42670
<i>Year 3</i>	<i>Period 11</i>	35490	38150	40810	42580
<i>Year 3</i>	<i>Period 12</i>	35420	38080	40730	42500
<i>Year 3</i>	<i>Period 13</i>	35340	37980	40650	42410

⁵⁴ Date of Change 5.5.2006⁵⁵ Date of second change 19.02.07

<i>Year 4</i>	<i>Period 1</i>	<i>35260</i>	<i>37910</i>	<i>40560</i>	<i>42310</i>
<i>Year 4</i>	<i>Period 2</i>	<i>35190</i>	<i>37840</i>	<i>40470</i>	<i>42230</i>
<i>Year 4</i>	<i>Period 3</i>	<i>35130</i>	<i>37760</i>	<i>40390</i>	<i>42140</i>
<i>Year 4</i>	<i>Period 4</i>	<i>35050</i>	<i>37680</i>	<i>40310</i>	<i>42060</i>
<i>Year 4</i>	<i>Period 5</i>	<i>34980</i>	<i>37600</i>	<i>40230</i>	<i>41970</i>
<i>Year 4</i>	<i>Period 6</i>	<i>34900</i>	<i>37520</i>	<i>40130</i>	<i>41870</i>
<i>Year 4</i>	<i>Period 7</i>	<i>34820</i>	<i>37430</i>	<i>40060</i>	<i>41790</i>
<i>Year 4</i>	<i>Period 8</i>	<i>34750</i>	<i>37360</i>	<i>39970</i>	<i>41700</i>
<i>Year 4</i>	<i>Period 9</i>	<i>34690</i>	<i>37290</i>	<i>39880</i>	<i>41620</i>
<i>Year 4</i>	<i>Period 10</i>	<i>34620</i>	<i>37210</i>	<i>39800</i>	<i>41530</i>
<i>Year 4</i>	<i>Period 11</i>	<i>34540</i>	<i>37120</i>	<i>39720</i>	<i>41440</i>
<i>Year 4</i>	<i>Period 12</i>	<i>34460</i>	<i>37040</i>	<i>39630</i>	<i>41350</i>
<i>Year 4</i>	<i>Period 13</i>	<i>34380</i>	<i>36970</i>	<i>39540</i>	<i>41260</i>
<i>Year 5</i>	<i>Period 1</i>	<i>34310</i>	<i>36880</i>	<i>39460</i>	<i>41180</i>
<i>Year 5</i>	<i>Period 2</i>	<i>34240</i>	<i>36810</i>	<i>39380</i>	<i>41090</i>
<i>Year 5</i>	<i>Period 3</i>	<i>34180</i>	<i>36740</i>	<i>39290</i>	<i>41000</i>
<i>Year 5</i>	<i>Period 4</i>	<i>34090</i>	<i>36640</i>	<i>39200</i>	<i>40910</i>
<i>Year 5</i>	<i>Period 5</i>	<i>34020</i>	<i>36570</i>	<i>39130</i>	<i>40820</i>
<i>Year 5</i>	<i>Period 6</i>	<i>33950</i>	<i>36490</i>	<i>39040</i>	<i>40740</i>
<i>Year 5</i>	<i>Period 7</i>	<i>33870</i>	<i>36420</i>	<i>38960</i>	<i>40650</i>
<i>Year 5</i>	<i>Period 8</i>	<i>33800</i>	<i>36340</i>	<i>38860</i>	<i>40560</i>
<i>Year 5</i>	<i>Period 9</i>	<i>33720</i>	<i>36250</i>	<i>38790</i>	<i>40470</i>
<i>Year 5</i>	<i>Period 10</i>	<i>33650</i>	<i>36180</i>	<i>38700</i>	<i>40390</i>
<i>Year 5</i>	<i>Period 11</i>	<i>33580</i>	<i>36090</i>	<i>38620</i>	<i>40300</i>
<i>Year 5</i>	<i>Period 12</i>	<i>33510</i>	<i>36020</i>	<i>38530</i>	<i>40210</i>
<i>Year 5</i>	<i>Period 13</i>	<i>33430</i>	<i>35950</i>	<i>38460</i>	<i>40120</i>
<i>Year 6</i>	<i>Period 1</i>	<i>33360</i>	<i>35870</i>	<i>38360</i>	<i>40030</i>
<i>Year 6</i>	<i>Period 2</i>	<i>33290</i>	<i>35780</i>	<i>38280</i>	<i>39950</i>
<i>Year 6</i>	<i>Period 3</i>	<i>33210</i>	<i>35700</i>	<i>38200</i>	<i>39860</i>
<i>Year 6</i>	<i>Period 4</i>	<i>33140</i>	<i>35630</i>	<i>38120</i>	<i>39770</i>
<i>Year 6</i>	<i>Period 5</i>	<i>33070</i>	<i>35540</i>	<i>38030</i>	<i>39680</i>
<i>Year 6</i>	<i>Period 6</i>	<i>32990</i>	<i>35470</i>	<i>37930</i>	<i>39590</i>
<i>To continue for remainder of Franchise</i>		<i>32990</i>	<i>35470</i>	<i>37930</i>	<i>39590</i>

1. Start of the Franchise

The Reporting Period in the cells entitled “Year 1 Period 1” shall be the first Reporting Period of the Franchise Term.”

APPENDIX 8

⁵⁶Figures for Calculation of Annual Franchise Payments (*Clause 5.22*)

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

⁵⁶ date of change 27.7.2006

APPENDIX 9

List of Key Contracts (*Clause 5.26*)

The following items have as at the date of the Franchise Agreement been agreed between the parties to be Key Contracts:

1. Any Access Agreement to which the Franchisee is a party other than in its capacity as a Facility Owner.
2. Any Property Lease.
3. Any contract or arrangement for the lending, seconding, hiring, contracting out, supervision, training, assessment, or accommodation by another Train Operator of any train drivers, conductors or other train crew used by the Franchisee in the provision of the Passenger Services.
4. Any contract or arrangement for the subcontracting or delegation to another Train Operator of the provision of any of the Passenger Services (whether or not the consent of the Secretary of State is required to such subcontracting or delegation under paragraph 1 of Schedule 2.3 (*Third Party Delivery of Passenger Services and Other Franchisees*)).
5. Any contract or arrangement with a Train Operator (other than an Access Agreement) for the provision to the Franchisee of train dispatch, performance or supervision of platform duties, security activities, evacuation procedures, advice or assistance to customers, assistance to disabled customers, operation of customer information systems, cash management or ticket issuing systems administration.
6. Any contract or arrangement with a Train Operator for the provision of breakdown or recovery, and track call services to assist in the provision of the Passenger Services.
7. Any contract or arrangement for the supply of spare parts or Spares.
8. Any contract or arrangement for the maintenance of track and other related infrastructure.
9. Any licences of Marks to the Franchisee.
10. Any Rolling Stock Lease including the Rolling Stock Leases listed in Table 1.1 and Table 1.2 of Appendix 3 (*The Train Fleet*) but excluding any Rolling Stock Lease relating only to rolling stock vehicles funded by Additional Rolling Stock Investment.
11. The Hire Agreement and the Full Agreement.

APPENDIX 10

List of Primary Franchise Assets (*Clause 5.27*)

A. Shunting Locomotives

- (1) Class 08: 08410
- (2) Class 08: 08483
- (3) Class 08: 08836
- (4) Class 08: 08795
- (5) Class 08: 08822
- (6) Class 08: 08663
- (7) Class 08: 08641
- (8) Class 08: 08644
- (9) Class 08: 08645

B. Railway Vehicles

- (1) ADB 787 133 4 Wheeled Wagon - Power Units Plymouth Laira Depot
- (2) Class 143 unit: 143617
- (3) Class 143 unit: 143618
- (4) Class 143 unit: 143619
- (5) Wheeled Wagon – ADE 230935 Power Unit

C. Rights and Liabilities under Intellectual Property Contracts

- (1) The rights and liabilities of the Franchisee under the Universal Licence Agreement between the British Railways Board and Great Western Trains Company Limited dated 21 October 1995.
- (2) The rights and liabilities of the Franchisee under the Sub-licence Deed between the Board and Great Western Trains Company Limited dated 21 October 1995.
- (3) The rights and liabilities of the Franchisee under the Master Software Licence between the Board and Great Western Trains Company Limited dated 21 October 1995.
- (4) The rights and liabilities of the Franchisee under the Computer Services Agreement between the Board and Great Western Trains Company Limited dated 21 October 1995.
- (5) The rights and liabilities of the Franchisee under the Universal Licence Agreement between the Board and Thames Trains Limited dated 10 December 1995.

- (6) The rights and liabilities of the Franchisee under the Sub-licence Deed between the Board and Thames Trains Limited dated 10 December 1995.
- (7) The rights and liabilities of the Franchisee under the Master Software Licence between the Board and Thames Trains Limited dated 10 December 1995.
- (8) The rights and liabilities of the Franchisee under the Computer Services Agreement between SEMA UK Limited and Thames Trains Limited dated 1 April 1995.
- (9) The rights and liabilities of the Franchisee under the Universal Licence Agreement between the British Railways Board and Wales & West Passenger Trains Limited dated 23 July 1995.
- (10) The rights and liabilities of the Franchisee under the Sub-licence Deed between the Board and Wales & West Passenger Trains Limited dated 23 July 1995.
- (11) The rights and liabilities of the Franchisee under the Master Software Licence between the Board and Wales & West Passenger Trains Limited dated 23 July 1995.
- (12) The rights and liabilities of the Franchisee under the Computer Services Agreement between the Board and Wales & West Passenger Trains Limited dated 23 July 1995.

APPENDIX 11

Committed Obligations and Related Provisions (*Clause 6*)

CONTENTS

Part 1 – List of Committed Obligations

- 1 Performance Improvement Measures
- 2 Stations
- 3 Car Parks
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- 5 Rolling Stock
- 6 Security
- 7 Revenue Protection
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- 9 Customer Services
- 10 Customer Information Centre
- 11 Quality
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- 13 Branding
- 14 Social Inclusion
- 15 Integration
- 16 Systems
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Part 2 – Miscellaneous Provisions

Part 3 – Late Completion of Committed Obligations

Part 4 – Initial Indicative Programme of Works

Part 5 – Specifications for Fleet Modifications

Part 1 of Appendix 11

List of Committed Obligations

The Franchisee commits to the terms set out in this Part 1 of Appendix 11 subject to the terms provided in Part 2 (*Miscellaneous Provisions*) and Part 3 (*Late Completion of Committed Obligations*).

1. PERFORMANCE IMPROVEMENT MEASURES

1.1 The Franchisee shall establish an 'Executive Performance Group' within one month of the Start Date, which shall be chaired by its Managing Director and meet on a monthly basis to discuss the Franchisee's performance in respect of its operational obligations under this Agreement, in particular, those specified in Schedule 1.2 (*Operating Obligations*) and Schedule 7.1 (*Performance Benchmarks*) of the Terms.

1.2 The Franchisee shall work with Network Rail to establish (when it does not already exist) and operate a joint performance improvement process, also ensuring that there is a performance management process in place with Network Rail.

1.3 Subject to agreement with Network Rail, the Franchisee shall establish an Integrated Control Centre (*ICC*) with Network Rail incorporating the former Wales and West Passenger Trains Limited control organisation within 9 months of the Start Date, and then keep its control arrangements with Network Rail under regular review for the remainder of the Franchise Term.

1.4 Within six months of the Start Date the Franchisee shall establish an Emergency Response Room to support its control centre in instances of severe disruption.

1.5 The Franchisee shall liaise and co-operate with Network Rail to develop and implement a joint competence framework that will apply to the ICC, and implement a joint ICC procedure and control manual.

1.6 The Franchisee shall endeavour to agree with Network Rail on how the Franchisee can train staff in competencies in bridge bashes and point winding (in order to help speed responses to relevant incidents) and then to establish a training commitment in respect of those competencies.

Line Speed Improvements⁵⁷

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

1.7(a) The Franchisee shall within 27 months of the Start Date provide £⁵⁸ of funding towards the costs associated with carrying out the relief line speed improvement

⁵⁷ date of exclusion 27.7.06

⁵⁸ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

project defined in paragraph 1.7(c) and/or the amended, additional or alternative performance improvements which are covered by objectives agreed with the Secretary of State under paragraph 1.7(d).ⁱ

- (b) If the relief line speed improvement project cannot be delivered within the funding committed under paragraph 1.7(a), the Franchisee shall seek additional funding from Network Rail and to the extent that Network Rail agrees to provide funding towards the relief line speed improvement project the Franchisee shall match Network Rail's investment in the project up to a sum of £⁵⁹ in addition to the investment to be provided under 1.7(a), such that the Franchisee's total investment committed to the project shall not exceed £⁶⁰.
- (c) For the purposes of this paragraph 1.7 the *relief line speed improvement project* means procuring a series of track cant and track realignment works on the relief lines between Reading Station and London Paddington Station to increase the proportion of those relief lines with a 90mph line speed with a target of achieving 90mph line speed on 90% of the relief lines.
- (d) ⁶¹If:

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- (i) the relief line speed improvement project can be delivered by the Franchisee expending less than the £⁶² committed under paragraph 1.7(a);
- (ii) the relief line speed improvement project is unable to proceed within 27 months of the Start Date; or
- (iii) the relief line speed improvement project is able to proceed only on the basis of a reduction in the proportion of the relief lines targeted for improvement such that the Franchisee considers it prudent to deploy the funding committed under paragraph 1.7(a) wholly or partly on an alternative performance improvement scheme,

⁵⁹ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

⁶⁰ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

⁶¹ date of exclusion 27.7.06

⁶² **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

the Franchisee will liaise with the Secretary of State and propose an amended, additional or alternative performance improvement scheme for approval by the Secretary of State (such approval not to be unreasonably withheld or delayed) as objectives on which the funding committed under paragraph 1.7(a) may be deployed, so that (unless otherwise agreed by the Secretary of State) all the funding committed to be provided under paragraph 1.7(a) is invested within 27 months of the Start Date.

Maidenhead Station⁶³ ii iii

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

- 1.8 The Franchisee shall by the second anniversary of the Start Date:
- (a) reinstate the down main platform (platform 1) at Maidenhead Station so that it can accommodate up to a six-car Class 16X train;
 - (b) subject to the costs to the Franchisee when aggregated with the cost of performing its obligations under paragraph 1.8(a) not exceeding £⁶⁴, further extend the down main platform (platform 1) at Maidenhead Station to accommodate an HST in power car plus 7 coaches formation.

If the Franchisee is not able to fulfil its commitment under paragraph 1.8(a) and (b) within the cost budget referred to in paragraph 1.8(b), the Franchisee shall:

- (i) promptly notify the Secretary of State;
- (ii) continue to fulfil its obligations under paragraph 1.8(a);
- (iii) propose, as soon as reasonably practicable and in any event within three months of such notification to the Secretary of State a substitute commitment to paragraph 1.8(b) which involves an expenditure of £⁶⁵ and consult with the Secretary of State regarding such proposal; and
- (iv) subject to the consent of the Secretary of State to such variants to the proposal as the Secretary of State may reasonably notify to the Franchisee (provided always that the costs to the Franchisee of the proposal as varied shall not exceed £⁶⁶ undertake such proposal in substitution for its Committed Obligation under paragraph 1.8(b).

⁶³ date of exclusion 27.7.06

⁶⁴ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

⁶⁵ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

⁶⁶ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

2. STATIONS

2.1 Without limiting paragraph 2.7 of Schedule 4 (*Persons with Disabilities and Disability Discrimination*) or any other committed obligation in this Part 1 to Appendix 11, the Franchisee shall spend not less than £14,000,000 on a station improvement programme within 51 months of the Start Date, with at least £5,000,000 of such investment being spent within 27 months of the Start Date, covering the areas described in this paragraph 2.1 as amended from time to time in accordance with paragraph 2.4:

Major investment at 28 Stations

- (a) The Franchisee shall carry out major investment to create integrated passenger facilities, and improve the overall Station environment and Station security at the following 28 Stations:

Bath Spa	Bristol Temple Meads
Burnham	Cheltenham Spa
Chippenham	Didcot Parkway
Ealing Broadway	Exeter Central
Exeter St Davids	Gloucester
Hayes and Harlington	Hungerford
Maidenhead	Newbury
North Camp	Oxford
Plymouth	Reading
Slough	Southall
Swindon	Taunton
Tiverton Parkway	Trowbridge
Truro	Twyford
Weston-super-Mare	Westbury

This investment shall include:

- (i) congestion relief investment;
- (ii) alteration and refurbishment of ticket offices;
- (iii) alteration and refurbishment of booking halls;
- (iv) alteration and refurbishment of toilets;

- (v) alteration and refurbishment of waiting rooms;
- (vi) creation of retail and catering facilities; and
- (vii) alteration and refurbishment of platforms and access ways.

(Each of the 28 selected Stations will benefit from improvement, but (for the avoidance of doubt) the above-mentioned improvements and listed items may not all be undertaken at each of the 28 Stations.)

Paddington Station

- (b) At Paddington Station the Franchisee shall work with Network Rail to:
 - (i) establish a new first class lounge with business and meeting facilities;
 - (ii) either encourage new retailing opportunities in the Span 4 roof area or carry out a programme of refurbishments including new lighting, decoration of cladding and improved signage;
 - (iii) enhance the provision of customer information, including by installing information pods and additional public display screens; and
 - (iv) provide additional trolley points and improved cycle parking facilities.

Other Station improvements

- (c) The Franchisee shall also carry out improvements at other of its Stations. These improvements shall include (but not at each Station):
 - (i) provision of toilet facilities where reasonably practicable at staffed Stations;
 - (ii) replacement of seating;
 - (iii) installation of automatic doors;
 - (iv) installation of new platform canopies and/or shelters;
 - (v) installation of taxi shelters;
 - (vi) refurbishment of ramps, handrails, stair treads and risers;
 - (vii) enhancement of signage; and
 - (viii) provision of cycle facilities.

2.2 The expenditure taken into account for the purposes of paragraph 2.1 above shall include costs and expenses properly incurred by the Franchisee in fulfilling its obligations under paragraph 2.1 in relation to design, project management, securing consents and approvals, procurement of relevant works and supplies, legal expenses, surveys and investigations, preliminary works, the costs of putting in place the improvements (including increased costs of working associated with putting in place the improvements and costs of restrictions of use of the Network required in connection with putting in place the improvements and equipment leasing costs) and compensation payable to third parties (for example as part of a Station Change (as that term is defined under the Stations Access Conditions) or Network Change) as a consequence of putting in place the improvements

2.3 The Franchisee shall maintain a record of the costs and expenses referred to in paragraph 2.2 and shall promptly make that record available to the Secretary of State when so requested.

2.4 Unless something else is agreed with the Secretary of State, the Franchisee shall carry out the programme referred to in this paragraph 2 in accordance with a programme of works which will be established, reviewed and revised in accordance with this paragraph as follows:

- (a) an initial indicative programme of works is set out in Part 4 of this Appendix 11;
- (b) within six months of the Start Date the Franchisee shall provide a draft programme of items to the Secretary of State comprising (aa) a detailed programme for the first Franchisee Year and (bb) an indicative programme for the second, third and fourth Franchisee Years;
- (c) at least three months before the second, third and fourth Franchisee Year the Franchisee shall provide a draft programme of items to the Secretary of State comprising (xx) any revision to the outline programme for the balance then remaining of the then current Franchisee Years, (yy) a detailed programme for the forthcoming Franchisee Year (which will replace the indicative programme for that year previously provided), and (zz) an indicative programme for the Franchisee Year after next (where that is the third or the fourth Franchisee Year);
- (d) the detailed programme of items referred to in (aa) and (yy) will include identification of the items to be programmed for expenditure under this paragraph 2 during the relevant Franchisee Year(s) and a brief description of the works so programmed;
- (e) the Franchisee shall liaise and consult with the Secretary of State regarding each programme issued under this paragraph with a view to the Franchisee issuing a revised programme for the information of the Secretary of State within 30 days after the issue of the draft programme. The Secretary of State shall not unreasonably withhold its approval, or otherwise object to, the revised programme, subject to that programme being on a basis which (aa) is consistent with the commitments under this paragraph 2 and (bb) is consistent with the conduct of the programme in a prudent and diligent manner;
- (f) the parties acknowledge that the consultation process may involve the parties in review and amendment by agreement to the commitments in this paragraph 2, having regard to changing circumstances and priorities. The process envisaged in this subparagraph shall not prevent consultation taking place at other times or the advance approval of future detailed programmes (in which case the programmes so approved in respect of future Franchisee Years will not be subject to re-opening except by agreement or in accordance with the terms of their approval); and
- (g) following the establishment of any detailed programme under this paragraph 2, the Franchisee may propose amendments to the detailed programme to add additional works, to substitute works or to reflect changing circumstances (including opportunities for increased efficiencies). The Secretary of State shall not unreasonably withhold its approval or otherwise object to any amendment to the detailed programme proposed by the Franchisee, subject to that amendment being on a basis which (aa) is consistent with the commitments under this paragraph 2 and (bb) is consistent with the conduct of the programme in a prudent and diligent manner.

Security^{67iv}

2.5 *The Franchisee shall carry out or procure the following security enhancements:*

- (a) installing 131 new CCTV cameras at 47 Stations, including digital recording facilities within 51 months of the Start Date;*
- (b) upgrading existing CCTV equipment so that substantially all existing CCTV equipment at Stations includes digital recording facilities within 51 months of the Start Date;*
- (c) creating a control centre to monitor substantially all CCTV on Stations within four years of the Start Date;*
- (d) installing 146 Help Points at 51 Stations that do not currently have Help Points within four years of the Start Date; and*
- (e) replacing 203 existing Help Points within four years of the Start Date.*
- (f) in addition to the obligations set out in (a), (b) and (c) the Franchisee shall undertake a further spend of £700,000 on enhancing CCTV*

Information

2.6 The Franchisee shall carry out or procure the following information enhancements:

- (a) replacing 299 current CIS monitors with new flat screen 20 inch TFT, LED displays or equivalents of either within 51 months of the Start Date;
- (b) installing at selected Stations 74 new flat screen 20 inch TFT, LED displays or equivalents of either within 51 months of the Start Date; and
- (c) providing one hundred PDAs for use by its customer facing staff within four years of the Start Date.

Ticket office investment

2.7 The Franchisee shall invest in the following ticketing enhancements at Stations:

- (a) installation of 124 new ticket vending machines within 27 months of the Start Date;
- (b) subject to a successful trial of the equipment and the introduction of penalty fare schemes in the Bristol, Exeter and Plymouth areas, installation of 60 new PERTIS machines and 12 new pay at destination machines within two years of the Start Date; and
- (c) the replacement of APTIS machines in Station ticket offices with modern replacement machines within two years of the Start Date.

⁶⁷ Insert change text wef 20/03/08

Investment funding

2.8 The Franchisee shall work to facilitate investment from third parties on schemes to redevelop:

- (a) Reading Station; and
- (b) Bristol Temple Meads Station

and shall expend £50,000 in support of those initiatives to facilitate redevelopment, including by seeking to leverage investment by reference to the expenditure commitments referred to in paragraph 2.1.

Station Cleaning

2.9 Within nine months of the Start Date the Franchisee shall put in place arrangements to clean all Stations on an output specification basis as follows:

Station (by Network Rail category)	Cleaning Frequency
A/B	Continuous cleaning programme throughout opening hours plus deep cleans at the rate of four per year
C	Two cleans per day plus deep cleans at the rate of three per year
D	One roughly 1 hour clean per day plus deep cleans at the rate of three per year
E1	Between four and seven roughly ½ hour cleans per week plus deep cleans at the rate of two per year
E, F1	Three roughly ½ hour cleans per week plus deep cleans at the rate of two per year where the previous SFO was First Great Western Link Limited; and one roughly ½ hour clean per week plus deep cleans at the rate of two per year where the previous SFO was Wales and West Passenger Trains Limited
F	Two roughly ½ hour cleans per week plus deep cleans at the rate of two per year

The Franchisee shall keep the specification set out in this paragraph under regular ongoing review and shall be entitled with the prior consent of the Secretary of State (which is not to be unreasonably withheld or delayed) to amend or re-prioritise the specification to take account of the requirements at the relevant Stations and changing circumstances.

2.10 The Franchisee shall also endeavour to develop this arrangement to include some minor maintenance, fault reporting and minor vegetation and graffiti removal.

2.11 The Franchisee shall implement clearly defined specifications for the removal of graffiti within nine months of the Start Date and shall endeavour to work with industry partners regarding the development of chemicals for graffiti removal.

2.12 The Franchisee shall implement an appropriate management and audit system within one year of the Start Date to ensure effective management in relation to Station cleaning.

Maintenance and decoration

2.13 The Franchisee shall implement a preventative maintenance programme and a reactive maintenance procedure within six months of the Start Date.

2.14 The Franchisee shall establish a property help desk facility to which maintenance faults and failures can be reported by staff and customers.

2.15 The Franchisee shall appoint two additional in-house painting teams within six months of the Start Date.

2.16 The Franchisee shall ensure that during the Franchise Term each Station is repainted at least once every complete 5 year period.

Major Events Management

2.17 The Franchisee shall extend current practices and develop its strategy for managing special events, including sporting and entertainment events, VIP travel and engineering works.

3. CAR PARKS

3.1 The Franchisee will provide an additional 1700 spaces by the end of the Franchise Term with 500 of those spaces to be provided within 27 months of the Start Date and an additional 700 of those spaces to be provided within 51 months of the Start Date.

3.2 The Franchisee shall invest £1,400,000 (in addition to the investment required to meet the commitment under paragraph 3.1) within 21 months of the Start Date on upgrading car parks including:

- (a) installation of payment machines (including machines accepting payment by credit card) and help points;
- (b) improvements to signage;
- (c) application of branding;
- (d) improvements to car park surfaces and spaces; and
- (e) creation of new and/or upgrade of existing control rooms.

3.3 The Franchisee shall establish or procure that there is established a website which may be used for renewing parking season tickets, and which may also communicate space availability, by the second anniversary of the Start Date.

4. DEPOTS

4.1 The Franchisee shall within one year of the Start Date carry out the following improvements at St Philips Marsh Depot to establish a DMU maintenance and servicing facility:

- (a) conversion of the Marsh Junction site into a DMU depot;

- (b) conversion of the Coalfield Sidings into carriage cleaning roads;
- (c) establishment of an underframe cleaning facility;
- (d) conversion of the outside pits into an additional three car stabling road; and
- (e) establishment of a new carriage washing facility.

4.2 The Franchisee shall undertake a survey of Exeter Depot to assess "single points of failure" which may cause derailment and put in place a suitable action plan to minimise the risk within one year of the Start Date.

4.3 The Franchisee shall within two years of the Start Date establish new carriage wash plants at each of Exeter Depot and Old Oak Common Depot.^v

5. ROLLING STOCK

Express Fleet

5.1 *The Franchisee shall procure a number of reliability modifications to the HST fleet as detailed in paragraph 2 of Part 5 to this Appendix 11 within 27 months of the Start Date.*^{68 vi}

5.2 The Franchisee shall complete HST life extension programmes as detailed in paragraph 1.3 of Part 5 to this Appendix 11 within 27 months of the Start Date.

5.3 The Franchisee shall complete a series of overhaul activities and measures to be carried out in conjunction with a revised heavy maintenance programme over the course of the Franchise Term as detailed in paragraph 1.4 of Part 5 to this Appendix 11.

5.4 The Franchisee shall complete an interior redesign of the HST fleet as described in Table 1.2 of Appendix 3 within 27 months of the Start Date, as detailed in paragraph 3.1 of Part 5 to this Appendix 11.

Sleeper Stock

5.5 *The Franchisee shall complete within 24 months of the Start Date:*

- (a) *a full C3 overhaul of the Mark III vehicles as described in Table 1.2 of Appendix 3 within 24 months of the Start Date, implementing improvements to the CDL system, toilets, vestibules and carpets;*
- (b) *a full C3 overhaul of the eight Mark III sleeper coaching stock vehicles, including improvements to skirts and wheel slide protection.*⁶⁹

Link Fleet

5.6 The Franchisee shall procure a number of reliability modifications to the Class 16X fleet within 24 months of the Start Date, as detailed in paragraph 4 of Part 5 to this Appendix 11.

⁶⁸ Insert change text wef 25/09/07

⁶⁹ Insert change text wef 29/08/07

5.7 The Franchisee shall fit an Automatic Passenger Counting System to 16 of the Class 16X fleet within 24 months of the Start Date. (This is the same commitment as referred to in Clause 5.4 of the Franchise Agreement.)

5.8 The Franchisee shall fit CCTV to its Class 16X fleet so that within 36 months of the Start Date all of its Class 16X fleet is fitted with CCTV.

5.9 The Franchisee shall complete an exterior re-livery of the Class 16X fleet with the new First brand within 18 months of the Start Date.

5.10 ⁷⁰

Local Fleet^{vii}

5.11 The Franchisee shall procure a number of reliability modifications to the Classes 143, 150, 153 and 158 fleets (which form part of the Train Fleet and which together form the "Local Fleet") within 24 months of the Start Date, as detailed in paragraph 5.1 of Part 5 to this Appendix 11. ^{viii ix}

5.12 The Franchisee shall complete an interior refresh of the Local Fleet within 18 months of the Start Date. ^{viii ix}

5.13 The Franchisee shall complete an interior refresh of the Local Fleet between the sixth and eighth Franchisee Years.

5.14 The Franchisee shall complete an exterior re-livery of the Local Fleet with the new First brand within 18 months of the Start Date. ^{viii ix}

5.15 The interior refreshes referred to in paragraphs 5.10, 5.12 and 5.13 shall be in relation to floor coverings, interior trim, seat covers and interior painting as required and do not extend to refurbishment. The obligations on the Franchisee under this paragraph 5 do not extend to rolling stock which is not part of the Train Fleet as set out in Table 1.2 of Appendix 3 (so that rolling stock described as in store is not covered by the obligations).

5.16 The Franchisee shall fit CCTV to the Local Fleet so that within 36 months of the Start Date all of its Local Fleet is fitted with CCTV.

Cleaning

5.17 Within one year of the Start Date the Franchisee shall implement a programme such that each rolling stock vehicle in the Train Fleet receives an exterior wash at least every two days, subject to weather and other factors beyond its reasonable control allowing this to be reasonably practicable.

Air Conditioning

5.18 The Franchisee shall procure the fitment of air conditioning in the driver cabs of all its Class 16X vehicles as identified in Table 1.2 of Appendix 3, with the Franchise using all reasonable endeavours to complete the fitment programme within two years of the Start Date.

⁷⁰ Delete Text wef 17/03/08

Performance

5.19 If and to the extent that any rolling stock vehicle referred to in Table 1.2 of Appendix 3 is not in operation by the Franchisee at the Start Date the obligation of the Franchisee to perform any Committed Obligation under this paragraph 5 in respect of that rolling stock vehicle shall be carried out by the later of the date specified by the performance obligation of that Committed Obligation in the relevant paragraph and twelve months after that rolling stock commences operation by the Franchisee.

6. SECURITY

6.1 The Franchisee shall review its security plans annually and within a reasonable period following a major security incident.

Station Security

6.2 The Franchisee shall implement a security strategy to work towards reducing the number of recorded crime incidents and the number of customer and staff assaults. The Franchisee shall undertake within one year of the Start Date an independent customer survey to establish how customers feel when using a Franchise Service and the Franchisee shall periodically update this research to identify the progress of the security strategy.

6.3 For the duration of the Franchise Term, the Franchisee shall:

- (a) fund the cost of 12 'Police Community Support Officers' to carry out security activities in relation to the relevant Franchise Services; and
- (b) work with the British Transport Police (*BTP*) to support the delivery of the Franchisee's security strategy,

but the Franchisee may propose a variation to the security solution specified in paragraph 6.3(a) to take account of adjustments in outputs under its contract with the BTP, changing security requirements and other alternative means of security provision which may be available. Such variations may be implemented with the consent of the Secretary of State. The Secretary of State will not unreasonably withhold such consent where there is no reduction in the Franchisee's overall spend on security or the then current overall levels of security provision.

6.4 The Franchisee shall, in respect of the Secure Station Scheme:

- (a) seek to maintain accreditation of Stations accredited as at the Start Date;
- (b) seek to increase the aggregate number of Stations accredited to 105 Stations within two years of the Start Date; and
- (c) seek to attain accreditation at an additional 63 Stations within three years of the Start Date.

The commitment of the Franchisee to "seek" to attain or maintain accreditation shall be fulfilled by the Franchisee providing at the relevant number of Stations the level of on station equipment commensurate with meeting the requirements as at September 2005 of the Secure Station Scheme in respect of such equipment and acting as a prudent and diligent Franchisee in its management of the Stations and in its making relevant applications to the Secure Station Scheme. Where the Franchisee carries out actions or investments which are relevant in connection with Secure Station Scheme status, those actions and investments may be taken

into account both in connection with this paragraph 6.4 and the other applicable paragraphs of this Appendix 11.

Car Park Security

6.5 The Franchisee shall use all reasonable endeavours to achieve Park Mark Safer Parking accreditation to cover two thirds of car parking spaces as at the Start Date which the Franchisee provides on a fee charging basis over the course of the Franchise Term.

6.6 In order to achieve the objective set out in paragraph 6.5, the Franchisee shall carry out a review of all Station car parks within one year of the Start Date to identify areas of vulnerability, and shall draw up plans to improve real and perceived levels of security in such areas where this is reasonably practicable, prudent and efficient.

6.7 The Franchisee shall implement security measures based on the plans described in paragraph 6.6 and having regard to the objective set out in paragraph 6.5, including installing CCTV where identified in the plans as an appropriate solution.

6.8 The Franchisee's total expenditure in relation to the Committed Obligations in paragraph 6.5 to 6.7 shall not be required to exceed £5,800,000 over the first seven years of the Franchise Term.

Staff Security

6.9 The Franchisee shall continue to support its frontline staff through the extension of successful initiatives, including the establishment of an Assault Working Group and the provision where appropriate of:

- (a) DNA swab kits;
- (b) two-way radios; and
- (c) personal attack alarms.

7. REVENUE PROTECTION

Portable ticket machines

7.1 The Franchisee shall invest in the provision of 370 portable ticket machines consisting of:

- (a) new portable ticket machines for use by revenue protection staff within 15 months of the Start Date; and
- (b) replacement or upgraded portable ticket machines used by train managers within 27 months of the Start Date.

Ticket barriers and gating

7.2 The Franchisee shall continue to operate manual ticket gates for a total of 125 hours per week in aggregate across the following Stations: Chippenham; Didcot; Thatcham or Theale; Twyford; and Newbury.

7.3 The Franchisee shall introduce an additional manual ticket gate during Peak hours at Exeter Central within six months of the Start Date.

7.4 Subject to paragraph 7.5 the Franchisee shall introduce additional automatic ticket gates as follows:

- (a) at Plymouth and Exeter St Davids within 18 months of the Start Date;
- (b) at Paddington (platforms 9-14) within 24 months of the Start Date; and
- (c) at Bath Spa and Swindon within 24 months of the Start Date.

7.5 If and for so long as the Franchisee is delayed or otherwise unable to introduce automatic ticket gates at any location set out in paragraph 7.4, the Franchisee shall instead by the date specified for the fitment of the automatic gates at that location, either operate staffed ticket gates at those locations (to be staffed during Peak hours), or introduce such automatic ticket gates at an alternative location or locations.

Other revenue protection measures

7.6 The Franchisee shall:

- (a) subject to obtaining the necessary consent of the Secretary of State introduce Penalty Fares Schemes on the Bristol, Plymouth and Exeter commuter routes ⁷¹*by 31 March 2007*
- (b) introduce Zifa ticket checking stampers for all revenue protection staff, conductors and train managers within six months of the Start Date;
- (c) reinforce the correct application of the National Rail Conditions of Carriage (*NRCC*) through a staged approach from the Start Date, involving a series of publicity campaigns to improve public awareness and understanding and staff briefings; and
- (d) implement a staff training programme for all staff involved in revenue protection activities.

8. HR/TRAINING

Investors in People (IIP)

8.1 *The Franchisee shall use all reasonable endeavours to achieve IIP status within three years of the Start Date and, once achieved, shall maintain such status.*⁷²

Staff communication

8.2 The Franchisee shall undertake staff surveys to assess staff commitment, morale and obtain feedback which shall include:

- (a) staff commitment/morale survey undertaken within six months of the Start Date;
- (b) in addition to the survey undertaken pursuant to paragraph (a) above undertake annual employee surveys; and

⁷¹ date of change 29.9.2006

⁷² Insert change text wef 20/03/08

- (c) hold staff listening groups to consult on issues regarding the operation of the Franchise.

8.3 The Franchisee shall discuss the results from these staff surveys at Franchisee board level and devise action plans based on the results and discussions.

Training and development

8.4 The Franchisee shall:

- (a) conduct a skills gap analysis to establish training requirements for existing staff within one year of the Start Date;
- (b) develop a strategy to meet the training requirements identified and provide a copy of that strategy to the Secretary of State within three months of the first anniversary of the Start Date;
- (c) implement that strategy in accordance with its terms subject to any reasonable changes identified following the analysis described in paragraph 8.4(d);
- (d) regularly carry out a training needs analysis for all staff and new staff, referring to, where appropriate, the latest National Passenger Survey results and other customer feedback; and
- (e) carry out for staff of management grade, annual appraisals in order to identify the training required to facilitate staff development.

8.6 The Franchisee shall continue the existing Engineering Apprenticeship Scheme and Graduate Management Trainee Scheme over the course of the Franchise Term.

8.7 The Franchisee shall provide training to engineering staff to improve skills in maintenance and fault finding within three years of the Start Date.

Training Academy

8.8 The Franchisee shall, within 18 months of the Start Date, consolidate the provision of training across the Franchise within a multi-site Training Academy.

Vocational Qualifications (NVQ)

8.9 The Franchisee shall, through a structured, staged programme, provide opportunities for Station and on board staff to train for NVQs within 18 months of the Start Date.

Welcome and induction training

8.10 The Franchisee shall within nine months of the Start Date have made available to all staff, and have required all staff to have attended welcome training to introduce staff to the Franchisee's vision, brand values and First ways of working.

8.11 The Franchisee shall ensure that all new staff after the Start Date are provided with training within a reasonable time after they become members of staff in the relevant role to equip them with skills to perform those elements of the Authority's Service Quality Standards that form part of their normal operational role. All new staff will also receive appropriate safety briefings within a reasonable time after they become members of staff.

Work Place Learning and Life Long Learning

8.12 The Franchisee shall liaise and co-operate with Trade Unions and appropriate government and industry bodies to provide access to learning for all staff.

8.13 The Franchisee shall introduce basic skills assessments and factor the results into Life Long Learning programmes offered.

Refresher training

8.14 The Franchisee shall provide refresher training to address deficiencies highlighted through the appraisal system or where Group Standards require it.

8.15 There shall also be mandatory refresher training, re-qualification, or competence assessment for appropriate grades on certain issues such as routes and PTS.

Ongoing training

8.16 The Franchisee shall use all reasonable endeavours to provide the training to staff of management grade identified through the annual appraisals under 8.4(e) relevant to the function that they perform within the Franchisee's organisation.

8.17 The Franchisee shall provide ongoing training to staff as follows:

- (a) train managers shall receive one training session every 10 weeks; and
- (b) customer hosts shall receive three training sessions per year.

8.18 The training referred to in paragraph 8.16 may include the training described in paragraphs 8.14 and 8.15.

9. CUSTOMER SERVICES

Website development

9.1 The Franchisee shall progressively extend the functionality of the website specified in paragraph 10.1 of Schedule 1.4 (*Passenger Facing Obligations*) of the Terms to provide customers with a range of information, including about ticket retailing, Stations and station location maps, Integrated transport, real time travel information, engineering works and service disruptions, timetables, the Passenger's Charter, the Franchisee's business and performance, contact details, policies, email bulletins, and links to third party sites.

Meet the Manager

9.2 From the Start Date and throughout the duration of the Franchise Term the Franchisee shall:

- (a) provide at least 24 Meet the Manager sessions per year at Stations or on board trains to receive customer feedback; and
- (b) advertise those sessions on customer information systems and announcements and on the Franchisee's website referred to in paragraph 9.1.

Catering services

9.3 The Franchisee shall keep its on train catering provision under regular review throughout the Franchise Term, taking into account all relevant circumstances including the costs, revenues, level of demand and availability of catering provision on stations.

9.4 The Franchisee shall spend £250,000 within two years of the Start Date on new train catering trolleys.^x

9.5 As part of the ongoing review process referred to in 9.3 the Franchisee will commence the following catering service trials within one year of the Start Date, each trial to last at least six months:

- (a) a brasserie style service providing service of food at seat to first class passengers and with dishes available to standard class customers, with the trial including initially 32 services each Weekdays;
- (b) an Express Café service on selected longer distance routes; and
- (c) provision of an at seat catering service to standard class customers on selected services.

The duration of each trial beyond its initial six months and whether and if so on what basis each trial may be taken forward is subject to the ongoing review process referred to in paragraph 9.3.

9.6 Notwithstanding the outcome of any review under paragraph 9.3, the Franchisee shall throughout the Franchise Term maintain an on train service to provide refreshment covering at least:

- (a) Franchise Services departing Cardiff, Exeter or Bristol for a timetabled arrival at London Paddington in the Morning Peak; and
- (b) Franchise Services departing London Paddington in the Evening Peak and timetabled to call at Cardiff, Exeter and Bristol

in each case in respect of that portion of their journey between London Paddington and Cardiff, Exeter and Bristol (as the case may be).

Ease of buying a ticket

9.7 The Franchisee shall within two years of the Start Date spend £1,000,000 in developing and promoting the online retailing of tickets and its new website.

Timetable information

9.8 The Franchisee shall, with effect from the Timetable Change Date in Summer 2006, provide specific pocket sized timetables which together cover all the Franchise Services.

9.9 Without prejudice to the provisions in Schedule 14 of the Terms, the Franchisee shall communicate timetable information to customers by:

- (a) within six months of the Start Date developing the website to enable customers to create and print their own timetable of their regular journey;

- (b) within six months of the Start Date making timetable downloads available on the website;
- (c) providing email alerts to regular travellers;
- (d) delivering new timetables to all Stations at least 28 days in advance of the relevant Passenger Change Date; and
- (e) raising awareness of new or altered timetables at staffed Stations through posters and CIS screens.

Service disruption

9.10 The Franchisee shall manage service disruption by doing the following:

- (a) within six months of the Start Date introduce a comprehensive Disruption Management and Information Plan;
- (b) within six months of the Start Date provide all levels of station and on train staff with comprehensive training in all aspects of service delivery, the handling of disruption, the provision of customer information during disruption and improved use of public announcement systems; and
- (c) with effect from the Start Date provide real-time information on the prevailing state of service on particular Routes and particular trains on the website.

Service recovery and contingency planning

9.11 The Franchisee shall extend across the Franchise a series of plans to mitigate the effects of snow and ice, hot weather, high winds and flooding on the network.

9.12 The Franchisee shall employ a range of measures to mitigate the effects of leaf fall across the Franchise, including:

- (a) leaf fall and low adhesion booklet and DVD; and
- (b) leaf fall area notice boards.

9.13 The Franchisee shall ensure all contingency plans are reviewed prior to the Start Date and again before the new timetable commences in December 2006.

9.14 The Franchisee shall liaise and co-operate with Network Rail to ensure service recovery plans are agreed and in place ready to be implemented on the Start Date.

10. CUSTOMER INFORMATION CENTRE

10.1 The Franchisee shall establish a customer information centre to provide retailing and information provision services in relation to the Franchise, including:

- (a) timetable information;
- (b) ticketing options;
- (c) special offers; and
- (d) pricing options.

10.2 The customer information centre shall be in operation at least from 07:00 to 22:00 Monday to Saturday (inclusive) and 08:00 to 21:00 on Sundays, 364 days a year.

11. QUALITY

11.1 The Franchisee shall work towards achieving "Committed to Excellence" status within two years of the Start Date, and shall achieve "Recognised for Excellence" status within 51 months of the Start Date.

11.2 The Franchisee shall carry out self-assessment of the organisation as a whole and separate departments using the EFQM framework within 18 months of the Start Date, devising and implementing an improvement plan based on the results.

Welsh Assembly Government

11.3 The Franchisee shall offer the Welsh Assembly Government the opportunity to take part in quarterly meetings, with the Franchisee being represented by its regional director for Wales.

Rail Passenger Council and User Groups

11.4 The Franchisee shall liaise and co-operate with the Rail Passenger Council and user groups which the Franchisee reasonably considers representative of users of the Franchise Services, including the London Transport TravelWatch, to identify areas of quality improvement and shall, during the Franchise Term:

- (a) hold fora every six months to update and discuss issues with a range of stakeholders;
- (b) invite community members to take part in quality improvement teams; and
- (c) hold ad hoc formal and informal discussions with a variety of user groups.

Community Rail Partnerships

11.5 The Franchisee shall liaise and co-operate with local authorities to explore and promote community rail partnerships and other schemes that enhance community involvement with the railway during the Franchise Term.

11.6 The Franchisee shall establish an annual budget of £50,000 to spend on promoting Community Rail, including the following projects:

- (a) working to achieve Community Rail Designation for all its branch line operations in the South West region;
- (b) holding an annual Community Rail Conference which will be open to a wide external audience;
- (c) liaising and cooperating with local schools, clubs, societies, local authorities and the Devon and Cornwall Rail Partnership to develop and create campaigns, events and PR opportunities; and
- (d) undertaking, in partnership with Devon and Cornwall Rail Partnership and other stakeholders, a review of the main attractions on each local line and producing promotional guides.

Local Community Initiatives

11.7 The Franchisee shall develop marketing campaigns to increase local awareness of the Franchise Services available and the benefits of using it to commuters.

11.8 The Franchisee shall undertake a campaign to promote rail travel including Franchise Services within, to and from Wales.

11.9 The Franchisee shall liaise and co-operate with stakeholders and the local community on a programme of community station adoption schemes in Devon and Cornwall.

11.10 The Franchisee shall support the station adoption scheme with an annual "Best Loved Station" award.

11.11 The Franchisee shall support Cornwall County Council's initiative to improve interchange and transport integration facilities at St Erth Station.

12. ENVIRONMENTAL

Environment Representatives

12.1 The Franchisee shall within six months of the Start Date appoint two environmental representatives who have had specialist environmental training.

Annual environmental plan

12.2 The Franchisee shall produce an annual environmental plan setting out its approach to managing its business in accordance with then current and anticipated legislation and produce an annual progress statement against that plan.

ISO14001

12.3 The Franchisee shall use its reasonable endeavours to achieve ISO14001 accreditation for all Depots within two years of the Start Date.

13. BRANDING

Published material

13.1 The Franchisee shall re-brand published materials such as timetables, statutory notices and promotional material with the Franchisee's own brand within one month of the Start Date. On line communications shall be re-branded to be effective from the Start Date.

Uniforms for employees

13.2 New name badges and uniforms shall be issued to all customer facing staff within three months of the Start Date, with priority for early issue going to staff transferring to the Franchisee from the former Wales and West Passenger Trains Limited.

14. SOCIAL INCLUSION

14.1 The Franchisee shall implement a Community Support Policy within one year of the Start Date which will give sponsorship through financial assistance or provision of tickets, and practical support by staff to community organisations associated with routes served by the Franchise Services.

15. INTEGRATION

Investments

15.1 The Franchisee shall work to promote transport integration through measures including:

- (a) the display, advertising and promotion of integrated tickets and integrated services;
- (b) establishing Area Integration Partnerships with local authorities and transport operators to develop integrated schemes, information and marketing;
- (c) integration through staff training to assist customers with their onward journey;
- (d) access integration, with disability groups and organisations;
- (e) continuing existing PlusBus arrangements relevant to the Franchise Services immediately prior to the Start Date and using reasonable endeavours to extend the PlusBus arrangements with third party bus operators in areas served by the Franchise Services; and
- (f) liaising and cooperating with bus operators and other TOCs to develop multi-modal, multi-operator Travelcards.

Transport Integration Manager

15.2 The Franchisee shall maintain the appointment of a dedicated transport integration manager in order to further, across the whole franchise, the promotion of transport integration described in paragraph 15.1 and liaise with Local Authorities and other Stakeholders.

Third party operators

15.3 The Franchisee will actively engage with non-FirstGroup local bus operators to maintain and enhance the awareness of other existing and future bus and other integrated transport links from Stations.

Improved Connections

15.4 The Franchisee shall invest in improving connections including the following:

- (a) continuing to work in partnership with Transport for London to improve information regarding ongoing service connections from Stations within London;
- (b) developing and promoting an interurban network for Cornwall to be known as "Network Kernow";
- (c) exploring opportunities to extend Park&Ride services to Stations;
- (d) liaising and cooperating with CTRL/Eurostar on joint marketing programmes;
- (e) trialing extended hours of operation of the Reading RailAir service; and
- (f) liaising and cooperating with local taxi operators to roll out the provision of taxi free-phone facilities at Stations with no taxi facilities in the proximity.

Cycle facilities

15.5 The Franchisee shall liaise and co-operate with local authorities to secure investment in local cycling infrastructure and other access improvement measures.

15.6 The Franchisee shall produce an annual guide "Cycle by Train" to keep customers advised on facilities for cycle storage at Stations and on its trains.

Combined Rail&Bus ticketing

15.7 The Franchisee shall liaise and co-operate with third party operators to establish combined Rail&Bus tickets in areas served by the Franchise Services.

16. SYSTEMS

Yield Management Systems

16.1 The Franchisee shall spend £1,000,000 within 18 months of the Start Date in the establishment, introduction and operation of a yield management system.

IT Systems

16.2 The Franchisee shall spend at least £5,000,000 during the Franchise Term on the renewal, replacement and upgrading of the Franchisee's IT systems, with at least £2,000,000 of such expenditure being spent within 27 months of the Start Date and £4,000,000 of such expenditure being spent within 51 months of the Start Date.

17. ACCESS FOR ALL

17.1 The Franchisee will ensure at least one member of staff is available at each of the Stations identified in paragraph 17.4 during the whole time period during which each such Station is open for train services to arrive or depart (including for an appropriate time before the first train to call and after the last train to call), with such member of staff to provide advice and assistance (including physical assistance) to passengers throughout the public areas of the station and on/off trains, whether or not assistance has been pre-booked.

17.2 The assistance to be provided as referred to in paragraph 17.1 shall be achieved by:

- (a) the direct physical presence of the member of staff at the time and place specified in the case of pre-booked assistance; and
- (b) a clear and obvious means by which unbooked passengers can summon assistance from elsewhere on the Station within a reasonable time.

17.3 The members of staff involved may have other duties but shall be available as and when required to provide the advice and assistance referred to in paragraph 17.1. Staff cover will be provided for annual leave, sickness and training. The Franchisee will regularly review the level of staff provision having regard to the extent of usage of the service. Staff deployed to fulfil this function will be trained to the standards set out in the Code of Practice "Train and Station Services for Disabled Passengers".

17.4 The Stations at which this paragraph 17 applies are as follows:

- (a) ***Bath Spa;***
- (b) ***Slough; and***

(c) *Chippenham.*⁷³

18⁷⁴ **SERVICE CHANGES AND ADDITIONAL SERVICE CHANGES**

- 18.1 *The Franchisee shall work to achieve the service changes (the Service Changes) described in Section 1 of Part 6 to this Appendix, with those changes being implemented on the Passenger Change Date in December 2006. The action which the Franchisee shall take to achieve those changes will include the negotiation of the necessary Timetable Development Rights and associated timetabling processes and also has included prior to the date on which the Franchise Agreement was amended to include this paragraph the negotiation of rolling stock leases for an additional two three-car Class 166 rolling stock units and, in respect of the period to December 2007, one Class 153 unit.*
- 18.2 *In addition the Franchisee will work to achieve further service changes (the Additional Service Changes) described in Section 2 of Part 6 to this Appendix, with a view to those changes being implemented on the Passenger Change Date in December 2006 as Additional Passenger Services. If the Franchisee concludes that it wishes to undertake the Additional Service Changes, it will notify the Secretary of State, who will not object to their being undertaken.*
- 18.3 *SLC2 shall be amended in respect of Passenger Services to be provided with effect from the Passenger Change Date in December 2006 to incorporate the Service Changes and any changes consequential on the Additional Service Changes.*
- 18.4 *The Financial Model shall be revised as soon as reasonably practicable after the date on which this Appendix is amended to include this paragraph 18 so that the Financial Model reflects the changes to the Franchisee's costs and revenues as a result of the Service Changes including, inter alia, in such a manner that:*
- (a) *(save in respect of the changes identified in Section 4 of Part 6 to this Schedule, which shall be treated as a Qualifying Change) the change does not affect the overall level of Franchise Payments (before taking account of any subsequent Change, including for these purposes the Change in respect of the Charging Review which is effective from 1 April 2006), which shall be achieved by reflecting the changes to costs and revenues and then adjusting the Profit Margin to maintain the premium/subsidy profile;*
- (b) *the changes to the Franchisee's costs and revenues will be in accordance with indicative numbers in Sections 3 and 4 of Part 6 to this Appendix;*
- (c) *(save in respect of the changes identified in Section 4 of Part 6 to this Schedule) the increase in revenues is not reflected in the Target Revenues; and*
- (d) *the Profit Margin to be used for the purpose of any subsequent Change subject to any variation which may be agreed or determined to that margin as a consequence of any later Change) shall be as set out in clause 5.24 of the Franchise Agreement (that is without taking account of the adjustment referred to in paragraph 18.4(a), but taking account of the changes identified in Section 4 of Part 6 of this Schedule).*

⁷³ Insert change text wef 28/08/07

⁷⁴ DATE OF CHANGE 6.6.2006

18.5 *If despite the Franchisee's reasonable endeavours any Service Change cannot be introduced on the Passenger Change Date in December 2006 (for example due to non-availability of the necessary track access rights), the Franchisee shall review the Service Changes with the Secretary of State and, subject to any further change to the Service Level Commitment, seek to introduce those Service Changes as soon as reasonably practicable thereafter. If the Financial Model is adjusted to reflect the delay in introducing any Service Change, this shall be on the basis that there is no affect on the level of Franchise Payments (before taking account of any subsequent Change), reflecting the fact that no adjustment was made to the Franchise Payments consequent on those changes being included in the Service Level Commitment."*

19 **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

20 *Passenger's Charter Compensation*⁷⁵

The Franchisee shall:

- (a) *double the compensation rates applying under its Passenger's Charter for claims arising in the period 27th January 2008 to 26th January 2009, so that monthly and longer season tickets renewed in the period have rates of discount increased from 5% and 10% to 10% and 20% respectively and the compensation paid under the Passenger's Charter to holders of other tickets suffering relevant disruption in the period is double the amount provided for immediately before 27th January 2008; and*
- (b) *increase by 50% the compensation rates applying under its Passenger's Charter for claims arising in the period 27th January 2009 to 26th January 2010, so that monthly and longer season tickets renewed in the period have rates of discount increased from 5% and 10% to 7.5% and 15% respectively and the compensation paid under the Passenger's Charter to holders of other tickets suffering relevant disruption in the period is increased by 50% the amount provided for immediately before 27th January 2008.*

For the purposes of paragraphs 6.3 and 6.4 of Part 2 of Appendix 11 of the Franchise Agreement it is expected that the Passenger's Charter Compensation Committed Obligation will have a net cost to the Franchisee of £.

21 *Fares Offers*

- (a) *Subject to paragraph 21(b) below, the Franchisee will offer 500,000 additional tickets at its cheapest rates to a selection of its most popular destinations for travel outside the Peak, with the offer commencing no later than 1 April 2008 and continuing to 31st March 2009 (or until the additional tickets have been sold).*

⁷⁵ Insert new text wef 17/03/08

- (b) *If following consultation with Passenger Focus the Franchisee determines that a more appropriate Fare Offer should be offered to passengers then subject to the approval of the Secretary of State (such approval not to be unreasonably withheld) the Fare Offer in paragraph 21(a) above may be substituted for a Fare Offer of equivalent net cost (estimated at £6,200,000).*

For the purposes of paragraphs 6.3 and 6.4 of Part 2 of Appendix 11 of the Franchise Agreement it is expected that the additional discount represented by the additional tickets sold at the cheapest rates will have a net cost to the Franchisee of £1,000,000.

22 *Fares Simplification Cooperation*

The Franchisee will actively participate, liaise and cooperate with the Secretary of State in the study and development of fares simplification proposals involving single leg pricing. (This commitment does not include the implementation or financial implications of any such fares simplification, which it is anticipated would probably be introduced as a further Variation, subject to the details of the eventual scheme.)

For the purposes of paragraph 6.3 of Part 2 of Appendix 11 of the Franchise Agreement the Fares Simplification Cooperation Committed Obligation will have a net cost of zero.

23 *Strengthening Cardiff-Portsmouth*

- (a) *The Franchisee will as soon as reasonably practicable take on lease five two car Class 150 units and use those units to release two car Class 158 units for use in strengthening the Cardiff-Portsmouth service, with effect from the Summer Passenger Change Date in 2008 until the Summer Passenger Change Date in 2011, so that the service is planned to be operated by a three car Class 158 rather than a two car Class 158.*
- (b) *The commitment under paragraph 23(a) applies subject to the following:*
- (i) *the Franchisee is able (through the exercise of all reasonable endeavours) to secure a sub-lease of the five two car Class 150 units from Arriva Train Wales ("ATW") for the period to June 2010 and then and to the extent that that sub-lease is not subject to the exercise of any early break option by ATW;*
 - (ii) *the Franchisee is able with effect from June 2010 (through the exercise of all reasonable endeavours, and with the support of the Secretary of State as appropriate) to secure either the continued sub-lease of the five two car Class 150 units from ATW or the sub-lease of replacement two car Class 150 units (or suitable equivalents) for the period up to the Summer Passenger Change Date in 2011; and*
 - (iii) *a derogation or other amendment to the Service Level Commitment is made to permit the Franchisee to break at Bristol Temple Meads one morning and one evening Cardiff-Portsmouth service, to provide for maintenance (if such a derogation or other amendment is required to allow such breaks).*

- (c) *Continuation of the strengthened Cardiff-Portsmouth service and the continued leasing of the five two car Class 150 Units beyond the Summer Passenger Change Date in 2011 will be subject to a further Variation or other provision of funding by the Secretary of State in respect of the units.*
- (d) *For the purposes of paragraph 6.3 of Part 2 of Appendix 11 of the Franchise Agreement the net cost to the Franchisee of the Strengthening Cardiff-Portsmouth Committed Obligation is deemed to be a minimum of £⁷⁶.*

24 Customer Services Training Package

The Franchisee will spend £⁷⁷ over the Franchise Term in providing enhanced customer services training for its passenger facing staff in addition to those Committed Obligations set out in paragraphs 8.4 to 8.18 above.

For the purposes of paragraph 6.3 of Part 2 of Appendix 11 of the Franchise Agreement the Customer Services Training Package Committed Obligation will have a minimum incremental net cost to the Franchisee of £⁷⁸.

25 Station Information Systems CIS Upgrade

- (a) *The Franchisee will procure by the end of December 2010 the expenditure of £⁷⁹ on an enhanced CIS system for its Stations in addition to the Committed Obligation set out in paragraph 2.6 above. The CIS system will include system enhancements, improved consistency of systems, coverage of an increased number of Stations, increased equipment at some Stations and training and support on use of the system and provision of information in times of disruption.*
- (b) *The Franchisee will develop the specification for the enhanced CIS system for approval by the Secretary of State (such approval not to be unreasonably withheld).*
- (c) *It is acknowledged that in preparing the specification for the enhanced CIS system, the Franchisee may review and take into account other related Committed Obligations which may appropriately be combined with the*

⁷⁶ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

⁷⁷ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

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⁷⁹

enhanced CIS system and make proposals for an integrated approach to the delivery of those Committed Obligations and the enhanced CIS system, and the Secretary of State shall not unreasonably withhold consent to such a revised approach provided that the level of expenditure then procured by the Franchisee is not reduced below the aggregate of what would have been procured under the relevant Committed Obligations and the incremental expenditure committed under paragraph 25(a).

- (d) *For the purposes of paragraph 6.3 of Part 2 of Appendix 11 of the Franchise Agreement the Station Information Systems CIS Upgrade Committed Obligation will have a minimum incremental net cost to the Franchisee of £⁸⁰.*

26 Class 16X (Turbo Fleet) Refresh

The Franchisee will procure the expenditure of £⁸¹ between the third and sixth Franchisee Year on an enhanced interior refresh of the Class 16X fleet. The details of the refresh will be subject to prior approval with the Secretary of State (such approval not to be unreasonably withheld) and may include fitment of a passenger information system.

The Class 16X (Turbo Fleet) Refresh will have a minimum net cost to the Franchisee of £⁸² which is represented by a previous commitment to spend an estimated £⁸³ plus an additional estimated net cost of £⁸⁴. For the purposes of paragraph 6.3 of Part 2 of Appendix 11 of the Franchise Agreement the Class 16X (Turbo Fleet) Committed Obligation will have a minimum net cost to the Franchisee of £⁸⁵.

⁸⁰ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

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⁸⁵ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

27 *The Franchisee will take on:*

- (a) ⁸⁶ *new drivers who were not employed as drivers by the Franchisee as at the end of Reporting Period 4 in the second Franchisee Year; and***
- (b) ⁸⁷ *new guards who were not employed as guards by the Franchisee as at the end of Reporting Period 4 in the second Franchisee Year***

over the period from the start of Reporting Period 5 in the second Franchisee Year to the end of the Remedial Period. In assessing compliance with this commitment drivers and guards with trainee status shall be included.

28 *The Franchisee shall with effect from 1 April 2008 take on lease an additional high speed train for the remainder of the Franchise Term, which additional high speed train may be delivered through the retention of Class 180 units which might otherwise have been returned to their lessor or the lease of an HST, with the additional train to be used for performance resilience at least during the Remedial Period PROVIDED THAT it shall not be treated as a contravention of this obligation to the extent that the Franchisee is unable through the exercise of all appropriate endeavours to conclude a lease for the retention of the relevant Class 180 units in respect of the period prior to the additional HST referred to as EC64 entering service (which is expected in April 2009).*

⁸⁶ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

⁸⁷ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

Part 2 – Miscellaneous Provisions

Application

1. Part 2 of this Appendix sets out further terms which apply to the Committed Obligations set out in Part 1 (*List of Committed Obligations*) of this Appendix 11 and the references to Committed Obligations in each Part of this Appendix 11 are only to the Committed Obligations in Part 1 of this Appendix 11.

Continuation of Availability

2.1 Save as expressly provided in this Appendix 11 the Franchisee shall maintain facilities established in accordance with its Committed Obligations throughout the remainder of the Franchise Term.

2.2 The Franchisee shall be treated as maintaining Committed Obligations notwithstanding temporary non-availability due to accidental damage or vandalism or maintenance, repair or replacement activities, or temporary staff absence, subject in each case to the Franchisee taking all reasonable steps to keep any such period of temporary non-availability to a minimum.

Annual Expenditure

3. Where this Appendix 11 provides for the expenditure of an annual amount (or an amount over some other period) by the Franchisee, that amount:

- (a) is assessed net of Value Added Tax; and
- (b) is the amount required to be expended by the Franchisee itself or procured by the Franchisee to be expended.

Liaison and Co-operation

4. Where the Franchisee is committed to liaison and co-operation under this Appendix 11, it shall participate actively in the relevant measures including through the application of management time and internal resources, correspondence and attendance at meetings, in each case as the Franchisee reasonably considers in all the circumstances to be an appropriate use of its resources and effective to help achieve the relevant objective.

Nature of Commitment

5.1 Any commitment in terms of this Appendix 11 shall be in addition to any obligation of the Franchisee elsewhere in this Agreement and nothing in this Appendix 11 shall limit or restrict an obligation imposed on the Franchisee elsewhere in this Agreement.

5.2 Where in this Appendix 11 references are made to particular manufacturers or suppliers of equipment or services, the Franchisee may fulfil its relevant commitment by using reasonable equivalents.

5.3 Each commitment under this Appendix 11 shall come to an end on expiry of the Franchise Term for whatever reason, save in respect of any accrued payments owed pursuant to Part 3 (*Late/Non-Completion of Committed Obligations*) of this Appendix 11 but not yet paid.

Expenditure Commitments

6.1 All expenditure commitments set out in this Appendix 11 are expressed in nominal amounts.

6.2 All amounts which the Franchisee has committed (whether unconditionally or otherwise) pursuant to Part 1 of this Appendix 11 to expend in connection with improvements to track or Stations shall be in addition to any expenditure made by Network Rail as part of its infrastructure improvements or maintenance programme to the extent such expenditure is not directly funded or reimbursed by the Franchisee.

⁸⁸6.3 *The Committed Obligations set out in paragraphs 20 to 26 inclusive of Part 1 of Appendix 11 shall have a minimum net aggregate cost to the Franchisee of £29,000,000 (the “Expenditure”). The Expenditure is calculated by reference to:*

- (a) *the net cost of each individual Committed Obligation set out in paragraphs 22 to 26 inclusive of Part 1 of Appendix 11, being an aggregate minimum net cost to the Franchisee of £21,800,000; and*
- (b) *the aggregate net cost of the Committed Obligations set out in paragraphs 20 and 21 of Part 1 of Appendix 11, together with the net costs of any additional passenger benefits committed to be implemented in accordance with paragraph 6.4.*

Subject to the approval of the Secretary of State (which shall not be unreasonably withheld) the Franchisee may apply net costs incurred on any of the Committed Obligations set out in paragraphs 20 to 26 of Part 1 of Appendix 11 in excess of the relevant minimum net costs against any shortfall against the relevant minimum net costs incurred on any other of those Committed Obligations.

6.4 *If and to the extent that the aggregate net cost to the Franchisee in respect of the Committed Obligations set out in paragraphs 20 and 21 of Part 1 of Appendix 11 is less than the estimated net cost of £7,200,000, the Franchisee shall propose to the Secretary of State for approval (which shall not be unreasonably withheld) additional passenger benefits to be provided by it with an additional net cost to the Franchisee equivalent to the amount of the shortfall below £7,200,000 and, subject to the approval of the Secretary of State, shall implement those additional passenger benefits. If there is any such shortfall, the Franchisee shall make the proposal at the latest by 30th June 2010, but this shall not preclude earlier proposals being made which may then be offset against any such shortfall.*

Review of Compliance

7.1 Progress with Committed Obligations is an agenda item for Franchise Performance Meetings and the Franchisee shall ensure that at such meetings the Secretary of State is given such progress reports as he may reasonably request.

7.2 In addition to its obligation under paragraph 7.1, the Franchisee shall from time to time promptly provide such evidence of its compliance with its Committed Obligations as the Secretary of State may reasonably request.

⁸⁸ Insert new text wef 17/03/08

⁸⁹7.3 *In addition to its obligations under paragraphs 7.1 and 7.2 and unless and until otherwise agreed with the Secretary of State, the Franchisee shall with effect from 1 April 2008 agree with the Secretary of State a quarterly programme for reporting Expenditure. Expenditure shall be reported by reference to:*

- (a) the minimum net cost set out in the Committed Obligations in paragraphs 22 to 26 inclusive of Part 1 of Appendix 11 of the Franchise Agreement;*
- (b) the individual estimated net costs of the Committed Obligations as set out in paragraphs 20 and 21 of Part 1 of Appendix 11 of the Franchise Agreement; and*
- (c) the net costs of any additional passenger benefits agreed to be implemented under paragraph 6.4.*

⁸⁹ Insert new text wef 17/03/08

Part 3 – Late/Non Completion of Committed Obligations

Late Completion or Non-Delivery of Committed Obligations

1.1 If the Franchisee fails to deliver in full a Committed Obligation in accordance with and by the timeframe specified for its delivery in Part 1 (*List of Committed Obligations*) to this Appendix 11 such late, partial or non-delivery shall constitute a contravention of this Agreement.

1.2 In addition to being a contravention of this Agreement, if any of the Committed Obligations referred to in Table 1 or Table 2 below is not delivered in full by the deadline specified for that Committed Obligation in column 3 of the relevant table, the Franchisee shall pay to the Secretary of State in respect of each Reporting Period commencing on or after that deadline until the specific Committed Obligation is discharged in full the amount set out in column 4 of the relevant Table (a *Committed Obligation Payment Adjustment*).

Table 1⁹⁰

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

⁹⁰ date of deletion 27.7.2006

Table 2⁹¹

Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>
<i>Reference</i>	<i>Summary Description</i>	<i>Deadline</i>	<i>COPA (£ per Reporting Period)</i>
2.5(a)	Install 131 new CCTV cameras at 47 Stations	Within 51 months of the Start Date	2,000
2.5(b)	Upgrade existing CCTV equipment	Within 51 months of the Start Date	1,000
2.6(a)	Replace 299 current CIS monitors with new flat screen 20 inch TFT, LED displays or equivalents of either	Within 51 months of the Start Date	2,000
2.6(b)	Install at selected Stations 74 new flat screen 20 inch TFT, LED displays or equivalents of either	Within 51 months of the Start Date	1,000
2.7(a)	Install 124 new ticket vending machines	Within 27 months of the Start Date	4,000
3.1	Provide 500 car parking spaces	Within 27 months of the Start Date	3,000
3.1	Provide 700 additional car parking spaces	Within 51 months of the Start Date	4,000
5.2	Fit new MTU engines as detailed in row 1 of Table 1.3 of Part 5 to Appendix 11 on 40 power cars	Within 15 months of the Start Date	18,500
5.2	Fit new MTU engines as detailed in row 1 of Table 1.3 of Part 5 to	Within 27 months of the Start Date	27,000

⁹¹ date of exclusion 27.7.2006

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>
<i>Reference</i>	<i>Summary Description</i>	<i>Deadline</i>	<i>COPA (£ per Reporting Period)</i>
	<i>Appendix 11 on an additional 72 power cars</i>		
<i>5.4</i>	<i>HST interior redesign: 150 vehicles to receive redesign</i>	<i>Within 15 months of the Start Date</i>	<i>20,000</i>
<i>5.4</i>	<i>HST interior redesign: an additional 247 vehicles to receive the redesign</i>	<i>Within 27 months of the Start Date</i>	<i>33,000</i>
<i>7.1</i>	<i>Provide 370 portable ticket machines</i>	<i>Within 27 months of the Start Date</i>	<i>2,000</i>
<i>8.1</i>	<i>Achieve IIP Status and maintain such status</i>	<i>Within 3 years of the Start Date</i>	<i>3,000</i>
<i>11.1</i>	<i>Achieve Recognised for Excellence status</i>	<i>Within 51 months of the Start Date</i>	<i>3,000 from the first to the 13th consecutive Reporting Periods (both inclusive) after the deadline in column 3.</i> <i>5,000 from the 14th to the 26th consecutive Reporting Periods (both inclusive) after the deadline in column 3.</i> <i>7,000 from the 27th to the 39th consecutive Reporting Periods (both inclusive) after the deadline in column 3.</i> <i>Thereafter, zero</i>

1.3 The Committed Obligation Payment Adjustment shall be payable in accordance with Schedule 8.1 (*Franchise Payments*) of the Terms.

1.4 The Secretary of State may at its reasonable discretion decide to waive its rights to receive any payments payable in respect of a late, partial or non-delivery of any Committed Obligations. In deciding whether to waive such rights the Secretary of State may, but shall not be obliged to, take into consideration the circumstances under which the late, partial or non-delivery arose.

Part 4 –Initial Indicative Programme of Works

⁹²**Part 5 – Specification for Fleet Modification**

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⁹³**Part 6 Service Changes and Additional Service Changes**

The changes set out in this section are described as against the draft timetable consulted on by the Franchisee in February - March 2006.

Section 1 - Service Changes

- 1 Bristol, Swindon, Didcot, Reading**
An early morning service at around 0500 from Bristol Parkway to London Paddington to operate. This service will arrive in time to cycle into the morning departures from London Paddington.
- 2 Bedwyn**
The Westbury services are to call at Kintbury and Bedwyn, with the potential performance risk through a reduction in turnaround time at Westbury being mitigated through cycling an additional unit into the pattern. This generates an hourly service at Kintbury and Bedwyn throughout the day with one two-hour gap between 1230 and 1430 in both directions. This Service Change will be substituted by Additional Service Change ref 2 where and for so long as that is taken up.
- 3 Maidenhead & Twyford**
Additional dedicated service formed of two 3-car turbo units for Twyford & Maidenhead starting from Reading and then running non-stop from Maidenhead to London Paddington arriving at around 0730.
- 4 Slough**
Reduce the number of calls at Ealing Broadway from "fast" relief line services, thereby improving the journey time from Slough to London Paddington. Ealing Broadway service quantum will be at least no worse than the current quantum in the December 2005 timetable.
- 5 Slough**
Insert a call in the 0530 Bristol Temple Meads to London Paddington service to provide a fast early morning peak service (c0655) between Slough and London Paddington
- 6 Thames Valley Branches***
Services on the branches to be retimed to call at all stations en route (except the 05.56 Maidenhead to Marlow service which will NOT call at Furze Platt or Cookham) and also provide a connection with the mainline.
- 7 Wargrave & Shiplake***
Services on the Henley branch are to be retimed to increase the service level at these stations with contra peak flows adjusted to cater for schools traffic.

⁹² date of exclusion 27.7.2006

⁹³ Date of Change 6.6.2006

8 Basingstoke

Convert the planned empty early morning service between Reading and Basingstoke and the empty late service in the alternate direction to passenger service, to provide an earlier and later passenger service respectively.

9 Severn Beach Branch*

Services will be retimed along the branch to provide trains to meet the local requirements including schools flows.

10 North Downs

To provide a service between local stations along this line similar to the current timetable, whilst retaining the half hour service pattern, a new service proposal in each half hour will be introduced with trains running faster one side of Guilford and stopping the other side. This calling pattern will alternate in each half hour.

11 North Downs*

The alteration in 16a will ensure that the local college traffic between Crowthorne, Sandhurst and Farnborough North will be accommodated.

12 Bristol to Taunton

The London Paddington to Bristol services that are extended to Weston super Mare in the evening peak will be retimed with the extensions taking place 30 minutes later, providing greater capacity at the critical times from Bristol. All other services of the Franchisee on this route will also be retimed to provide an even spread of services.

13 West of England

The current proposed departure from London to Plymouth will be retimed from 2018 to 2035.

14 Abbot to Exeter stations

Subject to satisfactory "back-timing" an additional call at Dawlish Warren and Starcross will be made in the morning peak in the 0746 Paignton to London Paddington service and 1733 London Paddington to Paignton service.

Furthermore, subject to the above and the successful introduction of SDO an additional call will be made at Torre in both services.

15 Saltash and St Germans*

Additional calls will be inserted in other services to increase the number of services to 9 each way and provide a later evening service.

16 Plymouth

The first early morning stopping service from Penzance to Plymouth will be retimed to arrive at 0820 instead of 0826 to connect with Virgin services.

17 Truro to West Cornwall

The 1600 Plymouth - Liskeard service will be extended to Penzance to provide an evening peak service.

18 Barnstaple

Services extended from Exeter St Davids to terminate at and start from Exeter Central.

19 Barnstaple (First & Last Services)*

The first service to Exeter from Barnstaple will be retimed 30 minutes later and the last train from Exeter to Barnstaple retimed 20 minutes later.

The Franchisee and Secretary of State will monitor passenger reaction and may reconsider if appropriate.

- 20 *Barnstaple (calling pattern)*
Change intermediate calling pattern (Yeoford, Copplestone and Umlerleigh).*
- 21 *Devon & Cornwall Branchline Connections
Branches will be retimed to provide connections with the mainline services. The last train from Plymouth to Gunnislake to be re-timed to connect out of the Golden Hind.

Whilst maintaining the same quantum of services as included in the timetable on the date that this Appendix is amended to include this provision (so that the quantum of services from Calstock to Plymouth is 8 per day), the Franchisee will use all reasonable endeavours to operate the first service from Calstock
to Plymouth at a time similar to the December 2005 Timetable service.*
- 22 *Exmouth Branch*
Re-timing to better meet local needs, including later last train.*
- 23 *Weymouth – Bristol*
Service will be retimed away from a standard two hour pattern, providing the same quantum of service, but at times better suited to the leisure and commuter market requirements. This will include provision of a morning commuter service from Frome to Bristol.*
- 24 *Weymouth – Bristol*
Through introducing the new service pattern (issue 34a) connections at Castle Cary for the West of England will be improved.*
- 25 *Iver, Langley & West Drayton
An additional call at each of the above stations will be inserted into the 0359 Oxford to Paddington service.*
- 26 *Bristol to Southampton

Introduce a shuttle service between Westbury and Southampton operating 5 return trips per day including calls and Dean and Dunbridge, until December 2007 taking into account local flows including schools traffic.*
- 27 *Didcot
The calling pattern from London to Didcot in the evening peak will be altered with additional services calling. The above changes will give fast (but not “non-stop”) trains from Paddington to Didcot at 1548, 1615, 1622, 1645, 1652, 1700, 1715, 1748, 1752, 1800, 1815, 1830, 1845, 1848, 1900, 1915, 1948 and 2000.*
- 28 *Didcot to Oxford*
Calling pattern at stations between Didcot and Oxford is amended to provide service levels similar to the current December 2005 timetable. The pattern has also been retimed to provide services at times commensurate with local requirements.

Also, taken from the Schedule 1 attachment to the Franchisee's letter to the Secretary of State dated 20 March 2006:*
- 29 *Tackley, Heyford, Kings Sutton & Banbury
Introduce an evening service from Oxford to Banbury, departing Oxford at around 2050.*

- 30 **Newton Abbott – Paignton***
The Franchisee will continue to investigate the extension of the shuttle services to Exeter.
- 31 **Falmouth Branch***
Times of trains on the Falmouth Branch to be optimised to local requirements (in discussion with council and Partnership).
- 32 **Sunday Services***
To be reinstated at Patchway and smaller stations in the Oxford area
- 33 **Hayle***
The Franchisee to investigate reducing the service gap from 1103 to 1830 westwards from Hayle, and commits to introduce at least one additional stop in an existing service to Penzance.
- 34 **Ivybridge**
An additional four services in each direction shall serve Ivybridge. These additional services will operate between Plymouth and Totnes, and may be extended in either direction to start or terminate at an alternative location.

The commitment of the Franchisee in relation to the changes marked “” is to achieve them through re-timing, making additional calls and/or amending service patterns within existing timetabled services but without providing additional resources. The Franchisee is not committing to make these changes if additional resources would be required.*

SECTION 2 – ADDITIONAL SERVICE CHANGES

- 1 **Westbury**
Reinstate the current quantum (December 2005 timetable) of Paddington to Exeter services by extending two Paddington – Westbury services in each direction. Bedwyn and Kintbury calls will then be added to all relevant services (other than West of England services) in order to restore the current hourly service (except for the two hour gap between 1230 and 1430 in both directions).
- 2 **Plymouth Journey Time**
Through delivery of issue 2, there will be adjustments to other West of England services. This will provide faster journey times between Plymouth and London, through removal of calls at Taunton. This station will have calls replaced by services between London and Exeter.
- 3 **Tiverton**
The number of London trains calling at Tiverton will be increased to a level similar to the current December 2005 timetable.
- 4 **Totnes**
The number of London trains calling at Totnes will be increased to a level similar to the current December 2005 timetable.

SECTION 3 – INDICATIVE NUMBERS FOR CHANGES IN COSTS AND REVENUES

⁹⁴ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

The indicative NPV of the net costs of the Service Changes (before taking account of the Additional Service Changes and the changes referred to in Section 4) is £⁹⁵ These net costs are before taking account of the Charging Review which is effective from 1 April 2006 and which, together with other Changes, will be addressed in accordance with Schedule 9 of the Franchise Terms.

SECTION 4 – REVENUE AND COSTS ADJUSTMENTS IN RESPECT OF QUALIFYING CHANGE

The following elements of the Service Changes shall be treated as a Qualifying Change:

- (i) *in respect of item 21 of the Service Changes, operating the first service from Gunnislake to Plymouth at a time similar to the December 2005 Timetable service; and*
- (ii) *item 34 of the Service Changes.*
The costs and revenues in respect of those Service Changes for input into the Financial Model (before taking account of any other Changes, including any relating to any Charges Review) are as follows:

⁹⁴ date of exclusion 27.7.2006

⁹⁵ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

⁹⁶ Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.

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⁹⁶ date of exclusion27.7.2006

APPENDIX 12

2012 Olympic Games (*Clause 7.1*)

1. ACKNOWLEDGEMENT

The parties acknowledge that:

- (a) a successful bid was submitted by the UK Government to the Olympic Committee for London to host the Olympic Games in 2012 (the *Games*); and
- (b) as a key provider of public transport services into and out of London and the surrounding area, the Franchisee will have an important role to play during the Franchise Term in helping to make the staging of the Games successful.

2. FRANCHISEE CO-OPERATION

The Franchisee shall, at its own cost, co-operate and consult as reasonably required with the ⁹⁷"*Olympic Delivery Authority*" the Secretary of State, Transport for London, Network Rail, the British Transport Police and any other relevant party in connection with any arrangements directly or indirectly connected with the Games, including:

- (a) the provision of additional and/or specific railway passenger services;
- (b) the carrying out of necessary works to the network;
- (c) the provision of additional and/or specific security arrangements at stations at which the Passenger Services call and on the Passenger Services;
- (d) the provision of specific integrated ticketing in relation to the Passenger Services; and
- (e) advertising and marketing of the Games in relation to the Franchise Services.

3. ENTRY INTO THE OLYMPIC SERVICES DELIVERY PLAN

3.1 During the Franchise Term the Secretary of State shall give the Franchisee reasonable notice of:

- (a) his intention to enter into a plan for the implementation of:
 - (i) any or all of the matters referred to in paragraph 2; and
 - (ii) any other matter relevant to the award, planning or staging of the Games, (the *Olympic Services Delivery Plan*); and
- (b) the terms of the Olympic Services Delivery Plan he wishes to enter into.

3.2 The Franchisee may make representations to the Secretary of State in respect of the Secretary of State's proposed terms of the Olympic Services Delivery Plan.

⁹⁷ date of change 31.3.2006

3.3 If the Secretary of State and the Franchisee cannot agree on the terms of the Olympic Services Delivery Plan the Secretary of State shall reasonably determine such terms.

3.4 At a date to be notified to the Franchisee by the Secretary of State, the Secretary of State and the Franchisee shall enter into the Olympic Services Delivery Plan.

4. FINANCIAL EFFECTS OF THE OLYMPIC SERVICES DELIVERY PLAN

For the purpose of paragraph (j) of the definition of ***Change***, the cost and revenue effects of the Franchisee's implementation of the Olympic Services Delivery Plan shall be a Change.

5. IMPLEMENTATION OF THE OLYMPIC SERVICES DELIVERY PLAN

The Franchisee shall implement the Olympic Services Delivery Plan in accordance with its terms.

APPENDIX 13

Greater Western Specific Provisions (*Clause 7.2*)

1. ELECTRONIC ADVERTISING MEDIA

1.1 The Franchisee shall not install or procure the installation of electronic advertising media (including video or audio broadcast systems but excluding at seat electronic media devices which are able to be controlled by the customer) on any rolling stock vehicle within the Train Fleet without the prior written consent of the Secretary of State (such consent not to be unreasonably withheld).

1.2 In seeking the Secretary of State's consent to the installation of such media, the Franchisee shall provide to the Secretary of State:

- (a) the results of representative surveys carried out on no less than two separate occasions that demonstrate that the users of the Passenger Services are in favour of the installation and proposed content of such media; and
- (b) a detailed report of its proposals, explaining, amongst other things:
 - (i) the impact on the passenger environment of the relevant rolling stock vehicles within the Train Fleet; and
 - (ii) the forecast net financial benefit to the Franchisee of installing such media.

2. ROLLING STOCK COSTS

2.1 The Franchisee shall co-operate with the reasonable requirements of the Secretary of State in implementing any proposals he may have to:

- (a) reduce costs relating to leasing and/or maintenance arrangements in respect of relevant rolling stock vehicles under any Rolling Stock Related Contract without any corresponding reduction in the specification or quantum of or associated services that are available for those rolling stock vehicles; and
- (b) enable the Secretary of State to realise any consequent savings that arise.

In assessing the Secretary of State's proposals due regard will be had to the Franchisee's rolling stock proposals reflected in the Financial Model.

2.2 Without limiting paragraph 2.1, the Franchisee shall, to the extent requested by the Secretary of State from time to time, amongst other things:

- (a) attend meetings with the Secretary of State and any or all of the rolling stock leasing companies to discuss those proposals;
- (b) provide the Franchisee's opinion on those proposals;
- (c) review and comment on implementation timetables and programmes for any reductions in costs relating to the operation of rolling stock vehicles;
- (d) agree, and where required use all reasonable endeavours to achieve, any amendments to any Rolling Stock Related Contract which the Secretary of State considers to be necessary or desirable, and in such form as he may specify, in order to facilitate the

implementation of those proposals and use all reasonable endeavours to maximise the reductions referred to in paragraph 2.1(a);

- (e) where and to the extent that the Secretary of State considers it requisite for the purpose of implementing or facilitating the implementation of those proposals, to exercise any or all of the Franchisee's rights under any Rolling Stock Related Contract or any related rights which the Franchisee may have, in each case as the Secretary of State may specify. The Franchisee's obligations under this paragraph 2.2 include, where the Secretary of State so requires, the pursuit of any disputed issue by litigation or other form of dispute resolution provided for by the relevant Rolling Stock Related Contract. The Franchisee shall comply with the requirements of the Secretary of State in respect of the prosecution and resolution or determination of any such disputed issue. The Secretary of State shall reimburse any reasonable out-of-pocket expenses that the Franchisee may incur in complying with its obligations under this paragraph 2.2(e) (including legal expenses and the costs of any additional resources properly and reasonably required to conduct such dispute) subject (if and to the extent required by the Secretary of State from time to time) to prior notice of the nature and likely extent of the expense being given by the Franchisee to the Secretary of State and shall reimburse any liability which the Franchisee may be ordered to pay in connection with such dispute in connection with the costs of any third party, subject (if and to the extent required by the Secretary of State from time to time) to prior notice being given by the Franchisee to the Secretary of State that the action being taken may give rise to such liability; and
- (f) make available to the Secretary of State on an open book basis as and when reasonably requested, full information and explanation as to the extent of the costs that may be saved by the implementation of any such proposals.

2.3 The parties hereby agree that to the extent costs relating to rolling stock vehicle leasing and/or maintenance arrangements payable by the Franchisee under any Rolling Stock Related Contract are reduced as a consequence of:

- (a) the implementation of any or all of the Secretary of State's proposals referred to in paragraph 2.1 including:
 - (i) the entering into of any agreement between the counterparty to any Rolling Stock Related Contract and the Secretary of State or any other government instrumentality under which it has been agreed to alter amounts payable under the relevant contract;
 - (ii) any revision (with the agreement of the ORR, where applicable) of any existing code of practice which the counterparty has in place, or the creation of a new code of practice, where the effect of the revision or new code is to change, directly or indirectly, the basis upon which rentals or other payments are fixed, determined, set or agreed under rolling stock leases or other Rolling Stock Related Contracts whether entered into before or after the coming into effect of the revised or new code of practice; and/or
 - (iii) the giving by the counterparty of any undertaking to any competition authority whether voluntarily or as required by law in respect of its participation in the rolling stock leasing and/or maintenance market in Great Britain; and/or
- (b) the determination, finding, decision or requirements of any competition authority,

then, in either case, a Change shall occur and that Change shall be a Qualifying Change.

2.4 For the purposes of paragraph 2.3:

- (a) the reference to a Rolling Stock Related Contract includes any such contract which is in place at the Start Date and also any further replacement or additional such contract to which the Franchisee is a party at any time during the Franchise Term;
- (b) the additional assumptions which the parties shall agree or the Secretary of State shall reasonably determine pursuant to paragraph 5.2 of Schedule 9.3 (*Runs of the Financial Model*) shall include those necessary in order to ascertain the extent of the reduction in costs payable under any Rolling Stock Related Contract:
 - (i) to which the Franchisee is not a party as at the date of this Franchise Agreement; and
 - (ii) in respect of which no relevant assumption has been included in the Record of Assumptions;
- (c) the reference to costs payable by the Franchisee under any Rolling Stock Related Contract shall be deemed to include any introduction of or increase in amounts paid by any party to the Franchisee the effect of which, taken together with the costs payable by the Franchisee under the relevant contract, is to produce a net reduction in costs incurred by the Franchisee in relation to that Rolling Stock Related Contract; and
- (d) due regard will be had to the Franchisee's rolling stock proposals included in its Financial Model (which provide the reference point from which savings will be assessed) and to any other effects of the proposals on the other costs and risks of the Franchisee in connection with the leasing, operation and maintenance of the relevant rolling stock vehicles.

3. REPLACEMENT OF HST VEHICLES

3.1 The Franchisee shall co-operate with the Secretary of State's development and implementation of a programme to replace the existing HST vehicles with the HST2 vehicles. In particular, the Franchisee shall:

- (a) make its relevant personnel available to sit on the Secretary of State's steering group in relation to the HST2 project;
- (b) co-operate with the Secretary of State in:
 - (i) developing the commercial strategy for the replacement of the HST vehicles;
 - (ii) commenting on the specification for the trains, including the passenger interface and the operational and maintenance requirements;
 - (iii) advising on the operational implications and risks and estimated costs associated with possible alternative locations for maintenance, servicing and stabling;
 - (iv) commenting on the design and specification of the depots and the facilities and plant required for the maintenance, servicing and stabling of the HST2 vehicles;

- (v) commenting on the programme for trialling, testing, commissioning and introducing the HST2 vehicles into passenger service;
 - (vi) commenting on the construction and commissioning programme of the appropriate facilities for their maintenance, servicing and stabling; and
 - (vii) advising on any transitional issues during the introduction of the HST2 vehicles;
- (c) co-operate with the Secretary of State in undertaking all activities which are necessary and are required to be undertaken and which a competent Train Operator would undertake to facilitate the timely and cost effective introduction of the HST2 into passenger service on the rail network;
 - (d) provide as soon as reasonably practicable following any request for the same by the Secretary of State all information under its possession or control related to the operation of any depot or location which may be considered for maintenance, servicing or stabling of HST2 vehicles and provide complete transparency of the Franchisee's costs (and any revenues) associated with any such depot or location;
 - (e) allow bidders for the HST2 vehicles reasonable access to any depot or location under the control of the Franchisee which may be considered for maintenance, servicing or stabling of HST2 vehicles;
 - (f) if the results of the competition for the HST2 determine that best value for money is achieved by the implementation of a train service or train availability contract, cooperate to facilitate a timely and orderly handover of responsibility to the successful bidder for the HST2 in accordance with any programme for such handover;
 - (g) act in such a manner so as not to constrain the procurement or maintenance options for the HST2 vehicles; and
 - (h) provide complete transparency of the Franchisee's costs related to the introduction of HST2 vehicles or of any transfer of depot maintenance, servicing or stabling facilities or staff to the successful supplier of the HST2.

3.2 The Franchisee's obligations under paragraph 3.1 shall not require it to take or omit to take, nor excuse it from taking or omitting to take, any action that would be prejudicial to:

- (a) proper performance of its obligations under the Franchise Agreement; or
- (b) the pursuit of reasonable profit from the proper performance of its obligations under the Franchise Agreement.

4. CROSSRAIL

4.1 Without prejudice to the Franchisee's obligations under Schedule 1.7 (*Extended Restrictions of Use*) to the Terms, the Franchisee shall co-operate with Network Rail, the Secretary of State and/or any other relevant third party in the development and implementation of the Crossrail Scheme with a view to achieving the best overall solution for that scheme, and in so doing, the Franchisee shall use all reasonable endeavours to optimise the Secretary of State's potentially competing needs to:

- (a) minimise disruption to the Passenger Services during the implementation of associated works;
- (b) secure the best service level output for passengers from that programme; and
- (c) maximise value for money for the taxpayer from that programme.

4.2 In fulfilling its obligation to co-operate pursuant to paragraph 4.1, the Franchisee shall, amongst other things seek to (i) participate in a positive and constructive manner and in a way which offers full transparency of information available to the Franchisee to the Secretary of State; and (ii) identify solutions that minimise overall rail industry costs.

4.3 The Franchisee's obligations under paragraphs 4.1 and 4.2 shall not require it to take or omit to take, nor excuse it from taking or omitting to take, any action that would be prejudicial to:

- (a) proper performance of its obligations under the Franchise Agreement; or
- (b) the pursuit of reasonable profit from the proper performance of its obligations under the Franchise Agreement.

5.⁹⁸ **Where text has been omitted from the document this is because the Director General Rail or Secretary of State has decided to exclude the text in accordance with the provisions within the Freedom of Information Act 2000.**

⁹⁸ date of exclusions 27.7.2006

APPENDIX 14

Recalibration of Benchmarks (*Clause 7.2*)

1. FRANCHISE COMMENCEMENT RECALIBRATION

1.1 Within one Reporting Period after the Start Date:

- (a) the Cancellations Benchmark and the Service Delivery Benchmark shall be recalibrated in accordance with paragraphs 1.2 to 1.12 inclusive; and
- (b) Appendices 5 and 7 to the Franchise Agreement shall be amended accordingly.

Cancellations Benchmark Table – Target Performance Level

1.2 In respect of the Cancellations Benchmark Table, the Target Performance Level specified therein for the first Reporting Period of the Franchise Agreement shall be recalibrated by:

- (a) taking the number of instances where a Previous Passenger Service was cancelled in accordance with the definitions of Cancellation and Partial Cancellation during the 13 Reporting Periods prior to the Start Date, where a cancellation satisfying the definition of Cancellation shall count as 1 and a cancellation satisfying the definition of Partial Cancellation shall count as 0.5;
- (b) dividing the sum of that number by 13; and
- (c) calculating a percentage in accordance with the following:

$$\frac{A}{B} \times 100$$

where:

- A equals the number determined in accordance with paragraph 1.2(a), as divided in accordance with paragraph 1.2(b); and
- B equals the total number of Previous Passenger Services that were scheduled to be operated during the last Reporting Period prior to the Start Date.

Target Performance Levels for all subsequent Reporting Periods for Cancellations Benchmark

1.3 The Target Performance Level for each Reporting Period in the first Franchisee Year of the Franchise Term (A in the formula below), as determined pursuant to paragraph 1.2, shall be used to determine the relevant Target Performance Level for each of Franchisee Years 2 to 4 (inclusive) by decreasing the Target Performance Level for the first and each subsequent Reporting Period ending in each of those Franchisee Years (so that Target Performance Levels for all Reporting Periods in the same Franchisee Year are identical) from the level applying in the immediately preceding Franchisee Year by an amount calculated in accordance with the following formula, so that the Target Performance Level adjusts on a

straight-line basis, Franchisee Year by Franchisee Year, from the value A in the first Franchisee Year to 0.89 in Franchisee Year 5:

$$\frac{A - 0.89}{4}$$

1.4 The Target Performance Level for all Reporting Periods in Franchisee Years 5 to 10 shall be 0.89.

Service Delivery Benchmark Table – Target Performance Level

1.5 In respect of the Service Delivery Benchmark Table, the Target Performance Level specified therein for the first Reporting Period of the Franchise Term shall be recalibrated by:

- (a) taking the minutes of delay attributed to the relevant Train Operator under its track access agreement with Network Rail in respect of the Previous Passenger Services for the 13 Reporting Periods prior to the Franchise Agreement; and
- (b) dividing the sum of those minutes of delay by 13.

Target Performance Levels for all subsequent Reporting Periods for Service Delivery Benchmark

1.6 The Target Performance Level for the Service Delivery Benchmark for the first Reporting Period of the Franchise Term, as determined pursuant to paragraph 1.5, shall be used to determine the relevant Target Performance Level for the Service Delivery Benchmark for each Reporting Period from the second Reporting Period of Franchisee Year 1 to Period 5 of Franchisee Year 6 by decreasing each such level on a straight-line basis from the level set for the first Reporting Period of the Franchise Term to a level of 26,290 for Reporting Period 6 of Franchisee Year 6.

1.7 The Target Performance Level for the Service Delivery Benchmark for all Reporting Periods after Reporting Period 5 of Franchisee Year 6 shall be 26,290.

Improvement Plan Performance Levels for all Reporting Periods for each Benchmark

1.8 The Improvement Plan Performance Level for each Reporting Period of the Franchise Term shall be calculated in accordance with the following formula:

$$\frac{(100 + 7.5)}{100} \times \text{TPL}$$

where:

TPL equals the relevant Target Performance Level for the relevant Reporting Period as determined pursuant to this paragraph 1.

Breach Performance Levels for all Reporting Periods for each Benchmark

1.9 The Breach Performance Level for each Reporting Period of the Franchise Term shall be calculated in accordance with the following formula:

$$\frac{(100 + 15)}{100} \times \text{TPL}$$

where:

TPL equals the relevant Target Performance Level for the relevant Reporting Period as determined pursuant to this paragraph 1.

Default Performance Levels for all Reporting Periods for each Benchmark

1.10 The Default Performance Level for each Reporting Period of the Franchise Term shall be calculated in accordance with the following formula:

$$\frac{(100 + 20)}{100} \times \text{TPL}$$

where:

TPL equals the relevant Target Performance Level for the relevant Reporting Period as determined pursuant to this paragraph 1.

Roundings

1.11 The Cancellations Benchmark percentages recalibrated pursuant to this paragraph 1 shall be rounded to two decimal places, with the midpoint (that is, 0.835) rounded upwards (that is, 0.84). “A” in the formula set out in paragraph 1.3 above shall not be rounded.

1.12 The Service Delivery Benchmark percentages recalibrated pursuant to this paragraph 1 shall be rounded to the nearest ten minutes of delay, with the midpoint (that is, 5,005) rounded upwards (that is, 5,010).

2. RECALIBRATION TO REFLECT REMAPPING

2.1 The Cancellations Benchmark and the Service Delivery Benchmark as set out in the Franchise Agreement on signing and as subsequently recalibrated under paragraph 1 are each established on the basis of the three Track Access Agreements existing as at the Start Date and Network Rail has committed to continue to attribute performance under the three Track Access Agreements as if there were three separate train operators during the period from the Start Date to the Passenger Change Date in December 2006.

2.2 The Franchisee is expected to enter into the Single Track Access Agreement with Network Rail, under which it will have permission to use the Network Rail network to operate the Passenger Services with effect from the Passenger Change Date in December 2006 and under this agreement performance will be attributed with effect from that date on the basis of there being a single train operator.

2.3 This paragraph sets out the methodology by which the Cancellations Benchmark and the Service Delivery Benchmark will be recalibrated with effect from the Single Track Access Agreement taking effect in order to take account of the change in attribution of performance from the basis of three separate train operators to one of a single train operator.

2.4 As soon as reasonably practicable after the Start Date, the parties shall:

- (a) take the performance data under the three Track Access Agreements in respect of the thirteen consecutive Reporting Periods ending immediately prior to the Start Date and re-attribute that data to determine what would have been the number of Cancellations, Partial Cancellations and Minutes Delay attributed to the Franchisee if the three Track Access Agreements had instead been operated throughout that period by the same train operator under a single track access agreement. For these purposes a cancellation satisfying the definition of Cancellation shall count as 1 and a cancellation satisfying the definition of Partial Cancellation shall count as 0.5;
- (b) compare the results of such re-attribution with the results of the Franchise Commencement Recalibration under paragraph 1 and determine the ratio by which each of the number of Cancellations and Partial Cancellations and the number of Minutes Delay attributed to the Franchisee is increased;
- (c) apply the resultant ratio to amend with effect from the Passenger Change Date in December 2006 (or such other date on which Passenger Services commence being operated under the Single Track Access Agreement) the Cancellations Benchmarks and the Service Delivery Benchmarks respectively, as recalibrated under paragraph 1 and as they may otherwise have been amended, and Appendices 5 and 7 of the Franchise Agreement shall be amended accordingly to reflect those recalibrated Benchmarks;
- (d) take the performance data under the three Track Access Agreements in respect of each of the Reporting Periods from and including the Start Date up to but excluding the Passenger Change Date in December 2006 (or such other date on which Passenger Services commence being operated under the Single Track Access Agreement) and re-attribute that data to determine what would have been the number of Cancellations, Partial Cancellations and Minutes Delay attributed to the Franchisee if the three Track Access Agreements had instead been operated throughout that period by the same train operator under a single track access agreement;
- (e) for the purposes of the calculations required to be carried out under paragraphs 2.4 and 2.7 of Schedule 7.1 in respect of Reporting Periods commencing on or after the Passenger Change Date in December 2006 (or such other date on which Passenger Services commence being operated under the Single Track Access Agreement):
 - (i) the values of Cancellations and Minutes Delay in respect of prior Reporting Periods which commence on or after the Start Date shall be determined using the re-attributed performance data referred to in paragraph 2.4(d); and
 - (ii) for the purposes of paragraph 2.12 of Schedule 7.1, the assumed level of performance for Reporting Periods which precede the Start Date shall be the relevant Target Performance Level as recalibrated under paragraph 2.4(c).

3. COMMON PROVISIONS

3.1 The provisions in this Appendix 14 are without prejudice to paragraph 3 (*Service Delivery Benchmark Adjustments*) of Schedule 7.1 of the Terms (*Performance Benchmarks*), so that:

- (a) Benchmarks recalibrated under this Appendix 14 shall continue to be subject to adjustment under that paragraph 3; and

- (b) if an adjustment is made to the Benchmarks under that paragraph 3 before the calibration under paragraph 2 is completed, then the calibration methodology set out in paragraph 2 shall be subject to such amendment as is reasonably required to take account of that adjustment.

3.2 The parties shall cooperate with regard to recalibration and, whichever party performs the recalibration, the other party shall have a reasonable opportunity to attend the recalibration and receive prompt notification of the workings and results.

3.3 The Franchisee shall carry out:

- (a) the recalibration referred to in paragraph 1 of this Appendix 14, within the timescale set out in paragraph 1.1 above; and
- (b) the recalibration referred to in paragraph 2 of this Appendix 14, in accordance with the following timescales:
 - (i) on or before 15 September 2006 the Franchisee shall provide to the Secretary of State details of its proposed methodology for carrying out the remapping recalibration in accordance with paragraph 2 of this Appendix 14;
 - (ii) promptly following receipt of a notice from the Secretary of State requiring it to do so and in any event by 15 October 2006 the Franchisee shall carry out the remapping recalibration and shall provide to the Secretary of State all workings and results of such recalibration;
 - (iii) on or before 15 November 2006 the parties shall agree or the Secretary of State shall reasonably determine the amendments to the Cancellations Benchmark and Service Delivery Benchmark in accordance with paragraph 2 of this Appendix 14; and
 - (iv) with effect from and including the date on which the Single Track Access Agreement takes effect such that the performance of trains operated under it is monitored and attributed in accordance with its terms, Appendices 5 and 7 to the Franchise Agreement shall be amended accordingly.

3.4 If the Franchisee fails to carry out the recalibration within the timescales set out in paragraph 3.3 above, or if the Secretary of State is not satisfied as to (a) compliance of the proposed methodology with paragraph 2 of this Appendix 14; (b) how such recalibration has been performed; or (c) the results of such recalibration, the Secretary of State may carry out the recalibration in accordance with paragraph 2 and his recalibration shall inform his reasonable determination of the Benchmarks under paragraph 3.3(iii) of this Appendix 14.

APPENDIX 15**List of Documents in the Agreed Terms (Clause 8)**

<i>Terms</i>	National Rail Franchise Terms
<i>FM</i>	Financial Model
<i>IBP</i>	Initial Business Plan
<i>OM</i>	Operational Model
<i>PC</i>	Passenger's Charter
<i>POA</i>	Power of Attorney
<i>ROA</i>	Record of Assumptions
<i>SLC1</i>	First Service Level Commitment
<i>SLC2</i>	Second Service Level Commitment
<i>SQAP</i>	Service Quality Audit Programme
<i>SQMS</i>	Service Quality Management System
<i>SQS</i>	Service Quality Standards
<i>TP</i>	Train Plan
<i>DL</i>	Depot Lease
<i>SL</i>	Station Lease
<i>CF</i>	Major Station Area Lease
<i>DAA</i>	Depot Access Agreement
<i>SAA</i>	Station Access Agreement
<i>LULSL</i> Note 1	London Underground Limited Station Lease

Note 1: Whilst the parties agree that the LULSL documents referred to above are agreed form documents, the parties agree that the Franchisee shall not be precluded from further discussions with London Underground Limited (*LUL*) on the following issues:

- (a) LUL's entitlement to close the stations or withdraw any amenities and/or services for specific projects contemplated by the PPP contracts between LUL and Metronet Rail SSL Limited, Metronet Rail BCV Limited and Tubelines Limited and/or PFI

contracts between LUL and Citylink Telecommunications Limited, Transactions Systems Limited and EDF Energy Powerlink Limited.

- (b) The amounts of any Common Charge, Exclusive Charges and or Long Term Charges (as each of those terms is defined in the LULSL documents) and provisions dealing with any review of these charges in the event of changes in numbers of vehicle departures.

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12 December 2005

THE SECRETARY OF STATE FOR TRANSPORT

and

FIRST GREATER WESTERN LIMITED

**GREATER WESTERN
FRANCHISE AGREEMENT**

**incorporating by reference the
National Rail Franchise Terms (First Edition)**



Derogation Page

ⁱ ~~By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: An extension to the project completion date for the Relief Line Speed Improvement Project owing to Network Rail delays.~~

~~Start Date 06/03/08 End Date 30/09/08~~

ⁱⁱ ~~By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: Further time to complete the obligated Platform Extension works at Maidenhead Station.~~

~~Start Date 01/04/08 End Date 31/07/08~~

ⁱⁱⁱ By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: Further time to complete the obligated Platform Extension works at Maidenhead Station.

Start Date 01/08/08 End Date 31/12/08

^{iv iv} By virtue of a derogation the Secretary of State has granted the Franchise Operator a derogation against the completion dates for the Committed Obligations contained in paragraphs 2.5 and 2.6.

Start Date 22/6/2009 End Date 31/12/2010

^{iv} ~~By virtue of a derogation the Secretary of State has granted the Franchise Operator the following: against the completion date of the new carriage wash plant at Old Oak Common Depot.~~

~~Start Date 30/11/2008 End Date 28/2/2009~~

^v ~~By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: Further time to install the new carriage wash plants at Exeter and Old Oak Common owing to manufacturer delays and Network Rail delays.~~

~~Exeter Start Date 05/03/08 End Date 30/09/08~~

~~Old Oak Common Start Date 05/03/08 End Date 30/11/08~~

^{vi} ~~By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: Further time to renew the National Radio Network telephone owing to supplier problems.~~

~~Start Date 01/07/08 End Date 31/10/08~~

^{vii vii} ~~By virtue of a derogation the Secretary of State has granted the Franchise Operator the following: against the completion work dates on the West DMU fleet in paragraphs 5.11, 5.12, 5.14 and 5.16.~~

~~Start Date 25/5/2009 End Date 30/06/2009~~

^{viii} ~~By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: A further twelve months to complete the West DMU fleet refresh work.~~

~~Start Date 30/09/07 End Date 30/09/08~~

^{ix} By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: A further six months to complete the West DMU fleet refresh work.

Start Date 01/10/08 End Date 31/03/09

^x By virtue of a derogation, the Secretary of State has granted the Franchise Operator the following: Owing to postponement of HST rolling stock trials, the acquisition of catering trolleys is suspended pending the outcome of the trials.



Start Date 01/04/08 End Date 01/04/09

