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24 March 2014

Dear David

Variation to LCHS, LCS Naming Rights and Sponsorship Agreement

With reference to the London Cycle Hire Scheme, London Cycle Superhighways Naming Rights and Sponsorship Agreement dated 21 May 2010 made between Transport Trading Limited ("TTL") and Barclays Bank PLC ("Sponsor") in respect of the naming and sponsorship rights in connection with the London Cycle Hire Scheme and the Cycle Superhighways (the "Agreement"), this letter agreement (the "Variation Agreement") sets out the terms on which the parties have agreed to vary the Agreement.

1. PHASE 3

The following definition shall be inserted below the definition of "Phase 1 Long Stop Date" in the Agreement:

" 'Phase 3 Expansion' means the expansion referred to as such by TfL and includes the extension of the London Cycle Hire Scheme to new areas within London including Hammersmith and Fulham and all associated aspects including new bicycles and docking stations."

The following wording shall be inserted after clause 3.1 of the Agreement:

"3.1A TTL launched the Phase 3 Expansion on 13 December 2013. The Rights and all other provisions of the Agreement shall, in accordance with the terms of the Variation Agreement, apply to the Phase 3 Expansion as if such Phase 3 Expansion had been included in the Agreement with effect from 13 December 2013."

In consideration of the extended naming and sponsorship rights, with effect from 13 December 2013, the table set out in Schedule 6 Part B (Charges) of the Agreement shall be deleted and replaced with the following table and the new explanatory wording directly below it:

Performance period *	Payment sum in respect of Phases 1 and 2	Payment sum in respect of Phase 3*	Total Payments in respect of Phases 1, 2 and 3	Invoice to be issued by TTL*	Payment date*
Actual Phase 1 Launch to 31 January 2011	£3.0m	-	£3.0m	Upon Actual Phase 1 Launch	Within 30 days of Actual Phase 1 Launch
1 February to 31 July 2011	£3.0m	-	£3.0m	To allow for the production of management information and performance indicators for the previous performance period, invoices for the then current performance period shall be issued by TTL within 20 Business Days of the beginning of the then current performance period. (Such invoices shall show the Charges for the then current performance period subject to any	Within 30 days of the date of the invoice
1 August 2011 to 31 January 2012	£3.0m	-	£3.0m		
1 February to 31 July 2012	£3.0m	-	£3.0m		
1 August 2012 to 31 January 2013	£3.0m	-	£3.0m		
1 February to 31 July 2013	£3.0m	-	£3.0m		
1 August 2013 to 31 January 2014**	£1.75m	£200,000** *	£1.95m		
1 February to 31 July 2014	£1.75m	£798,000** *	£2,548,000		
1 August 2014 to 31 January 2015	£1.75m	£798,000	£2,548,000		

				deductions for the previous performance period under Part C below.)***	
1 February to 31 July 2015	Subject to the "New Sponsor" paragraph below, such amount as shall be determined in accordance with the "New Charges" paragraph set out below to take the total Charges paid by the Sponsor up to £25.00m			Within 30 days of the start of this final period.	
TOTAL			£25.00m		

Explanatory Wording:

*The parties agree that the monthly payment for Phase 3 (subject to the paragraph headed "New Sponsor" below) shall be £133,000, and this has been calculated by way of commercial agreement between them based on the following factors:

- Sponsorship of the Phase 3 Expansion was initially valued at £10m ("**Initial Valuation**") over 60 months ("**Life Span**");
- However, the Phase 3 Expansion actually launched with 20% fewer bicycles compared to that used in calculating the Initial Valuation. Therefore the parties agreed that in order to take into account the reduction in the number of bicycles, the value of the sponsorship of the Phase 3 Expansion should be reduced to 80% of the Initial Valuation ("**the Revised Valuation**").

Therefore the monthly payment is calculated as follows:

$$\text{Initial Valuation} \times 80\% = \text{£8m} = \text{Revised Valuation}$$

$$\text{Revised Valuation} / \text{Life Span} = \text{£8m} / 60 \text{ months} = \text{£133,333.33 per month}$$

The parties have agreed that the monthly payment will be rounded down to the nearest £1,000. Therefore the actual monthly payment will become £133,000.

Subject to the paragraph headed "New Sponsor" below, the parties agree that the Sponsor shall pay such monthly amount solely as set out in the table above, and therefore such payments will be made in respect of 19.5 months (until the expiry of the Term).

** The Phase 3 Expansion launched on 13 December 2013; therefore the parties have agreed that the Sponsor shall pay 1.5 month's Charges in respect of

Phase 3 (being £199,500, rounded up to £200,000), in addition to the Phase 1 and 2 Charges, for the period 1 August 2013 to 31 January 2014.

***Notwithstanding the invoice dates set out in the table above, for the payments in respect of Phase 3 which are designated *** only, TTL shall issue invoices within 20 Business Days of the signature of the Variation Agreement, and the Sponsor shall pay each such invoice within 30 days of the date of the respective invoice.

2. MINIMUM COMMITMENT

The following definition shall be inserted below the definition of "Ambush Marketing" in the Agreement:

" 'Appoints' means, in respect of a new sponsor, when TTL enters into a binding arrangement with a third party for sponsorship of the London Cycle Hire Scheme, and "Appointed" and "Appointment" shall be construed accordingly;"

The following new paragraphs shall be inserted at the end of Schedule 6 Part B (Charges):

"£25 MILLION MINIMUM COMMITMENT

Subject to the provisions below under the heading "New Sponsor" (which provide for an early exit where a new sponsor isAppointed), TTL and the Sponsor agree that the total Charges due from the Sponsor under the Agreement shall be twenty five million pounds (£25,000,000).

Therefore, if after:

- (a) all Charges set out in the table in this Schedule 6 Part B (Charges);
- (b) any other charges payable by the Sponsor pursuant to Clause 8.4; and
- (c) all deductions from the Charges made in accordance with the metrics set out in Schedule 6 Part C (Performance Indictors and Clawbacks) have been taken into account:

(A) The sum is less than twenty five million pounds (£25,000,000), then the Charges payable in respect of the final period identified in the table above (1 February to 31 July 2015) shall be such amount as represents the difference between the total Charges paid by the Sponsor up to 1 February 2015 (taking into account the items listed in sub-paragraphs (a) to (c) above) and the sum of twenty five million pounds (£25,000,000); or

(B) The sum is more than twenty five million pounds (£25,000,000) then TTL shall refund such excess amount (being the amount over £25 million) to the Sponsor. Where this applies, the Sponsor shall invoice TTL for any such excess amount within 20 Business Days of 02

August 2015, and TTL shall pay the balance within 30 days of the date of the invoice.

The Sponsor acknowledges and agrees that, subject to the provisions below under the heading "New Sponsor" but notwithstanding any other provision of the Agreement, it shall not be entitled to any deductions from the Charges under Schedule 6 Part C (Performance Indicators and Clawbacks) which would reduce the total amount of Charges paid to TTL to less than twenty five million pounds (£25,000,000).

New Sponsor

Notwithstanding any other provision in this Agreement, in the event that TTL Appoints a new sponsor for the London Cycle Hire Scheme prior to 31 July 2015, either party may terminate the Agreement on 15 days' notice in writing ("**Early Termination**"), clause 17.2.2 of the Agreement shall apply as if the termination were a termination for convenience and clause 7.10 of the Agreement shall apply to materials making any announcement concerning such new sponsor before the date of Early Termination provided that the Receiving Party shall provided its responses sooner than required by clause 7.10 where practicable. In the event of such Early Termination:

- a) The Sponsor shall, subject to the provisions on reconciliation below, be liable to pay only Charges in accordance with the table in this Schedule 6 Part B (Charges) which cover the period up until the date of the Early Termination;
- b) The twenty five million pound (£25,000,000) minimum amount set out in the paragraph above under the heading "New Charges" shall not apply, and any Clawbacks will be payable in accordance with the Agreement; and
- c) The parties shall perform a fee reconciliation as follows:

If the Reconciliation Calculation Amount set out in the table below for the month in which termination of the Agreement pursuant to an Early Termination will occur is greater than the total amount that the Sponsor is liable to pay to TTL under this Agreement up to the date of Early Termination, TTL shall send the Sponsor an invoice for the amount of the difference within 20 Business Days of the date of Early Termination, and the Sponsor shall pay the balance within 30 days of the date of such invoice.

For example, if the Reconciliation Calculation amount is £23,333,000 and the actual amounts paid or payable by Sponsor are £23,000,000, then the invoice will be for £333,000.

If the Reconciliation Calculation Amount for the month in which termination of the Agreement pursuant to an Early Termination will occur is less than the total amount that the Sponsor is liable to pay to TTL under this Agreement up to the date of Early Termination, the Sponsor shall send TTL an invoice for the amount of the difference within 20 Business Days of the

date of Early Termination, and TTL shall pay the balance within 30 days of the date of such invoice.

Reconciliation Calculation Amount (£)	Termination month
18,750,000	Apr 14
19,167,000	May 14
19,583,000	Jun 14
20,000,000	Jul 14
20,417,000	Aug 14
20,833,000	Sep 14
21,250,000	Oct 14
21,667,000	Nov 14
22,083,000	Dec 14
22,500,000	Jan 15
22,917,000	Feb 15
23,333,000	Mar 15
23,750,000	Apr 15
24,167,000	May 15
24,583,000	Jun 15
25,000,000	Jul 15

INCENTIVE PAYMENTS

Subject to the foregoing, if a new sponsor for the London Cycle Hire Scheme is Appointed on or before 31 March 2015, the Sponsor will pay an incentive payment calculated according to the date of Appointment as follows:

- a) on or before 2 August 2014, the Sponsor will also pay TTL an additional £500,000;
- b) between 3 August 2014 and 31 December 2014 (inclusive), the Sponsor will also pay TTL an additional £250,000; or

c) between 1 January 2015 and 31 March 2015 (inclusive), the Sponsor will also pay TTL an additional £100,000.

and TTL shall send an invoice in respect of any payment due under this paragraph "Incentive Payments" within 20 days of Early Termination, and payment of such invoice shall be made within ninety (90) days of the date of the invoice."

Notwithstanding any provision of this Agreement, any incentive payment payable under this paragraph shall not be included in the Reconciliation Calculation set out under paragraph (d) above, but shall be payable in addition to any payment as set out therein.

3. **BRANDING**

The following wording shall be inserted after clause 7.4 of the Agreement:

"7.4A From 1 May 2014 a gradual refresh shall commence as set out under clause 7.4 above. The purpose of this gradual refresh will be to change the Sponsor Artwork used on the LCHS Bicycles, such that the Sponsor Artwork featured on the LCHS Bicycles shall be as, or based on, that set out at paragraph 1 A of Schedule 2 (with the final Sponsor Artwork to be as advised by the Sponsor to TTL as soon as reasonably practical after the signature of the Variation Agreement). The parties agree that the cost of such gradual refresh will be borne by TTL."

The following shall be inserted at the end of paragraph 1 of Schedule 2 (Marks and Logos):

"1A POTENTIAL LOGO FOR 2014 GRADUAL REFRESH

LifeSkills

Created with  **BARCLAYS**

4. INTERPRETATION

Unless otherwise stated:

- (a) words and expressions defined in the Agreement shall have the same meaning in this letter;**
- (b) all the provisions of the Agreement shall continue in full force and effect as if the terms of this letter were part of the Agreement;**
- (c) all references to Clauses and Schedules are to Clauses and Schedules of the Agreement; and**
- (d) English law shall apply to the whole of this Agreement and, subject to the Dispute Resolution Procedure, all disputes, claims or controversies, disagreements, actions and proceedings arising out of, related to or in connection with this Agreement (whether contractual or non-contractual) shall be subject to the exclusive jurisdiction of the English courts.**

In the event of a conflict between the provisions of this letter and the Agreement, then this letter shall prevail.

In accordance with Clause 18.4 of the Agreement, please confirm your agreement to the terms of this letter and to the variation to the Agreement as set out above by signing and returning the enclosed copy.

Yours sincerely,



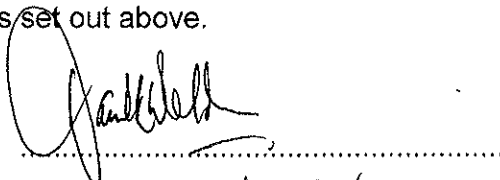
Graeme Craig
Commercial Development Director

Email: graemecraig@tfl.gov.uk

For and on behalf of
Transport Trading Limited

We, Barclays Bank PLC agree to the terms of this Variation Agreement and to the variation to the Agreement as set out above.

Signed by)
For and on behalf of)
BARCLAYS BANK PLC)



David Wheldon
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