Example 1

Fare Adjustments within +/- 10% points from the overall fare adjustment

Example 1: Despite overall fare increase under FAM, MergeCo would reduce the fares for selected journeys in face of drop in railway market share or patronage following the introduction of new competing services and/or price cut by its competitors.

Overall fare increase rate = 2.0%

In this example, MergeCo would reduce the fares for journeys X - C and X - D by 8.0% and slightly adjust upward the rates of fare increase for other journeys by no more than 2.5% in such a way that would result in compliance with the overall FAM adjusted rate of 2%. The absolute increase for all journeys would range between 20 and 30 cents.

	Station										
From Station X to	***A***	***B***	***C***	***D***	***E***	***F***	***G***	***H***	***I***	***J***	***ALL***
(a) No. of Passengers	2400	2400	300	400	1800	2000	3000	1800	2000	3000	**19100**
(b) Existing Fare	$7.9	$7.9	$10.0	$10.0	$10.0	$10.0	$10.0	$11.8	$11.8	$11.8	**$10.11** *
(c) New Fare	$8.1	$8.1	$9.2	$9.2	$10.2	$10.2	$10.2	$12.1	$12.1	$12.1	**$10.31** *
Change in Fare = (c)/(b)-1	2.5%	2.5%	-8.0%	-8.0%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	**2.0%**

* Overall average fare weighted by the number of passengers for different fares involved.

Fare Adjustments within +/- 10% points from the overall fare adjustment rate

Example 2: Despite overall fare increase under FAM, MergeCo would also reduce the fares for selected journeys in face of sustained lower market share.

Overall fare increase rate = 2.0%

In this example, MergeCo would reduce the fares for journeys X - G by 1.5% and X - H by 7.6%, and slightly adjust upward the rates of fare increase for other journeys by 2% to 4% in such a way that would result in compliance with the overall FAM adjusted rate of 2%. The absolute fare increases would range between 10 and 30 cents.

		Station								
From Station X to		***A***	***B***	***C***	***D***	***E***	***F***	***G***	***H***	***ALL***
(a)	No. of Passengers	1000	800	1500	1800	1200	2500	500	300	**9600**
(b)	Existing Fare	$3.9	$4.4	$4.8	$5.2	$6.2	$11.3	$13.5	$14.4	**$7.37** *
(c)	New Fare	$4.0	$4.5	$5.0	$5.4	$6.4	$11.6	$13.3	$13.3	**$7.51** *
	Change in Fare = (c)/(b)-1	2.6%	2.3%	4.2%	3.8%	3.2%	2.7%	-1.5%	-7.6%	**2.0%**

* Overall average fare weighted by the number of passengers for different fares involved.

Fare Adjustments within +/- 10% points from the overall fare adjustment rate

Example 3: MergeCo would fine-tune its fare structrue where the number of stations travelled for a particular fare zone is revised in response to changes in corresponding fares (e.g. sectional fares) of competing services.

Overall fare increase rate = 2.0%

In this example, a new fare zone covering G, H and I would be introduced, resulting in a reduction in fares for journeys X – H and X – I by 7.6% and an increase in fare for journey X – G by 9% while maintaining the rates of fare increase for other journeys at around 2%. The overall effect would comply with the overall FAM adjusted rate of 2%. Except for journey X – G, the absolute increase for all journeys would be 20 cents.

		Station									
From Station X to		***A***	***B***	***C***	***D***	***E***	***F***	***G***	***H***	***I***	***J***	***ALL***
(a)	No. of Passengers	1800	1500	1800	2500	3000	4000	2100	800	600	2000	**20100**
(b)	Existing Fare	$7.9	$7.9	$10.0	$10.0	$10.0	$10.0	$10.0	$11.8	$11.8	$11.8	**$9.96** *
(c)	New Fare	$8.1	$8.1	$10.2	$10.2	$10.2	$10.2	$10.9	$10.9	$10.9	$12.0	**$10.16** *
	Change in Fare = (c)/(b)-1	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	9.0%	-7.6%	-7.6%	1.7%	**2.0%**

* Overall average fare weighted by the number of passengers for different fares involved.