



TRAVEL AGENTS AGENCY AND TOUR OPERATOR “INFORMATION” (“Agents”)

OUR MISSION

To provide extraordinary Journey by Rail vacations using our unequaled combination of retail travel, passenger transportation, resort development, private passenger train/car, and hospitality industry experience to excel in all regards; working with strategic and tactical collaborators in related industries.

CARS AND SERVICE

America’s Trains (“ATs”) rail cars are not older units with new paint, fixtures and furniture. They are fully redesigned, rebuilt and refurbished to exceed Amtrak’s mechanical specifications, with interior amenities intended to provide utmost gratification to discriminating consumers of unique, luxury vacation services. ATs does not replicate antiquated capabilities that were in vogue when rail travel was at its peak, it combines the best of these features with modern conveniences and systems that make ATs cars the best in America, equal to the worlds finest.

Vacations include two integral segments, train travel to (between) en-route destinations during which time passengers enjoy gratifying on board services, and extended layovers at en-route destinations where passengers live on board while enjoying off-car activities.

“Is the infinite pleasure greater traveling to or after arriving at en-route destinations?”

1. YOUR UPSCALE CLIENTS CAN:

- See North America on a growing number of routes on board luxurious rail cars.
- Avoid concerns about foreign travel.
- Experience a vacation experience not otherwise available.
- Stay on rail Cars while enjoying a wide variety of things to do during layovers at various en-route destinations, without moving to and from hotels.
- Eliminate air travel and driving on return trips leaving from where passengers reside.

2. INTRODUCTION

Calculation of amounts payable to Agents for selling Journey by Rails is based on the full all-inclusive sale price, excluding taxes and fees (if any).

A “sale” is a confirmed and used Journey in one bedroom with single, double or triple occupancy.

ATs also pays Agents varying amounts for the sale of Tracks to Adventure™ tours and ATs gifts.

The number of available Journeys by Rail will increase as additional rail cars are rebuilt and placed in service. Initially, the lower number of cars and Journeys may limit the number available to and sold by Agents which could prevent some Agents from achieving

desired earnings based on the following Commission and Mark-up payment schedules, which increase Agent earnings as more sales are made. This is offset as described in Special Arrangements, section 6. below.

There are several forms of Agent remuneration for Journey by Rail sales, as follows:

- a) "Commissions" which are a percentage of the sale price (fare) determined by ATs.
- b) "Mark-ups" which are the difference between a "Net Cost" that is retained by ATs and a sale price determined by the selling Agent, plus overrides and bonuses.
- c) "Overrides" which are in addition to Commissions or Mark-ups.
- d) Variable "Bonuses" which are in addition to other payments, if any.
- e) "Special" amounts as ATs may determine from time to time.

3. COMMISSIONS AND COMMISSION OVERRIDES

- a) **Commissions:** Sales prices (fares) are determined by ATs.

Agent Commissions are calculated as a percentage of Journey by Rail fares. The percentage is based on the number of sales, including the current sale(s) being made, over an immediately preceding 26 week period starting on Saturdays and ending on Fridays ("Payment Period"). Commissions are as follows:

- 1 sale over the preceding Payment Period = 12% Commission.
- 2 sales over the preceding Payment Period = 14% Commission on this sale plus an additional amount ("Extra Percentage") so that the Commission on all previous sales during the current Payment Period is increased to 14%.
- 3 sales over the preceding Payment Period = 16% Commission on this sale plus an Extra Percentage so that the Commission on all previous sales during the current Payment Period is increased to 16%.
- 4 sales over the preceding Payment Period = 18% Commission on this sale plus an Extra Percentage so that the Commission on all previous sales during the current Payment Period is increased to 18%.
- 5 sales over the preceding Payment Period = 20% Commission on this sale plus an Extra Percentage so that the Commission on all previous sales during the current Payment Period is increased to 20%.
- 6 sales over the preceding Payment Period = 21% Commission on this sale plus an Extra Percentage so that the Commission on all previous sales during the current Payment Period is increased to 21%.
- 7 sales over the preceding Payment Period = 22% Commission on this sale plus an Extra Percentage so that the Commission on all previous sales during the current Payment Period is increased to 22%. Total Agent earnings for the 7th sale is 22% for the current sale + 12% for 6 prior sales = 34% if all sale prices are similar.
- 8 or more sales over the preceding Payment Period = 22% Commission on each sale.

Agents can irrevocably determine the date on which a Payment Period starts by advising ATs in an email. Otherwise ATs will calculate and provide a written record of amounts earned by Agents so that sales are included during Payment Periods that maximize total Commission amounts. Except for additional Extra Percentage Commission amounts earned because more sales have been made, all Commissions for each sale will only be included in one Payment Period.

All amounts paid by buyers for Journeys by Rail are payable to ATs unless an Agent receives payment using an Agent's merchant account or other necessary collection procedure, in which event Agent must hold all received payments in trust and manage such payments as provided for in specific written arrangements between ATs and the Agent.

Agents may be able to earn higher Commissions sooner than set forth above as described in Special Arrangements, section 6.a) below.

b) **Commission Overrides**

Commission "Overrides" are in addition to Commissions and are paid for multiple sales made and confirmed at the same time, whether an affinity group or not, as follows:

- 2 sales at the same time = an additional 1% of the sale prices for the 2 sales.
- 3 sales at the same time = an additional 2% of the sale prices for the 3 sales.
- 4 or more sales at the same time = an additional 3% of the sale prices for the 4 or more sales.

c) **Payments to Agents**

Commission plus Override amounts ("total amount") are paid to Agents as follows:

- 25% of the total amount owed to date for each sale is paid 56 days before the departure date or when final and full payment is made by the passenger, whichever occurs last.
- 25% of the total amount is paid 28 days before the departure date or when final and full payment is made by the passenger, whichever occurs last.
- The balance of the total amount is paid on or before the departure date.

Bonus and Special amounts are paid to Agents within 14 days after they are earned.

4. **MARK-UPS AND MARK-UP OVERRIDES**

a) **Mark-ups**: Sales prices (fares) are determined by Agents.

Agents can reduce or increase Journey fares at their discretion, within certain reasonable guidelines established by ATs to limit consumer perceptions related to price discounting.

Agents can develop all-inclusive packages ("Packages") that may include additional ground or air services of their ("Add Ons"). In this event, Agents must make buyers aware in writing that ATs is only responsible for providing and refunds related to the Journey by Rail portion of a Package.

Mark-ups are sale price amounts in excess of Net Costs that are calculated as a percentage of the Journey by Rail fares described on the ATs web site at the time that sales are confirmed by ATs ("Journey Amount"), excluding taxes and fees (if any).

Net Costs are based on the number of sales, including the current sale(s) being made, over an immediately preceding 26 week period starting on Saturdays and ending on Fridays ("Payment Period"). Net Costs are as follows:

- 1 sale over the preceding Payment Period = 88% Net Cost
- 2 sales over the preceding Payment Period = 86% Net Cost for this sale less an Extra Percentage so that the Net Cost on all previous sales during the current Payment Period is decreased to 86%.

- 3 sales over the preceding Payment Period = 84% Net Cost for this sale less an Extra Percentage so that the Net Cost on all previous sales during the current Payment Period is decreased to 84%.
- 4 sales over the preceding Payment Period = 82% Net Cost for this sale less an Extra Percentage so that the Net Cost on all previous sales during the current Payment Period is decreased to 82%.
- 5 sales over the preceding Payment Period = 80% Net Cost for this sale less an Extra Percentage so that the Net Cost on all previous sales during the current Payment Period is decreased to 80%.
- 6 sales over the preceding Payment Period = 79% Net Cost for this sale less an Extra Percentage so that the Net Cost on all previous sales during the current Payment Period is decreased to 79%.
- 7 sales over the preceding Payment Period = 78% Net Cost for this sale less an Extra Percentage so that the Net Cost on all previous sales during the current Payment Period is decreased to 78%.
- 8 or more sales over the preceding Payment Period = 78% Net Cost for each sale.

Agents can irrevocably determine the date on which a Payment Period starts by advising ATs in an email. Otherwise ATs will calculate and provide a written record of amounts earned by Agents so that sales are included during Payment Periods that maximize total Mark-ups. Except for additional Extra Percentage Mark-ups earned because more sales have been made, all Mark-ups for each sale will only be included in one Payment Period.

All amounts paid by buyers for Journeys by Rail and Packages are payable to ATs until the Journey Amount is paid unless an Agent receives payment using an Agent's merchant account or other necessary collection procedure, in which event Agent must hold all received payments in trust and manage such payments as provided for in specific written arrangements between ATs and the Agent. After the full Journey Amount has been received by ATs, all additional amounts paid by buyers for Add Ons is retained by the Agent.

Agents may be able to earn higher Mark-ups sooner than set forth above as described in Special Arrangements, section 6.a) below.

b) **Mark-up Overrides**

Mark-up Overrides are in addition to Mark-ups and are paid for multiple sales confirmed by ATs at the same time, whether an affinity group or not, as follows:

- 2 sales at the same time = an additional amount equal to 1.2% of the Net Cost for both sales.
- 3 sales at the same time = an additional amount equal to 2.4% of the Net Cost for the 3 sales.
- 4 or more sales at the same time = an additional amount equal to 3.6% of the Net Cost for the 4 or more sales.

c) **Payment of Mark-ups and Mark-up Overrides to Agents**

Mark-up plus Override amounts ("total amount") are paid to Agents as follows:

- 25% of the total amount owed to date for each sale is paid 56 days before the departure date or when final and full payment is made by the passenger, whichever occurs last.

- 25% of the total amount is paid 28 days before the departure date or when final and full payment is made by the passenger, whichever occurs last.
- The balance of the total amount is paid on or before the departure date.

5. **BONUSES**

In addition to other amounts, a Bonus may be paid to Agents by ATs from time to time for reasons determined by ATs.

Bonus and Special amounts are paid to Agents within 14 days after they are earned.

6. **SPECIAL ARRANGEMENTS**

- a) To offset initial lack of Journey by Rail inventory and a possible related limitation on the sales volume and subsequent amount that an Agent can earn, an Agent can decide on the number of sales that the Agent would reasonably expect to make if sufficient Journeys were available over a typical Payment Period, from 2 to 7 sales or more ("Sold Number"). At the option of ATs, it will be assumed that the Sold Number existed for purposes of calculating Commissions or Mark-ups at the time the Agent makes a first sale. This arrangement will remain until the departure date on which ATs has a total of 25 Journeys (25 bedrooms) available or the 7th of December, 2019, whichever occurs first. Thereafter, payments to respective Agents will be calculated as and revert to amounts described in sections 3.a) or 4.a) above.
- b) Additional amounts can be earned by tour operator or other Agents that include Journeys by Rail in catalogues or otherwise enhance Journey marketing.

7. **SALES ASSISTANCE AND MATERIALS**

a) **Sales assistance**

- A Procedures Manual describes various aspects of Journey by Rail selling and related procedures.
- Documents and materials are available on an Agent Access page that can be seen by clicking on the X at the bottom of www.americantrainvacations.com web site. The security code is ACCESS.
- If requested, Agent inclusion in a list of train travel sales experts that is distributed by ATs to consumers in various ways, including advertising.
- Overnight familiarization trip based on space availability.
- Help locating sources of leads that should have an interest in rail travel.
- Marketing and sales incentive programs that will be introduced from time to time.
- On request, an ATs manager will talk directly to Agent clients to help finalize sales.
- ATs does not normally but may participate in cooperative advertising.

b) **Journey by Rail Sales Materials**

Based on prior uneconomic experience for a vacation product having similar capacity, ATs does not produce comprehensive, glossy multi page give-away catalogues. An original supply of materials intended to adequately describe products and that can be economically sent by mail is provided to Agents by ATs. Subsequent materials are free or at a nominal cost, as follows.

- Video presentations - free.
- Six page, two fold color brochure, 5.5" X 8.5" - at a nominal cost for a continuing supply, or can be produced by Agents using formats provided by ATs.

- Full color inserts for the brochure, 5" X 8", describing Journeys, activities, prearranged optional tours, and otherwise - at a nominal cost for a continuing supply, or can be produced by Agents using formats provided by ATs
- Four page, single fold, color Newsletter partially intended for promotional use - at a nominal cost for continuing supply.
- Various branded/logo promotional items including T shirts, hats, etc - at cost.

8. **RELATED CONSIDERATIONS:**

The sale of Journeys by Rail by Agents and purchase of Journeys and occupancy of cars by customers are governed by the Journey by Rail Terms and Conditions which are available at www.americantrainvacations.com/atv/documents/termsandconditions.pdf and as may be published and available to consumers on the ATs web site or otherwise.

If an Agent sells travel insurance, air travel or any other product, service or Add Ons to a Journey by Rail customer using a supplier or through arrangements established by ATs, ATs can at its option earn a minor share of related commissions or amounts due for making such sales.

Payments received by ATs for the sale of Journeys by Rail are held until their respective departure dates in amounts sufficient to pay related Journey operating costs, and for refunds. This excludes amounts paid to Agents ahead of departures which occur after rights to related refunds have passed.

If, for any reason an overpayment is made by ATs to an Agent because the number of sales is lower than the number used to calculate a Commission, Mark-up, Override or Bonus, or for any other reason, the Agent must refund any related overpayment back to ATs. Refunds payable by an Agent to ATs must be paid within 10 days after the Agent receives notice from ATs regarding and describing the reasons for the refund, or at the option of ATs, such refunds can be deducted from any subsequent Commission, Override or Bonus payment owed to the related Agent.

The provisions in Information may be changed by ATs at any time, except that any and all amounts earned by Agents to date will remain due and payable.