

**COMPLETED ACQUISITION BY STAGECOACH GROUP PLC
OF PRESTON BUS LIMITED**

**Notice of acceptance of final Undertakings pursuant to section 82 of and
Schedule 10 to the Enterprise Act 2002**

1. On 28 May 2009, the Office of Fair Trading (OFT) made a reference to the Competition Commission (CC) under section 22 of the Enterprise Act (the Act) concerning the completed acquisition by Stagecoach Bus Holdings Limited (Stagecoach) of Preston Bus Limited (PBL).
2. In its report, *Stagecoach Group plc/Preston Bus Limited Merger Inquiry: A report on the completed acquisition by Stagecoach Group plc of Preston Bus Limited* (the Report), dated 11 November 2009, the CC concluded that:
 - (a) the completed acquisition by Stagecoach of PBL resulted in the creation of a relevant merger situation;
 - (b) the creation of that situation has resulted in a substantial lessening of competition (SLC) in the market for commercial bus services in the Preston area;
 - (c) the CC should take action to remedy the SLC and the adverse effects likely to arise from it; and
 - (d) Undertakings should be given to the CC by Stagecoach to give effect to the remedies identified by the CC in section 10 of the Report and in particular paragraphs 10.60 to 10.92 of the Report.
3. The CC published a notice of proposal to accept Undertakings on 7 January 2010. No representations were received and the CC has decided to accept Undertakings in the form set out in the attached annex.
4. The CC under section 82 of the Act now accepts the Undertakings as given by Stagecoach. The reference has now been finally determined and the Undertakings come into force accordingly.
5. This Notice and a non-confidential version of the Undertakings will be published on the CC website. The CC has excluded from the non-confidential version of the Undertakings information which it considers should be excluded having regard to the three considerations set out in section 244 of the Act. These omissions are indicated by [✂].

(signed) PETER DAVIS
Group Chairman
1 February 2010

COMPLETED ACQUISITION BY STAGECOACH GROUP PLC OF PRESTON BUS LIMITED

Undertakings given to the Competition Commission by Stagecoach Group plc

On 28 May 2009, the Office of Fair Trading (OFT) made a reference to the Competition Commission (CC) under section 22 of the Enterprise Act (the Act) concerning the completed acquisition by Stagecoach Bus Holdings Limited (Stagecoach) of Preston Bus Limited (PBL);

The CC published *Stagecoach Group plc/Preston Bus Limited Merger Inquiry: A report on the completed acquisition by Stagecoach Group plc of Preston Bus Limited* (the Report) on 11 November 2009.

The Report concluded that:

- (a) the completed acquisition by Stagecoach of PBL resulted in the creation of a relevant merger situation;
- (b) the creation of that situation resulted in a substantial lessening of competition (SLC) in the market for commercial bus services in the Preston area;
- (c) the CC should take action to remedy the SLC and the adverse effects likely to arise from it; and
- (d) Undertakings should be given to the CC by Stagecoach to give effect to the remedies identified by the CC in section 10 of the Report and in particular paragraphs 10.60 to 10.92 of the Report.

Stagecoach gives to the CC the following Undertakings under section 82 of the Act for the purpose of remedying the SLC identified in the Report and any adverse effects which flow from it.

1. Commencement

- 1.1 The obligations in these Undertakings shall come into force on the Commencement Date.

2. Divestiture Undertakings

- 2.1 Stagecoach undertakes that it shall satisfy the Disposal Obligations in accordance with the provisions of these Undertakings.
- 2.2 The Disposal Obligations are:
 - 2.2.1 to agree Heads of Terms for an Effective Disposal within the Initial Period; and
 - 2.2.2 to bring about an Effective Disposal within the Divestiture Period.
- 2.3 The final configuration of the Divestiture Package shall be approved by the CC (such approval not to be unreasonably withheld) and shall be agreed between Stagecoach and any Approved Purchaser. Unless Stagecoach can provide evidence to the CC or the CC otherwise has reason to conclude that the Divestiture Package as set out in

this paragraph needs to be varied and that any such variation will not result in a less effective remedy, Stagecoach undertakes that the Divestiture Package will include:

- 2.3.1 all commercial services currently operated by PBL, including services 7, 11, 14, 19A, 23, 31, 35, 44, 87, 88A, 88C, 89;
- 2.3.2 all current PBL tendered services at the date of the Approved Agreement (including park-and-ride services 1 and 2 and scholars if PBL is still operating these services at the date of the Approved Agreement) and all other commercial activities including the Commercial Vehicle Repair and Maintenance contract and advertising revenue;
- 2.3.3 certain commercial services [X] and supporting assets currently operated by Stagecoach; and
- 2.3.4 all operational assets including the pre-merger PBL fleet (or replacement vehicles of an equivalent age and specification in the event that asset disposals have occurred except where the Hold Separate Manager is responsible for such asset disposals and if required, Stagecoach will repaint buses transferred to PBL in the livery of PBL or the Approved Purchaser) and personnel required to operate all services included in the Divestiture Package (subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 and other applicable employment law), including the PBL depot and allocated bus stands at the Preston bus station.

3. Monitoring Trustee

- 3.1 Stagecoach undertakes that on the Commencement Date it shall secure on the same terms the continued appointment of the Monitoring Trustee which arises from the Directions made under paragraph 6 of the Interim Undertakings. The Monitoring Trustee will continue to have the same powers (as set out in his appointment, subject to the changes in the Monitoring Trustee's reporting obligations which are set out in paragraph 3.4 of these Undertakings) and will in addition carry out the duties set out in paragraphs 3.2 to 3.3.
- 3.2 The duties set out in this paragraph are those of monitoring an Effective Disposal within the Divestiture Period and any Trustee Divestiture Period and shall in particular include:
 - 3.2.1 Monitoring the progress made by Stagecoach including progress made against the timetable towards the satisfaction of an Effective Disposal within the Divestiture Period and the steps that have otherwise been taken to comply with the Undertakings including:
 - (a) the steps that have been taken towards the preparation of Heads of Terms and an agreement for an Effective Disposal within the Divestiture Period, and the persons to whom such an agreement has been distributed;
 - (b) receiving copies of all written communications between Stagecoach and possible purchasers in connection with the disposal process and attending meetings and conference calls with possible purchasers, as the Monitoring Trustee considers necessary;
 - (c) assessing whether there are any grounds for concern that an Effective Disposal will not occur within the Divestiture Period;

- (d) monitoring whether variations to the Interim Undertakings are necessary to achieve an Effective Disposal; and

3.2.2 Such other matters as may be directed by the CC from time to time.

- 3.3 The Monitoring Trustee will monitor the compliance of Stagecoach with the obligations in paragraphs 5 and 6.
- 3.4 The Monitoring Trustee will provide reports to the CC at monthly intervals or at other times to be agreed with the CC on the matters set out in paragraphs 3.2 and 3.3 and the Monitoring Trustee will review the Stagecoach reports submitted to the CC in accordance with paragraph 6. Stagecoach will be provided with a non-confidential version of the Monitoring Trustee's reports.

4. Hold Separate Manager

- 4.1 Stagecoach undertakes that on the Commencement Date it shall secure on the same terms the continued appointment of the Hold Separate Manager which arises from the Directions made under paragraph 6 of the Interim Undertakings, until there is either an Effective Disposal or the Hold Separate Manager's appointment is terminated by Stagecoach acting on the Direction of the CC. The Hold Separate Manager will continue to have the same powers as set out in his appointment and in addition the CC will vary the Directions made under paragraph 6 of the Interim Undertakings, to ensure that the Hold Separate Manager has the necessary powers to assist Stagecoach with the due diligence process.

5. Interim obligations to PBL

- 5.1 Stagecoach undertakes that, until the earlier of (i) Effective Disposal or (ii) expiry of the Divestiture Period and any Trustee Divestiture Period, it will continue to abide by the Interim Undertakings adopted by the CC on 2 June 2009 and all relevant Directions issued under those Interim Undertakings, including the Directions issued by the CC on 15 June 2009, 6 July 2009 and 14 October 2009, each of which is reproduced in Annex A (except insofar as the CC has consented to derogations from the Interim Undertakings).

6. Reporting Obligations

- 6.1 Stagecoach undertakes that within the period of five working days from the Commencement Date it will provide a written report to the CC setting out the timetable that it proposes to adopt, subject to the CC's approval, to ensure an Effective Disposal within the Divestiture Period. The report will outline the progress that Stagecoach has made towards an Effective Disposal and the steps that have otherwise been taken to comply with the Undertakings and shall in particular report:
 - (a) on the status of any discussions that have been held with potential purchasers of the Divestiture Package;
 - (b) on the identity of any Independent Expert who has been consulted;
 - (c) on the status of the information memorandum, the identities of the persons to whom it has been circulated and the responses to the information memorandum;
 - (d) on the status of the data room, its contents and the persons who have had access to it;

- (e) on the progress that has been made towards agreeing Heads of Terms;
 - (f) on the steps that have been taken towards reaching an Approved Agreement and the persons to whom any agreement has been distributed; and
 - (g) on such other matters as may be directed by the CC from time to time;
- 6.2 Stagecoach will provide similar reports to the CC at the Key Milestones for the duration of the Divestiture Period. The reports will include an update on the progress that has been made against the approved timetable.
- 6.3 Stagecoach undertakes that in the reports to the CC it shall, inter alia, provide to the CC:
- (a) the name, address, email address, contact point and telephone number of each person who has expressed a real interest in the acquisition of the Divestiture Package since the publication of the CC's provisional findings; and
 - (b) details of the efforts taken by Stagecoach to solicit purchasers for the Divestiture Package.
- 6.4 In the event that Stagecoach does not meet a step as set out in the approved timetable, or is otherwise delayed in implementing the remedy, Stagecoach undertakes to inform the CC in writing of the occurrence and the reasons for the failure promptly, but no later than two working days of becoming aware that a step in the approved timetable has not been met.

7. Procedure for Consent and Notification

- 7.1 Stagecoach undertakes that where it requires the consent or approval of the CC (however that requirement is expressed in these Undertakings) it will seek the consent or approval in writing.
- 7.2 Stagecoach undertakes that any application by it for the CC's consent or approval shall make full disclosure of every fact and matter within its knowledge that it believes is relevant to the CC's decision (the Relevant Information).
- 7.3 Stagecoach recognizes that where the CC grants consent or approval on the basis of misleading or incomplete information and such information materially affects its consent or approval, the consent or approval is voidable at the election of the CC.
- 7.4 In the event that Stagecoach discovers that an application for consent or approval has been made without full disclosure of the Relevant Information, Stagecoach undertakes to:
- 7.4.1 inform the CC in writing identifying the Relevant Information that it omitted to include in the application for consent within five working days of becoming aware that the Relevant Information is incomplete; and
 - 7.4.2 at the same time or as soon as possible thereafter, provide to the CC an application for consent that includes the missing Relevant Information.
- 7.5 Stagecoach shall use all reasonable endeavours to make each application or to procure that each application for consent or approval is made so that it is received by the CC at least five working days, or such lesser period as the CC may allow, before

the day on which the CC's consent or approval is necessary to avoid a breach of these Undertakings.

- 7.6 Stagecoach recognizes that the CC shall not be required to use more than its reasonable endeavours to grant or refuse any consent or approval within the five-working-day period referred to in paragraph 7.5.
- 7.7 Where in Stagecoach's reasonable opinion it has identified a candidate purchaser with a real interest in the acquisition of the Divestiture Package, Stagecoach will apply to the CC for a decision on whether or not the candidate purchaser is an Approved Purchaser (such approval not to be unreasonably withheld). In order for the candidate purchaser to satisfy the CC's purchaser suitability criteria as set out in Annex B, Stagecoach shall use its reasonable endeavours to assist the CC obtain further information from the candidate purchaser where necessary.
- 7.8 Stagecoach shall within two working days of its being agreed, send the CC a Heads of Terms Notice.
- 7.9 Stagecoach recognizes that in order to bring about an Effective Disposal, the CC must approve the binding agreement (Approved Agreement) (such approval not to be unreasonably withheld). The agreement and all sale documentation shall be sent to the CC promptly for approval but no later than two weeks before the day on which an Effective Disposal is to occur.

8. Conditions for the appointment of a Divestiture Trustee

- 8.1 Stagecoach undertakes that it shall at the written Direction of the CC appoint a Divestiture Trustee to give effect to the Trustee Obligation.
- 8.2 The CC will keep under review the need for a Divestiture Trustee and in particular may, when it is reasonable to do so, issue Directions to appoint a Divestiture Trustee, where:
 - 8.2.1 the CC considers that the reports received in accordance with paragraph 6 and/or the advice of the Monitoring Trustee, inter alia, indicate that Stagecoach is not making satisfactory progress towards an Effective Disposal; or
 - 8.2.2 there has been a failure to adhere to the approved divestiture timetable and Heads of Terms have not been agreed in principle within the Initial Period; or
 - 8.2.3 there is no Effective Disposal within the Divestiture Period; or
 - 8.2.4 the CC considers that Stagecoach is in material breach of any of the provisions of these Undertakings and that such breach is not remedied within a reasonable time.
- 8.3 The Divestiture Trustee shall fulfil the Trustee Obligation and shall undertake such matters preparatory to giving effect to the Trustee Obligation or part thereof as the CC may specify in the written Direction referred to in paragraph 8.1.
- 8.4 Stagecoach recognizes and acknowledges that the CC may choose not to appoint a Divestiture Trustee immediately upon becoming entitled to do so, and further recognizes:

- 8.4.1 that any delay by the CC in making a written Direction appointing a Divestiture Trustee shall not affect Stagecoach's obligations at such time as the CC makes any written Direction under paragraph 8.1; and
- 8.4.2 in the event that in respect of any breach or failure to comply with these Undertakings the CC directs the appointment of a Divestiture Trustee in respect of part only of the Trustee Obligation, or only in respect of matters preparatory, that Direction shall not affect Stagecoach's obligations under paragraph 8.1 should the CC choose to make a further Direction in respect of that breach or failure to comply.

9. Directions

- 9.1 Stagecoach will comply with such written Directions as the CC may from time to time issue (acting reasonably), to take such steps as may be specified or described in the Directions for the purpose of bringing about an Effective Disposal.
- 9.2 In particular, the CC may issue Directions where the events described in paragraph 8.2 occur, which may direct Stagecoach to do all, or any of the following:
 - 9.2.1 to appoint an Actuary to perform a valuation of the PBL defined benefit pension scheme;
 - 9.2.2 to re-register specific commercial services and/or transfer specific commercial services between Stagecoach and PBL; and
 - 9.2.3 to transfer and/or reassign assets, liabilities or personnel between Stagecoach and PBL or vice versa (subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 and other applicable employment law).
- 9.3 Stagecoach recognizes and acknowledges that the CC may choose not to issue Directions immediately upon becoming entitled to do so, and further recognizes:
 - 9.3.1 that any delay by the CC in making a written Direction shall not affect Stagecoach's obligations at such time as the CC makes any written Direction under paragraph 9.1.

10. Divestiture Trustee—appointment procedure

- 10.1 Stagecoach undertakes that within the period of five working days from the day on which a Direction is made by the CC pursuant to paragraph 8.1, Stagecoach shall submit a list of two or more persons whom it proposes to appoint as Divestiture Trustee to the CC for approval. The proposal shall contain sufficient information for the CC to verify that each proposed Divestiture Trustee fulfils the requirements set out in paragraph 10.2 and shall include:
 - 10.1.1 the full terms of the proposed mandate, which shall include all provisions necessary to enable the Divestiture Trustee to fulfil the Trustee Obligation; and
 - 10.1.2 a schedule of the steps to be taken to give effect to the mandate.
- 10.2 Each person on the list referred to in paragraph 10.1 shall be independent of Stagecoach, possess the qualifications necessary for the performance of the

mandate and shall on appointment and thereafter be free of any conflict of interest including any conflict of interest that might arise by virtue of the terms of remuneration.

- 10.3 The CC may approve or reject any or all of the proposed Divestiture Trustees (such approval not to be unreasonably withheld) and may approve the proposed mandate subject to any modifications it deems necessary for the Divestiture Trustee to fulfil the Trustee Obligation. If only one name is approved, Stagecoach shall use its best endeavours to appoint, or cause to be appointed, the individual or institution concerned as Divestiture Trustee in accordance with the mandate approved by the CC. If more than one name is approved, Stagecoach shall be free to choose the Divestiture Trustee to be appointed from among the names approved. Stagecoach undertakes to appoint the Divestiture Trustee within two working days from the CC's approval and on the terms of the mandate approved by the CC.
- 10.4 If all the proposed Divestiture Trustees are rejected by the CC, Stagecoach shall submit the names of at least two further persons within two working days from being informed of the rejection, in accordance with the requirements and the procedure set out in paragraphs 10.1 to 10.3.
- 10.5 The provisions of paragraph 10.6 shall apply if:
 - 10.5.1 Stagecoach fails to nominate further persons in accordance with paragraph 10.4; or
 - 10.5.2 those further persons nominated by Stagecoach in accordance with paragraph 10.4 are rejected by the CC (acting reasonably); or
 - 10.5.3 Stagecoach is unable for any reason to conclude the appointment of the Divestiture Trustee within the time limit specified by the CC.
- 10.6 The CC shall nominate one or more persons to act as Divestiture Trustee, (after Stagecoach has been given one working day to comment on the proposed Divestiture Trustee's suitability) and Stagecoach shall appoint or cause to be appointed such Divestiture Trustee within two working days from such nomination under the terms of a Divestiture Trustee mandate approved by the CC.

11. Divestiture Trustee—functions

- 11.1 Stagecoach undertakes to enable, and shall procure that PBL, where necessary, shall enable, the Divestiture Trustee to carry out the Trustee Obligation.
- 11.2 Stagecoach recognizes and acknowledges that:
 - 11.2.1 the CC may, on its own initiative or at the request of the Divestiture Trustee or Stagecoach, give written Directions or instructions to the Divestiture Trustee in order to assist it in the discharge of the Trustee Obligation (including Directions as to the disposal of such property, assets, rights, consents, licences, privileges, interests of PBL or any other matters, including those set out in paragraphs 8.2 and 9, as the CC considers necessary to bring about Effective Disposal);
 - 11.2.2 the Divestiture Trustee may include in such agreements, deeds, instruments of transfer and other instruments and documents as are necessary for the performance of the Trustee Obligation such terms and conditions as it considers appropriate; and

- 11.2.3 the Divestiture Trustee shall protect the legitimate financial interests of Stagecoach subject to the Divestiture Trustee's overriding obligations to give effect to the Trustee Obligation.
- 11.3 The Divestiture Trustee shall take such steps and measures it considers necessary to discharge the Trustee Obligation and to that end the Divestiture Trustee may give written Directions to Stagecoach, and Stagecoach undertakes to comply with such Directions or to procure compliance with such Directions as are within its powers and to take such steps within its competence as the Divestiture Trustee may specify.
- 11.4 Stagecoach recognizes and acknowledges that in the performance of the Trustee Obligation the Divestiture Trustee shall act solely on the instructions of the CC and shall not be bound by any instruction of Stagecoach and Stagecoach undertakes that it shall not seek to create or vary the obligations and duties of the Divestiture Trustee except with the CC's prior written consent.

12. Divestiture Trustee—duties and obligations of Stagecoach

- 12.1 Stagecoach undertakes to provide the Divestiture Trustee with all such cooperation, assistance and information (including by the production of financial or other information whether or not such information is in existence at the time of the request relevant to PBL but excluding any material properly the subject of legal privilege) as the Divestiture Trustee may reasonably require in the discharge of the Trustee Obligation.
- 12.2 Stagecoach recognizes and acknowledges that the Divestiture Trustee shall be entitled, subject to the duty of confidentiality, to full and complete access to the books, records, documents, management or other personnel, facilities, sites and technical information necessary for the fulfilment of the Trustee Obligation (save where material is properly the subject of legal privilege) and Stagecoach undertakes that it shall, and shall procure that PBL where necessary shall, provide the Divestiture Trustee upon request with copies of any such document. Stagecoach undertakes to make available, and shall procure that PBL where necessary makes available, to the Divestiture Trustee one or more offices on its premises, and shall procure that the staff of PBL where necessary are available, for meetings in order to provide the Divestiture Trustee with all information necessary for the performance of the Trustee Obligation.
- 12.3 Stagecoach undertakes to grant reasonable comprehensive powers of attorney, duly executed, to the Divestiture Trustee to enable it to discharge the Trustee Obligation including by the appointment of advisers to assist with the disposal process. Stagecoach undertakes that upon the reasonable request of the Divestiture Trustee Stagecoach shall execute the documents required to give effect to the Trustee Obligation.
- 12.4 Stagecoach undertakes to hold the Divestiture Trustee, its employees, agents or advisers harmless against any liabilities arising out of the proper performance of the Trustee Obligation and Stagecoach recognizes and acknowledges that the Divestiture Trustee, its employees, agents or advisers shall have no liability to Stagecoach or any of its subsidiaries or PBL for any liabilities arising out of the proper performance of the Trustee Obligation, except to the extent that such liabilities result from the negligence or bad faith of the Divestiture Trustee, its employees, agents or advisers.
- 12.5 Stagecoach undertakes that at its expense the Divestiture Trustee may appoint advisers (in particular for corporate finance or legal advice) if the Divestiture Trustee

considers the appointment of such advisers reasonably necessary or appropriate in the discharge of the Trustee Obligation, provided that any fees and other expenses incurred by the Divestiture Trustee are reasonably incurred and approved by Stagecoach, where possible in advance. Should Stagecoach refuse to approve the advisers proposed by the Divestiture Trustee, the CC may, after consulting with Stagecoach, approve and direct the appointment of such advisers.

- 12.6 Where Stagecoach wishes to make an objection to the disposal of the Divestiture Package on the grounds of bad faith or failure of the Divestiture Trustee to protect the legitimate financial interests of Stagecoach, subject to the Trustee Obligation, it shall submit a Notice setting out its objections within seven working days from the day on which it became aware of the fact or facts giving rise to its objection.

13. Divestiture Trustee—replacement, discharge and reappointment

- 13.1 Stagecoach acknowledges that if the Divestiture Trustee ceases to perform the Trustee Obligation, or for any other good cause, including the exposure of the Divestiture Trustee to a conflict of interest, the CC may, after consulting the Divestiture Trustee, require Stagecoach to replace the Divestiture Trustee.
- 13.2 If the Divestiture Trustee is removed under paragraph 13.1, the Divestiture Trustee may be required to continue in its post until a new Divestiture Trustee is in place to whom the Divestiture Trustee has affected a full handover of all relevant information. The new Divestiture Trustee shall be appointed in accordance with the procedure contained in paragraphs 10.1 to 10.3.
- 13.3 Stagecoach recognizes and acknowledges that, other than in accordance with paragraph 13.1, the Divestiture Trustee shall cease to act as Divestiture Trustee only after the CC has discharged it from its duties at a time at which all the obligations with which the Divestiture Trustee has been entrusted have been met.

14. Technical assistance

- 14.1 Stagecoach undertakes to remunerate in full, and to pay all the reasonable costs and expenses of, any Independent Expert whose assistance the CC may reasonably require in connection with any of the matters in paragraph 14.2.
- 14.2 The matters in this paragraph are:
- 14.2.1 the determination of a person as an Approved Purchaser;
 - 14.2.2 the determination of an agreement as an Approved Agreement;
 - 14.2.3 any other matter on which the CC may reasonably require the assistance of an Independent Expert in connection with these Undertakings.
- 14.3 For the purposes of enabling Stagecoach to fulfil its obligation in paragraph 14.1, the CC shall give Stagecoach advance notice of its intention to seek the assistance of any Independent Expert and an indication of likely costs.

15. Compliance

- 15.1 Stagecoach undertakes to comply with such reasonable written Directions as the CC or the OFT may from time to time give to take such steps within their competence for the purpose of carrying out or securing compliance with these Undertakings.

16. Effect of invalidity

- 16.1 Stagecoach undertakes that should any provision of these Undertakings be contrary to law or invalid for any reason, Stagecoach shall continue to observe the remaining provisions.

17. Provision of information to the CC and the OFT

- 17.1 Stagecoach undertakes that it shall promptly provide to the CC such information as the CC may reasonably require for the purpose of performing any of its functions under these Undertakings or under sections 82, 83 and 94(7) of the Act.
- 17.2 Stagecoach undertakes that it shall promptly provide to the OFT such information as the OFT may reasonably require for the purpose of performing any of its functions under these Undertakings or under sections 92, 93(6) and 94(6) of the Act.
- 17.3 Stagecoach undertakes that should it at any time be in breach of any provision of these Undertakings, it will notify the CC within five working days from the time Stagecoach becomes aware of the breach to advise the CC that there has been a breach and of all the circumstances of that breach.

18. Service

- 18.1 Stagecoach hereby authorizes Maclay Murray & Spens LLP to accept service on its behalf of all documents connected with these Undertakings (including any document of any kind which falls to be served on or sent to Stagecoach or any of its subsidiaries in connection with any proceedings in Courts in the UK, orders, requests, notifications or other communications connected with these Undertakings). Notwithstanding this, the CC will copy all such documents to Colin Brown, Finance Director, UK Bus, Stagecoach.
- 18.2 Unless Stagecoach informs the CC in writing that Maclay Murray & Spens LLP has ceased to have authority to accept and acknowledge service on Stagecoach's or any of its subsidiaries' behalf, any document, order, request, notification or other communication shall be validly served on Stagecoach if it is served on Maclay Murray & Spens LLP; and service shall be deemed to have been acknowledged by Stagecoach if it is acknowledged by Maclay Murray & Spens LLP or such other nominee.
- 18.3 Paragraph 18.2 has effect irrespective of whether, as between Stagecoach and Maclay Murray & Spens LLP or other nominees, Maclay Murray & Spens LLP or other nominees has or continues to have any authority to accept and acknowledge service on Stagecoach's or any of its subsidiaries' behalf; and no failure or mistake by Maclay Murray & Spens LLP or other nominees (including a failure to notify Stagecoach of the service of any document, order, request, notification or other communication) shall invalidate any action taken in respect of these Undertakings including any proceedings or judgement.
- 18.4 Any communication from Stagecoach to the CC under these Undertakings shall be addressed to The Secretary to the Remedies Standing Group, Competition Commission, Victoria House, Southampton Row, London WC1B 4AD or such other person or address as the CC may direct in writing.
- 18.5 Any communication from Stagecoach to the OFT under these Undertakings shall be addressed to Director of Mergers, Office of Fair Trading, Fleetbank House,

2-6 Salisbury Square, London EC4Y 8JY or such other address as the OFT may direct in writing.

19. Subsidiaries

- 19.1 Stagecoach undertakes to procure that its subsidiaries comply with these Undertakings as if they had been given by those subsidiaries.

20. Governing law

- 20.1 Stagecoach recognizes and acknowledges that these Undertakings shall be governed and construed in all respects in accordance with English law.
- 20.2 In the event that a dispute arises concerning these Undertakings, Stagecoach undertakes to submit that dispute to the courts of England and Wales.

21. Termination

- 21.1 Stagecoach recognizes and acknowledges that these Undertakings shall be in force until such time as they are varied, released or superseded under the Act.
- 21.2 Stagecoach recognizes and acknowledges that the variation, release or supersession of these Undertakings shall not affect the validity and enforceability of any rights or obligations that arose prior to such variation, release or supersession.

22. Interpretation

- 22.1 Words and expressions defined in the recitals to these Undertakings shall have the same meaning in these Undertakings.
- 22.2 In these Undertakings the word 'including' shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word, and the word 'include' and its derivatives shall be construed accordingly.
- 22.3 The headings used in these Undertakings are for convenience and shall have no legal effect.
- 22.4 Expressions in the singular include the plural and vice versa and references to persons include corporations.
- 22.5 References to any statute or statutory provision shall be construed as references to that statute or statutory provision as amended, re-enacted or modified whether by statute or otherwise.
- 22.6 References to recitals, paragraphs, subparagraphs and annexes are references to the recitals to, paragraphs and subparagraphs of, and annexes to, these Undertakings.
- 22.7 The annexes to these Undertakings form part of these Undertakings.
- 22.8 A person has a real interest in the acquisition of the Divestiture Package if that person has demonstrated both a real interest in acquiring the Divestiture Package and who is, or is likely to be able, to make such an acquisition within the divestiture period.

22.9 References in these Undertakings to 'disposal' are references to such legally recognized transfer, assignment, delivery or other disposal, creation or assumption of property, rights, assets, liabilities and other obligations, and to such combination of them, as the context requires.

22.10 For the purposes of these Undertakings and the annexes, the following terms mean:

the Act	means the Enterprise Act 2002;
Approved Agreement	means a binding agreement or agreements to enable an Effective Disposal approved by the CC (such approval not to be unreasonably withheld); and Stagecoach recognizes that in considering whether to approve any agreement the CC shall consider whether (1) the terms of the agreement (and any other agreements or arrangements ancillary or connected to the agreement) are such as to give rise to a significant risk that the disposal of the Divestiture Package will not remedy the SLC and adverse effects; and (2) the agreement includes a warranty, breach of which is actionable in damages or other compensation at the suit of any purchaser of the Divestiture Package, that the obligations in paragraph 5 have been complied with (except insofar as the CC has consented to derogations from those obligations);
Approved Purchaser	means a purchaser or purchasers that the CC is satisfied (1) is independent of, and unconnected to, any entity within the Stagecoach Group; (2) has the incentive, the financial resources and the expertise to operate the Divestiture Package as a viable and active business in competition with Stagecoach and other operators so as to remedy the SLC; (3) raises no realistic prospect of further competition concerns by making the acquisition and the purchaser will obtain all necessary approvals and consents, including the consent of any regulatory or competition authority, for the acquisition of the Divestiture Package; and Stagecoach recognizes that the CC may require any such purchaser to provide the CC with such documents and other material or information as the CC may require so as to be satisfied on the matters set out above. The CC's Suitable Purchaser Criteria is set out in Annex B;
Business	has the meaning given to it by section 129(1) and (3) of the Act;
CC	means Competition Commission;
Commencement Date	means the date on which these Undertakings are accepted by the CC;
Confidential Information	means business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either Stagecoach or PBL;
Depot	Means a facility where buses can be stored when not in service and which may include maintenance and refuelling facilities;

Disposal Obligations	means the obligations in sub-paragraph 2.2 of these Undertakings;
Divestiture Package	means the divestiture of a reconfigured Preston Bus Limited. The precise scope of the Divestiture Package shall be approved by the CC and shall be agreed between Stagecoach and any Approved Purchaser. The Divestiture Package shall include the services and operational assets set out in paragraph 2.3, unless Stagecoach can provide evidence to the CC or the CC otherwise has reason to conclude that the Divestiture Package needs to be varied and that any such variation will not result in a less effective remedy;
Divestiture Period	means the period ending [X] from the Commencement Date;
Divestiture Trustee	means any person appointed in accordance with paragraph 8;
Effective Disposal	means disposal of the Divestiture Package under an Approved Agreement to an Approved Purchaser or Purchasers;
Heads of Terms	means an agreement in principle to acquire the Divestiture Package that sets out the transaction structure and its terms, and that is expressed by all parties to be final (1) subject to contract and (2) on all the issues that in the reasonable opinion of the parties will form the basis of a subsequent binding agreement;
Heads of Terms Notice	means a Notice (1) stating that Heads of Terms have been agreed and (2) attaching the Heads of Terms to the Notice;
Hold Separate Manager	means [X] appointed on 14 October 2009 in accordance with paragraph 6 of the Interim Undertakings and who will continue to be appointed in accordance with paragraph 4 of these Undertakings;
Independent Expert	means a qualified solicitor, barrister, actuary, chartered accountant or other person of suitable expertise;
Initial Period	means the period of [X] from the Commencement Date;
Interim Undertakings	means those Undertakings given to the OFT on 18 February 2009 and adopted by the CC on 2 June 2009;
Key Milestones	means each of the following dates: [X], the earlier of [X] or 5 working days after completion of the route reconfiguration process; 5 working days after the second round of bids are received; every 2 weeks for the period following the identification of a preferred bidder until the Sale and Purchase Agreement is approved.
Monitoring Trustee	means [X] appointed on 15 June 2009 in accordance with paragraph 6 of the Interim Undertakings and who will continue to be appointed in accordance with paragraph 3 of these Undertakings and any successors to [X] as directed by the CC;
Notice	means a written communication sent by post, fax, personal

	delivery or, with the prior consent of the recipient, email;
OFT	means the Office of Fair Trading;
Preston Bus Limited	means the principal bus operator in Preston until its acquisition by Stagecoach in January 2009;
Report	means the report published by the CC on 11 November 2009 entitled <i>Stagecoach Group plc/Preston Bus Limited Merger Inquiry: A report on the completed acquisition by Stagecoach Group plc of Preston Bus Limited</i> ;
Stagecoach	means Stagecoach Group plc and any UK subsidiary or division of Stagecoach Group plc as the context requires;
Stagecoach Bus Holdings Limited	means the wholly-owned subsidiary of Stagecoach Group plc;
Subsidiaries	unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;
Trustee Divestiture Period	means the period of [X] or such other longer period as the CC may allow from the date on which a Divestiture Trustee is appointed in accordance with paragraph 8;
Trustee Obligation	means bringing about Effective Disposal and the performance of all ancillary tasks as are necessary or desirable for the purposes of Effective Disposal promptly and in any event within the Trustee Divestiture Period;
Undertakings	means these Undertakings and the annexes, given by Stagecoach for the purpose of remedying the SLC and the adverse effects.

FOR AND ON BEHALF OF STAGECOACH GROUP PLC

(*signed*) MARTIN GRIFFITHS
 Director
 29 January 2010