

NOTICE OF ACCEPTANCE OF UNDERTAKINGS

The completed joint venture between Stagecoach Bus Holdings Limited and Braddell PLC in relation to megabus.com, Motorvator and Scottish Citylink

Competition Commission acceptance of final undertakings pursuant to section 82 of and Schedule 10 to the Enterprise Act 2002

Whereas on 23 October 2006 the Competition Commission (CC) published its report on the joint venture between Stagecoach Bus Holdings Limited and Braddell PLC concluding (i) that the joint venture has given rise to an anti-competitive outcome as defined in section 35(2) Enterprise Act 2002 and (ii) that for the purpose of remedying mitigating or preventing the anti-competitive outcome Scottish Citylink Coaches Limited should divest either its 'Scottish Citylink' or its 'Megabus' branded operations on the Saltire Cross route group

And whereas on 31 January 2007 the CC gave for public consultation notice of the undertakings that it proposed to accept for the purposes of bringing about that divestment

And whereas on 10 May 2007 the CC published a decision stating that having considered the responses to public consultation it proposed to accept the undertakings without amendment

And whereas Stagecoach Group PLC, Braddell PLC and Scottish Citylink Coaches Limited have now offered the undertakings for the purpose of remedying, mitigating or preventing the anti-competitive outcome identified

Now the CC pursuant to section 82 of the Enterprise Act 2002 accepts the undertakings, a copy of which is in the attached annex, and accordingly the reference is finally determined and the undertakings come into force in accordance with section 82.

Signed under the authority of the group



John Baillie
Group Chair
29 May 2007

Note: Having had regard to section 244 Enterprise Act 2002 the CC has excluded information from the undertakings in the annex. Each exclusion is indicated by the symbol ✂.

**Undertakings given to the Competition Commission by
Stagecoach Group PLC, Braddell PLC and
Scottish Citylink Coaches Limited**

Whereas on 15 March 2006 the Office of Fair Trading (the OFT) referred the joint venture between Stagecoach Bus Holdings Limited and Braddell PLC in relation to the megabus.com, Motorvator and Scottish Citylink brands to the Competition Commission (CC) for investigation and report under section 22 of the Enterprise Act 2002 (the Act).

And whereas the CC published a report entitled *Stagecoach and Scottish Citylink A report on the completed joint venture between Stagecoach Bus Holdings Limited and Braddell PLC in relation to megabus.com, Motorvator and Scottish Citylink* on 23 October 2006 (the report).

And whereas the report concluded that:

- (a) the creation of the joint venture was the creation of a relevant merger situation;
- (b) the creation of that relevant merger situation has resulted in a substantial lessening of competition within the market for the supply of scheduled coach services on the Saltire Cross route group (the SLC) with the adverse effects of prices in excess of those that would otherwise prevail, and lower service levels than would otherwise prevail, in the supply of scheduled coach services on the Saltire Cross route group (the adverse effects);
- (c) the CC should take action to remedy the SLC and the adverse effects flowing from it; and
- (d) to that end undertakings should be offered and accepted to give effect to the remedies identified by the CC at paragraph 8.61 of the report in accordance with the provisions of part 8 of the report;

now therefore Stagecoach Group plc, Braddell PLC and Scottish Citylink Coaches Limited give to the CC on behalf of themselves and their subsidiaries the following undertakings under section 82 of the Act for the purpose of remedying the SLC and the adverse effects resulting from it.

1. Interpretation

- 1.1. Words and expressions defined in the recitals to these Undertakings shall have the same meaning in these Undertakings.
- 1.2. 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.
- 1.3. The headings used in these Undertakings are for convenience and shall have no legal effect.
- 1.4. Expressions in the singular include the plural and vice versa, and references to persons include corporations.
- 1.5. 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.
- 1.6. References to recitals, paragraphs, sub-paragraphs and annexes are references to the recitals to, paragraphs and sub-paragraphs of, and annexes to, these Undertakings.
- 1.7. The annexes to these Undertakings form part of these Undertakings.
- 1.8. The purpose of the obligations in these Undertakings is to remedy, mitigate or prevent the SLC and the adverse effects that may be expected to result from that SLC and these Undertakings are to be interpreted so as to give effect to that purpose in accordance with parts 6 and 8 of the report.
- 1.9. References in these Undertakings to the duty of the Divestiture Trustee are references to the duty of the Divestiture Trustee set out in sub-paragraph 6.2 below.
- 1.10. Where in these Undertakings a proposition or series of propositions is introduced by the words 'the Vendors recognize' that denotes that the Vendors accept the proposition or propositions in question and have entered into these Undertakings on, inter alia, the basis of that proposition or those propositions.
- 1.11. A person has a real interest in the acquisition of a Coach Business (or the relevant part thereof) if that person is a new or existing bus or coach operator who has demonstrated both a real interest in acquiring the Coach Business and who is, or is likely to be, able to make such an acquisition within the Completion Period.
- 1.12. References in these Undertakings to 'the relevant part' of a Coach Business are references to that part of a Coach Business the disposal of which will, taking account of all the circumstances, remedy the SLC; and 'the relevant part' of a Coach Business shall be taken to be the whole of that Coach Business unless the written consent of the CC is obtained to the disposal of part only of that Coach Business or to the disposal or creation of such other assets, rights, interests and obligations as shall, taking account of all the circumstances, create or enable the provision of scheduled coach services so as to remedy the SLC.
- 1.13. 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.

- 1.14. Where in these Undertakings there is a reference to a period of time in which a Notice must be provided to the CC, or in which the CC is to be Notified of an act or omission, the Notice will be provided in time if it is received by the CC before 5 pm on the last day of the period.
- 1.15. Where in these Undertakings there is a reference to a person 'procuring' another person to act or omit to act in a certain manner, or any similar obligation, that shall mean that the person so procuring shall be liable for any default on the part of the person acting or omitting to act in that manner.
- 1.16. For the purposes of these Undertakings and the annexes the following terms shall, unless the context otherwise requires, have the meaning ascribed to them below:

Agreement	means such contract, transfer, deed, licence or other form of agreement as the context may require;
Approved Agreement	means an Agreement or Agreements approved by the CC; and the Vendors recognize 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 real risk that the disposal of the relevant Coach Business will not remedy the SLC (including any risk as to the purchaser's ability to compete in the supply of scheduled coach services on the Saltire Cross route group through unreasonably high costs, unreasonable interference with efficiency or otherwise) and (2) the Agreement includes a warranty, breach of which is actionable in damages or other compensation at the suit of the Purchaser, that each requirement of the Secondary Undertakings has been complied with;
Approved Person	means Colin Brown in relation to Stagecoach, Jaspal Singh in relation to Braddell, and Tom Wileman in relation to Scottish Citylink or such other person as may in each case be Notified to the CC from time to time;
Approved Purchaser	means a new or existing bus or coach operator whom the CC is satisfied (a) is independent of, and unconnected to, any of the Vendors or any member of the Vendors' Groups (b) has the incentive, the financial resources and the expertise to operate the relevant Coach Business as a viable and active business in competition with other scheduled coach services on the Saltire Cross route group so as to remedy the SLC (c) will obtain all necessary approvals and consents, including the consent of any regulatory or competition authority, for the acquisition of the relevant Coach Business; and the Vendors recognize that the CC may require any such bus or coach operator to provide the CC with such documents (including business plans relating to the acquired business and information regarding the financing of the acquisition and the financing of the purchaser's existing business) and other material or information as the CC may require so as to be satisfied on the matters set out above and (d) will comply with the requirements set out in paragraph 8.28 of the report;

Braddell	means Braddell PLC a company registered in England and Wales with the number 03899736 whose registered office is at 5 th Floor Hygeia, 66-68 College Road, Harrow, Middlesex, HA1 1BE;
Braddell Group	means Braddell, its Subsidiaries from time to time, any person of whom Braddell is or becomes a Subsidiary, and includes any such person not in existence at the Commencement Date;
Citylink Saltire Business	<p>means the business of providing scheduled coach services under the Citylink brand on the Saltire Cross route group being all the rights (including any right under any contract for the provision of services by a sub-contractor), interests, privileges, assets and obligations of that business and includes:</p> <p>(1) all the tangible assets involved in the supply of scheduled coach services under the Citylink brand on the Saltire Cross route group and other supplies of goods or services ancillary or connected thereto including all equipment, fixed assets and fixtures, stock, office furniture, materials, supplies, and other tangible property used in connection with those assets; and all contracts, agreements, leases, commitments, certificates and understandings relating to those assets including supply agreements; and all accounts; and all records relating to the assets set out in this paragraph 1; and</p> <p>(2) all the intangible assets involved in the supply of scheduled coach services under the Citylink brand on the Saltire Cross route group and other supplies of goods or services ancillary or connected thereto including all licences and sub-licences, privileges, intellectual property, technical information, computer software and related documentation, know-how, drawings, designs specifications for materials, parts and devices, quality assurance and control procedures;</p> <p>other than any rights, interests, privileges, assets and obligations that are not the property of any of the Vendors or any member of their respective Groups;</p>
Citylink Saltire Subcontractor	means the services provided by Stagecoach or members of its Group to the Citylink Saltire Business, including the provision of coaches and drivers;
Coach Business	means the Megabus Saltire Business or the Citylink Saltire Business and references to the 'other coach Business' are references to the Coach Business that is not the Disposal Business;
Commencement Date	means the date on which these Undertakings are accepted by the CC;
Completion Period	means the period ending on [X] or such longer period as the CC may allow;

Day	means a day and save where the context otherwise requires a period of time (1) expressed in days from or after an event begins on the day after that event and (2) that expires on a Saturday, Sunday or public holiday in England shall be deemed to expire on the first day after the expiry of the period that is not a Saturday, Sunday or public holiday in England;
Disposal Business	means the relevant part of a Coach Business that is to be disposed of to bring about Effective Disposal;
Disposal Obligations	means the obligations in sub-paragraph 3.3 of these Undertakings;
Divestiture Period	means the Completion Period and any Trustee Divestiture Period;
Divestiture Trustee	means any person appointed in accordance with paragraph 12;
Effective Disposal	means completion of the disposal of the Disposal Business under an Approved Agreement to an Approved Purchaser;
either Coach Business	means the Megabus Saltire Business or the Citylink Saltire Business and cognate expressions shall be construed accordingly;
First Disposal Obligation	means the Disposal Obligation in sub-paragraph 3.3(a);
Heads of Terms	means an agreement in principle to acquire a Coach Business that is reduced to writing, 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 either that Heads of Terms have been agreed or have not been agreed and (2) in the former case, attaching the Heads of Terms to the notice;
Independent Expert	means a qualified solicitor, barrister, chartered accountant or other person of suitable expertise as the CC may reasonably require for the relevant purpose;
Indemnified Person	means the Divestiture Trustee and its employees, agents and advisers;
Initial Period	means the period of [X] from the Commencement Date;
Megabus Saltire Business	<p>means the business of providing scheduled coach services under the Megabus brand on the Saltire Cross route group being all the rights (including any right under any contract for the provision of services by a sub-contractor), interests, privileges, assets and obligations of that business and includes:</p> <p>(1) all the tangible assets involved in the supply of scheduled coach services under the Megabus brand on the Saltire Cross route group and other supplies of goods or services ancillary or connected thereto including all equipment, fixed assets and fixtures, stock, office furniture, materials, supplies, and other tangible property used in connection with those</p>

	<p>assets; and all contracts, agreements, leases, commitments, certificates and understandings relating to those assets including supply agreements; and all accounts; and all records relating to the assets set out in this paragraph 1; and</p> <p>(2) all the intangible assets involved in the supply of scheduled coach services under the Megabus brand on the Saltire Cross route group and other supplies of goods or services ancillary or connected thereto including all licences and sub-licences, privileges, intellectual property, technical information, computer software and related documentation, know-how, drawings, designs specifications for materials, parts and devices, quality assurance and control procedures;</p> <p>other than any rights, interests, privileges, assets and obligations that are not the property of any of the Vendors or any member of their respective Groups;</p>
Notice	means a written communication to the CC sent by post, fax, personal delivery or, with the prior consent of the CC, email;
Obligation Period	means the Initial Period or the Completion Period as the context requires;
Principal Undertakings	means the obligations in sub-paragraphs 3.1, 3.2, 3.3, 3.6, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, and 3.15 of these Undertakings or any of them;
Purchaser	means that Approved Purchaser who will acquire the Disposal Business to bring about Effective Disposal;
Purchaser Representation	means a genuine representation by an Approved Purchaser (or a person who appears to have the potential to be an Approved Purchaser) that the terms or subject matter of the disposal of the relevant Coach Business, and all matters ancillary or connected to it, proposed by the Vendors are insufficient to enable the operation of the relevant Coach Business on a viable basis such that it may not remedy the SLC;
Saltire Cross route group	means routes on which coach services (whether registered or unregistered) are provided between Glasgow, Aberdeen, Edinburgh and Inverness, or any part or combination of such routes, other than routes between Glasgow and Edinburgh;
Scottish Citylink	means Scottish Citylink Coaches Limited a company registered in Scotland under number SC091931 whose registered office is at Buchanan Bus Station, Killermont Street, Glasgow, G2 3NP;
Scottish Citylink Group	means Scottish Citylink, its Subsidiaries from time to time, any person of whom Scottish Citylink is or becomes a Subsidiary, and includes any such person not in existence at the Commencement Date;

Secondary Undertakings	has the meaning given to it in sub-paragraph 5.1 of these Undertakings;
Second Disposal Obligation	means the Disposal Obligation in paragraph 3.3(b);
Stagecoach	means Stagecoach Group plc a company registered in Scotland under number SC100764 whose registered office is at 10 Dunkeld Road, Perth, Perthshire, PH1 5WA;
Stagecoach Group	means Stagecoach, its Subsidiaries from time to time, any person of whom Stagecoach is or becomes a Subsidiary, and includes any such person not in existence at the Commencement Date;
Subsidiary	has the meaning given to it in section 736 of the Companies Act 1985 as amended;
Through Ticketing Arrangements	mean arrangements whereby passengers on services on the Saltire Cross route group may with a single ticket use both services provided by or under the Disposal Business and services provided by or under the megabus.com and/or Citylink brand, as may be appropriate, to the extent that such arrangements or their equivalent were in operation on 23 October 2006;
Trustee Divestiture Period	means the period of [X] or such other period as the CC may allow from (1) the end of the Completion Period or (2) in the event that a Divestiture Trustee is appointed by reason of a breach of the obligations contained in these Undertakings occurring before the end of the Completion Period, from the day on which the breach occurred;
Trustee Obligation	means bringing about Effective Disposal without a reserve price and the performance of all ancillary tasks as are necessary or desirable for the purposes of Effective Disposal [X] promptly and in any event within the Trustee Divestiture Period;
Undertakings	means these undertakings given by the Vendors for the purpose of remedying the SLC and the adverse effects;
Vendors	means Stagecoach, Braddell and Scottish Citylink.

2. Commencement

- 2.1. The obligations in these Undertakings shall come into effect on the Commencement Date.

3. The Principal Undertakings

- 3.1 The Vendors each undertake that they shall use their best efforts to satisfy the Disposal Obligations, or to procure that the relevant member or members of their respective Groups shall satisfy the Disposal Obligations, within the relevant Obligation Period.
- 3.2 The Vendors each undertake to satisfy their Disposal Obligations, or to procure that the relevant member or members of their respective Groups satisfy the Disposal Obligations, in accordance with the provisions of these Undertakings.
- 3.3 The Disposal Obligations are:
 - (a) to agree Heads of Terms for Effective Disposal within the Initial Period; and
 - (b) to bring about Effective Disposal within the Completion Period.
- 3.4 Save at the direction of the Divestiture Trustee, the Vendors undertake that where the First Disposal Obligation is satisfied neither the Vendors nor any member of their respective Groups will, pending satisfaction of the Second Disposal Obligation, take any step towards the disposal of the other Coach Business without the written consent of the CC.
- 3.5 The Vendors each undertake to use their best endeavours, and to procure that the members of their respective Groups shall use their best endeavours, to bring about the novation to the Purchaser or to such other person as may be directed by the Purchaser of all contracts for the provision of goods or services to Scottish Citylink as are relied upon by or are necessary to the Disposal Business, and of all contracts, or relevant parts thereof, for the provision of goods and services to members of the Vendors' respective Groups as are relied upon by the Disposal Business, as the Purchaser may reasonably require.
- 3.6 The Vendors each undertake that:
 - 3.6.1 they shall, and shall procure that the members of their respective Groups shall, relinquish any right or privilege that is necessary for or incidental to the Disposal Business; and
 - 3.6.2 they shall not, and shall procure that the members of their respective groups shall not, take any step that would prevent, hinder or otherwise impair or disturb the grant by any person to the Purchaser or to such other person as may be connected to or affiliated with the Purchaser as may be relevant, of any right or privilege that is necessary for or incidental to the Disposal Business.
- 3.7 The Vendors each undertake that they shall, and shall procure that the members of their respective Groups shall, at the election of the Purchaser operate Through Ticketing Arrangements on fair reasonable and non-discriminatory terms for a period not exceeding one year from the date of Effective Disposal.
- 3.8 The Vendors each undertake that they shall, and shall procure that the members of their respective Groups shall, recognize the validity of tickets purchased prior to the Commencement Date for travel on scheduled coach services provided by the Disposal Business for use on scheduled coach services, including any duplicated scheduled coach services, provided by members of the Vendors' respective Groups after the Commencement Date, in accordance with the terms and conditions of those tickets at the time of their purchase.

- 3.9 In the event that the Disposal Business is the Citylink Saltire Business, Stagecoach undertakes that it shall at the election of the Purchaser provide to the Disposal Business for a period not exceeding one year from Effective Disposal the services of the Citylink Saltire Subcontractor on the same terms and conditions that those services were supplied on 23 October 2006 provided always that the terms and conditions of any agreement by which such services are provided shall be approved by the CC.
- 3.10 The Vendors each undertake that at the election of the Purchaser they shall provide, or procure the provision by the members of their respective Groups, to the customers of the Purchaser, or to the customers of such other person as the Purchaser shall reasonably direct, the opportunity to acquire tickets through web-based ticketing arrangements or through agency sales arrangements at ticket-offices, as may in each case be controlled by the Vendors, or any member of their respective Groups, for the purpose of the sale of tickets on services provided by the Disposal Business.
- 3.11 The Vendors each undertake that at the election of the Purchaser they shall provide, or procure the provision by the members of their respective Groups, on fair reasonable and non-discriminatory terms to the Purchaser, or such other person as the Purchaser shall reasonably direct, for a period not exceeding one year from the date of Effective Disposal the services of and connected with the sale of tickets for services provided by the Disposal Business on the website of the other Coach Business.
- 3.12 The Vendors each undertake that they shall not, and shall procure that the members of their respective Groups shall not, introduce any scheduled coach service on the Saltire Cross route group for the period of one year from Effective Disposal.
- 3.13 The Vendors each undertake that they shall not, and shall procure that the members of their respective Groups shall not, schedule any additional operation of any scheduled coach service on the Saltire Cross route group for the period of one year from Effective Disposal provided that the provisions of this sub-paragraph shall not prevent the scheduling of additional services to take account of seasonal changes in demand where such additional services are equivalent to services provided on the same date of the previous year.
- 3.14 The Vendors each undertake that they shall, and shall procure that the members of their respective Groups shall, not increase the quota of £1 fares offered on scheduled coach services on the Saltire Cross route group on 23 October 2006 for the period of one year from Effective Disposal.
- 3.15 The Vendors undertake that they shall send, or cause to be sent, a letter in the terms set out in Annex D to each person who has a real interest in the acquisition of a Coach Business, and they shall Notify the CC of each person to whom such a letter has been sent within two days of the date of despatch.

4. Matters ancillary to the Principal Undertakings

- 4.1 The Vendors each undertake that where they or any member of their respective Groups require the consent or approval of the CC (however that requirement is expressed in these Undertakings) they will seek the consent or approval by the service of a Notice.
- 4.2 The Vendors each undertake that any application by them or by any member of their respective Groups for the CC's consent or approval shall make full disclosure of every fact and matter that is relevant to the CC's decision.
- 4.3 The Vendors recognize that a consent or approval granted by the CC in default of full disclosure by the Vendors or any member of their respective Groups is voidable at the election of the CC.
- 4.4 In the event that the Vendors or any member of their respective Groups discover that an application for consent or approval has been made without full disclosure and is therefore incomplete the Vendors undertake:
 - (a) to so inform the CC by submission of a Notice identifying the particulars in which the application for consent is incomplete within seven days; and
 - (b) at the same time or as soon as possible thereafter to provide to the CC an application that is complete.
- 4.5 The Vendors each undertake 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 ten 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 and the Vendors recognize that the CC shall only be obliged to consider any application for consent or approval that is received at least ten days, or within such other period as the CC may have allowed, before such day.
- 4.6 The Vendors recognize that the CC shall not be required to use more than its reasonable endeavours to grant or refuse consent or approval within the ten-day period.
- 4.7 Without prejudice to the requirements of sub-paragraphs 4.5 and 4.6 where in the reasonable opinion of the Vendors they have identified a candidate purchaser with a real interest in the acquisition of a Coach Business, the Vendor may apply to the CC for a decision on whether or not the candidate purchaser is an Approved Purchaser.
- 4.8 In the event that the Vendors satisfy the First Disposal Obligation they shall within two days send the CC a Heads of Terms Notice.
- 4.9 In the event that the Vendors do not satisfy the First Disposal Obligation they shall send the CC a Heads of Terms Notice within the period of two days from the end of the Initial Period.
- 4.10 In the event that the Vendors satisfy the Second Disposal Obligation they shall so Notify the CC within the period of two days from the day on which the Second Disposal Obligation is satisfied.
- 4.11 In the event that the Vendors do not satisfy the Second Disposal Obligation they shall so Notify the CC within the period of two days from the end of the Completion Period.

5. The Vendors' Secondary Undertakings

- 5.1 In these Undertakings, references to the Secondary Undertakings are references to the Undertakings in Annex B.
- 5.2 The Vendors each undertake to comply with the Secondary Undertakings.
- 5.3 The Vendors recognize that on or after the Commencement Date the CC will issue directions substantially in the terms set out in Annex C and the Vendors undertake to comply with those directions.

6. Conditions for the appointment of a Divestiture Trustee

- 6.1 In the event that the Disposal Obligations or either of them are not satisfied, or in the event that the CC considers that the Vendors or any relevant member of their respective Groups is in breach of any of the obligations identified in sub-paragraph 6.3 the Vendors each undertake that they shall at the written direction of the CC appoint a Divestiture Trustee to give effect to the duty set out in sub-paragraph 6.2.
- 6.2 The duty of the Divestiture Trustee will be to give effect to the Trustee Obligation or to give effect to such part of the Trustee Obligation or undertake such matters preparatory to giving effect to the Trustee Obligation or part thereof as the CC may specify in the direction.
- 6.3 The obligations identified in this paragraph are those found in sub-paragraphs 3.1, 3.4, 4.2, 5.2 of these Undertakings provided always that in the case of a breach of sub-paragraph 4.2, the Vendors shall not be obliged to appoint a Divestiture Trustee save where the breach arises from the wilful default of any of them or of any member of their respective groups.
- 6.4 The Vendors recognize that the CC may choose not to appoint a Divestiture Trustee immediately upon becoming entitled to do so, and further recognize that any delay by the CC in the appointment of a Divestiture Trustee shall not affect the Vendors obligations in sub-paragraph 6.1.

7. Reporting Obligations

7.1 The Vendors each undertake that:

7.1.1 within the period of five days from the Commencement Date they will provide a written report to the CC explaining the timetable that they have adopted for the satisfaction of the Disposal Obligations, outlining the progress that they have made towards the satisfaction of the Disposal Obligations, and the steps that have otherwise been taken to comply with the Principal Undertakings and shall in particular report:

(a) 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;

(b) on the status of the data room, its contents, and the persons who have had access to it;

(c) on the steps that have been taken toward the preparation of a sale and purchase agreement, and the persons to whom the sale and purchase agreement has been distributed; and

(d) on such other matters as may be directed by the CC from time to time;

7.1.2 thereafter they will provide similar written reports to the CC every 14 days for the duration of the Divestiture Period.

7.2 The Vendors each undertake that in their reports to the CC they shall, inter alia, provide to the CC:

7.2.1 the name, address, email address, contact point and telephone number of each person who has expressed a real interest in the acquisition of either Coach Business since the publication of the CC's provisional findings;

7.2.2 details of the efforts taken by the Vendors and the members of their respective group to solicit purchasers for either Coach Business.

8. Purchaser Representations

- 8.1 The Vendors each undertake that the provisions of sub-paragraph 8.2 shall apply where any person with a real interest in the acquisition of a Coach Business makes a Purchaser Representation to the CC.
- 8.2 The provisions of this paragraph are that:
 - 8.2.1 the CC shall consult the Vendors as to whether the Purchaser Representation is justified and the Vendors shall provide to the CC such assistance as the CC shall require (including by the disclosure to the CC of commercially sensitive material) to consider whether the Purchaser Representation is justified; and
 - 8.2.2 in the event that the CC considers that the Purchaser Representation is justified the Vendors shall take such steps, or shall procure that the relevant members of their respective Groups take such steps, as the CC shall consider necessary to address satisfactorily the issues raised in or by the Purchaser Representation.

9. Miscellaneous undertakings

- 9.1 The Vendors each undertake jointly and severally to remunerate in full, and to pay all the reasonable costs and expenses of, any Independent Expert whose assistance the CC may require in connection with any of the matters in sub-paragraph 9.2.
- 9.2 The matters in this paragraph are:
- (a) the determination of a person as an Approved Purchaser;
 - (b) the determination of an Approved Agreement;
 - (c) the consideration of any Purchaser Representation;
 - (d) the identification of the relevant part of a Coach Business; and
 - (e) any other matter on which the CC may reasonably require the assistance of an Independent Legal Adviser in connection with these Undertakings.
- 9.3 The Vendors undertake that neither they, nor any member of their respective groups shall acquire any interest in the Disposal Business, without the prior written consent of the CC.
- 9.4 If the CC has reason to believe that the Vendors are not complying with their obligations under sub-paragraph 3.1 of these Undertakings the Vendors undertake that they shall at the direction of the CC appoint a monitoring trustee for the purpose set out in sub-paragraph 9.5.
- 9.5 The purpose set out in this sub-paragraph is that of ensuring the compliance of the Vendors with their obligations under sub-paragraph 3.1 of these Undertakings.
- 9.6 The provisions of paragraphs 10, 12, and 13 of these Undertakings shall apply mutatis mutandis to the appointment of the monitoring trustee.

10. Divestiture trustee—appointment procedure

- 10.1 The Vendors undertake that within the period of five days from the day on which a direction is made by the CC pursuant to sub-paragraph 6.1, the Vendors shall submit a list of two or more persons whom they propose 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 sub-paragraph 10.2 and shall include:
- (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Divestiture Trustee to fulfil its duties; and
 - (b) a schedule of the steps to be taken to give effect to the mandate.
- 10.2 Each person on the list shall be independent of any of the Vendors and of any member of their respective Groups, possess the qualifications necessary for the performance of its 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 on which it is remunerated.
- 10.3 The CC may approve or reject any or all of the proposed Divestiture Trustees and may approve the proposed mandate subject to any modifications it deems necessary for the Divestiture Trustee to fulfil its duties. If only one name is approved, the Vendors shall use their 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, the Vendors shall be free to choose the Divestiture Trustee to be appointed from among the names approved. The Vendors undertake to appoint the Divestiture Trustee within five days from the CC's approval and in the terms of the mandate approved by the CC.
- 10.4 If all the proposed Divestiture Trustees are rejected, the Vendors shall submit the names of at least two further persons within five days from being informed of the rejection, in accordance with the requirements and the procedure set out in sub-paragraphs 10.1 to 10.3.
- 10.5 The provisions of sub-paragraph 10.6 shall apply if:
- 10.5.1 the Vendors fail to nominate further persons in accordance with sub-paragraph 10.4; or
 - 10.5.2 those further persons are rejected by the CC; or
 - 10.5.3 the Vendors are unable for any reason to conclude the appointment within the specified time-limit.
- 10.6 The CC shall nominate one or more persons to act as Divestiture Trustee, and the Vendors shall appoint, or cause to be appointed such Divestiture Trustee within two days from such nomination under the terms of a Divestiture Trustee mandate approved by the CC.

11. Functions of the Divestiture Trustee

- 11.1 The Vendors recognize the duty of the Divestiture Trustee, and the obligation of the Divestiture Trustee to perform its duty in accordance with sub-paragraphs 11.2 to 11.4, and the Vendors undertake to enable, and to procure that the members of their respective groups shall enable, the Divestiture Trustee to carry out its duty.
- 11.2 The Vendors recognize that:
 - 11.2.1 the CC may, on its own initiative or at the request of the Divestiture Trustee or the Vendors, give written directions or instructions to the Divestiture Trustee in order to assist it in the discharge of its duty (including the disposal of such other assets, rights or interests of any of the Vendors or of any number of their respective groups 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 its duty such terms and conditions as it considers appropriate;
 - 11.2.3 the Divestiture Trustee shall protect the legitimate financial interests of the Vendors subject to the Divestiture Trustee's overriding obligation to carry out its duty.
- 11.3 The Divestiture Trustee shall take such steps and measures as it considers necessary to discharge its duty and to that end the Divestiture Trustee may give written directions to the Vendors, or any members of their respective groups, and the Vendors undertake to comply with such directions or to procure compliance with such directions and to take such steps within their competence as the Divestiture Trustee may specify.
- 11.4 The Vendors recognize that in the performance of its duty, the Divestiture Trustee shall act solely on the instructions of the CC and shall not be bound by any instruction of the Vendors and the Vendors undertake that they shall not seek to create or vary the obligations and duty of the Divestiture Trustee, except with the CC's prior written consent.

12. Duties and obligations of The Vendors

- 12.1 The Vendors undertake to provide and shall cause each member of their respective Groups and their advisers 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, but excluding any matter properly the subject of legal privilege) as the Divestiture Trustee may reasonably require in the discharge of its duty. The Vendors recognize that the Divestiture Trustee shall be entitled, subject to a duty of confidentiality, to full and complete access to the books, records, documents, management or other personnel, facilities, sites and technical information of any member of any of their respective Groups necessary for the fulfilment of its duty and the Vendors undertake that they shall, and shall procure that each member of their respective Groups shall, provide the Divestiture Trustee upon request with copies of any such document. The Vendors undertake to make available, and shall procure that each member of their respective Groups makes available, as necessary, to the Divestiture Trustee one or more offices on their premises and shall be available, and shall procure that personnel of each member of the Vendors respective Groups shall be available, for meetings in order to provide the Divestiture Trustee with all information necessary for the performance of its duty.
- 12.2 The Vendors undertake that they and each member of their respective Groups shall grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to enable it to discharge its duty including by the appointment of advisers to assist with the divestiture process. The Vendors undertake that upon the request of the Divestiture Trustee the Vendors or the relevant members of their respective Groups shall execute the documents required to give effect to the Trustee Obligation.
- 12.3 The Vendors undertake to hold each Indemnified Person harmless against any liabilities arising out of the proper performance of the Divestiture Trustee's duty, and the Vendors recognize that an Indemnified Person shall have no liability to the Vendors or any members of their Groups for any liabilities arising out of the proper performance of the Divestiture Trustee's duty under these Undertakings, except to the extent that such liabilities result from the gross recklessness, gross negligence or gross bad faith of the Divestiture Trustee, its employees, agents or advisers.
- 12.4 The Vendors undertake that at their joint and several 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 its duty, provided that any fees and other expenses incurred by the Divestiture Trustee are reasonably incurred. Should the Vendors refuse to approve the advisers proposed by the Divestiture Trustee the CC may, after consulting the Vendors, approve and direct the appointment of such advisers. The Divestiture Trustee may use advisers who served the Vendors during the Divestiture Period if the Divestiture Trustee considers this to be in the best interest of a prompt sale.
- 12.5 The Vendors undertake to make no objection to the disposal of either Coach Business in whole or part, or of such other assets as the Divestiture Trustee may agree with the CC save on the grounds of bad faith by the Divestiture Trustee or the failure of the Divestiture Trustee to protect the legitimate financial interests of the Vendors, subject always to the Trustee Obligation; and where the Vendors wish to make an objection on the grounds of bad faith they shall submit a Notice setting out their objection within seven days from the day on which they first became aware of the fact or facts giving rise to its objection.

13. Replacement, discharge and reappointment of the Divestiture Trustee

- 13.1 The Vendors undertake that if the Divestiture Trustee ceases to perform its duty under these Undertakings or for any other good cause, including the exposure of the Divestiture Trustee to a conflict of interest:
- (a) the CC may, after consulting the Divestiture Trustee, require the Vendors to replace the Divestiture Trustee; or
 - (b) the Vendors, with the prior written approval of the CC, may replace the Divestiture Trustee.
- 13.2 If the Divestiture Trustee is removed according to sub-paragraph 13.1, the Divestiture Trustee may be required to continue in post until a new Divestiture Trustee is in place to whom the Divestiture Trustee has effected a full hand over of all relevant information. The new Divestiture Trustee shall be appointed in accordance with the procedure referred to in paragraph 10.
- 13.3 The Vendors recognize that other than in accordance with sub-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 implemented.

14. Effect of invalidity

- 14.1 The Vendors undertake that should any provision of these Undertakings be contrary to law or invalid for any reason the Vendors and each member of their respective Groups shall continue to observe the remaining provisions.
- 14.2 The Vendors undertake that no member of their respective Groups shall rely on any default or want of authority on the part of any member of their respective Groups or of any officer or employee thereof in the execution of these Undertakings unless directed so to do by the CC.

15. Provision of information to the Competition Commission and the OFT

- 15.1 The Vendors undertake that they shall and will procure that each member of their respective Groups 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.
- 15.2 The Vendors undertake that they shall and will procure that each member of their respective Groups 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.
- 15.3 The Vendors undertake that should they or any of them at any time be in breach of any provision of these Undertakings such of them as are in breach will Notify the CC:
- (a) that there has been a breach; and
 - (b) of all the circumstances,
- within five days from the time that the relevant Vendor or Vendors might reasonably have been expected to have become aware of the breach.

16. Service

- 16.1 The Vendors hereby authorize their respective Approved Person to accept on their behalf service of all documents (including any document of any kind which falls to be served on or sent to the Vendors or any of them in connection with any proceedings in Courts in the United Kingdom) orders, requests, notifications or other communications connected with these undertakings.
- 16.2 Any document, order, request, notification or other communication shall be validly served on a Vendor if it is served on their nominated Approved Person; and service shall be deemed to have been acknowledged by any Vendor or Vendors if it is acknowledged by the Approved Person.
- 16.3 This paragraph has effect irrespective of whether, as between any Vendor and the Approved Person, the Approved Person has or continues to have any authority to accept and acknowledge service on that Vendor's behalf; and no failure or mistake by the Approved Person (including a failure to notify a Vendor of the service of any document, order, request, notification or other communication) shall invalidate any action taken in respect of these Undertakings including any proceeding or judgment.
- 16.4 Any communication between any of the Vendors and the CC under these Undertakings shall be addressed to The Secretary to the Remedies Standing Group, CC, Victoria House, Southampton Row, London WC1B 4AD or such other person or address as the CC may direct in writing.
- 16.5 Any communication between any of the Vendors and 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.

17. Compliance

- 17.1 The Vendors undertake to comply with such 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.

18. Subsidiaries

- 18.1 The Vendors undertake to procure that their Subsidiaries comply with these Undertakings as if they had been given by those Subsidiaries.

19. Governing Law

- 19.1 The Vendors recognize that these Undertakings shall be governed and construed in all respects in accordance with English law.
- 19.2 In the event that a dispute arises concerning these Undertakings, the Vendors undertake to submit that dispute to the courts of England and Wales.

20. Termination

- 20.1 The Vendors recognize that these Undertakings shall be in force until such time as they are varied, released or superseded under the Act.
- 20.2 The Vendors recognize 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.

FOR AND ON BEHALF OF STAGECOACH GROUP PLC

..... Signature

Martin Griffiths

Director

18 May 2007

..... Signature

Ross Paterson

Company Secretary

18 May 2007

FOR AND ON BEHALF OF BRADDELL PLC

..... Signature

Jaspal Singh

Director

25th May 2007

..... Signature

John Lee Kah Wah

Director

25th May 2007

FOR AND ON BEHALF OF SCOTTISH CITYLINK COACHES LIMITED

..... Signature

Tom Wileman

Managing Director

18/5/07

..... Signature

Colin Brown

Alternate Director

18/5/07

Mandate of the Divestiture Trustee

1. The Divestiture Trustee will be required to carry out its duty in accordance with the provisions of these Undertakings, but subject to this overriding obligation shall protect the legitimate financial interests of the Vendors.
2. The Divestiture Trustee will have the sole right to sell either Coach Business during the Trustee Divestiture Period.
3. Neither the Vendors nor any member of their respective Groups will take any steps towards the sale of either Coach Business once the Divestiture Trustee has been appointed, save at the direction of the Divestiture Trustee.
4. The Divestiture Trustee shall account for sale monies and for all costs and expenses incurred in connection with the sale to the Vendors and after the deduction of all the sums properly payable to the Trustee or to any person out of the sale proceeds shall pay the balance to the Vendors in such proportion as the Vendors have jointly directed the CC.
5. The terms of the remuneration of the Divestiture Trustee may provide the Trustee with an incentive provided that such incentive does not give rise to any conflict of interest and does not create any impediment to a prompt sale to remedy the SLC.
6. The Vendors shall assist the Divestiture Trustee to carry out its duty in accordance with the terms of these Undertakings.
7. The Divestiture Trustee shall provide the CC with such information and reports as the CC may require to ascertain whether the Vendors, and/or the members of their respective Groups, and or alternatively, the Divestiture Trustee, are complying with their obligations under and in relation to these Undertakings and shall promptly report to the CC if it concludes that the Vendors, and/or the members of their respective Groups, is failing to comply with any of its obligations under this paragraph.

Part I

Management of the Scottish Stagecoach businesses and the Citylink businesses

1. Except with the prior written consent of the CC, Stagecoach, Braddell and Scottish Citylink undertake that they will not during the specified period take any action which might:
 - (a) lead to the integration of the Scottish Stagecoach businesses with the Citylink business (save to the extent that such action had been initiated before 2 December 2005 and that the OFT had been informed of that action by that date);
 - (b) transfer the ownership or control of either of the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business; or
 - (c) otherwise impair the ability of the Scottish Stagecoach businesses to compete with the Citylink business in any of the markets affected by the acquisition (save to the extent that measures having this effect have been initiated before 2 December 2005 and that the OFT had been informed of those measures by that date).

2. Without prejudice to the generality of paragraph 1, Stagecoach, Braddell and Scottish Citylink will at all times during the specified period, procure that except with the prior written consent of the CC:
 - (a) the Scottish Stagecoach businesses carried on by Scottish Citylink are carried on under different names from the Citylink business and a separate sales and brand identity is maintained for each of the Scottish Stagecoach businesses carried on by Scottish Citylink and the Citylink businesses;
 - (b) the Scottish Stagecoach businesses carried on by Scottish Citylink and the Citylink business are maintained as going concerns;
 - (c) except in the ordinary course of business, no substantive changes are made to the organizational structure of, or the management responsibilities within, either of the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business other than those announced before 2 December 2005;
 - (d) the nature, description, range and standard (which includes frequency) of services supplied in the United Kingdom by each of the Scottish Stagecoach businesses carried on by Scottish Citylink and the Citylink business at the date of the Undertakings are maintained and preserved;
 - (e) except in the ordinary course of business the assets (including facilities and goodwill) of each of the Scottish Stagecoach businesses carried on by Scottish Citylink and the Citylink business:
 - (i) shall be maintained and preserved;
 - (ii) shall not be disposed of; and

- (iii) shall not be the subject of any new interest, and no interest in any such asset shall be disposed of;
- (f) there is no integration of the information technology of the Scottish Stagecoach businesses carried on by Scottish Citylink with the information technology of the Citylink business and the respective software and hardware platforms of the Scottish Stagecoach businesses carried on by Scottish Citylink and of the Citylink businesses shall remain essentially unchanged, except for routine changes and maintenance and any enhancements, upgrades or improvements (including replacement with an improved system);
- (g) no key staff are transferred between the Stagecoach businesses and the Citylink business, except where appointments had already been made or transfers had already been announced before 2 December 2005;
- (h) without prejudice to the right of Stagecoach, Braddell or Scottish Citylink to apply its normal disciplinary policies, or the right of any officer or employee of Scottish Citylink or any of its subsidiaries to leave that office or employment to pursue an office or employment other than with Stagecoach, Braddell or Scottish Citylink, or any of their subsidiaries or affiliates, all reasonable steps are taken to encourage all key staff of, respectively, the Scottish Stagecoach businesses carried on by Scottish Citylink and the Citylink business to remain with the business in relation to which they were employed prior to 12 September 2005;
- (i) all subsisting local authority subsidies of which Scottish Citylink had the benefit on or before 12 September 2005 shall accrue to the benefit of the Citylink business and all subsisting local authority subsidies in relation to the Scottish Stagecoach businesses carried on by Scottish Citylink of which Stagecoach had the benefit on or before 12 September 2005 shall, to the extent that the benefit of them is passed to Scottish Citylink, accrue to the benefit of the Scottish Stagecoach business carried on by Scottish Citylink;
- (j) save in respect of business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the Citylink business and passed to an Authorized Person, no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the Citylink business, shall pass, directly or indirectly, from Scottish Citylink (or any of its employees, directors, agents or affiliates) to Stagecoach (or any of its employees, directors, agents or affiliates), or such information relating to the Retained Scottish Stagecoach businesses from Stagecoach (or any of its employees, directors, agents or affiliates) to Scottish Citylink or the Citylink business (or any of its employees, directors, agents or affiliates), except where strictly necessary in the ordinary course of business;
- (k) no application or notification will be made to the Traffic Commissioner for Scotland, nor any application or notification made to any local authority, for the variation of any existing bus service or the introduction of any new bus service any part of which is supplied in Scotland where such bus service is or may be carried on under the Megabus, Motorvator or Citylink brands or where the service operates on any route that was at 12 September 2005 a route on which services under the Megabus, Motorvator or Citylink brands were operated; and
- (l) [X]

3. Stagecoach will at all times during the specified period procure that, except with the prior written consent of the CC:
- (a) the Retained Scottish Stagecoach businesses are carried on separately and under different names from the Citylink business and a separate sales and brand identity is maintained for the Retained Scottish Stagecoach businesses;
 - (b) the Retained Scottish Stagecoach businesses are maintained as going concerns and sufficient resources are made available for their development on the basis of their pre-merger plans;
 - (c) in relation to bus or coach services operated by the Retained Scottish Stagecoach businesses which at 2 December 2005 overlapped on point to point flows with bus or coach services operated by the Citylink business (Stagecoach retained overlap route services), the nature, description, range and standard (which includes frequency) of the Stagecoach retained overlap route services shall be maintained and preserved save that the provisions of this subparagraph shall not apply in respect of services operated by Strathclyde Scottish Omnibuses on 12 April 2006;
 - (d) there is no integration of the information technology of the Retained Scottish Stagecoach businesses with the information technology of the Citylink business and the software and hardware platforms of the Retained Scottish Stagecoach businesses remain essentially unchanged, except for routine changes and maintenance and any enhancement upgrades or improvements (including replacement with an improved system); and
 - (e) without prejudice to the right of Stagecoach to apply its normal disciplinary policies, or the right of any officer or employee of Stagecoach or any of its subsidiaries to leave that office or employment to pursue an office or employment other than with Stagecoach, any Subsidiary of Stagecoach, or any affiliate of Stagecoach or any of its subsidiaries, all reasonable steps are taken to encourage all key staff of the Retained Scottish Stagecoach businesses to remain with the business, provided that this shall not prevent Stagecoach from making transfers of key staff from the Retained Scottish Stagecoach businesses to any other business of Stagecoach or its subsidiaries, other than the Scottish Stagecoach businesses carried on by Scottish Citylink and the Citylink business.

Compliance

4. In relation to the undertakings in paragraphs 1, 2, 3, 6, 9, 11, and 13 of these Secondary Undertakings:
- (a) Stagecoach and Braddell shall procure that their respective Key Subsidiaries comply with them as if they had given them;
 - (b) Stagecoach and Braddell shall procure that their respective Secondary Subsidiaries shall comply with them as if they had given them, save that the only undertaking in paragraphs 1, 2, and 3 to which Secondary Subsidiaries shall be subject is that in paragraph 1(a); and
 - (c) Scottish Citylink shall procure that its Subsidiaries shall comply with them as if they had given them.
5. Stagecoach, Braddell and Scottish Citylink shall each provide to the CC a statement of compliance and information in the form set out in Part II of this Appendix B and

signed by the relevant Designated Signatory on the fifteenth day after the Commencement Date and thereafter every 15 days for the remainder of the specified period.

6. Stagecoach, Braddell and Scottish Citylink shall each provide to the CC such further information, documents or other materials as the CC may require for the purpose of monitoring or verifying compliance with these Secondary Undertakings.
7. At all times, Stagecoach will keep the CC informed of any material developments relating to the Retained Scottish Stagecoach businesses which includes but is not limited to:
 - (a) details of key staff who leave or join the Retained Scottish Stagecoach businesses;
 - (b) any alteration to the Retained Scottish Stagecoach businesses which has affected the working pattern of more than 100 Retained Scottish Stagecoach businesses employees;
 - (c) all abnormal changes in patterns of passenger demand in the Retained Scottish Stagecoach businesses on routes that include overlap flows between services operated by the Retained Scottish Stagecoach businesses and services operated by the Citylink business or the Scottish Stagecoach businesses carried on by Scottish Citylink; and
 - (d) substantial changes in the Retained Scottish Stagecoach businesses contractual arrangements or relationships with sub-contractors (if any).
8. At all times, Stagecoach, Braddell and Scottish Citylink will keep the CC informed of any material developments relating to the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business which includes but is not limited to:
 - (a) details of key staff (if any) who leave or join the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business;
 - (b) any alteration to the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business which has affected the working pattern of more than five employees of either the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business;
 - (c) all abnormal changes in patterns of passenger demand in the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business; and
 - (d) substantial changes in the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink business contractual arrangements or relationships with key suppliers.
9. Stagecoach, Braddell and Scottish Citylink shall each comply insofar as it is able with such written directions as the CC may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings including such directions as the CC considers necessary:

- (a) for the appointment of a monitor, and should it be necessary, for the appointment of a hold separate manager or monitoring trustee (including the appointment of a hold separate manager to run the Citylink business);
 - (b) for the reasonable remuneration, and indemnification, of that monitor, and any necessary hold separate manager or monitoring trustee;
 - (c) for the discharge of the reasonable costs and expenses incurred by that monitor, and any necessary hold separate manager or monitoring trustee, including amounts in respect of fees paid or payable by that monitor, hold separate manager or monitoring trustee to such legal or other professional advisors consultants and assistants as the monitor, hold separate manager or monitoring trustee reasonably considers to be necessary for the discharge of its functions;
 - (d) for the assistance, cooperation and information to be provided to that monitor, and any hold separate manager or monitoring trustee who may be appointed, in the discharge of its functions (including full and complete access to the books, records, documents, management or other personnel, facilities, sites and technical information of each of Stagecoach, Braddell and Scottish Citylink and any Subsidiary thereof; and the provision of office space on their premises should that be necessary);
 - (e) for the termination of the appointment of the monitor and any hold separate manager or monitoring trustee at the direction of the CC.
10. The provisions of paragraph 11 shall apply in the event that the CC directs the appointment of a monitor, hold separate manager or monitoring trustee.
 11. The CC may stipulate in the relevant direction that a provision or provisions of these undertakings (including for the avoidance of doubt provisions in relation to compliance and compliance statements) shall be suspended in whole or part during the period in which the direction has effect, or for such other period as the CC may stipulate, or shall be suspended subject to the satisfaction of conditions stated by the CC and for the avoidance of doubt in giving any such directions the CC shall take account of the extent to which the directions may affect the ability of the parties to comply with these undertakings and the ability of the parties to verify whether the undertakings are being complied with.
 12. The conditions referred to in paragraph 11 may, inter alia, include conditions as to the satisfaction of any obligation by Stagecoach, Braddell and Scottish Citylink to which they are subject in relation to the relevant direction.
 13. In the event that the CC issues for consultation a draft direction under paragraph 9, Stagecoach, Braddell and Scottish Citylink shall, if they are minded to reply to the CC's consultation, do so in writing within such reasonable period as the CC may stipulate.

Interpretation

14. The Interpretation Act 1978 shall apply to these Secondary Undertakings as it does to Acts of Parliament.
15. For the purposes of these Secondary Undertakings, and of Annex C:

'the Act' means Enterprise Act 2002;

‘an affiliate’ of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under the common control for the purposes of section 26 of the Act;

‘Authorized Person’ means:

- (i) Brian Souter while he is a director of Scottish Citylink, Martin Griffiths while he is a director of Scottish Citylink, Colin Brown, while he is an alternate director of Scottish Citylink, Tom Wileman while he is managing director of Scottish Citylink or an alternate director of Scottish Citylink, Robert Andrew while he is transport manager of Scottish Citylink, Steve Walker while he is general manager of Scottish Citylink and Douglas McVean while he is financial controller of Scottish Citylink;
- (ii) each of the members of the Business Development Committee responsible for the management of megabus, namely Brian Souter, Tom Wileman, Robert Andrew, Les Warneford, George Connell, Bob Montgomery, Steven Stewart, Emma McNae and Elaine RossCraig;
- (iii) Stagecoach staff providing occasional support to Scottish Citylink, namely Emma McNae (marketing), Elaine RossCraig (Research and Development) and Ron Cole (IT);
- (iv) megabus call centre, control, sales and operational staff;
- (v) Scottish Citylink call centre, control, sales and operational staff;
- (vi) staff of Stagecoach, Braddell and Scottish Citylink (and their affiliates) engaged in functions relating to accounting reporting to the standard required by a quoted company and in dealing with the consolidation of accounts and preparation of tax returns;
- (vii) the secretary or personal assistant of any person named or identified by class of staff in paragraphs (i) to (iv) above;

and in relation to (i) to (iii) above, the named individuals shall only be Authorized Persons while they hold the posts or offices described above, and only to the extent necessary for the discharge of the duties connected with that post or office and in relation to (iv) to (viii) any person named or falling within any of the classes of staff identified are only Authorized Persons to the extent that they must be so for the necessary discharge of their functions.

‘Braddell’ Braddell PLC;

‘business’ has the meaning given by section 129(1) and (3) of the Act;

‘the Citylink business’ means the coach and bus business carried on by Scottish Citylink as at 12 September 2005;

‘Citylink business services’ means the coach and bus services operated by the Citylink businesses;

‘control’ includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise but without having a controlling interest in that body corporate or in that enterprise,

and in the case of a body corporate, a person shall for the purposes of these undertakings be deemed to control it if he holds, or has an interest in, shares of that body corporate which amount to 10 per cent or more of its issued share capital or which carry an entitlement to vote at meetings of that body corporate of 10 per cent or more of the total number of votes which may be cast at such meetings;

‘Designated Signatory’ means Colin Brown in respect of compliance statements to be made by Stagecoach, Jaspal Singh in respect of compliance statements to be made by Braddell, and Tom Wileman in respect of compliance statements to be made by Scottish Citylink;

‘flow’ means the connection between two points on a route;

‘key staff’ means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business;

‘Key Subsidiary’ means any Subsidiary which holds, directly or indirectly, any interest in Scottish Citylink or in any company that owns or controls the Scottish Stagecoach business carried on by Scottish Citylink, the Citylink business, or the Retained Scottish Stagecoach business;

‘the OFT’ means the Office of Fair Trading;

‘the ordinary course of business’ means matters connected to the day to day supply of services by the Scottish Stagecoach businesses and the Citylink business and does not include matters involving significant changes to the organizational structure or related to the post-merger integration of these businesses;

‘overlap flow’ means a flow that is common to two or more services provided by different businesses;

‘the Retained Scottish Stagecoach businesses’ means those parts of the Scottish Stagecoach businesses that continue to be carried on by Stagecoach Scotland Limited or any other Stagecoach Subsidiary;

‘route’ means an ‘end-to-end’ service;

‘the Scottish Stagecoach businesses’ means the coach and bus businesses carried on by or under the control of Stagecoach as at 12 September 2005 that operate bus or coach routes that run wholly or partly within Scotland together with the Strathclyde Scottish Omnibuses Ltd business acquired on 14 December 2005;

‘the Scottish Stagecoach business services’ means coach and bus services operated by the Scottish Stagecoach businesses;

‘Secondary Subsidiary’ means any Subsidiary that carries on a transport business in the United Kingdom and that is not a Key Subsidiary;

‘the specified period’ means the period beginning on the date on which these Undertakings are accepted and terminating at the end of the Disposal Period;

‘the Stagecoach businesses’ means the businesses carried on by or under the control of Stagecoach as at 12 September 2005;

‘Stagecoach retained overlap route services’ has the meaning given in paragraph 3(c) of these undertakings;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Part II

Statement of compliance and information of Stagecoach Group plc (Stagecoach) in relation to Scottish Citylink

I [insert name] confirm on behalf of Stagecoach that in the period from [insert date] to [insert date]:

- (a) Stagecoach has complied with the Secondary Undertakings;
- (b) Stagecoach's Subsidiaries have also complied with the Secondary Undertakings to the extent that they are required to do so by paragraph 4 of those Secondary Undertakings;
- (c) No action has been taken by Stagecoach that will impede the taking of any action by the CC which may be justified by its decision on the reference;
- (d) Stagecoach and its Subsidiaries have been in full compliance with the Secondary Undertakings and will continue to keep the CC informed of any material developments relating to the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink businesses (the businesses) in accordance with paragraph 7 of the Secondary Undertakings;
- (e) The businesses have been maintained as going concerns;
- (f) Save as provided below, all negotiations with sub-contractors for the businesses have been carried out on behalf of Scottish Citylink and without regard to the interests of Stagecoach;
- (g) Save as described below, there have been no substantial changes to the nature, description, range and quality of any services supplied in Scotland by the businesses;

Assets—including facilities and goodwill

- (h) Save as described below none of the assets of the businesses with an individual value of £500 or more have been disposed of;
- (i) Save as described below no interest in the assets of the businesses has been created or disposed of;
- (j) Save as described below, all of the assets of the businesses have been maintained and preserved as they were at the date on which the CC accepted the Secondary Undertakings, other than to the extent that disclosure to the contrary has been made in an earlier compliance statement made to the CC by Stagecoach under the Secondary Undertakings;

Information Technology Systems

- (k) Save as described below there have been no changes to the software and hardware platforms of the businesses, beyond routine changes and maintenance;

Material Developments

- (l) Save as described below no key staff have left or joined the businesses;
- (m) Save as described below:
 - (i) there have been no alterations to the businesses which have affected the working pattern of more than five employees of the businesses;
 - (ii) there have been no substantial changes in patterns of passenger demand in the businesses; and
 - (iii) there have been no substantial changes in the contractual arrangements of the businesses with sub-contractors;

Confidential Information

- (n) Save as provided below no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the two businesses has passed, directly or indirectly, from the businesses (or any of its employees, directors, agents or affiliates) to Stagecoach (or any of its employees, directors, agents or affiliates) other than to an Authorized Person as permitted by the Secondary Undertakings.

This compliance and information statement is not a request for a consent under or variation of the Secondary Undertakings and to the extent that any information disclosed in this statement describes or relates to a breach of the Secondary Undertakings Stagecoach will not rely on that disclosure in a defence to any proceedings brought by the OFT or the CC to enforce the Undertakings.

FOR AND ON BEHALF OF STAGECOACH

Signature

Name

Title

Date

Statement of compliance and information of Stagecoach Group plc (Stagecoach) in respect of the Retained Scottish Stagecoach businesses

I [insert name] confirm on behalf of Stagecoach that in the period from [insert date] to [insert date]:

- (a) The Retained Scottish Stagecoach businesses (the businesses) have been maintained as going concerns;
- (b) Save as provided below, the customer records of the businesses have been operated and updated purely for the purposes of the businesses without any involvement of or intention to confer a benefit on Scottish Citylink or the Citylink business save insofar as those records relate to the Scottish Stagecoach businesses carried on by Scottish Citylink or to ticket sales for Scottish Citylink fast services made through the Megabus website;
- (c) Save as provided below, all customer/supplier negotiations for the businesses have been carried out independently of Scottish Citylink or the Citylink business and without any intention to confer a benefit on them (and for the avoidance of doubt this paragraph does not apply to any negotiations with customers or suppliers in relation to the provision of services by Stagecoach, or any Subsidiary of Stagecoach, to Scottish Citylink);
- (d) Save as described below, there have been no significant changes to the nature, description, range and quality of any services supplied on routes that include overlap flows between services operated by the Retained Scottish Stagecoach businesses and services operated by the Citylink business or the Scottish Stagecoach businesses carried on by Scottish Citylink;

Assets—including facilities and goodwill

- (e) Save as described below no interest in the assets of the businesses has been created or disposed of that has any material effect on the Citylink business or on the Scottish Stagecoach business carried on by Scottish Citylink;

Contracts

- (f) Save as described below all contracts of substantial importance to the businesses that have any material effect on the Citylink business or on the Scottish Stagecoach business carried on by Scottish Citylink have been serviced by the businesses;

Information Technology Systems

- (g) Save as described below there have been no changes to the software and hardware platforms of the businesses that have any material effect on the Citylink business or on the Scottish Stagecoach business carried on by Scottish Citylink beyond routine changes and maintenance;

Material Developments

- (h) Save as described below no key staff whose departure may reasonably be expected to affect the operation of services on routes including overlap flows between services operated by the Retained Scottish Stagecoach businesses and services operated by

the Citylink business or the Scottish Stagecoach businesses carried on by Scottish Citylink have left or joined the businesses;

(i) Save as described below:

- (i) there have been no alterations to the operations of the businesses which have affected routes that include overlap flows between services operated by the Retained Scottish Stagecoach businesses and services operated by the Citylink business or the Scottish Stagecoach businesses carried on by Scottish Citylink;
- (ii) there have been no abnormal changes in patterns of passenger demand in the businesses on routes including overlap flows between services operated by the Retained Scottish Stagecoach businesses and services operated by the Citylink business or the Scottish Stagecoach businesses carried on by Scottish Citylink; and
- (iii) there are no sub-contracting arrangements with, or to the extent that there are, there have been no substantial changes in the contractual arrangements of the businesses with, sub-contractors who also provide sub-contracting services to Scottish Citylink.

Confidential Information

(j) Save as provided below, no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the businesses, has passed, directly or indirectly, from the businesses (or any of its employees, directors, agents or affiliates) to Scottish Citylink or the Citylink business (or any of its employees, directors, agents or affiliates) other than to an Authorized Person as permitted by the Secondary Undertakings.

This Secondary compliance and information statement is not a request for a consent under or variation of the Undertakings and to the extent that any information disclosed in this statement describes or relates to a breach of the Secondary Undertakings Stagecoach will not rely on that disclosure in a defence to any proceedings brought by the OFT or the CC to enforce the Secondary Undertakings.

FOR AND ON BEHALF OF STAGECOACH

Signature

Name

Title

Date

Statement of compliance and information for Braddell PLC (Braddell)

I [insert name] confirm on behalf of Braddell that in the period from [date] to [date]:

- (a) Braddell has complied with the Secondary Undertakings given by it and accepted by the CC on [date];
- (b) Braddell's subsidiaries have complied with the Secondary Undertakings to the extent that they are required to do so by paragraph 4 of those Secondary Undertakings;
- (c) No action has been taken by Braddell that will impede the taking of any action by the CC which may be justified by its decision on the reference;
- (d) Braddell and its Subsidiaries have been in full compliance with the Secondary Undertakings and will continue to keep the CC informed of any material developments relating to the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink businesses (the businesses) in accordance with paragraph 7 of the Secondary Undertakings;
- (e) The businesses have been maintained as going concerns;
- (f) Save as provided below, all negotiations with sub-contractors to the businesses have been carried out on behalf of Scottish Citylink and without regard to the interests of Stagecoach;
- (g) Save as described below, there have been no significant changes to the nature, description, range and quality of any services supplied in Scotland by the businesses;

Assets—including facilities and goodwill

- (h) Save as described below none of the assets of the businesses with an individual value of £500 or more have been disposed of;
- (i) Save as described below no interest in the assets of the businesses has been created or disposed of;
- (j) Save as described below all of the assets of the businesses have been maintained and preserved as they were at the date on which the CC accepted the Secondary Undertakings, other than to the extent that disclosure to the contrary has been made in an earlier compliance statement made to the CC by Stagecoach under the Secondary Undertakings;

Contracts

- (k) Save as described below all contracts of substantial importance to the Citylink business and to the Scottish Stagecoach business carried on by Scottish Citylink have been serviced by the Citylink business and the Scottish Stagecoach business carried on by Scottish Citylink respectively;

Information Technology Systems

- (l) Save as described below there have been no changes to the software and hardware platforms of the businesses, beyond routine changes and maintenance;

Material Developments

- (m) Save as described below no key staff have left or joined the businesses;
- (n) Save as described below:
- (i) there have been no alterations to the businesses which have affected the working pattern of more than five employees of the businesses;
 - (ii) there have been no substantial changes in patterns of passenger demand in the businesses; and
 - (iii) there have been no substantial changes in the contractual arrangements of the businesses with key suppliers;

Confidential Information

- (o) Save as provided below, no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the two businesses, has passed, directly or indirectly, from the Citylink businesses (or any of its employees, directors, agents or affiliates) to Stagecoach (or any of its employees, directors, agents or affiliates) other than to an Authorized Person as permitted by the Secondary Undertakings.

This compliance and information statement is not a request for a consent under or variation of the Secondary Undertakings and to the extent that any information disclosed in this statement describes or relates to a breach of the Secondary Undertakings Braddell will not rely on that disclosure in a defence to any proceedings brought by the OFT or the CC to enforce the Undertakings.

FOR AND ON BEHALF OF BRADDELL

Signature

Name

Title

Date

Statement of compliance and information for Scottish Citylink

I [insert name] confirm on behalf of Scottish Citylink that in the period from [date] to [date]:

- (a) Scottish Citylink has complied with the Secondary Undertakings;
- (b) Scottish Citylink's subsidiaries have also complied with the Secondary Undertakings;
- (c) No action has been taken by Scottish Citylink that will impede the taking of any action by the CC which may be justified by its decision on the reference; and
- (d) Scottish Citylink and its subsidiaries have remained in full compliance with the Secondary Undertakings and will continue to keep the CC informed of any material developments relating to the Scottish Stagecoach businesses carried on by Scottish Citylink or the Citylink businesses (the businesses) in accordance with paragraph 7 of the Secondary Undertakings;
- (e) The businesses have been maintained as going concerns;
- (f) Save as provided below, the customer records of the businesses have been operated and updated purely for the purposes of these businesses without any involvement of Stagecoach save insofar as those records relate to the Scottish Stagecoach businesses carried on by Scottish Citylink or to ticket sales for Scottish Citylink fast services made through the Megabus website;
- (g) Save as provided below, all customer/supplier negotiations for the businesses have been carried out on behalf of Scottish Citylink and without regard to the interests of Stagecoach;
- (h) Save as described below, there have been no substantial changes to the nature, description, range and quality of any services supplied in Scotland by the businesses;

Assets—including facilities and goodwill

- (i) Save as described below none of the assets of the businesses with an individual value of £500 or more have been disposed of;
- (j) Save as described below no interest in the assets of the businesses has been created or disposed of;
- (k) Save as described below all of the assets of the businesses have been maintained and preserved as they were at the date on which the CC accepted the Secondary Undertakings, other than to the extent that disclosure to the contrary has been made in an earlier compliance statement made to the CC by Stagecoach under the Secondary Undertakings;

Information Technology Systems

- (l) Save as described below there have been no changes to the software and hardware platforms of the businesses, beyond routine changes and maintenance;

Material Developments

- (m) Save as described below no key staff have left or joined the businesses;
- (n) Save as described below:
 - (i) there have been no alterations to the businesses which have affected the working pattern of more than five employees of the businesses;
 - (ii) there have been no substantial changes in patterns of passenger demand in the businesses; and
 - (iii) there have been no substantial changes in the contractual arrangements of the businesses with sub-contractors.

Confidential Information

- (o) Save as provided below no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the two businesses, has passed, directly or indirectly, from the Citylink businesses (or any of its employees, directors, agents or affiliates) to Stagecoach (or any of its employees, directors, agents or affiliates) other than to an Authorized Person as permitted by the Secondary Undertakings.

This compliance and information statement is not a request for a consent under or variation of the Secondary Undertakings and to the extent that any information disclosed in this statement describes or relates to a breach of the Secondary Undertakings Scottish Citylink will not rely on that disclosure in a defence to any proceedings brought by the OFT or the CC to enforce the Secondary Undertakings.

FOR AND ON BEHALF OF Scottish Citylink

Signature

Name

Title

Date

**Draft Directions to be issued pursuant to paragraph 9
of the Secondary undertakings**

1. The CC now directs under paragraph 9 of the Secondary Undertakings that the following actions shall be taken:
 - (a) Scottish Citylink shall as soon as is reasonably practicable and in any event within two days from the day on which these Directions are made appoint a monitor (the Monitor) with the primary function described in paragraph 2 below;
 - (b) that appointment shall be made in accordance with the provisions of paragraphs 15 to 18 below;
 - (c) Stagecoach, Braddell and Scottish Citylink shall ensure that the terms of appointment of the Monitor shall give effect to the provisions of these directions, and that the terms of appointment will be approved by the CC in accordance with the provisions of paragraphs 16 and 17 below;
 - (d) Stagecoach, Braddell and Scottish Citylink shall, and will ensure that their Subsidiaries shall, cooperate fully with the Monitor in accordance with the provisions of paragraphs 6 to 8 below.
2. The primary function of the Monitor will be to consider any application by Stagecoach, Braddell or Scottish Citylink for consent under paragraphs 2(a), 2(d), 2(k), 2(l), 3(a) or 3(c) of Annex B of these Undertakings where that application for consent arises in relation to:
 - (a) any change to any timetable under which the Citylink business, the Scottish Stagecoach businesses carried on by Scottish Citylink or the Retained Scottish Stagecoach businesses operate services (both in relation to registered and unregistered services, and including the introduction of new services);
 - (b) any change in any fare on any service carried on by the Citylink business, the Scottish Stagecoach businesses carried on by Scottish Citylink or the Retained Scottish Stagecoach businesses;
 - (c) any change in any scheduled vehicle type on any service carried on by the Citylink business, the Scottish Stagecoach businesses carried on by Scottish Citylink or the Retained Scottish Stagecoach businesses;
 - (d) any change in the brand under which any service carried on by the Citylink business, the Scottish Stagecoach businesses carried on by Scottish Citylink or the Retained Scottish Stagecoach businesses is operated; and
 - (e) any change in the sub-contracting arrangements in relation to any service carried on by the Citylink business or the Scottish Stagecoach businesses carried on by Scottish Citylink (including the creation, termination, and reallocation within Scottish Citylink, of sub-contracting arrangements) provided that where any such change is made with 24 hours notice or less and in relation to standby, duplicate and emergency services an application need only be made to the Monitor within two days after the day on which the change is first made; provided always that Stagecoach may, at its discretion make any application for

consent relating to the Retained Scottish Stagecoach businesses to the CC and not to the Monitor and nothing in this paragraph 2 and no other provision of these directions shall be taken to prevent it from doing so.

3. Where the Monitor is satisfied that the change that is the subject matter of the application referred to in paragraph 2 is a change that arises out of the ordinary course of the business of Scottish Citylink or of the Retained Scottish Stagecoach business and that it does not constitute pre-emptive action then, pursuant to paragraph 11 of the Undertakings, paragraphs 2(a), 2(d), 2(k), 2(l), 3(a) or 3(c) will in respect only of the change for which the application was made be suspended in respect of changes in the ordinary course of business, provided always that the Monitor has been provided with all the information necessary to enable it to reach an informed decision.
4. If the Monitor reaches a preliminary view either that the change for which an application is made does not arise in the ordinary course of business or that it would constitute pre-emptive action, the Monitor will so advise the applicant and will stipulate a reasonable period of time in which the applicant may provide the Monitor with further information.
5. Where the Monitor is not satisfied that the change arises in the ordinary course of business or that it would not constitute pre-emptive action, the Monitor will provide the applicant with a short statement explaining why the Monitor is not satisfied and supply a copy to the CC. A further application for consent for the change may then be made by the applicant to the CC.
6. In addition to the primary function, the Monitor will also:
 - (a) assist the CC to monitor the extent of compliance by Stagecoach, Braddell and Scottish Citylink with the Secondary Undertakings and shall in particular provide the CC with any information in the possession of the Monitor that may suggest that a breach of the Secondary Undertakings may have taken place as soon as is practicable after receipt of the information;
 - (b) assist the CC (at the request of the CC) to respond to any request that may be made by Stagecoach, Braddell or Scottish Citylink to the CC for a variation of or consent under the Secondary Undertakings;
 - (c) otherwise assist the CC to prevent Stagecoach, Braddell and Scottish Citylink taking pre-emptive action within the specified period;

and the 'Monitor's functions' shall include the performance of the primary function, the performance of the functions in this paragraph 6, and the performance of any other act or task necessary for the performance of those functions of the Monitor including the performance of the reporting obligations at paragraph 11 below.

7. In furtherance of the Monitor's functions the Monitor shall take such steps as the Monitor reasonably considers necessary including:
 - (a) giving such directions to the officers and staff of Scottish Citylink, including any person holding such position on a temporary basis, or on secondment, as are necessary for the fulfilment of the Monitor's functions;
 - (b) attending such meetings of employees, officers (including board meetings, and meetings of any committee of the board) and members of Scottish Citylink as the Monitor considers necessary for the fulfilment of the Monitor's functions;

- (c) attending meetings of employees or officers of Stagecoach or Braddell as the Monitor may consider necessary (including meetings convened at the instigation of the Monitor) for the fulfilment of the Monitor's functions;
 - (d) complying with such requests as the CC may reasonably make for the purpose of ensuring compliance by Stagecoach, Braddell and Scottish Citylink with their obligations under or in relation to these directions.
- 8. Scottish Citylink shall remunerate the Monitor, and shall reimburse the Monitor in full for all reasonable costs and expenses properly incurred, in accordance with the terms and conditions of the Monitor's appointment, provided that such remuneration and reimbursement shall not give rise to any conflict of interest or otherwise impair the ability of the Monitor to discharge the Monitor's functions and:
 - (a) for the avoidance of doubt such reimbursement shall include the fees and disbursements of such legal or other professional advisers, consultants and assistants as the Monitor reasonably considers necessary for the discharge of the Monitor's functions; and
 - (b) any appointment of advisers, consultants or assistants and any individual item of costs or expenses in excess of £1,000.00 shall not be reasonably incurred without the prior written consent (which may be general) of the CC. Where the CC grants the Monitor consent to incur any such liability the Monitor shall promptly inform Scottish Citylink.
- 9. Stagecoach, Braddell and Scottish Citylink, and their Subsidiaries, shall comply with the directions of and cooperate fully with, and shall ensure that their employees, officers, advisers and consultants shall comply with the directions of and cooperate fully with the Monitor in the performance by the Monitor of the Monitor's functions.
- 10. Without prejudice to the generality of paragraph 9, that cooperation shall include:
 - (a) the grant to the Monitor on the date of appointment of all such rights, powers and authorities as are necessary for the performance of the Monitor's functions;
 - (b) the provision of such facilities as are necessary for the discharge by the Monitor of the Monitor's functions, including the provision of an office with a workstation, telephone, fax machine and a computer at such premises of the Citylink business as the Monitor may reasonably require; and
 - (c) the provision of full and complete access to all personnel, books, records, documents, facilities and information of Braddell, Stagecoach and Scottish Citylink as the Monitor may reasonably require.
- 11. On a fortnightly basis, the Monitor shall report to the CC on:
 - (a) any applications under paragraph 2 and the Monitor's decision on that application; and
 - (b) any matters that the Monitor is aware of that may lead to an application under paragraph 2.
- 12. Nothing in the functions of the Monitor shall require or entail the disclosure to the CC of information or documents that any of Stagecoach, Braddell and Scottish Citylink would be entitled to withhold from the CC on the grounds of legal privilege.

13. The Monitor should notify the CC immediately on the formation by the Monitor of a reasonable suspicion that the Secondary Undertakings have been breached, or if the Monitor is unable effectively to carry out the Monitor's functions. In either situation, the Monitor should give reasons and attach any supporting evidence (so far as the Monitor is permitted to do so by paragraph 12).
14. All communications between the Monitor and the CC (including the statements and reports of the Monitor referred to in paragraphs 11 and 13) shall be confidential and shall not be disclosed to Stagecoach, Braddell or Scottish Citylink by the Monitor without the express written permission of the CC. In relation to the possibility of disclosure of such communications to persons other than Stagecoach, Braddell or Scottish Citylink, the CC shall act in accordance with the provisions of Part 9 of the Enterprise Act 2002. The Monitor shall not disclose such communications to third parties.

General

15. The Monitor shall possess appropriate qualifications and experience to carry out the Monitor's functions.
16. The Monitor shall be independent of Stagecoach, Braddell and Scottish Citylink and shall have no conflict of interest.
17. The remuneration and reimbursement of the Monitor shall not impede the independence or effectiveness of the Monitor.
18. The appointment by Scottish Citylink of the Monitor shall be subject to the approval of the CC as to the identity of the Monitor and as to the terms and conditions of the Monitor's appointment. The terms of the Monitor's appointment shall include:
 - (a) all the provisions necessary to give effect to these directions (including any necessary conditions as to confidentiality and restrictions on future employment);
 - (b) an indemnity by Braddell and Stagecoach by which the Monitor and any assistant appointed by the Monitor is held harmless against any losses, claims, damages, liabilities or expenses arising out of or in connection with the performance of the Monitor's functions except to the extent that such losses, claims, damages, liabilities or expenses shall be caused by the bad faith or gross negligence of the Monitor; and
 - (c) shall provide that the only method of termination of the appointment of the Monitor is by Scottish Citylink acting on the direction of the CC.
19. Scottish Citylink shall inform the CC as soon as is reasonably practicable and in any event within two days from the Commencement Date of the identity of the Monitor proposed by Scottish Citylink and shall provide the CC with draft terms and conditions of appointment at least four working days prior to the date on which the Monitor is to be appointed. On the appointment of the Monitor Scottish Citylink shall provide the CC with a copy of the agreed terms and conditions of appointment.
20. The CC may issue such further directions as it considers necessary to ensure compliance with the Secondary Undertakings, including, where the appointment of the Monitor pursuant to these directions has been terminated, directions for the appointment of a further Monitor, or for a hold separate manager or monitoring trustee.

Interpretation

21. In these directions 'pre-emptive action' means any action that might impede the taking of any action by the CC pursuant to the report.

In order to comply with Final Undertakings given to the Competition Commission by us, we are obliged to provide you the following information.

First, we are required by the terms of the Final Undertakings to dispose of either the Citylink business on the Saltire Cross or the Megabus business on the Saltire Cross, in order to remedy the substantial lessening of competition ("SLC") identified by the Competition Commission in its Report *Stagecoach and Scottish Citylink A report on the completed joint venture between Stagecoach Bus Holdings Limited and Braddell PLC in relation to megabus.com, Motorvator and Scottish Citylink*.

Secondly, the Competition Commission wishes us to sell the whole of the Citylink Saltire Business or Megabus Saltire Business on the Saltire Cross because it considers a sale of the whole of either business to be the most likely way in which competition on the Saltire Cross may be restored. However, the Competition Commission will allow the sale and purchase of less than the whole of either Business where, taking account of all the circumstances, that lesser sale would remedy the SLC.

Thirdly, we are required by the Competition Commission to tell you that, under paragraph 8 of the Final Undertakings, if you consider that the terms of sale that we are offering you are not such as to enable you to compete in the supply of scheduled coach services on the Saltire Cross you may make a representation to the Competition Commission. If, having considered any representation that we may make in response, the Competition Commission finds that the issues raised in your representation do need to be resolved to achieve an effective disposal it may direct us to alter the terms of sale or take such other steps as are necessary in all the circumstances.

If you wish to make a representation to the Commission under paragraph 8 of the Final Undertakings you should write to The Secretary to the Remedies Standing Group, Competition Commission, Victoria House, Southampton Row, London WC1B 4AD.

You will find a copy of the Final Undertakings on the website of the Competition Commission at

<http://www.competition-commission.org.uk/inquiries/ref2006/citylink/index.htm>.