

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 1 April 2016

Completed acquisition by Arriva Rail North Limited (Arriva) of the Northern Rail Franchise

We refer to your emails of May and June 2016 requesting that the CMA consents to derogations to the Initial Enforcement Order of 1 April 2016 (the ‘**Initial Order**’), as listed below. The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, provision was made that Arriva will hold separate Arriva Rail North (ARN) or the Northern Franchise Business from any other Arriva Business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of Arriva’s request for derogations from the Initial Order, based on the information received from Arriva and in the particular circumstances of this case, Arriva may carry out the following actions, in respect of the specific paragraphs:

Derogation from paragraph 5(d) of the Initial Order: Changes in range and/or quality of services provided by Northern Rail Franchise/Arriva

In an email dated 10 May 2016, Arriva requested permission to withdraw Arriva North West bus service [redacted]. The removal of this service was a commercial decision taken by Arriva. Arriva provided evidence that the service was previously under review, that the withdrawal decision was being contemplated prior to the adoption of the Initial Order, and that [redacted]. This shows that the withdrawal was not as a result of the merger.

Arriva is, therefore, permitted to withdraw Arriva North West bus service [redacted].

Derogation from paragraph 5(d) of the Initial Order: Changes in range and/or quality of services provided by Northern Rail Franchise/Arriva

In an email dated 9 June 2016, Arriva requested permission to change the timetable of Arriva Yorkshire bus services [X] and [X].

Based on a review of the current and planned timetables provided by Arriva, the service quality is not affected by those timetable changes.

Arriva is, therefore, permitted to make the requested timetable changes of Arriva Yorkshire bus services [X] and [X].

Derogation from paragraph 5(d) of the Initial Order: Changes in range and/or quality of services provided by Northern Rail Franchise/Arriva

In an email dated 10 June 2016, Arriva requested permission to withdraw Arriva Yorkshire bus service [X]. [X]. The decision to withdraw this bus service is taken for reasons external to the merger.

Arriva is, therefore, permitted to withdraw Arriva Yorkshire bus service [X].

Derogation from paragraph 5(i) of the Initial Order: Changes made to Key Staff and Key Personnel

In an email dated 25 May 2016, Arriva requested permission to appoint Liam Sumpter as Regional Director of ARN. This appointment is to fill a vacant position. Arriva stated that it is critical in allowing ARN to manage and comply with its obligations under its Franchise Agreement. This is an external appointment as Mr. Sumpter will join ARN from Network Rail.

Arriva is permitted to make this appointment to fill this vacant position in order to deliver its operational activities and comply with its committed obligations.

Derogation from paragraph 5(j) of the Initial Order: Transfer of Key Staff or Key Personnel

In an email dated 15 June 2016, Arriva requested permission to allow internal applicants (ie from the rest of Arriva Group) to apply for an [X] Director position. In addition, Arriva requested permission to allow transfer of Key Staff and Personnel to cover general recruitment requirements for other positions at ARN. This is a standard approach in the industry and is expected as part of Arriva's committed obligations.

Arriva is permitted to recruit internally for the ARN positions given that the transfer of Key Staff and Personnel for those purposes would not affect the businesses

operating as a going concern and would not impede any necessary remedial actions in this case.

Derogation from paragraph 5(l) of the Initial Order: Transfer of commercially-sensitive information

In an email dated 15 June 2016, Arriva requested permission to allow ARN personnel access to an Arriva SharePoint site for Arriva's Project Management Office. This contains details of [REDACTED] and [REDACTED]. Arriva states that ARN would use this to access information on innovations and developments that could help it to improve customer experience or other aspects of services it provides.

Arriva is permitted to allow ARN personnel access to the Arriva SharePoint site for Arriva's Project Management Office in order to enhance the service for its customers. Allowing this access would also not impede any remedial action to be taken in this case, if required.

The CMA's consent to the aforementioned actions does not, under any circumstances, permit Arriva from taking any other action prohibited under the Initial Order or the Interim Order.