

**DEROGATION LETTER  
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED  
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002**

**Consent under section 72(3C) of the Enterprise Act 2002 (the ‘Act’) to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (‘CMA’) on 26 January 2022**

**Anticipated merger between National Express Group plc and Stagecoach Group plc (the ‘Merger’)**

Dear Tim,

We refer to your submissions of 21 and 23 February 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 26 January 2022 (the ‘**Initial Order**’). 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, National Express Group plc (‘**National Express**’) and Stagecoach Group plc (‘**Stagecoach**’) are required to hold separate the Stagecoach business from the National Express business and refrain from taking any action which might prejudice a reference under section 22 or 33 of the Act or impede the taking of any remedial action following such a reference.

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

**1. Paragraphs 7(b)(i), 7(b)(ii) and 7(b)(iii) of the Initial Order**

Stagecoach submits that in [redacted], it initiated a project to review its group structure and identify, and ultimately dissolve, non-trading and dormant group companies which are no longer required. Stagecoach provided the CMA with (among other things) a list of the non-trading companies that Stagecoach intends to wind-up in the next three months (the ‘**Non-Trading Entities**’). The Non-Trading Entities are identified in Annex 1 to this letter.

To give effect to the striking off process, Stagecoach submits that prior to the imposition of the Initial Order, it took a number of administrative steps to transfer the existing assets and liabilities from the Non-Trading Entities to other entities within the Stagecoach Group. Therefore, the Non-Trading Entities do not hold any assets or residual businesses.

Based on Stagecoach's representations, the CMA consents to a derogation from paragraphs 7(b)(i), 7(b)(ii) and 7(b)(iii) of the Initial Order for the purposes of dissolving the Non-Trading Entities, strictly on the basis that:

- (a) consent is only granted in respect of the Non-Trading Entities detailed in Annex 1. In the event that there are further non-trading or dormant entities to be wound up for corporate simplification purposes, Stagecoach may seek the prior written consent of the CMA (which can be provided by e-mail) to include any such further entities within the list in Annex 1 to this derogation. For the avoidance of doubt, any such entities will only be covered by this derogation as of the date when the CMA provides its written consent;
- (b) all of the Non-Trading Entities are no longer trading (and in certain cases never commenced trading). Therefore, the dissolution of the Non-Trading Entities will not impair the ability of the Stagecoach business to compete independently in any of the markets affected by the Merger;
- (c) this derogation will not cause disruption to the Stagecoach business and will not impact its ongoing operation or viability;
- (d) this derogation will not lead to any integration between the Stagecoach business and the National Express business; and
- (e) this derogation will not result in any pre-emptive action which might prejudice a reference of the Merger under section 22 or 33 of the Act or impede the taking of any action under the Act by the CMA that may be justified by the CMA's decisions on such a reference.

Yours sincerely,

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

24 February 2022

## Annex 1 – Non-Trading Entities

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