

## **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 submission of 14 February 2022, and your submission of 5 April 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 [X].

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Stagecoach submits that, prior to the imposition of the Initial Order, [X].

Stagecoach states that [X]:

- [X];
- [X];
- [X]; and
- [X].

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 to permit Stagecoach [X], strictly on the basis that:

- (i) [X]. Should Stagecoach wish to [X], it will actively keep the CMA informed should [X] constitute a material development (as set out in paragraph 10 of the Initial Order) and, where applicable, it will seek the prior written consent of the CMA [X] which are contemplated outside the ordinary course of business (which can be provided by email);
- (ii) [X];
- (iii) [X] will not impair the ability of the Stagecoach business to compete independently in any of the markets affected by the Merger;
- (iv) this derogation supports the continued efficient operation and financial viability of Stagecoach's local bus services business [X];
- (v) this derogation will not lead to any integration between the Stagecoach business and the National Express business; and
- (vi) 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

14 April 2022

**Annex 1 – [X]**

[X]