

COMPLETED ACQUISITION

By

Stagecoach Bus Holdings Limited of Cavalier Contracts Limited

UNDERTAKINGS GIVEN BY

Stagecoach Bus Holdings Limited to the Office of Fair Trading pursuant to Section 71 of the Enterprise Act 2002

Pursuant to section 71 of the Enterprise Act 2002, for the purpose of preventing pre-emptive action, Stagecoach Bus Holdings Limited hereby gives to the OFT the following undertakings (the "undertakings") in respect of the acquisition by Stagecoach Bus Holdings Limited of Cavalier Contracts Limited.

Management of the parties' respective businesses until determination of proceedings

1. Except with the prior written consent of the OFT, Stagecoach undertakes that it will not during the specified period take any action which might:
 - (a) lead to the integration of the Cavalier business with all or any part of the relevant Stagecoach business;
 - (b) transfer the ownership or control of the relevant Stagecoach business or the Cavalier business;
 - (c) otherwise impair the ability of the relevant Stagecoach business or the Cavalier business to compete independently in any markets affected by the acquisition; or
 - (d) otherwise prejudice any reference to the CC or impede the taking of any action under the Act which may be justified by the CC's decisions on any such reference.

2. Without prejudice to the generality of paragraph 1, except with the prior written consent of the OFT, Stagecoach will at all times during the specified period, procure that:
 - (a) Such vehicles forming part of the Cavalier business as is currently carried on under the "Huntingdon & District" livery, to the extent that they have not been

rebranded or repainted as at the date of these undertakings, continue to be operated under such livery;

- (b) the Cavalier business and the relevant Stagecoach business are each maintained as a going concern and sufficient resources are made available for the development of the Cavalier business and the relevant Stagecoach business on the basis of their respective pre-merger plans;
- (c) no substantive changes are made to key staff or to the organisational structure of, or the management responsibilities within the Cavalier business or the relevant Stagecoach business;
- (d) in relation to the assets of each of the Cavalier business and the relevant Stagecoach business, and otherwise than in the ordinary course of business;
 - (i) the assets are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets is disposed of; and
 - (iii) no interest in the assets is created or disposed of;
- (e) the nature, description, range and standard of services supplied by the Cavalier business and the relevant Stagecoach business at the date of these undertakings are in all material respects maintained and preserved;
- (f) there is no integration of the information technology of the Cavalier business with the information technology of the relevant Stagecoach business and the respective software and hardware platforms of the Cavalier business and the relevant Stagecoach business shall remain unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of each of the Cavalier business and the relevant Stagecoach business shall be operated and updated separately and any negotiations with the customers and suppliers in relation to the Cavalier business will be carried out by the Cavalier business alone and for the avoidance of doubt Stagecoach will not negotiate on behalf of Cavalier or enter into any joint agreements with Cavalier;
- (h) all existing contracts continue to be serviced by the business to which they were awarded;
- (i) all reasonable steps are taken to encourage all key staff of the Cavalier business and the relevant Stagecoach business to remain with the business in relation to which they were employed prior to the merger;

- (j) no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the Cavalier business or the Stagecoach business (“Confidential Information”) shall pass, directly or indirectly from the Cavalier business (or any of its employees, directors, agents or affiliates) to the Stagecoach business (or any of its employees, directors, agents or affiliates) or vice versa, except:
 - (i) where strictly necessary in the ordinary course of business and on the basis that, should the merger be prohibited, any records or copies (electronic or otherwise) of such information wherever they may be held will be returned to the relevant business and any copies destroyed other than as may be required for the purposes of regulatory compliance under applicable law; and
 - (ii) the flow of Confidential Information from the Cavalier business (or any of its employees, directors, agents or affiliates) to the Stagecoach business (or any of its employees, directors, agents or affiliates) is permitted to the extent that such disclosure of information is strictly necessary for compliance with external regulatory and/or accounting obligations.

Compliance

3. Stagecoach shall procure that each of its subsidiaries complies with these undertakings as if it had given them.
4. Stagecoach shall forthwith provide to the OFT such information as the OFT may from time to time require for the purposes of monitoring compliance by Stagecoach with these undertakings. In particular, on 8 July 2008 and subsequently every 10 working days thereafter (save where the obligation does not fall on a working day, in which case the first working day thereafter), Colin Brown, a director of Stagecoach, shall provide a statement to the OFT on behalf of Stagecoach confirming compliance with these undertakings in the form set out in the Appendix to these undertakings.

5. At all times, Stagecoach will actively keep the OFT informed of any material developments relating to the Cavalier business, which includes, but is not limited to:
 - (a) details of key staff who leave or join the Cavalier business or the relevant Stagecoach business;
 - (b) all substantial customer volumes won or lost by the Cavalier business or the relevant business including any substantial changes in customers' demand; and
 - (c) substantial changes in the Cavalier business' or relevant Stagecoach business' contractual arrangements or relationships with key suppliers.

6. Stagecoach shall comply with such written directions as the OFT 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.

Interpretation

7. The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.
8. For the purposes of these undertakings:

“the Act”	means the 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;
“Business”	has the meaning given by section 129(1) and (3) of the Act;
“Cavalier”	means Cavalier Contracts Limited;
“the CC”	means the Competition Commission;
“the Cavalier business”	means the local bus service business of Cavalier carried on as at 31 March 2008.

“Control”	shall be construed in accordance with section 26 of the Act and in the case of a body corporate, a person shall 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;
“the Decisions”	means the decisions of the CC on the questions which it is required to answer by virtue of section 35 of the Act;
“Key Staff”	means staff in positions of executive or managerial responsibility and/or whose performance could materially affect the viability of the business;
“the Merger”	means the creation of the relevant merger situation between the relevant Stagecoach business and the Cavalier business;
“the OFT”	means the Office of Fair Trading, provided that, should the CC adopt these undertakings pursuant to section 80(3) of the Act, references to “the OFT” in paragraphs 1 and 2 of these undertakings shall be taken as references to the CC, and references to “the OFT” in paragraphs 4, 5 and 6 of these undertakings shall be taken to include both the Office of Fair Trading and the CC;
“the ordinary course of business”	means matters connected to the day to day supply of services by the Cavalier business or the relevant Stagecoach business and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of the Cavalier business or the relevant Stagecoach business;
“the relevant Stagecoach business”	means the local bus service businesses carried on by the Viscount Bus & Coach Company Limited and Cambus Limited as at 31 March 2008;
“the specified period”	means the period beginning on the date of these undertakings and terminating either at the end of the period specified in section 71(5) or (6) of the Act or, should the CC adopt these undertakings pursuant to section 80(3) of the Act, the end of the period specified in section 80(7) or (8) of the Act;
“Stagecoach”	means Stagecoach Bus Holdings Limited;

“Subsidiary”

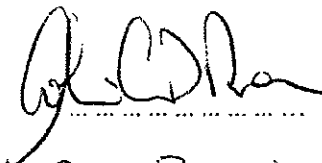
unless otherwise stated, has the meaning given by section 736 of the Companies Act 1985 (as amended);

“Working day”

mean any day of the week other than a Saturday, Sunday or any other day that is a public holiday in England;

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

FOR AND ON BEHALF OF STAGECOACH BUS HOLDINGS LIMITED

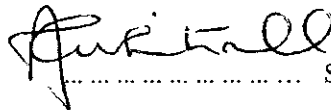
 Signature

Colin Brown Name

Director Title

1/7/08 Date

(Director)

 Signature

ALAN WHITNALL Name

COMPANY SECRETARY Title

01/07/08 Date

(~~Director~~/Secretary)

APPENDIX

COMPLIANCE STATEMENT FOR STAGECOACH

I, Colin Brown, confirm on behalf of Stagecoach that:

- (a) Stagecoach has complied with the undertakings given by it and accepted by the OFT on 1 July 2008 (“the undertakings”) in the period from [insert date] to [insert date].
- (b) Stagecoach’s subsidiaries have also complied with the undertakings in the period from [insert date] to [insert date].
- (c) No action has been taken by Stagecoach or its subsidiaries in the period from [insert date] to [insert date] that would prejudice any reference to the CC or impede the taking of any action under the Act which may be justified by the CC’s decision on any such reference.
- (d) Stagecoach and its subsidiaries remain in full compliance with the undertakings and will continue actively to keep the OFT informed of any material developments relating to the Cavalier business in accordance with paragraph 5 of the undertakings.
- (e) The Cavalier business and the relevant Stagecoach business have each been maintained as a going concern and sufficient resources have been made available for the development of the Cavalier business and the relevant business on the basis of their respective pre-merger business plans.
- (f) The Cavalier business’s customer and supplier lists have been operated and updated by the Cavalier business alone.
- (g) All customer and supplier negotiations for the Cavalier business have been carried out independently of Stagecoach
- (h) There have been no material changes to the nature, description, range and standard of services currently supplied in the United Kingdom by the Cavalier business and the relevant business.

Assets—including facilities and goodwill

- (i) Except in the ordinary course of business, none of the assets of the Cavalier business or the relevant Stagecoach business have been disposed of.
- (j) Except in the ordinary course of business, no interest in the assets of the Cavalier business or the relevant Stagecoach business has been created or disposed of.
- (k) Except in the ordinary course of business, all of the assets of the Cavalier business and the relevant business have been maintained and preserved as they were before the merger.

Contracts

- (l) All existing contracts continue to be serviced by the business to which they were awarded.

Information technology systems

- (m) There have been no changes to the software and hardware platforms of the Cavalier business or the relevant business, except for routine changes and maintenance.

Staff

- (n) No substantive changes have been made to or to the key staff or the organisational structure or to the management responsibilities within the Cavalier business or the relevant business.

Material developments

- (o) Except as listed in paragraph (p) below there have been no:

- (i) substantial customer volumes won or lost for the Cavalier business or the relevant Stagecoach business and no substantial changes to the Cavalier business' or the relevant Stagecoach business' customer contracts; or
- (ii) substantial changes in the Cavalier business' or relevant Stagecoach business' contractual arrangements with key suppliers.

(p) [List of material developments]

Confidential information

- (q) No business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the Cavalier business or the relevant business has passed, directly or indirectly, from the Cavalier business (or any of its employees, directors, agents or affiliates) to the Stagecoach business (or any of its employees, directors, agents or affiliates), or vice versa, except to the extent permitted by paragraph 2(j) of the undertakings.

FOR AND ON BEHALF OF STAGECOACH

Signature

Name

Title

Date