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Office of Fair Trading
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Dear Sir / Madam

**COMPLETED ACQUISITION BY ARRIVA PASSENGER SERVICES LIMITED OF THE
REMAINDER OF THE ENTIRE SHARE CAPITAL OF CENTREBUS HOLDINGS LIMITED.**

**UNDERTAKINGS GIVEN BY ARRIVA PLC, ARRIVA YORKSHIRE LIMITED AND ARRIVA
MIDLANDS 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, Arriva plc, Arriva Yorkshire Limited ("AYK") and Arriva Midlands Limited ("AMD") hereby gives to the OFT the following undertakings (the "undertakings") in respect of the acquisition by Arriva Passenger Services Limited of the remainder of the entire share capital of Centrebus Holdings Limited ("CBH").

Management of the parties' respective businesses until determination of proceedings

1. Except with the prior written consent of the OFT, each of Arriva plc, AYK and AMD undertake that they will not during the specified period take any action which might:
 - (a) lead to the integration of the AYK or AMD business with all or any part of the CBH business;
 - (b) transfer the ownership or control of the AYK business, the AMD business or the CBH business;
 - (c) otherwise impair the ability of the AYK business, the AMD business or the CBH 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, each of Arriva plc, AYK and AMD will at all times during the specified period, procure that:
- (a) the CBH business is carried on separately from the AYK and AMD businesses and separate sales of the CBH business are maintained;
 - (b) the CBH business and the AYK and AMD businesses are each maintained as a going concern and sufficient resources are made available for the development of the CBH business and the AYK and AMD businesses;
 - (c) no substantive changes are made to key staff or to the organisational structure of, or the management responsibilities within the CBH business;
 - (d) In relation to the assets of each of the CBH business and the AYK and AMD businesses, 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 goods and/or services supplied in the United Kingdom by the CBH business and the AYK and AMD businesses 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 CBH business with the information technology of the AYK and the AMD businesses and the respective software and hardware platforms of the CBH business and the AYK and the AMD businesses shall remain unchanged, except for routine changes and maintenance;
 - (g) the customer and supplier lists of each of the CBH business and the AYK and the AMD businesses shall be operated and updated separately and any negotiations with the customers and suppliers in relation to the CBH business will be carried out by the CBH business alone and for the avoidance of doubt AYK and AMD will not negotiate on behalf of CBH or enter into any joint agreements with CBH;
 - (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 CBH business and the AYK and the AMD businesses 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 CBH business or the AYK or the AMD businesses ("Confidential Information") shall pass, directly or indirectly from the CBH business (or any of its employees, directors, agents or affiliates) to the AYK or the AMD businesses (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 CBH business (or any of its employees, directors, agents or affiliates) to the AYK and/or the AMD 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 and/or payroll obligations.

Compliance

- 3. Arriva plc, AYK and AMD shall procure that each of their subsidiaries complies with these undertakings as if it had given them.
- 4. Arriva plc, AYK and AMD shall forthwith provide to the OFT such information as the OFT may from time to time require for the purposes of monitoring compliance by Arriva plc, AYK and AMD and their subsidiaries with these undertakings. In particular, on the 01 November 2013 and subsequently at the start of every calendar month thereafter (save where the obligation does not fall on a working day, in which case the first working day thereafter), a director or duly authorised officer of Arriva plc shall provide a statement to the OFT on behalf of Arriva plc confirming compliance with these undertakings in the form set out in the Appendix to these undertakings.
- 5. At all times, AYK and AMD will actively keep the OFT informed of any material developments relating to the CBH business, which includes, but is not limited to:
 - (a) details of key staff who leave or join the CBH business;
 - (b) any CBH business or AYK or AMD business depot closures or bus breakdowns which have halted operation of the CBH services or AYK or AMD services (within the Urban Areas where the CBH services operate) for more than 24 hours or changes in the CBH business' or AYK business' or AMD business' services (within the Urban Areas where the CBH services operate), implemented on or after the Completion Date, which have materially affected the working pattern of more than five CBH business or AYK or AMD business employees;
 - (c) all substantial customer volumes won or lost by the CBH business including any substantial changes in customers' demand; and
 - (d) substantial changes in the CBH business' contractual arrangements or relationships with key suppliers.
- 6. Arriva plc, AYK and AMD shall comply with such reasonable 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;

"Arriva Midlands Limited" means Arriva Midlands Limited of 1 Admiral Way, Doxford International Business Park, Sunderland SR3 3XP;

"the AMD business" means the business of Arriva Midlands Limited and its subsidiaries as carried on immediately prior to the Completion Date;

"Arriva plc" means Arriva plc of 1 Admiral Way, Doxford International Business Park, Sunderland SR3 3XP;

"Arriva Yorkshire Limited" means Arriva Yorkshire Limited of 1 Admiral Way, Doxford International Business Park, Sunderland SR3 3XP

"the AYK business" means the business of Arriva Yorkshire Limited and its subsidiaries as carried on immediately prior to the Completion Date

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

"Centrebus Holdings Limited" means Centrebus Holdings Limited of 1 Admiral Way, Doxford International Business Park, Sunderland SR3 3XP

"the CBH business" means the business of Centrebus Holdings Limited as carried on immediately prior to the Completion Date.

"the CC" means the Competition Commission;

"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;

"Completion Date" means the date of completion of the merger, namely 09 September 2013;

"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 a potential relevant merger situation between the AYK and the AMD business and the CBH 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 operation and supply of goods and/or services by the CBH business or the AYK or the AMD businesses and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of the CBH business or the AYK or the AMD business;

"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;

"subsidiary", unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

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

"Urban Areas" means urban areas considered in the Competition Commission's Local bus services market investigation report of December 2011.

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

APPENDIX

COMPLIANCE STATEMENT FOR ARRIVA PLC

I, _____, a director or other duly authorised officer, confirm on behalf of Arriva plc ("Arriva") that, save as has been specifically consented to by the OFT:

- (a) Arriva has complied with the undertakings given by it and accepted by the OFT on [insert date] ("the undertakings") in the period from [insert date] to [insert date] (the "Relevant Period").
- (b) Arriva's subsidiaries have also complied with the undertakings in the Relevant Period.
- (c) No action has been taken by Arriva or its subsidiaries in the Relevant Period 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) Arriva 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 CBH business in accordance with paragraph 5 of the undertakings.
- (e) The CBH business and the AYK and the AMD businesses (in each case as defined in the undertakings) have each been maintained as a going concern and sufficient resources have been made available for the development of the CBH business and the AYK and the AMD businesses.
- (f) The CBH business's customer and supplier lists have been operated and updated by the CBH business alone.
- (g) All customer and supplier negotiations for the CBH business have been carried out independently of AYK and AMD.
- (h) There have been no material changes to the nature, description, range and standard of goods and/or services currently supplied in the United Kingdom by the CBH business and the AYK and AMD businesses.

Assets—including facilities and goodwill

- (i) Except in the ordinary course of business, none of the assets of the CBH business or the AYK or the AMD businesses have been disposed of.
- (j) Except in the ordinary course of business, no interest in the assets of the CBH business or the AYK or the AMD businesses has been created or disposed of.
- (k) Except in the ordinary course of business, all of the assets of the CBH business and the AYK and AMD businesses 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.

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 CBH business.

Material developments

- (o) Except as listed in paragraph (p) below there have been no:
- (i) CBH business or AYK or AMD business depot closures or bus breakdowns which have halted operation of the CBH services or AYK or the AMD services (within the Urban Areas where the CBH services operate) for more than 24 hours or changes in the CBH business' or AYK or the AMD businesses' services (within the Urban Areas where the CBH services operate), implemented on or after the Completion Date, which have materially affected the working pattern of more than five CBH business or AYK or AMD businesses employees;
 - (ii) substantial customer volumes won or lost for the AYK and the AMD business (within the Urban Areas where the CBH services operate) or the CBH business and no substantial changes to the AYK or the AMD businesses (within the Urban Areas where the CBH services operate) or CBH business' customer contracts; or
 - (iii) substantial changes in the CBH 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 CBH business or the AYK or the AMD businesses has passed, directly or indirectly, from the CBH business (or any of its employees, directors, agents or affiliates) to the AYK or the AMD businesses (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 Arriva plc