

STAGECOACH-SCOTTISH CITYLINK RESPONSE TO COMPETITION COMMISSION ANNOUNCEMENT

23 October 2006

Responding to today's Competition Commission announcement Tom Wileman, Managing Director of the Stagecoach-Scottish Citylink joint venture, said:

"We are deeply concerned that the Competition Commission has chosen to split the Scottish Citylink and megabus.com operations and enforce divestment of some services.

"The Competition Commission's decision runs a serious risk of jeopardising the future of inter-city coach services in Scotland.

"The proposal for yet more consultation will leave vital services in limbo, cause even further uncertainty for our passengers and add to the mounting unnecessary costs of this inquiry.

"The joint venture has delivered the biggest improvement to the inter-city coach network in Scotland in decades, offering better connections, faster services, regular and easy-to-understand timetables. Crucially, it offers low fares, significantly cheaper than the train, and we are committed to offering good value to our customers in the future.

"The improvements put in place under the joint venture have resulted in significant growth in passenger numbers, contributing to many of the Scottish Executive's objectives to tackle congestion, social inclusion and the environment.

"We believe today's decision will work against the interests of customers, and will lead to reduced quality of services to passengers, poorer connections, increased costs, and higher fares.

"It will reduce competition by undermining the ability of coach services to compete with the train and the car, leading to fewer passengers and a real danger of a vicious circle of decline.

"In view of the small size of the Scottish Citylink joint venture, we are frustrated at the disproportionate amount of private and public sector time and money that has been spent on this inquiry, only to result in a worsening of services for the people of Scotland."

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For further details please contact:

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NOTES TO EDITORS

On 12 September 2005, a new joint venture was created to operate the Scottish services of Stagecoach's megabus.com and Motorvator, and Braddell PLC's Scottish Citylink.

Stagecoach acquired 35% of the share capital of Scottish Citylink Limited ("Citylink") in return for transferring certain rights to the Motorvator and megabus.com operations in Scotland. Braddell PLC owns the remaining 65% of Citylink's share capital.

The joint venture operates services under the megabus.com and Scottish Citylink brands, and is the leading provider of express coach services in Scotland.