

NOMINATION COMMITTEE: Terms of Reference

Adopted pursuant to a resolution of the Board of Directors dated 19 February 2004, amending an earlier resolution dated 30 December 1992.

Note: References to "The Committee" shall mean the Nomination Committee and references to "The Board" shall mean the full Board of Directors of Stagecoach Group (previously Holdings) plc ("the Company").

A. Membership

1. The Committee shall comprise of a chairman and at least two other members, each of whom shall be appointed by The Board. Other individuals may be invited to attend as and when appropriate.
2. A majority of members of The Committee shall be non-executive directors.
3. The Board shall appoint The Committee Chairman who should either be the Chairman of The Board or an independent non-executive director.
4. The Company Secretary or his/her nominee shall be the Secretary of The Committee.

B. Meetings

1. The Committee shall meet at such times as the Chairman of The Committee shall require. Meetings should, where possible, be organised so that attendance is maximised (eg by timetabling them to coincide with dates of The Board's meetings).
2. A meeting of The Committee may be called by any member of The Committee or by the Secretary.
3. Unless otherwise agreed, notice of each meeting confirming the date, the venue and time together with an agenda of items to be discussed together with relevant papers, if any, shall be forwarded to each member of The Committee, where practical, not fewer than five working days prior to the date of the meeting.

4. The quorum for The Committee meetings shall be three of whom at least two must be independent of the management of the Company. A duly convened meeting of The Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by The Committee.
5. In the absence of The Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
6. The Chairman of the Board shall not chair The Committee when it is dealing with the matter of succession to the chairmanship.
7. The Committee or its Chairman shall report to The Board following each meeting.
8. The Secretary shall keep appropriate records of all meetings of The Committee, including the names of those present and in attendance, with minutes of the proceedings and resolutions, if any.
9. After preliminary approval by the Chairman, copies of the minutes of the meetings shall be circulated to all members of The Committee and, if necessary, to the Chairman of The Board. Any other director may upon request to the Secretary of The Committee, as long as there is no conflict of interests, obtain copies of The Committee's agenda with relevant papers and minutes.
10. No Committee attendee shall participate in any discussion or decision on his/her own appointment or re-appointment.

C. Duties

The purpose of the Committee is to assist The Board to carry out its responsibilities in relation to The Board's appointments.

The Board retains responsibility for:

- Approval of candidates to fill Board vacancies, as and when they arise,
- Putting in place plans for succession, in particular, of the Chairman and Chief Executive.
- Deciding whether directors who are retiring by rotation be put forward for re-election.
- Keeping the roles and contribution made by each director under review.
- Changing responsibilities (for example in the composition of Board committees) where necessary to improve The Board's effectiveness.

The Board has, subject to annual review, delegated the following tasks to the Committee. The Committee shall also bring to the attention of The Board any other matters of which the Committee thinks The Board should be aware.

The Committee shall, as requested:

1. Review the structure, size and composition (including the skills, knowledge and experience) required of The Board compared to its current position and make recommendations to The Board with regard to any adjustments that are deemed necessary.
2. Be responsible for identifying and nominating candidates for the approval of The Board, to fill Board vacancies as and when they arise, as well as make recommendations for succession, in particular, of the Chairman and Chief Executive.

3. Before recommending an appointment, evaluate the balance of skills, knowledge and experience on The Board, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on The Board in future. In identifying suitable candidates, The Committee shall:
 - use the services of external advisers or open advertising to facilitate the search;
 - consider candidates from a range of backgrounds
 - consider candidates on merit against objective criteria, taking care that appointees have enough time available to devote to the position.
4. Make recommendations to The Board for the continuation (or not) in service of an executive director as an executive or non-executive director.
5. Make recommendations to The Board for the re-election by shareholders of any director under the retirement by rotation provisions in the Company's Articles of Association having due regard to their performance and ability to continue to contribute to the Board.
6. Make recommendations to The Board for the continuation (or not) in service of any director who has reached the age of 70.
7. Make recommendations to The Board on any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract.
8. Liaise with the Remuneration Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy.
9. Make recommendations to The Board concerning membership of the Audit and Remuneration Committees, in consultation with the chairmen of those committees.

10. Make a statement in the annual report about the activities of The Committee, the process used to make appointments and explain if external advice or open advertising has not been used.
11. Ensure that the Chairman of The Committee attends the AGM prepared to respond to any shareholder questions about The Committee's activities.
12. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to The Board for approval.

D. Authority

1. The Committee shall have the power to employ the services of such advisers as it deems necessary to fulfil its responsibilities.