

## Summary remuneration report 2003

The Board supports the principles of good corporate governance relating to directors' remuneration and has applied them as described below. In accordance with Schedule 7A "Directors' Remuneration Report" of the Companies Act 1985, those paragraphs that have been audited have been highlighted as such.

This is the Summary remuneration report. The full version of the Remuneration report is contained in the 2003 Annual Report and Accounts. As stated on page 19, the full 2003 Annual Report and Accounts may be obtained from the Company's registrar at the address and telephone number shown on page 22.

### Performance graph

The graph below charts the performance of the Stagecoach Group Total Shareholder Return (TSR) (share value movement plus reinvested dividends) over the past 5 years compared with that of the FTSE Transport All-Share Index, the FTSE Mid 250 Index and the FTSE All-Share Index. We have included a further graph on page 21 to highlight the Company's more recent performance, charting TSR for the 6 months up to 30 April 2003.

In assessing the performance of the Company's TSR the Board believes the comparator groups it has chosen represent a fair benchmark both in terms of the nature of the business activity and size of company.

### Remuneration policy

Our remuneration policy is consistent with our prior year policy, which was approved by the shareholders at the 2002 AGM.

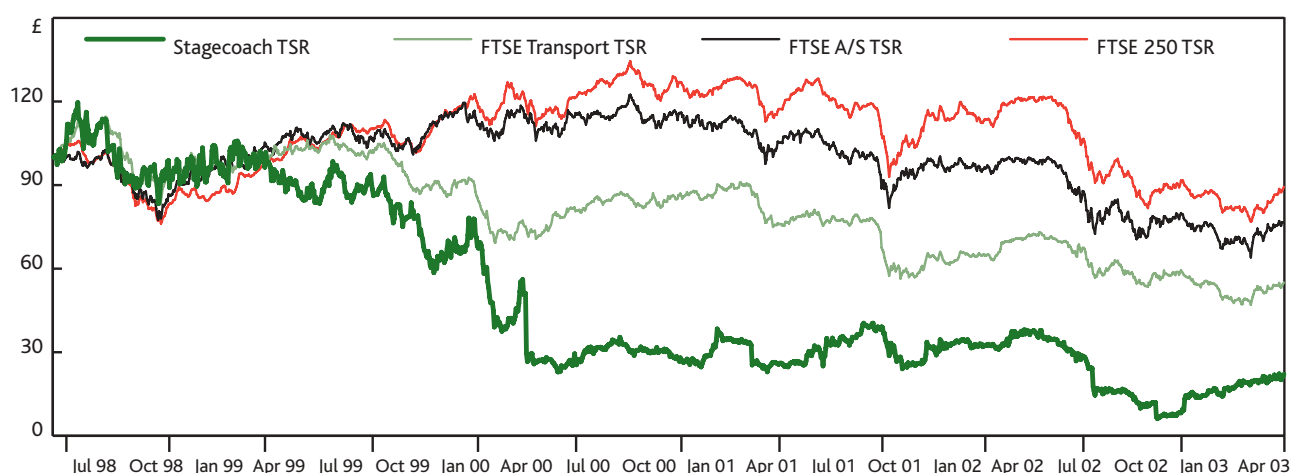
In determining appropriate levels of remuneration for the executive directors, the Remuneration Committee aims to provide overall packages of terms and conditions that are competitive in the UK and will attract, retain and motivate high quality executives capable of achieving the Stagecoach Group's objectives and to ensure that they are fairly rewarded for their individual responsibilities and contributions to the Group's overall

performance. The Remuneration Committee believes that such packages should contain significant performance related elements. Performance targets are established to achieve consistency with the interests of shareholders, with an appropriate balance between short- and long-term targets. Performance targets include not only traditional financial indicators but also personal targets, successful investment, innovation, staff development, customer satisfaction, and achievement of regulatory requirements, including health and safety and environmental targets.

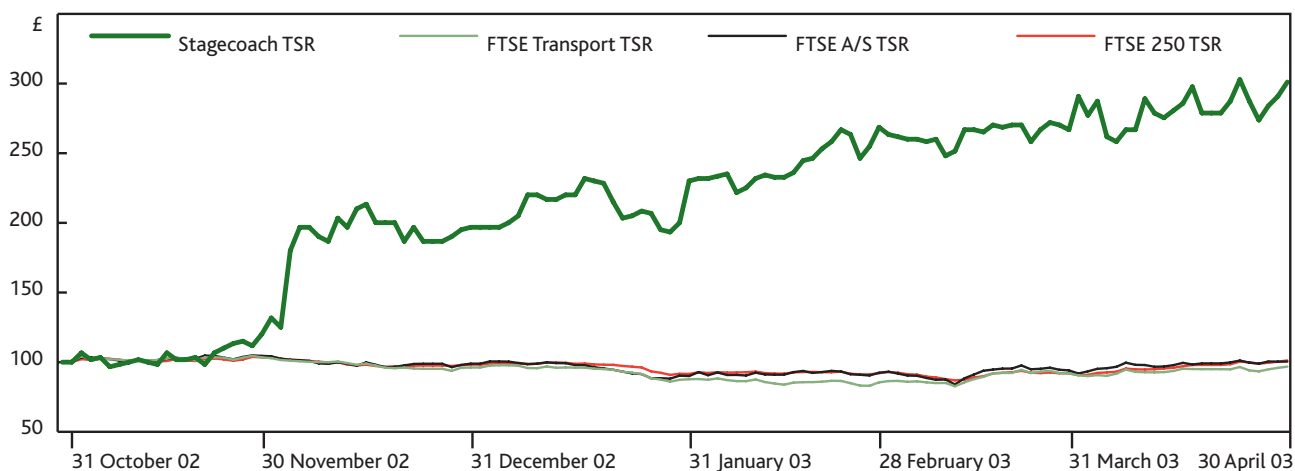
To this end, the Remuneration Committee reviews the existing remuneration of the executive directors in consultation with the Chief Executive making comparisons with peer companies of similar size and complexity and with other companies in the public transport industry in the UK and overseas. Proposals for the forthcoming year are then discussed in the light of the growth prospects for the Stagecoach Group. The Remuneration Committee is also kept informed of the salary levels of other senior executives employed by the Stagecoach Group and of average earnings for all employees. With regard to pensions, the Remuneration Committee receives reports from the trustees and scheme actuaries regarding the cost of pension obligations on a regular basis.

The Remuneration Committee believes that remuneration packages should reward the efforts of all staff since a motivated workforce is a key element of Group performance. The Committee recognises that executive directors bear greatest responsibility for delivering corporate strategy which underpins long-term sustainable performance. While the Remuneration Committee's report focuses on incentive schemes for senior executives, there are also a number of performance-related bonus schemes within group companies, in addition to the UK-only SAYE schemes.

Stagecoach TSR Comparative Performance since 1 May 1998



Stagecoach TSR Comparative Performance since 31 October 2002



Directors' remuneration (audited) was as follows in Table 1 (amounts in £000):

	Salary/fees		Performance related bonus		Benefits in kind		Compensation for loss of office		Non-pensionable allowances†		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>Executive directors</b>												
Brian Souter	460	447	322	Nil	18	18	Nil	Nil	n/a	n/a	800	465
Keith Cochrane*	81	338	Nil	85	8	18	543	Nil	108	81	740	522
Brian Cox*	37	206	Nil	16	4	13	Nil	Nil	n/a	n/a	41	235
Graham Eccles	190	175	114	25	13	14	Nil	Nil	26	16	343	230
Frank Gallagher*	Nil	93	Nil	Nil	Nil	Nil	Nil	Nil	n/a	n/a	Nil	93
Martin Griffiths	180	150	108	25	20	19	Nil	Nil	23	11	331	205
<b>Non-executive directors</b>												
Ewan Brown	27	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	27	25
Ann Gloag	27	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	27	25
Barry Sealey*	Nil	14	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	Nil	14
Robert Speirs	72	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	72	25
Russell Walls	27	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	27	25
Janet Morgan	27	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	27	25
Iain Duffin	27	16	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	27	16
<b>Total</b>	<b>1,155</b>	<b>1,564</b>	<b>544</b>	<b>151</b>	<b>63</b>	<b>82</b>	<b>543</b>	<b>Nil</b>	<b>157</b>	<b>108</b>	<b>2,462</b>	<b>1,905</b>

\*Resigned or retired prior to 30 April 2003.

†Non-pensionable allowances represent additional taxable remuneration paid to provide pension benefits.

Directors' pension benefits (audited) were as follows (amounts in £000):

	Additional accrued benefits earned in the year		Accrued pension		Accrued lump sum		Transfer value of increase (excluding inflation)		Increase in transfer value less directors' contributions
	Excluding inflation	Including inflation	2003	2002	2003	2002	2003	2002	
<b>Executive directors</b>									
Brian Souter	51	60	209	192	348	305	138	147	116
Keith Cochrane*	63	63	84	68	252	205	111	54	105
Brian Cox*	4	4	108	107	143	140	18	123	17
Graham Eccles	11	11	7	4	20	12	26	22	25
Frank Gallagher*	Nil	Nil	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Martin Griffiths	9	10	19	16	58	50	9	6	8

\*Resigned or retired prior to 30 April 2003