

Stagecoach Group plc

Circular

Annual General Meeting

The action to be taken by Shareholders is set out on page 5.

Stagecoach Group plc
10 Dunkeld Road
Perth
PH1 5TW

4 July 2006

Stagecoach Group plc

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about what action to take you should immediately seek your own personal financial advice from your stockbroker, solicitor, accountant, bank manager or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000. The action to be taken by Shareholders is set out on page 5 of this document.

If you have sold or otherwise transferred all of your Ordinary Shares, you should send this document together with the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, solicitor, accountant, bank manager or other agent through whom the sale or transfer was effected for transmission to the purchase or transferee.

This document should be read in conjunction with the accompanying Form of Proxy.

The Annual General Meeting of the Company will be held at Perth Concert Hall, Mill Street, Perth, PH1 5HZ on 25 August 2006 at 12.00 noon. A reply-paid Form of Proxy for use at the Annual General Meeting is enclosed. To be valid, forms of Proxy should be completed and returned in accordance with the instructions thereon so as to reach Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6ZT as soon as possible, but in any event by not later than 12.00 noon on 23 August 2006.

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Shareholders are advised to read this document carefully. If you require assistance in completing the Form of Proxy or require additional Forms of Proxy, please call Lloyds TSB Registrars on 0870 6015366. For legal reasons, the Registrars will not be able to give advice on the merits of the proposals set out herein or to provide legal, financial or taxation advice.

Stagecoach Group plc

STAGECOACH GROUP PLC

(Registered in Scotland Number: SC100764)

Directors:

Robert Speirs (*Non-Executive Chairman*)
Brian Souter (*Chief Executive*)
Martin Griffiths (*Finance Director*)
Ewan Brown (*Non-Executive Director*)
Iain Duffin (*Non-Executive Director*)
Ann Gloag (*Non-Executive Director*)
Sir George Mathewson (*Non-Executive Director*)
Dr Janet Morgan (*Non-Executive Director*)
Russell Walls (*Non-Executive Director*)

Registered office:

10 Dunkeld Road
Perth
PH1 5TW

4 July 2006

THE ANNUAL GENERAL MEETING AND VOTING INFORMATION

The 2006 Annual General Meeting of the Company will be held at 12.00 noon on Friday 25 August 2006 at Perth Concert Hall, Mill Street, Perth PH1 5HZ. The Notice of the AGM is set out in page 6 of this document.

The following paragraphs explain the resolutions to be proposed at the AGM. Of these resolutions, resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions.

Resolution 1: To receive and adopt the Company's Annual Report, including the Directors' report, the Auditors' report and the financial statements, for the financial year ended 30 April 2006.

The Directors must present their report and the financial statements to the AGM, where shareholders may raise any questions on the Annual Report under this resolution.

Resolution 2: To receive and approve the Remuneration Committee report as contained within the Company's Annual Report for the financial year ended 30 April 2006.

The Remuneration Committee report for the year ended 30 April 2006 has been prepared and is laid before the AGM for approval by shareholders in accordance with the Directors' Remuneration Report Regulations 2002. The vote is advisory and does not affect the actual remuneration paid to any individual director. The full Remuneration Committee report is contained in the 2006 Annual Report and a summary of it is contained in the 2006 Summary Annual Report. Copies of the 2006 Annual Report can be obtained on-line at www.stagecoachgroup.com or from the Company.

Resolution 3: To declare a final dividend of 2.6 pence per Ordinary Share.

A final dividend of 2.6 pence has been proposed, which would bring the total dividends payable in respect of the year ended 30 April 2006 to 3.7 pence per ordinary share, an increase of 12.1% over the total dividend for the year to 30 April 2005. A final dividend can only be paid after the shareholders have approved it. If approved, the final dividend will be paid on 4 October 2006 to shareholders who are on the register at close of business on 1 September 2006.

Resolution 4 to 8: To re-elect and elect Directors.

Four directors offer themselves for re-election at the AGM: Martin Griffiths (who retires by rotation) and Ewan Brown, Ann Gloag and Robert Speirs (all of whom offer themselves for annual re-election). Each of Ewan Brown, Ann Gloag and Robert Speirs has served on the Board for more than nine years and in accordance with best practice offer themselves for annual re-election. Sir George Mathewson (appointed 8

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June 2006) offers himself for election to the Board as a non-executive director. Separate resolutions will be proposed for each of these re-elections.

The 2006 Annual Report and the 2006 Summary Annual Report contain biographical details for all of the Directors.

The Board reviews the development plans for the Board at least annually as part of its performance evaluation. The assessment involves a consideration of the balance of skills, knowledge and experience of the Directors. The Board also considers whether the Directors have sufficient time to properly discharge their duties, which includes a consideration of any other appointments that each director has. The proposed election of Sir George Mathewson and re-elections of Martin Griffiths, Ewan Brown, Ann Gloag and Robert Speirs are consistent with the results of the Board's assessment. The Board believes that the performance of each of these directors continues to be effective and that they continue to demonstrate commitment to their respective roles. The Board therefore considers it is appropriate that each of these directors be re-elected/elected at the 2006 Annual General Meeting.

Resolution 9: To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.

The Company is required to appoint auditors at each general meeting at which accounts are laid before the meeting, to hold office until the conclusion of the next such meeting. The resolution, on the Audit Committee's recommendation, proposes the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company.

Resolution 10: To authorise the Directors to determine the auditors' remuneration.

Resolution 10 is to authorise the Directors to set the remuneration of the auditors. In line with its terms of reference, the Audit Committee will approve the terms of engagement and remuneration of the auditors and make recommendations to the Board.

Resolution 11 and 12: Authority to allot shares and disapply pre-emption rights.

The Board currently has in place the following share capital authorities:

- (a) authority under section 80 of the Companies Act 1985 (the 'Act') to allot relevant securities; and
- (b) authority under section 95 of the Act to allot shares for cash in certain circumstances otherwise than *pro rata* to all shareholders.

In keeping with best practice, shareholders now have the opportunity to vote on the renewal of these authorities each year so that the authorities may be up-to-date and continue to be of equal duration, giving the Company certainty and flexibility in its financing arrangements.

Ordinary Resolution 11 seeks to authorise the Directors to allot relevant securities (as defined in section 80(2) of the Act) up to £2,307,294 of nominal share capital; this represents approximately one-third of the Company's issued ordinary share capital as at 4 July 2006. As at 4 July 2006 the Company holds no shares in treasury.

Special Resolution 12 seeks to authorise the Directors in accordance with best practice to allot unissued Ordinary Shares or to sell Ordinary Shares held in treasury for cash up to an aggregate nominal amount of £2,307,294 of nominal share capital in aggregate without first being required to offer such shares to existing shareholders. This authority is limited to:

- (i) the allotment of Ordinary Shares and sale of Treasury Shares avoiding legal or practical problems should there be an offer of shares or other securities to shareholders *pro rata* in the future; and
- (ii) the allotment and sale of up to 54,798,235 Ordinary Shares and Treasury Shares for cash (for any purpose) representing 5% of the issued ordinary share capital of the Company as at 4 July 2006.

The authorities conferred by these resolutions will expire on the earlier of the date of the Company's Annual General Meeting held in 2007 and 31 December 2007.

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Resolution 13: Authority to purchase own shares

Under the Act, the Company requires authorisation from a general meeting if it is to purchase its own shares and Resolution 13 seeks to renew the authority given at the 2005 Annual General Meeting.

This special resolution authorises the Company to purchase up to approximately 10 per cent of its issued ordinary share capital, subject to the limitations in the resolution on the maximum and minimum prices that may be paid. The authority will be exercised only if, in the opinion of the Directors, this will result in an increase in earnings per share and would be in the best interests of shareholders generally. The Directors have no present intention to utilise the authority being sought.

The Company will have the option either of holding in treasury or cancelling any shares purchased under this authority. Treasury shares can be sold quickly and cost effectively, giving the Company additional flexibility in the management of its capital base. Whilst in treasury, the shares are treated as if cancelled so that no dividends are paid on them and they have no voting rights. Any shares purchased by the Company under this authority would be cancelled, unless shares are being purchased by the Company to hold and resell as Treasury Shares.

As at 4 July 2006, options to subscribe for shares and other rights were outstanding over an aggregate of 29,072,683 Ordinary Shares (representing 2.65% of the issued ordinary share capital of the Company as at 4 July 2006). If the outstanding amount of the existing buy-back authority granted at the Annual General Meeting of the Company held on 26 August 2005 is utilised in full prior to the AGM and the new authority is granted at the AGM and is then utilised in full, the options outstanding as at 4 July 2006 would represent 3.27% of the issued ordinary share capital of the Company, following the full utilisation of these authorities.

Attendance at the AGM

Shareholders have the right to attend, speak and vote at the AGM (or, if they are not attending the meeting, to appoint someone else as their “proxy” to vote on their behalf) if they are on the Stagecoach register at 6.00p.m. on 23 August 2006. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend and/or vote at the meeting. If the meeting is adjourned, only those shareholders on the Stagecoach register at 6.00p.m. on the day which is two days before the date of the adjourned meeting are entitled to attend, speak and vote or to appoint a proxy.

When voting on the resolutions to be proposed at the AGM, each shareholder who is present in person will, on a show of hands, have one vote and, on a poll, have one vote for each Ordinary Share held. The number of Ordinary Shares a shareholder holds as at the above register deadline will determine how many votes a shareholder or his/her proxy will have in the event of a poll.

Shareholders not attending the meeting

Shareholders may appoint a proxy, that is someone who will attend the meeting on their behalf and vote in the event of a poll, by completing and returning the accompanying Form of Proxy. For shareholders’ convenience, a shareholder may select the Chairman of the meeting as proxy, although Shareholders may appoint someone else as their proxy if they so wish. Please note that a proxy is not entitled to vote on a show of hands. A proxy need not be a shareholder.

In the event of a poll on which a shareholder votes in person, any proxy votes lodged with the Registrars by that Shareholder will be excluded.

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Shareholders or other participants outside the UK

Shareholders or other participants with addresses outside the UK should reply using the return-addressed proxy card provided to which postage should be added.

Joint Shareholders

All joint shareholders may attend and speak at the meeting or appoint a proxy. If more than one joint shareholder votes or appoints, a proxy, the only vote or appointment which will count is the vote or appointment of the first joint shareholder listed on the register of members.

Action to be taken

You will find enclosed with this document a Form of Proxy for use in connection with the Annual General Meeting. You are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it so to be received as soon as possible, and, in any event, no later than 12.00 noon on 23 August 2006 to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6ZT. Completion and return of a Form of Proxy will not prevent you from attending and voting at the Annual General Meeting should you so wish.

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NOTICE OF ANNUAL GENERAL MEETING

STAGECOACH GROUP PLC

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the Company will be held at Perth Concert Hall, Mill Street, Perth, PH1 5HZ, on 25 August 2006 at 12.00 noon for the purpose of considering and, if thought fit, passing the following resolutions, numbers 1 to 11 which will be proposed as ordinary resolutions and numbers 12 and 13 which will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. To receive and adopt the Company's Annual Report, including the Directors' report, the Auditors' report and the financial statements, for the financial year ended 30 April 2006.
2. To receive and approve the Remuneration Committee report as contained within the Company's Annual Report for the financial year ended 30 April 2006.
3. To declare a final dividend of 2.6 pence per Ordinary Share.
4. To elect Sir George Mathewson as a Director of the Company.
5. To re-elect Martin Griffiths as a Director of the Company.
6. To re-elect Ewan Brown as a Director of the Company.
7. To re-elect Ann Gloag as a Director of the Company.
8. To re-elect Robert Speirs as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.
10. To authorise the Directors to determine the auditors' remuneration.
11. That in substitution for any existing authority pursuant to section 80 of the Companies Act 1985 (the "Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby generally unconditionally authorised in accordance with section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £2,307,294 provided that:
 - (a) this authority shall expire on the earlier of the date of the Company's Annual General Meeting held in 2007 and 31 December 2007, unless previously revoked, varied or extended by the Company in general meeting; and
 - (b) the Directors shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired.

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SPECIAL RESOLUTIONS

12. That in substitution for any existing power under section 95 of the Companies Act 1985 (the “Act”), but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and they are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of Section 94 of the Act) for cash up to an aggregate nominal amount of £2,307,294, as if section 89(1) of the Act did not apply to such allotment, provided that:
- (a) this power shall be limited to the allotment of:
 - (i) equity securities in connection with a rights issue, open offer or other pre-emptive offering in favour of the holders of ordinary shares in the capital of the Company (“Ordinary Shares”) on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of holders of Ordinary Shares are proportionate (as nearly as is practicable) to the respective numbers of Ordinary Shares held or deemed to be held by them on any such record date but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise; and
 - (ii) equity securities (other than pursuant to paragraph (i) above) up to an aggregate nominal amount of £346,094;
 - (b) this power shall expire on the earlier of the date of the Company’s Annual General Meeting held in 2007 and 31 December 2007, unless previously revoked, varied or extended by the Company in general meeting; and
 - (c) the Directors shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired.
13. That in substitution for any existing authority under section 166 of the Companies Act 1985 (the “Act”) the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 166 of the Act, to make market purchases (within the meaning of section 163(3) of the Act) of fully paid Ordinary Shares in the capital of the Company (“Ordinary Shares”) provided that:
- (i) the maximum number of ordinary shares which are authorised to be purchased shall be such number as represents 10% of the aggregate nominal amount of the Company’s issued Ordinary Share capital as at the date of the passing of this resolution;
 - (ii) the minimum price which may be paid for any such share (exclusive of expenses) shall be the nominal amount of the Ordinary Shares purchased; and
 - (iii) the maximum price (exclusive of expenses) which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for such shares for the five business days immediately preceding the date of purchase;

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such authority to expire on the earlier of the date of the Company's Annual General Meeting held in 2007 and 31 December 2007, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase such shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of such shares in pursuance of any such contract or contracts.

By order of the Board



Ross Paterson
Company Secretary

4 July 2006

Registered office:
10 Dunkeld Road
Perth
PH1 5TW

Registered in Scotland

Company number: SC100764

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his place. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed which, to be effective, must be completed and deposited, together with the power of attorney or other authority, if any, under which it is signed or a duly certified copy thereof, with Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6ZT not less than 48 hours before the time set for the meeting or (as the case may be) the adjourned meeting. Completion and return of the Form of Proxy does not preclude a shareholder from attending and voting in person at the AGM.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company at 6.00p.m. on the date, which is two days before the date of the meeting or adjourned meeting (as the case may be), will be entitled to attend and vote at the meeting or any adjournment thereof in respect of the number of Ordinary Shares in the Company registered in their name at the relevant time. In each case, changes to the register of members of the Company after such time shall be disregarded in determining the right of any person to attend and vote at the meeting.
4. The full Annual Report and financial statements is sent to all shareholders who have requested it, otherwise the Summary Annual Report is sent.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 25 August 2006 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed (a) voting service Provider(s), should refer to their CREST sponsor or voting service Provider(s), who will be able to take the appropriate action on their behalf.

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In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

