

The proposals contained in the enclosed Circular should be read before taking a decision. This document is not a full summary of the proposals and should not be regarded as a substitute for reading the full documentation enclosed, nor is this document a recommendation as to the action which Shareholders should take.

STAGECOACH GROUP PLC (“Stagecoach”)

Cash of 63 pence per existing Stagecoach share

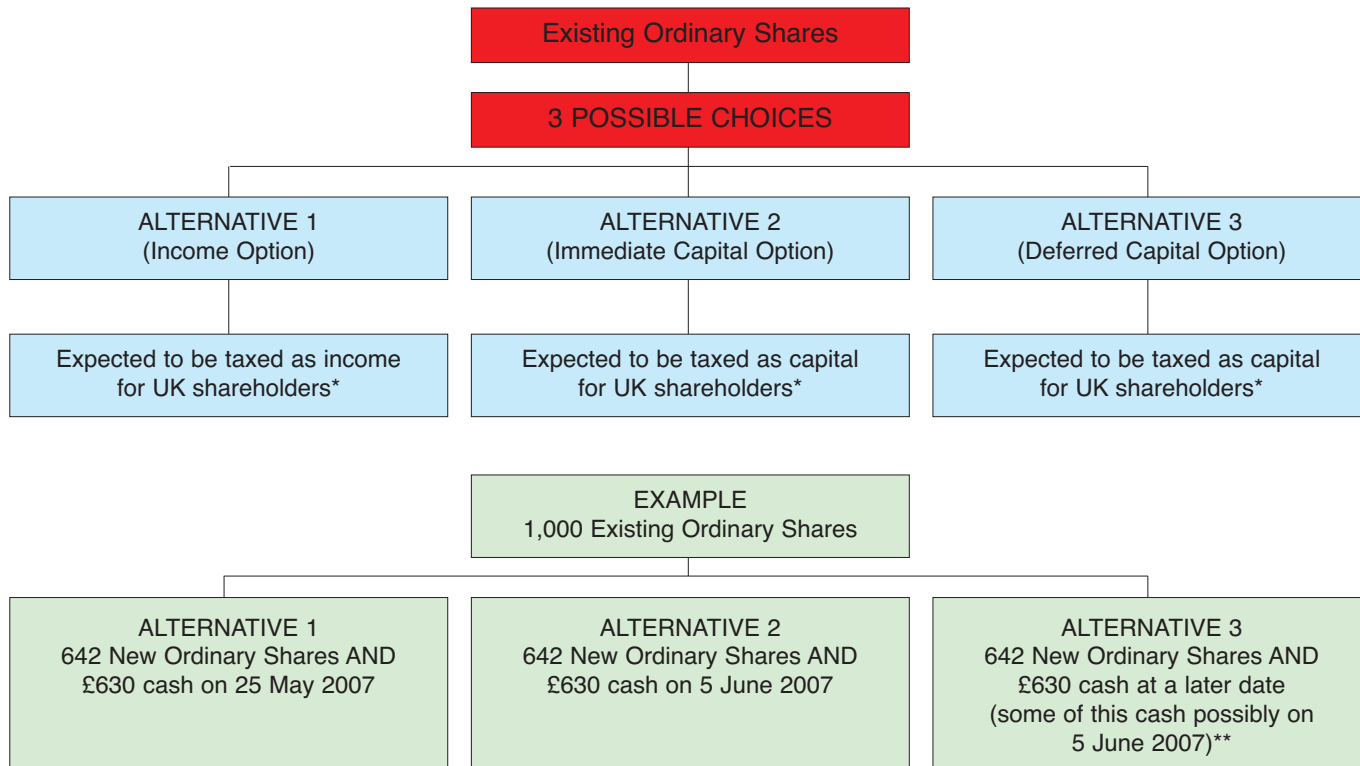
If you take no action, you will automatically be paid the cash in the form of a dividend on or around 25 May 2007 – in other words, you will be deemed to have elected for Alternative 1 below in respect of all of your existing Stagecoach Shares. You are, however, able to choose how and when to receive the cash, and you can elect for these alternatives using the enclosed Form of Election.

As part of the Return of Value, your existing Stagecoach ordinary shares will be replaced by new Stagecoach ordinary shares. The intention is that, subject to market movements, the share price of one New Ordinary Share immediately after it is admitted to trading on the London Stock Exchange should be approximately equal to the share price of one Existing Ordinary Share beforehand.

The Return of Value is subject to the approval of Shareholders at an extraordinary general meeting (“EGM”) to be held at 12 noon on 27 April 2007. Further details of the EGM are set out in the enclosed Circular.

We have set out overleaf some possible questions and answers. Part 3 of the Circular also contains further questions and answers.

Your choices



* Your attention is drawn to Part 9 of the enclosed Circular which gives details of the United Kingdom tax implications of the Return of Value.

** Please refer to the Scaling Back paragraphs of Section 4 of Part 1 of the Circular for an explanation of why this may be the case.

QUESTION 1**How do I decide which alternative to elect for?****ANSWER**

The most appropriate alternative(s) for you depends on your own individual tax and other circumstances. If you are in any doubt about what action to take you should immediately seek your own personal financial advice.

QUESTION 2**Why am I being forced to sell my ordinary shares?****ANSWER**

The Company has decided it is in the best interests of Shareholders to return surplus cash to all of its Shareholders on an equal basis in proportion to their shareholdings in the Company.

Nobody is being forced to sell his or her shares. Your Stagecoach shares are being exchanged for some cash and some new shares but your percentage holding in the Company will not be affected by the Return of Value.

Take the example shown overleaf. Before the Return of Value, the Shareholder has 1,000 Existing Ordinary Shares. Taking the closing middle market share price at 21 March 2007 of 176.25 pence per share, these are worth £1,762.50 in total.

After the Return of Value, the Shareholder will have 642 New Ordinary Shares worth £1,131.52 at the price of 176.25 pence per share plus cash of £630. This totals £1,761.52, which is broadly the same as before the Return of Value (although the actual share price will be subject to normal market fluctuations).

QUESTION 3**Why is the Return of Value so complicated?****ANSWER**

We appreciate that the proposals can seem complicated. They are intended to provide all Shareholders, including individuals with smaller shareholdings, with the chance to participate in receiving the cash and to allow them to choose the alternative(s) that best suits their own circumstances, including their own tax position. The structure is similar to that used by Stagecoach in 2004 to return value to Shareholders and is similar to schemes used by other listed companies to return value to Shareholders.

QUESTION 4**Why are you returning cash to Shareholders at all?****ANSWER**

The Directors believe that if the Company has too much cash or too little borrowings, and is comfortable that the interests of Shareholders cannot be better served by alternative means, it should return excess cash to you, the Shareholders. This is intended to reduce Stagecoach's average cost of funding its businesses and to benefit Shareholders through faster growth in earnings per share.

QUESTION 5**What do I do if I want more information?****ANSWER**

There are a number of sources of further information. The enclosed Circular sets out further information. Part 3 of the Circular sets out further questions and answers which may address any further issues you may have.

If you have further questions relating to financial advice, such as which Alternative to elect for, or relating to your tax position, you will need to consult your own financial and/or taxation adviser.

If you still have further questions you may call the Shareholder helpline on 0870 240 7990 between 8.30 a.m. and 5.30 p.m. on any Business Day.

QUESTION 6**What am I meant to do with the paperwork I've been sent?****ANSWER**

The enclosed Circular sets out information on the Return of Value and explains why the Board of Directors of Stagecoach believe it is in the best interests of Shareholders as a whole. It also sets out the notice of the EGM and includes the resolutions to be voted on at the EGM.

The other documentation you have received includes the Form of Proxy for the EGM and the Form of Election.

Whether or not you intend to attend the EGM, you are requested to complete the Form of Proxy and return it to the Registrars by no later than 12 noon on 25 April 2007. Instructions on how to complete the Form of Proxy are printed on it.

Using the Form of Election, you should elect for the Alternative(s) suitable for you by following the instructions printed on it. The Form of Election needs to be with Lloyds TSB Registrars by 4.30p.m. on 11 May 2007.

In completing these forms, you will need to take into account the postal time necessary for your forms to reach the Registrars.