

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the decision you should take, you are recommended to consult an independent financial adviser who is authorised under the Financial Services and Markets Act 2000.

To: holders of awards ("Awards") under the Stagecoach Restricted Share Plan ("RSP")

Summary of treatment under the Offer

Your Awards will vest as a result of the Offer becoming (or being declared) unconditional. You can choose to accept the Offer in respect of any Shares you would acquire under your Awards, to the extent that they vest as a result of the Offer, which means that you will receive a cash sum equal to 105 pence per Stagecoach Share (subject to deductions for applicable income tax and National Insurance contributions).

You can accept the Offer by completing the enclosed Acceptance Form. You should submit your instructions by returning an electronic copy of the completed Acceptance Form by email **to John Hamilton by 5.00pm UK time on 14 April 2022 at the latest.**

Please note that all instructions received are irrevocable; once your instruction has been submitted it may not be changed.

22 March 2022

Dear Participant,

1. BACKGROUND

On 9 March 2022, the board of directors of Stagecoach Group plc ("**Stagecoach**") and the board of directors of Inframobility UK Bidco Limited ("**PEIF III Bidco**"), a company indirectly wholly owned by Pan-European Infrastructure III, SCSp ("**PEIF III**"), an infrastructure fund managed and advised by DWS Infrastructure announced that they reached agreement on the terms of a recommended cash offer by PEIF III Bidco to acquire the entire issued and to be issued share capital of Stagecoach (the "**Offer**").

Full details of the Offer are set out in the offer document dated 22 March 2022 (the "**Offer Document**"), a copy of which, together with a copy of this letter, is available on Stagecoach's website at <https://www.stagecoachgroup.com/investors/recommended-offer-from-dws.aspx>. Unless otherwise defined, terms defined in the Offer Document shall have the same meaning in this letter.

This letter explains the effect of the Offer on your Awards and the action you need to take to accept the Offer in respect of any Stagecoach Shares you will receive following the vesting of your Awards. We refer to this as a "Rule 15 letter", as PEIF III Bidco is required under Rule 15 of the UK Takeover Code (the "**Code**") to make an appropriate proposal to award holders of Stagecoach.

2. A REMINDER OF THE RSP

You participate in the RSP under which you have been granted Awards. Ordinarily your Awards would have vested in three tranches on the fourth, fifth and sixth anniversary of grant, subject to certain underpins being satisfied. You may have more than one Award. This letter applies to you irrespective of how many Awards under the RSP you hold or when they were granted to you.

3. IMPACT OF THE OFFER ON YOUR AWARDS

Subject to your continued employment with the Group on the date on which the Offer becomes (or is declared) "wholly unconditional", your Awards will vest on that date (the "**vesting date**"). The vesting of your Awards will be, unless the remuneration committee of Stagecoach determines

otherwise, subject to time pro-rating for the period from the date on which your Awards were granted up to the date upon which the Offer becomes wholly unconditional, and the application of any underpin.

Once your Awards vest you will hold Stagecoach Shares and you can then sell those shares to PEIF III Bidco by accepting the Offer. As Stagecoach cannot confirm the date on which the Offer will (if at all) become (or be declared) wholly unconditional, you should return your instructions in relation to your Awards as soon as possible. Your instructions are conditional on your Awards vesting and so will only be effective if the Offer becomes (or is declared) wholly unconditional. If the Offer does not become or is not declared wholly unconditional then your Awards will simply continue as normal.

4. **HOW DO I SUBMIT MY INSTRUCTIONS?**

You can choose to accept the Offer by **returning an electronic copy of the enclosed Acceptance Form to John Hamilton by 5.00pm UK time on 14 April 2022**. Once you have done so you do not need to take any other action. You will become entitled to receive a cash sum in respect of your Awards, equal to 105 pence for each whole Stagecoach Share that vests to you (less deductions for applicable income tax and National Insurance contributions) in respect of the proportion of the Awards that vest in connection with the Offer.

By submitting the Acceptance Form any Stagecoach Shares you acquire following the vesting of your Awards will be sold to PEIF III Bidco as soon as practicable if the Offer becomes (or is declared) wholly unconditional.

5. **WHAT IF I DON'T ACCEPT THE OFFER?**

If you do not accept the Offer, your Stagecoach Shares may still be acquired by PEIF III Bidco under the "squeeze-out" procedure. After the Offer becomes (or is declared) wholly unconditional, and if it is accepted by Stagecoach Shareholders representing 90% of the Stagecoach Shares which are subject to the Offer, PEIF III Bidco will be entitled to serve a "squeeze-out" notice which would allow it to compulsorily acquire all of the remaining Stagecoach Shares in issue at the time the notice is served. PEIF III Bidco has announced that it intends to serve this notice if it becomes able to do so. A "squeeze-out" notice would (in summary) become effective six weeks (the **"Squeeze-out Period"**) after it is served, and it would mean that PEIF III Bidco would compulsorily acquire all of the remaining Stagecoach Shares in issue at the time the notice is served, and a different process for payment of the Offer price applies, further details of which will be provided if this becomes relevant.

If PEIF III Bidco does not serve a squeeze-out notice you would retain the Stagecoach Shares you acquired (net of taxes) under the vesting process on the Offer becoming unconditional but you would not be able to sell them.

6. **WHAT ABOUT THE PORTION OF MY AWARDS WHICH LAPSES AS A RESULT OF TIME PRO-RATING?**

If the Offer becomes wholly unconditional, PEIF III Bidco has agreed to grant you a replacement award in respect of any portion of your Awards under the RSP which lapses as a result of the application of time pro-rating (the **"RSP replacement award"**). The RSP replacement award would give you a right to receive a cash payment, calculated by multiplying the number of Stagecoach Shares over which your Awards lapse as a result of the application of time pro-rating by the Offer price of 105 pence. Ordinarily, the RSP replacement award would be expected to vest on 31 March 2025 and would lapse in certain situations if you leave employment before that date. As soon as practicable after the Offer becomes (or is declared) wholly unconditional, you will receive further details in respect of the RSP replacement award.

7. WHAT ABOUT THE ALTERNATIVE OFFER FOR STAGECOACH?

As you may be aware, National Express Group plc ("**National Express**") has also made an offer to acquire Stagecoach Shares. Only one of National Express's or PEIF III Bidco's offers to acquire Stagecoach Shares can ultimately become successful. You will receive a similar letter to inform you of the effect of National Express's offer on your Awards if that offer proceeds. If neither offer proceeds your Awards will continue as normal with vesting being subject to the rules of the RSP.

8. WHAT IF I HAVE FURTHER QUESTIONS?

You will find attached to this letter some frequently asked questions, which you should review.

If, after reading these, you still have an outstanding query, please contact John Hamilton. For legal reasons none of Stagecoach, your employer, or PEIF III Bidco can give any legal, financial or tax advice.

In summary, you can choose to accept the Offer and receive a cash sum equal to 105 pence for each Stagecoach Share in respect of the proportion of your Awards which vests as a result of the Offer (less deductions for applicable income tax and National Insurance contributions).

Acceptance Forms should be submitted by returning an electronic copy to John Hamilton by 5.00pm UK time on 14 April 2022 at the latest.

Please note that all instructions received are irrevocable; once your instruction has been submitted it cannot be changed.

The directors of Stagecoach (the "**Stagecoach Directors**"), who have been so advised by Deutsche Bank and RBC as to the financial terms of the Offer, consider the proposal to accept the Offer as set out in this letter, to be fair and reasonable in the context of the Offer. In providing their advice to the Stagecoach Directors, Deutsche Bank and RBC have taken into account the commercial assessments of the Stagecoach Directors.

Although both Deutsche Bank and RBC are acting as financial advisers to Stagecoach, because DWS is ultimately controlled by Deutsche Bank, only RBC is acting as the independent financial adviser to Stagecoach for the purposes of providing independent advice to the Stagecoach Directors on the Offer under Rule 15(b) of the Takeover Code.

Accordingly, the Stagecoach Directors unanimously recommend that you use the Acceptance Form to accept or procure the acceptance of the Offer in respect of any Stagecoach Shares you acquire following the vesting of your RSP Awards as a result of the Offer as set out in this letter.

Yours faithfully

Michael Vaux, Company Secretary
Stagecoach Group plc

Florian Hubel, Director
Inframobility UK Bidco Limited

FREQUENTLY ASKED QUESTIONS

1. *How will I know about the progress of the Offer and if and when the Offer becomes wholly unconditional?*

Updates on the Offer will be posted on <https://www.stagecoachgroup.com/investors/recommended-offer-from-dws.aspx> – please check this regularly. More information on the Offer is set out in the Offer Document, which is available at <https://www.stagecoachgroup.com/investors/recommended-offer-from-dws.aspx>.

2. *What do I need to do?*

What do I need to do?	Submit your Acceptance Form between now and 14 April 2022. As soon as the Offer becomes or is declared wholly unconditional, your Awards will vest and you will thereby accept the Offer in respect of all Stagecoach Shares over which your Awards vest and will receive 105 pence per Stagecoach Share*.
How do I submit my request?	Sign and return an electronic copy of your Acceptance Form to John Hamilton by 5.00pm UK time on 14 April 2022 at the latest. Your signature on the Acceptance Form needs to be witnessed by a person over 18 – this can be a member of your family if necessary and the witness should complete the witness details set out in the Acceptance Form.
What will I receive and when would I receive it?	Subject to your continued employment with the Group on the vesting date, you will receive two elements: <ul style="list-style-type: none"> • a cash sum equal to 105 pence per Stagecoach Share, paid to your salaried bank account and with income tax and National Insurance (as applicable) deducted, through the next available payroll; and • a cash RSP replacement award with equivalent value to any portion of your Awards that lapses by reason of time pro-rating, and which would ordinarily vest on 31 March 2025.

*Please see Q.6 "What are the tax consequences of the vesting of my Awards?" below.

3. *What happens if the Offer never becomes wholly unconditional?*

If you have submitted an Acceptance Form, but the Offer does not become wholly unconditional, it would have no effect. Instead, your Awards would either vest in the normal course under the RSP (and any RSP replacement awards would not be granted) or, if an alternative bid for Stagecoach succeeds, your Awards will be dealt with in accordance with separate proposals you receive from the alternative bidder.

4. *If I accept the Offer, when and how will I receive payment?*

Provided that you submit an Acceptance Form by 14 April 2022, the proceeds will be paid to you through the next available payroll following the vesting of your Awards and acceptance of the Offer net of income tax and National Insurance contributions.

5. *Do I have to submit the Acceptance Form before the deadline? Can I wait for longer?*

We suggest that you complete the Acceptance Form before the deadline. You do not, however, have to submit the Acceptance Form before the deadline. Your Awards will vest when the Offer becomes (or is declared) wholly unconditional and you can then accept the Offer for as long as it remains open, subject to curtailment of this period if PEIF III Bidco becomes able to serve a "squeeze-out" notice.

If the Offer becomes (or is declared) wholly unconditional, and for so long as the Offer remains open, you will receive the same amount irrespective of whether you submit the Acceptance Form by the deadline or at a later date. You will however receive payment sooner if you submit the Acceptance Form by 14 April 2022.

6. *What are the tax consequences of the vesting of my Awards?*

The following is a summary of tax consequences of the vesting of your Awards. It is intended as a general guide only for persons resident in the UK for tax purposes and is not tax advice to any individual participant. If you are in any doubt about your tax position, you should consult your own tax adviser.

a) *Income tax and National Insurance contributions*

When your Awards vest, you will be liable to pay income tax and National Insurance contributions. Income tax and National Insurance contributions will be payable on the value of the cash payment from Stagecoach. This will be 105 pence for each whole Stagecoach Share in respect of the proportion of each of your Awards that vest.

Income tax will be payable at your marginal tax rate. National Insurance contributions will also be payable at the same rates as apply to your salary, likely to be 3.25%. References in this letter to National Insurance contributions shall include any similar liabilities or levies. If an adjustment is required due to an over collection of tax, this will be made in the following payroll.

Any income tax and National Insurance contributions will be deducted from your payment and shown on your payslip. The balance will be paid to you by Stagecoach through the next available payroll.

b) *Capital gains tax*

No capital gain is expected to arise in respect of your Awards. However, you should note that there are complicated share matching rules that may apply if you are selling Stagecoach Shares that you already own through the Offer at the same time as selling shares you receive under your Awards. You are recommended to seek your own tax advice if this applies to you.

TERMS AND CONDITIONS

These terms and conditions are important: they apply both to this letter and to the enclosed Acceptance Form. You should read these terms and conditions carefully before submitting the Acceptance Form. You should keep a copy of these terms and conditions for future reference.

1. In the event of any differences between this letter and the rules of the RSP which govern the Awards to which this letter relates, the deeds of grant which also govern the Awards to which this letter relates, or the applicable legislation, the rules, deeds or applicable legislation (as appropriate) will prevail. Copies of the rules are available on request.

Submitting the Acceptance Form

2. The Acceptance Form will be of no effect unless it is submitted in accordance with the instructions set out in the Acceptance Form by 5.00pm on 14 April 2022.

Acceptance of the Offer using the Acceptance Form

3. By submitting the Acceptance Form you confirm that you have had the opportunity to review the Offer Document (which is available at <https://www.stagecoachgroup.com/investors/recommended-offer-from-dws.aspx>), this letter and the Acceptance Form, and have read and irrevocably agree to their respective terms and conditions.
4. The sale of your Stagecoach Shares acquired on vesting of your Awards pursuant to the Acceptance Form will take effect if the Offer is successful on the date determined by the Board of Stagecoach in accordance with the terms of this letter and the terms of the Offer.
5. By submitting the Acceptance Form you agree that you will be entitled to receive an amount equal to 105 pence per Stagecoach Share that vests under your Awards and agree that such amount (less applicable income tax and National Insurance contributions) will be paid as set out in this letter.
6. By submitting the Acceptance Form, you irrevocably elect to accept the Offer in relation to all of the Stagecoach Shares acquired pursuant to the vesting of your Awards.
7. If the Offer does not become or is not declared wholly unconditional, your Acceptance Form will have no effect.

Investment decision and taxation

8. Accepting the Offer is a personal decision, and if you are in any doubt as to the decision you should take, you are recommended to consult an independent financial adviser who is authorised under the Financial Services and Markets Act 2000. For legal reasons, neither Stagecoach, PEIF III Bidco or Link Group, Corporate Actions nor any of their respective employees, officers or agents can give any legal, financial or tax advice. By submitting the Acceptance Form you confirm that you have not relied on any investment, tax or other advice from PEIF III Bidco, Stagecoach, or Link Group, Corporate Actions nor any member of their respective groups of companies, or any employees, officers or agents thereof.
9. By submitting the Acceptance Form you agree that:
 - a. PEIF III Bidco may pay your cash payment to Stagecoach;
 - b. Stagecoach may deduct any income tax and National Insurance contributions arising following the vesting of your Awards from your cash payment and pay this amount to the relevant tax authorities on your behalf; and
 - c. Stagecoach may pay the balance following the deductions referred to in paragraph 9.b. above to your salaried bank account.

General

10. None of PEIF III Bidco, Stagecoach, or Link Group, Corporate Actions nor any member of their respective groups of companies, nor any employees, officers or agents thereof can be held responsible for any failure in the electronic delivery of the Acceptance Form or any other document or any consequential loss.
11. If you have left or leave employment with Stagecoach, your Awards may lapse before the Offer becomes or is declared wholly unconditional, dependent upon the circumstances of your leaving.
12. The Acceptance Form will be of no effect in respect of Stagecoach Shares held under an Award which has lapsed.
13. The information collected in the Acceptance Form will be used for data processing for which Stagecoach is responsible and will be transmitted to any person(s) who require such information for the purposes of carrying out your instructions, and such persons will include PEIF III Bidco, Stagecoach, and Link Group, Corporate Actions.
14. This letter and the Acceptance Form are each governed by and will be construed in accordance with the laws of England and Wales.

NOTES

The release, publication or distribution of this letter in, into or from jurisdictions other than the United Kingdom and the availability of the Offer to shareholders of Stagecoach who are not resident in the United Kingdom may be restricted by the laws of those jurisdictions. Therefore persons into whose possession this letter comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

The directors of PEIF III Bidco, whose names are set out in the Offer Document, Appendix III, paragraph 2(a), accept responsibility for the information contained in this letter (including any expressions of opinion) relating to the PEIF III Bidco group and the directors of PEIF III Bidco. To the best of the knowledge and belief of the directors of PEIF III Bidco (who have taken all reasonable care to ensure that this is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The PEIF III Responsible Persons, whose names are set out in the Offer Document, Appendix III, paragraph 2(b), accept responsibility for the information contained in this document (including any expressions of opinion), other than the information for which the Stagecoach Directors accept responsibility in accordance with the paragraph below. To the best of the knowledge and belief of the PEIF III Responsible Persons, who have taken all reasonable care to ensure that such is the case, the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Stagecoach Directors, whose names are set out in the Offer Document, Appendix III, paragraph 2(c), accept responsibility for the information contained in this document (including any expressions of opinion) relating to the Stagecoach Group and the Stagecoach Directors, their close relatives, related trusts and other connected persons and persons acting in concert with them (as such term is used in the Code). To the best of the knowledge and belief of the Stagecoach Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Deutsche Bank, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom and RBC, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, are each acting for Stagecoach and no one else in connection with the matters described herein and will not be responsible to anyone other than Stagecoach for providing the protections afforded to their respective clients, for giving advice in connection with the matters described herein or in relation to any matter referred to herein.

Each of Deutsche Bank and RBC have given and not withdrawn their written consent to the issue of this letter with the inclusion of the references to their names in the form and context in which they appear.

Accidental omission to dispatch this letter to, or any failure to receive the same by, any person to whom the proposals in the letter are made or should be made, will not invalidate the proposals in any way.

THIS ACCEPTANCE FORM AND THE ACCOMPANYING LETTER ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this document or what action you should take, you are recommended to seek your own personal financial advice immediately from your independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have any questions about this Acceptance Form or the accompanying letter from Stagecoach and Inframobility UK Bidco Limited dated 22 March 2022 (the "**Letter**") (other than the financial or tax aspects), you should contact John Hamilton.

This Acceptance Form should be read in conjunction with the Letter and the Offer Document dated 22 March 2022 (the "**Offer Document**"). Unless the context otherwise requires, words and expressions used in this document have the same meaning as in the Offer Document.

ACCEPTANCE FORM

FOR USE BY THE HOLDERS OF SHARES ACQUIRED UNDER AWARDS GRANTED UNDER THE STAGECOACH GROUP PLC RESTRICTED SHARE PLAN

What this Acceptance Form does

You can use this form to appoint the directors of Stagecoach as your attorney to accept the Offer in respect of all the Stagecoach Shares you acquire on the vesting of your Awards.

If you wish to accept the Offer described in the Letter, you must send an electronic copy of this Acceptance Form duly completed by email, as soon as possible and, in any event, so as to be received by John Hamilton at Stagecoach Group plc **by no later than 5.00pm on 14 April 2022.**

Please complete the form overleaf

ACCEPTANCE FORM

I hereby irrevocably:

1. accept the Offer in respect of any Stagecoach Shares over which my Awards under the Stagecoach Group plc Restricted Share Plan vest conditional on the Offer becoming (or being declared) wholly unconditional subject to the terms and conditions attached to the Letter dated 22 March 2022;
2. authorise Stagecoach Group plc (or such person as Stagecoach Group plc shall nominate) to receive the Offer Consideration on my behalf and to make any deductions required from such Offer Consideration including for income tax and employee's National Insurance contributions (or similar liabilities) arising in connection with the vesting of my Awards; and
3. appoint each of the directors of Stagecoach Group plc as my attorney with authority to the attorney, subject to the Offer becoming (or being declared) unconditional to:
 - (a) accept on my behalf the Offer in respect of any Stagecoach Shares over which my Awards under the Stagecoach Group plc Restricted Share Plan vest;
 - (b) complete the Acceptance Form for the Offer; and
 - (c) do all acts and things necessary to give effect to my acceptance of the Offer within the period for acceptance of the Offer.

I undertake to ratify and confirm any act of any director in exercise of the power of attorney under this deed and acknowledge that this power of attorney shall be irrevocable during such time as I hold Awards or Stagecoach Shares or have any continuing rights or liabilities in respect thereof in accordance with section 4 of the Powers of Attorney Act 1971.

I understand that by submitting the Acceptance Form, I will receive a cash sum equal to 105 pence for each whole Stagecoach Share that I receive on the vesting of my Awards (less deductions for applicable income tax and National Insurance contributions (or similar liabilities)).

I note that the terms and conditions attached to the Letter apply to this Acceptance Form and that by executing this Acceptance Form I confirm that I have read the Letter and the terms and conditions and I am irrevocably agreeing to the terms and conditions.

EXECUTED and DELIVERED as a DEED

by **[Name of Participant]**

on

(Signature)

(Date)

in the presence of:

Signature of Witness

Name of Witness

Address of Witness

Once signed, dated and witnessed, an electronic copy of this Acceptance Form should be returned by email to John Hamilton as soon as possible and in any event so that it is received no later than 5.00pm on 14 April 2022.

Please note that if the Offer does not become (or is not declared) wholly unconditional, this Acceptance Form will have no effect and you will continue to hold your Awards on their existing terms. Please read the accompanying Letter for more information.