

THIS DOCUMENT IS IMPORTANT.

If you are in any doubt about its contents or the action you should take, you should seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your ordinary shares in FirstGroup plc, please send this document and the enclosed Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the transfer or sale was effected for transmission to the purchaser or transferee.

Registered office:

FirstGroup plc
395 King Street, Aberdeen AB24 5RP
Registered in Scotland – No. 157176



19 May 2008

To the holders of ordinary shares

Dear Shareholder

Annual General Meeting

You will find the notice of the Annual General Meeting of the Company, which is to be held at the Aberdeen Exhibition and Conference Centre, Bridge of Don, Aberdeen AB23 8BL on Thursday 10 July 2008 at 11.00am, set out on pages 4 to 11 of this letter. The business of the Meeting will include the consideration of resolutions relating to the following matters:

- receiving the Annual Report and Financial Statements
- approving the Directors' Remuneration Report, the full text of which is contained in the Annual Report and Financial Statements
- declaring a final dividend of 11.55 pence per share
- re-electing Martin Gilbert, David Dunn and Professor David Begg as Directors
- re-appointing Deloitte & Touche LLP as auditors of the Company and authorising the Directors to determine their remuneration.

A short biography of each of the Directors who is being put forward for re-election follows:

Martin Gilbert LLD MA LLB CA

Chairman; Chairman of the Nomination Committee

A Chartered Accountant, he is one of the founders and Chief Executive of Aberdeen Asset Management PLC. He was appointed to the Board of FirstGroup plc in 1995. He is Chairman of Chaucer Holdings PLC and a director of a number of investment trusts. He is a Non-Executive Director of Primary Health Properties PLC.

David Dunn CA

Senior Independent Non-Executive Director; Chairman of the Audit Committee

Appointed to the Board as a Non-Executive Director in December 1999. He is a Chartered Accountant and is Non-Executive Chairman of Brammer plc. He is also a Non-Executive Director of Croda International plc.

Professor David Begg DSC BA

Non-Executive Director

Appointed to the Board as a Non-Executive Director in August 2005. He is Chairman of Tube Lines Limited and Northern Way Transport Compact and a director of Portobello Partnership. He is a visiting professor at Plymouth University and an adviser to Greater Manchester Passenger Transport Executive. He is also the publisher of Transport Times. Until 2005 he was Chairman of the Commission for Integrated Transport and a Non-Executive Director of the Strategic Rail Authority.

The Board unanimously recommends the re-election of each of these Directors.

In the case of Martin Gilbert, the Board is of the opinion that his significant and in-depth knowledge and experience of the Group's business combined with his external business experience enables him to provide effective leadership of the Board and to continue to make a positive contribution to the Group's ongoing business.

In the case of David Dunn and Professor David Begg, the Board considers that they are independent in character and judgement and each provides a strong, non-executive presence on the Board. They continue to make a valuable and effective contribution to the Board and its various committees and to demonstrate their full commitment to the role.

The following resolutions will also be proposed at the Annual General Meeting:

Resolution 9 – Authority to reduce authorised share capital (Ordinary Resolution)

Pursuant to the resolutions passed by the shareholders at the Extraordinary General Meeting of the Company held on 20 April 2007, the authorised share capital of the Company was increased to enable the Company to issue further shares to raise funds to finance the acquisition of Laidlaw International, Inc. ("Laidlaw"). At the time of seeking such shareholder approval the number of shares that the Company may have needed to issue in order to raise money for the Laidlaw acquisition was uncertain. The Company explained on page 30 of the circular to shareholders dated 26 March 2007 regarding the Laidlaw acquisition that, if such number of shares were not required to be issued, it would seek shareholder approval to reduce the authorised share capital of the Company. On 14 May 2008 the Company announced a successful placing of 43,788,372 ordinary shares, the proceeds of which will be used to refinance part of the debt raised to finance the acquisition of Laidlaw. Accordingly, this resolution, if passed, will decrease the authorised share capital of the Company to £32,500,000 which the Directors consider to be appropriate.

Resolution 10 – Authority to allot shares (Ordinary Resolution)

Section 80 of the Companies Act 1985 (the "1985 Act") requires that the authority of the Directors to allot shares shall be subject to the approval of the shareholders in general meeting. This resolution, if passed, would give the Directors general authority to allot shares in the capital of the Company up to an aggregate nominal amount of £8,034,452 representing 160,689,040 ordinary shares of 5 pence each, being approximately one-third of the issued ordinary share capital of the Company (excluding treasury shares) as at 19 May 2008. The Company holds 395,071 treasury shares as at 19 May 2008 being approximately 0.08% of the issued ordinary share capital of the Company (excluding treasury shares) as at that date. Please see further information relating to treasury shares set out in the explanatory notes for resolution 12 below. The Board has no present intention to use this authority, which will expire 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company in 2009.

Resolution 11 – Disapplication of pre-emption rights (Special Resolution)

This resolution, if passed, will disapply statutory pre-emption rights on the issue of shares or other securities convertible into shares ("equity securities") for cash that would otherwise exist for shareholders under Section 89(1) of the 1985 Act. If passed, it will also disapply such pre-emption rights arising on any sale by the Company of shares out of treasury for cash.

Resolution 11(a) is limited to the offer of securities, or the sale of treasury shares, for cash pro rata to existing shareholders (subject to fractional entitlements and certain legal requirements) and resolution 11(b) is a general disapplication providing the Directors with authority to issue, or, in the case of treasury shares, sell shares or other equity securities for cash, without first offering them to shareholders on a pro rata basis, if they consider it appropriate.

The maximum nominal amount of shares which can be issued, or, in the case of treasury shares, sold for cash otherwise than to existing shareholders in proportion to their existing shareholdings pursuant to resolution 11(b) is limited to an aggregate nominal amount of £1,205,167 representing approximately 5% of the issued share capital of the Company as at 19 May 2008. The authority given by

this resolution will expire 15 months after the date of the passing of the resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company in 2009.

Resolution 12 – Authority to make market purchases of own shares (Special Resolution)

This resolution, if passed, will give the Directors authority to purchase up to 47,800,000 shares, representing approximately 10% of the Company's issued share capital as at 19 May 2008, through market purchases on the London Stock Exchange. If the resolution is passed, the maximum price to be paid on any exercise of the authority will not exceed the higher of (i) 105% of the average of the middle market quotations for the Company's shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out. The minimum price would never be less than 5 pence, being the nominal value of an ordinary share.

A similar authority was sought at the Company's Annual General Meeting last year and pursuant to that authority, there have been no ordinary shares that have been repurchased during the year. The current authority for the Company to purchase its own shares will expire at this year's Annual General Meeting. The Directors believe it remains in the best interests of the Company and its shareholders for the Directors to have authority to make such purchases subject to certain limitations.

The Company will only make purchases of its own shares if the Board is satisfied that such purchases would result in an increase in future earnings per share and are in the best interests of shareholders and the Company, after taking account of other investment opportunities, the level of borrowings and the Group's overall financial position.

Shares held in treasury can either be sold for cash, transferred for the purposes of an employee share scheme or cancelled. The Company, therefore, has the choice of either cancelling or holding in treasury any of its shares which it purchases. This gives the Company the ability to resell treasury shares quickly and cost-effectively and provides the Company with greater flexibility in managing its capital base. If the Company purchases any of its shares pursuant to resolution 12, the Board will decide at the time of purchase whether to cancel them immediately or hold them in treasury.

The authority sought at the Annual General Meeting will expire 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company in 2009. The Directors intend to seek to renew the authority at the 2009 Annual General Meeting and for such renewal to form part of the regular business of subsequent Annual General Meetings. The Company, in relation to the authority sought, will not purchase any of its own shares at any time when, under the Company's Share Dealing Code, a Director of the Company would be prohibited from dealing in any of the Company's shares.

The total number of options to subscribe for ordinary shares which were outstanding as at 19 May 2008 was 10,506,261, representing approximately 2.18% of the issued share capital of the Company (excluding treasury shares) at that date (approximately 2.69% of the issued share capital of the Company (excluding treasury shares)) if the authority to purchase shares under this resolution and the existing resolution referred to above were to be used in full). As at 19 May 2008, there were no warrants outstanding.

Resolution 13 – Authority to make political donations (Ordinary Resolution)

It is the Company's policy not to make any donations to political parties or incur political expenditure and the Board does not intend to change that policy.

The 1985 Act required companies to obtain shareholders' authority for donations to registered parties and other political organisations totalling more than £5,000 in any twelve month period and for any political expenditure, subject to limited exceptions. The definition of donations in this context was very wide and extended to bodies such as those concerned with policy review and law reform, with the representation of the business community or sections of it. It could also have included special interest groups, such as those involved with the environment and campaigning charities. The relevant provisions of the 1985 Act have been replaced by similar provisions in Part 14 of the Companies Act 2006 (the "2006 Act") with effect from 1 October 2007.

The terms of this year's resolution have been adjusted to reflect the different technical requirements of Part 14 of the 2006 Act. The Board considers that it would be prudent, and to avoid inadvertent infringement of the 2006 Act, to obtain authority in accordance with Sections 366 to 367 of the 2006 Act to incur political expenditure, as defined in Section 365 of the 2006 Act, not exceeding £100,000 during the period from the date of the Annual General Meeting to the conclusion of next year's Annual General Meeting or 31 July 2009, whichever is earlier.

Resolution 14 – Adoption of Articles of Association of the Company (Special Resolution)

We are asking shareholders to approve new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Current Articles") primarily to take account of changes in company law brought about by the 2006 Act. The principal changes introduced in the New Articles are summarised in Appendix 1.

In addition, the New Articles will increase the fees payable to Directors to a maximum of £650,000, an amount which the Board considers appropriate, after taking into consideration the future possibility of the appointment of any additional Non-Executive Directors and also the limits on directors' fees of other companies of similar size and complexity to the Company.

Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act have not been noted in the Appendix 1. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 7 of this document.

Resolution 15 – Approval of Long Term Incentive Plan (Ordinary Resolution)

The Company's executive remuneration package needs to remain attractive and competitive to attract, retain and motivate high quality senior executives. In order to seek greater alignment of the Company's senior executives' longer term interests with those of shareholders it is proposed to introduce a new element of reward in the form of a long term incentive plan (the "Plan"). Awards under the Plan will be measured against absolute growth in the Company's earnings per share ("EPS") and total shareholder return ("TSR") against an appropriate comparator group over three years.

This resolution is to approve the introduction of the Plan, under which the Company may make awards of nil cost options to acquire shares to executives of the Company. The shares will be received by the executives subject to the satisfaction of twin performance conditions relating to EPS growth and TSR and provided they remain in employment. The main features of the Plan are summarised in Appendix 2.

Action to be taken

Shareholders will find enclosed a Form of Proxy for use at the Annual General Meeting. Whether or not you intend to be present at the Meeting, you are requested to complete and return the Form of Proxy to the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6TP so as to arrive as soon as possible and in any event not later than 48 hours before the time fixed for the Meeting. You may, if you prefer, submit your proxy appointment electronically by way of the internet or, if you are a CREST member, through the CREST system – please see the notes on page 6 for details. Completion and return of a Form of Proxy will not prevent you from attending the Meeting and voting in person should you wish to do so.

If you intend to be present at the Meeting, you are requested to bring with you the attendance card attached to the Form of Proxy.

In order to allow the Board the time to research any specific requests as part of the process of dealing with any questions from shareholders at the Meeting, it would assist if you could send advance notice of your question(s) to the following e-mail address: sid.barrie@firstgroup.com or to Sidney Barrie, Company Secretary, at the Company's registered office at 395 King Street, Aberdeen, AB24 5RP. The foregoing e-mail address is to be used for questions submitted in advance of the Meeting and for no other purpose.

Recommendation

The Directors consider that all of the resolutions set out in the notice of Annual General Meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend that shareholders vote in favour of each of them.

Yours faithfully



Martin Gilbert
Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the thirteenth Annual General Meeting of FirstGroup plc will be held at the Aberdeen Exhibition and Conference Centre, Bridge of Don, Aberdeen AB23 8BL on Thursday 10 July 2008 at 11.00am. Shareholders will be asked to consider and pass the resolutions below. Resolutions 1 to 10 (inclusive), 13 and 15 will be proposed as ordinary resolutions and Resolutions 11, 12 and 14 will be proposed as special resolutions.

- 1 To receive and consider the reports of the Directors and auditors and the audited financial statements of the Company for the year ended 31 March 2008.
- 2 To approve the Directors' Remuneration Report for the year ended 31 March 2008.
- 3 To declare a final dividend of 11.55 pence per share in respect of the year ended 31 March 2008.
- 4 To re-elect Martin Gilbert, who retires by rotation pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director.
- 5 To re-elect David Dunn, who retires by rotation pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director.
- 6 To re-elect Professor David Begg, who retires by rotation pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director.
- 7 To re-appoint Deloitte & Touche LLP as independent auditors.
- 8 To authorise the Directors to determine the remuneration of the independent auditors.
- 9 That the authorised share capital of the Company be decreased from £230,000,000 to £32,500,000 by the cancellation of 3,950,000,000 unissued ordinary shares of 5 pence each.
- 10 That the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities, within the meaning of Section 80 of the Companies Act 1985 (the "1985 Act"), up to an aggregate nominal amount of £8,034,452 provided that this authority shall expire (unless previously revoked or varied by the Company in general meeting) 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to Section 80 of the 1985 Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
- 11 That, subject to the passing of resolution 10 above, the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 (the "1985 Act"), to allot equity securities (within the meaning of Section 94 of the 1985 Act) for cash pursuant to the authority conferred by resolution 10 above and/or where such allotment constitutes an allotment of equity securities by virtue of Section 94(3A) of the Act as if Section 89 of the 1985 Act did not apply to any such allotment, provided that this power shall be limited:
 - (a) to the allotment of equity securities in connection with or pursuant to an offer or invitation, open for acceptance for a period fixed by the Directors, in favour of holders of ordinary shares (and/or holders of such other equity securities of the Company as the Directors may determine) on the register on a fixed record date (excluding any holder holding any shares as treasury shares) in proportion (as nearly as may be) to their existing holdings of such securities (ignoring for this purpose both any holder holding any shares as treasury shares and the treasury shares held by him) or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory); and
 - (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £1,205,167;and shall expire (unless previously revoked or varied by the Company in general meeting) 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements.

12 That the Company be and hereby is generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163 of the Companies Act 1985) of ordinary shares of 5 pence each in the capital of the Company ("ordinary shares"), provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased shall be 47,800,000;

(b) the minimum price which may be paid for an ordinary share is 5 pence per share (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to the higher of
(i) 105% of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and
(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time the purchase is carried out; and

(d) the authority hereby conferred shall expire (unless previously revoked or varied by the Company in general meeting) 15 months after the date of the passing of this resolution, or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make a contract to purchase ordinary shares under the authority hereby conferred which will or may be completed or executed wholly or partly after such expiry and may make a purchase of ordinary shares pursuant to any such contract as if the authority conferred by this resolution had not expired.

13 That in accordance with Sections 366 to 367 of the Companies Act 2006 (the "2006 Act") the Company and all companies that are subsidiaries of the Company at any time during the period commencing on the date of this resolution and ending at the conclusion of the next Annual General Meeting of the Company in 2009 or, if earlier, on 31 July 2009 be and is hereby authorised:

(a) to make political donations to political parties, and/or independent election candidates;

(b) to make political donations to political organisations other than political parties; and

(c) to incur political expenditure;

up to an aggregate amount of £100,000 and the amount authorised under each of paragraphs (a) to (c) shall also be limited to such amount. Words and expressions defined for the purpose of the 2006 Act shall have the same meaning in this resolution.

All existing authorisations and approvals relating to political donations or expenditure under Section 347C of the Companies Act 1985 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval.

14 That the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

15 That:

(a) the Rules of the FirstGroup plc Long Term Incentive Plan 2008 (the "Plan") (the principal features of which are summarised in Appendix 2 on pages 10 to 11 of the document of which this notice of Annual General Meeting forms a part and a copy of which is produced to the meeting and initialled by the Chairman of the Meeting for the purposes of identification) be approved; and

(b) the Directors be authorised to establish such further plans for the benefit of employees overseas based on the Plan subject to such modifications as may be necessary or desirable to take account of overseas securities laws, exchange control and tax legislation provided that any ordinary shares of the Company made available under such further plans are treated as counting against any limits on individual participation, or overall participation, in the Plan.

By order of the Board

Sidney Barrie
Company Secretary
19 May 2008

Registered office:
395 King Street, Aberdeen AB24 5RP

Notes

Entitlement to attend and vote and to appoint proxies

- 1 Only registered holders of fully paid ordinary shares or their duly appointed representatives in the Company are entitled to attend and vote at the Meeting.
- 2 To be entitled to attend and vote in respect of the number of ordinary shares registered in their name (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on Tuesday 8 July 2008 (or, in the event of any adjournment of the Meeting, 6.00pm on the date which is two days before the time of the adjourned Meeting). Changes to entries on the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- 3 A Form of Proxy for use by shareholders is enclosed with this notice of Meeting. To be effective, Forms of Proxy (other than an electronic appointment of a proxy) must be completed and returned, in accordance with their instructions, so as to be received by the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6TP as soon as possible, but in any event so as to arrive no later than 11.00am on Tuesday 8 July 2008 (or, in the event of any adjournment so as to arrive no later than 48 hours before the time appointed for the Meeting). Forms of Proxy must be signed by the member or, in the case of joint holders, any one of them. The notice of Meeting shall prevail over any description of the business of the Meeting set out in the Form of Proxy.
- 4 A registered shareholder is entitled to vote at the Meeting and is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

A proxy may be appointed by any of the following methods:

- Completing and returning the enclosed Form of Proxy. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrar, Equiniti, to request additional Forms of Proxy.
- Shareholders who would prefer to register the appointment of their proxy electronically by way of the internet can do so by logging onto the website of the Company's Registrar, Equiniti, www.sharevote.co.uk using their personal Authentication Reference Number (this is the series of 24 numbers being each of the Voting ID, Task ID and Shareholder Reference Number printed to the right of your name on the Form of Proxy). Full details of the procedures are given on the website. Alternatively, if shareholders who have already registered with the Company's Registrar online portfolio service, Shareview, they can submit their proxy electronically by logging onto their portfolio at www.shareview.co.uk and clicking on "Company Meetings". Instructions are given on the website.
- If you are a member of CREST, by using the CREST electronic appointment service.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so 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 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.

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 instruction as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 11.00am on Tuesday 8 July 2008. 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 Application 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, 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 system providers) are referred, in particular, to those sections of the CREST Manual concerning 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.

- 5 The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in Note 4 above) will not prevent a shareholder attending the Meeting and voting in person if he/she wishes to do so.
- 6 Shareholders who have general queries about the Meeting should use the following means of communication (no other communication will be accepted): calling our shareholder helpline on telephone number +44 (0)1224 650626. You may not use any electronic address provided either in this notice of Meeting or any related documents (including the Chairman's letter and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated in those documents.

Indirect investors

- 7 Following the implementation of Part 9 of the Companies Act 2006 (the "2006 Act"), there are a number of rights that may now be available to indirect investors of the Company, including the right to be nominated by the registered holder to receive general shareholder communications direct from the Company.

The rights of indirect investors who have been nominated to receive communications from the Company in accordance with Section 146 of the 2006 Act ("nominated persons") do not include the right to appoint a proxy. However nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

If you have been so nominated to receive general shareholder communications direct from the Company, it is important to remember that your main contact in terms of your investment remains with the registered shareholder or custodian or broker or whoever administers the investment on your behalf. You should also deal with them in relation to any rights that you may have under agreements with them to be appointed as proxy and to attend, participate in and vote at the Meeting as described above.

Any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company is exercising one of its powers under the 2006 Act and writes to you directly for a response.

Corporate representatives

- 8 Due to the changes recently introduced by the 2006 Act, an issue has arisen relating to the appointment of multiple corporate representatives. The 2006 Act allows a corporate shareholder to appoint more than one corporate representative and all of those representatives can attend and speak at the Meeting. However, there is a real doubt under the 2006 Act as to whether the multiple corporate representatives are able to use their powers to vote in different ways. These changes do not affect the ability of corporate shareholders to appoint multiple proxies with different voting instructions. Given the current uncertainties, corporate shareholders are encouraged to appoint proxies wherever possible.

In light of these issues, if multiple representatives are appointed, arrangements will be put in place at the Meeting to enable the voting intentions of all of the corporate representatives who attend the Meeting to be taken into account. Corporate representatives who represent the same corporate shareholder are urged to follow these procedures as failure to do so will lead to their votes being treated as not having been exercised if multiple corporate representatives for the same shareholder vote in different ways.

The arrangements will involve one of the corporate representatives of a corporate shareholder acting as the designated corporate representative ("DCR"), who will complete and submit a poll card. The other corporate representatives of the corporate shareholder will complete direction cards setting out their voting instructions. When the DCR submits his or her poll card, the voting instructions of all the other corporate representatives are given effect on the polls in accordance with the direction cards submitted by them.

While a corporate shareholder is entitled to appoint any corporate representative as the DCR, it is recommended that the corporate shareholder appoint the Chairman of the Meeting as its DCR. If more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman of the Meeting

or any other of its corporate representatives as its DCR, the first corporate representative to arrive at the Meeting will be appointed as the DCR. That DCR will vote on a poll and the other corporate representatives will give voting directions to the DCR.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as the DCR, as recommended above.

Corporate shareholders wishing to send one or more representatives to the Meeting should complete an admission card for each corporate representative, filling in the name of the representative on the admission card. Each representative should bring a completed admission card to the Meeting. Each representative should also bring to the Meeting a letter of representation appointing him or her as a corporate representative and including, where relevant, the appointment of the Chairman of the Meeting as the DCR. To avoid delay at registration, corporate shareholders may wish to consider registering the intention for any representative to attend with the Registrar, by faxing a copy of the completed admission card and representation letter to Equiniti on fax number +44 (0)1903 833168. It is also recommended that, due to the new arrangements, your representative(s) should arrive at registration as early as possible on the day of the Meeting to enable all relevant formalities to be completed. A dedicated corporate representatives' desk will be clearly indicated. Corporate shareholders may also appoint proxies and vote by using the enclosed Form of Proxy or online at www.sharevote.co.uk or through CREST (as described in Note 4 above).

Powers of attorney

- 9 If you have given a power of attorney over your shares, you must ensure that the power of attorney has been deposited with the Company's Registrar, Equiniti, by 6.00pm on Tuesday 8 July 2008 (or, in the event of any adjournment of the Meeting, 6.00pm on the date which is two days before the time of the adjourned Meeting). Persons voting under a power of attorney must do so by using the hard copy proxy form.

Documents available for inspection

- 10 The following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the registered office of the Company at 395 King Street, Aberdeen AB24 5RP and at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY and will also be available for inspection at the place of the Meeting for at least 15 minutes prior to the Meeting until its conclusion:
- (i) copies of the Executive Directors' service agreements;
 - (ii) copies of the Non-Executive Directors' letters of appointment;
 - (iii) the register of Directors' interests in the shares of the Company;
 - (iv) a copy of the proposed new Articles of Association of the Company;
 - (v) a copy of the existing Articles of Association marked to show the changes being proposed in resolution 14; and
 - (vi) a copy of the proposed Rules of the Company's Long Term Incentive Plan 2008.

Issued share capital as at 19 May 2008

- 11 As at 19 May 2008 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 482,067,170 ordinary shares. The Company holds 395,071 of its ordinary shares in treasury. Therefore, the total number of voting rights in the Company as at 19 May 2008 is 481,672,099.

Appendix 1

Explanatory notes of principal changes to the Company's Articles of Association

1 Articles which duplicate statutory provisions

Provisions in the current Articles of Association of the Company ("Current Articles") which replicate provisions contained in the Companies Act 2006 (the "2006 Act") are in the main to be removed in the new Articles of Association of the Company ("New Articles"). This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

2 Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the 2006 Act. Further, the remainder of the provision is reflected in full in the 2006 Act.

The Current Articles enable members to act by written resolution. Under the 2006 Act public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

3 Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the 2006 Act. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

4 Votes of members

Under the 2006 Act proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles give the Directors discretion, when calculating time limits, to exclude weekends and bank holidays. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

5 Age of Directors on appointment

The Current Articles contain a provision requiring a Director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the Director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

6 Conflicts of interest

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The 2006 Act also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

7 Notice of Board Meetings

Under the Current Articles, when a Director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad.

8 Records to be kept

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the 2006 Act.

9 Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

10 General

Generally the opportunity has been taken to modernise the New Articles. Such changes include:

- (a) to amend the interest rate payable by shareholders, where any amounts due to the Company are late, from 10% per annum to 5% greater than the Bank of England base rate;
- (b) to align the provisions of the articles on the resignation of Directors to the requirements of the Combined Code;
- (c) to permit the Company to fund a director of a holding company's expenditure on defending proceedings in accordance with the Companies (Audit, Investigation and Community Enterprise) Act 2004;
- (d) to pay commission or brokerage when selling treasury shares for cash;
- (e) to provide that monies withheld by the Company in respect of shares to which a restriction notice applies will be paid to the persons entitled to those monies when the restriction notice has been lifted even if those shares have been sold;
- (f) to permit the Company to enforce its rights to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over a CREST share;
- (g) to provide that share certificates are posted at a shareholder's risk;
- (h) to permit Directors to sell additional shares issued in respect of any shares held by an untraced shareholder; and
- (i) to incorporate the change to the borrowing restriction approved by shareholders at the extraordinary general meeting of the Company held on 20 April 2007 whereby borrowings of US \$4,000,000,000 to fund the acquisition of Laidlaw International, Inc. were excluded from the definition of borrowings.

Appendix 2

Explanatory notes of main features of proposed Long Term Incentive Plan

1 Summary

This summary outlines the main features of the Plan, under which the Company may make awards of free shares to executives of the Company ("Awards"). The shares will be received by the executives subject to the satisfaction of performance conditions and provided they remain in employment.

On the initial operation of the Plan, the Company intends to grant nil cost options to acquire shares. The options will be exercisable at the end of the performance period for a period of 12 months subject to the satisfaction of the performance conditions and continued employment.

The Plan also allows for free shares to be delivered in other ways by making awards of forfeitable shares, where the executive becomes the owner of the shares on allocation but subject to forfeiture if the performance conditions are not met or the executive leaves or by making a conditional allocation of shares.

All Awards have substantially the same terms unless stated otherwise and the receipt of shares will be subject to the satisfaction of performance conditions. However, exceptionally, Awards may also be made without reference to performance conditions, for example to facilitate recruitment to the Board in exceptional circumstances.

2 Operation

Awards will be first granted within 42 days of shareholder approval of the Plan, and thereafter, normally within 42 days after the announcement of the Company's results for any period. Awards may also be granted at other times in exceptional circumstances.

3 Eligibility

All employees and Executive Directors of the Company or of any subsidiary of the Company are eligible to participate in the Plan. Participation by Executive Directors, including the size of the Awards and the terms of the performance conditions, will be determined by the Remuneration Committee (the "Committee").

4 Performance conditions

The receipt of shares and the number of shares received will be subject to the satisfaction of certain pre-determined performance conditions. The aim of these is to link the receipt of shares to an improvement in the performance of the Company over a three year performance period.

The performance conditions will be set by the Committee each time the Plan is operated. Performance will be tested by two performance measurements. 50% of an Award (the "EPS Award") will be subject to the Company's earnings per share ("EPS") and the remaining 50% of the Award (the "TSR Award") will be subject to the Company's total shareholder return ("TSR").

The EPS Award will vest in full if there is absolute growth of EPS over the performance period of at least 57%. If EPS growth is 30% only 25% of the EPS Award will vest. The EPS Award will vest on a straight-line basis for EPS growth of between 30% and 57%. There will be no vesting if EPS growth is less than 30%.

In relation to the TSR Award, the TSR Award will vest if the Company's TSR falls within the top half of a ranking of the TSR of the companies within a comparator group. The comparator group will be made up from a mixture of the 75 largest companies in the FTSE 250 and the companies in the lower quartile of the FTSE 100 (excluding investment trusts). If the Company's TSR falls within the upper quartile of the comparator group, the TSR Award will vest in full. If it falls at median, only 25% of the TSR Award will vest. If the Company's TSR falls between median and the upper quartile, straight-line apportionment will be applied. There will be no vesting if the Company's TSR is below median.

Awards will lapse at the end of the performance period to the extent that the performance conditions have not been satisfied. There will be no retesting.

The Committee can set different performance conditions from those described above for future Awards which will be described in the Directors' Remuneration Report in the Annual Report and Accounts. The Committee may also vary or adjust the performance conditions applying to existing Awards to take account of events the Committee considers exceptional, including technical events, such as changes in accounting standards and treatment, and the takeover of a company in the TSR comparator group, provided in the opinion of the Committee the amended condition is fair and reasonable and no less challenging than the original condition would have been but for the event.

5 Individual limits

Generally Awards to a participant in any one financial year cannot exceed one and a half times his or her basic salary at the time of Award. However, in exceptional circumstances, this may be increased to up to two times basic salary. Awards are not pensionable.

6 Leaving employment

An Award will normally lapse where participants leave the Group before they become eligible to receive the shares unless the employment ceases due to ill health, injury or permanent disability, retirement, redundancy, death, where there is a sale of the employing business or company, or for other reasons specifically allowed by the Committee. If a participant ceases employment in such circumstances, any subsisting Awards held by that participant will normally continue until the normal due date. The performance conditions will then be applied and the number of shares acquired will be reduced on a pro rata basis to take account of the proportion of the performance period when the participant was not in employment. In exceptional circumstances, the Committee may use its discretion to determine that shares will be received immediately on leaving but only to the extent that the performance conditions have, in the opinion of the Committee, been satisfied up to the date of cessation of employment. Awards will be pro rated for time as described above.

7 Change of control, merger or other reorganisations

Generally, on a takeover, scheme of arrangement, merger or other corporate reorganisation the number of shares received (if any) will be calculated by applying the performance conditions as at the date of the event. The number of shares received will also be pro rated for time as explained above. Alternatively, participants may be allowed or required by the Company (in the case of a reorganisation or merger) to exchange their shares for shares in the acquiring company.

8 Variations

Participants will be notified by the Company where there is a variation in the share capital of the Company, a demerger or a special dividend. Upon such an event, the Committee may adjust the Awards in any way it considers appropriate.

9 Rights

Conditional allocations and options will not enjoy any shareholder rights until the shares have been acquired by the participant. However, if the Company decides, participants will receive a payment in cash (or shares) of an amount equal to the dividends which would have been payable on the shares received during the performance period. In the case of forfeitable shares, participants are entitled to dividends and to vote the shares during the performance period unless the Company determines otherwise.

Any shares issued under the Plan will rank equally with shares of the same class and issue on the date of allotment except in respect of rights by reference to a record date prior to the date of allotment. In addition, treasury shares may be used to satisfy Awards under the Plan.

10 Dilution limits

In any 10 year period, not more than 10% of the issued ordinary share capital of the Company may be issued or committed to be issued under the Plan and all other employee share plans operated by the Company. In addition, in any 10 year period, not more than 5% of the issued ordinary share capital of the Company may be issued or committed to be issued under the Plan and all other discretionary share plans adopted by the Company. If shares are transferred from treasury to satisfy Awards, these will also be counted towards the dilution limits for as long as it is required by the ABI guidelines.

11 Amendments to the Plan

The Committee may amend the Plan as it considers appropriate. However, shareholder approval will be required to amend certain provisions of the Plan if they are to the advantage of the participants. These provisions relate to: eligibility; individual and Plan limits; the basis for determining entitlements to shares; rights attaching to shares; rights in the event of a variation in the Company's share capital; and the amendment powers.

However, the Committee may, without shareholder approval, establish further plans based on the rules but modified to take account of participants in non-UK territories and make minor amendments to facilitate the administration of the Plan, which relate to any change in legislation, or which will obtain or maintain favourable tax exchange control or regulatory treatment for any participating company or any participant.

12 Termination

The Committee may terminate the Plan at any time which will, in any event, end on the tenth anniversary of the approval of the shareholders.

