

FIRSTGROUP PLC AGM STATEMENT AND INTERIM MANAGEMENT STATEMENT

FirstGroup plc ('the Group') reports the following update on trading during the first quarter period ("the period" or "Q1") from 1 April to 30 June 2010 at the Group's Annual General Meeting in Aberdeen today:

Highlights

- Current trading in line with management expectations
- Continued focus on priorities of cost control and network management to protect margin; increased cash generation and net debt reduction
- Disposal of GB Railfreight – proceeds used to reduce net debt; further opportunities within Group to accelerate deleveraging plans
- Expect to achieve moderate earnings growth during H1, in line with the full year

Overall trading

The Group provided an update on trading as part of its preliminary results announcement on 12 May 2010. Since then overall trading for the Group, during the first quarter of the new financial year, is in line with management expectations.

The Group continues to benefit from a diverse portfolio of operations with contract-backed and passenger revenues. Against a backdrop of challenging trading conditions we remain focused on maintaining and improving margins through rigorous cost control, adapting service provision in line with demand and increasing operating efficiencies.

As previously reported, the Group will benefit from reduced hedged fuel costs during 2010/11. Approximately 90% of the Group's crude oil requirement is hedged at an average rate of \$81.50 per barrel, reducing our shorter-term exposure to oil price movements and also providing adequate flexibility to make further mileage reductions as appropriate.

On 1 June we announced the sale of GB Railfreight for a gross consideration of £31m. The disposal is consistent with our strategy of focusing on the Group's core businesses in the UK and North America. The net proceeds of the disposal were used to further reduce net debt and are in addition to the Group's stated target of net cash generation of £150m in the current financial year.

UK Bus:

Like-for-like passenger revenue grew by 0.9% during the period. Despite the continued challenging trading environment the actions we have taken will enable the business to deliver a robust operating margin performance. Network management on a route by route basis has led to targeted mileage reductions and continues to protect revenue per mile. As we experience a strengthening of passenger volumes as a result of economic recovery we expect to increase the frequency of services and to grow our bus networks.

UK Rail

Our UK Rail business continues to deliver a good performance with like-for-like passenger revenue growth of 3.7% in the period, despite the reduction in regulated fares from January 2010. We are encouraged by the continued trend of strong volume growth across all of our

rail franchises during the first quarter. This performance is supported by our actions to lower the addressable cost base through reduced overheads and other direct cost savings.

North America

First Student

US Dollar revenues in our Student business were broadly flat during the period. In this current environment, where lower State and local tax receipts has led to unprecedented pressure on school board budgets, we continue to prioritise cost base reductions and increased operating efficiencies to maintain our industry-leading margins.

As previously reported, ancillary revenues from charter business and additional routes on existing contracts were reduced and pricing pressure has been a feature of the recent bid season. As the economy strengthens we expect revenues to recover although we anticipate the pressure on school board budgets to continue during 2010/11.

During the period we were pleased to commence operation of a significant 'conversion' contract to operate more than 300 buses for Detroit Public Schools, the largest school district in Michigan, following their decision to outsource the provision of school transportation.

First Transit

First Transit's performance continued to be strong with like-for-like US Dollar revenues increased by 5.5% in Q1. During the period First Transit, which generates over \$1.1bn of annual revenues, has continued to win new business including a number of paratransit contracts. We are encouraged by the performance of this business which provides good prospects for further profitable growth with minimal capital investment.

Greyhound

Greyhound continues to demonstrate improving trends with like-for-like passenger revenue increased by 3.0% during the period. Greyhound US, which accounts for some 80% of Greyhound's total passenger revenue, was particularly strong with like-for-like passenger revenue growth of 4.1%. In Canada we continue to progress our strategy, through ongoing discussions and subsequent agreements with the Provinces, to reduce mileage or achieve a subsidy to operate certain routes which are not commercially viable. Rigorous network management continues to ensure that revenue per mile is ahead of prior year and we maintain our robust focus on cost control.

Outlook

With leading positions in all of our core markets, the Board is confident in the underlying strength and resilience of the business and its prospects for delivering continued long term shareholder value. Overall trading for the Group is in line with management's expectations and, as previously reported, we expect moderate earnings growth in the current financial year.

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