
Notice of Annual General Meeting 2011



FirstGroup plc

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document, or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser.

If you have sold or otherwise transferred all of your shares in FirstGroup plc, please pass this document together with the accompanying Form of Proxy to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

Notice of the Annual General Meeting of FirstGroup plc to be held at the Aberdeen Exhibition and Conference Centre, Bridge of Don, Aberdeen, AB23 8BL on Friday 15 July 2011 at 11.00 am is set out in this document.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed proxy form. The Form of Proxy must be received by 11.00 am on 13 July 2011.

Registered office:

FirstGroup plc

395 King Street, Aberdeen AB24 5RP

Registered in Scotland – No. 157176

11 May 2011

To the holders of ordinary shares

Dear Shareholder

Annual General Meeting 2011

You will find the Notice of the Annual General Meeting (the ‘Meeting’) of FirstGroup plc (the ‘Company’), which is to be held at the Aberdeen Exhibition and Conference Centre, Bridge of Don, Aberdeen AB23 8BL on Friday 15 July 2011 at 11.00 am, set out on pages 6 to 17 of this document. The business of the Meeting will include the consideration of resolutions relating to the following:

Resolutions 1 to 3

Ordinary Resolutions

Dealing with matters relating to the Annual Report and Financial Statements and the payment of a final dividend. These resolutions include:

- ▶ 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; and
- ▶ declaring a final dividend of 15.0 pence per share.

Resolutions 4 to 12

Re-election of the Directors (Ordinary Resolutions)

The new UK Corporate Governance Code (‘New Code’) applies to the Company’s accounting period to 31 March 2012. Whilst the Company is not required to comply with the New Code for the accounting period to 31 March 2011, all the Directors are offering themselves for re-election at the Meeting in accordance with the New Code.

A short biography of each of the Directors seeking re-election can be found on pages 34 and 35 of the Annual Report and Financial Statements and in Appendix 1 to this document, along with a statement of the Board setting out why they believe each of the Non-Executive Directors should be re-elected.

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

I, as Chairman, confirm that following a performance review all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles.

Resolutions 13 and 14

Ordinary Resolutions

Re-appointing Deloitte LLP as auditors of the Company and authorising the Directors to determine their remuneration.

Resolution 15

Authority to allot shares (Ordinary Resolution)

Paragraph (A) of this resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £8,029,978 (representing 160,599,560 ordinary shares of 5 pence each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 11 May 2011, the latest practicable date prior to publication of the Notice of Meeting. Please see further information relating to treasury shares set out in the explanatory notes for resolution 17 below.

In line with guidance issued by the Association of British Insurers ('ABI'), paragraph (B) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £16,059,956 (representing 321,199,120 ordinary shares of 5 pence each), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 11 May 2011, the latest practicable date prior to publication of the Notice of Meeting.

The authorities sought under paragraphs (A) and (B) of this resolution will expire on the earlier of 15 October 2012 and the conclusion of the Annual General Meeting of the Company held in 2012 (unless otherwise varied, revoked or renewed).

The Directors have no present intention to exercise either of the authorities sought under this resolution. The Directors intend to follow ABI recommendations concerning the use of the authorities (including as regards the Directors standing for re-election in certain cases).

As at the date of the Notice of Meeting, 268,453 ordinary shares are held by the Company in treasury.

Resolution 16

Disapplication of pre-emption rights (Special Resolution)

This resolution, if passed, would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £1,205,167 (representing 24,103,340 ordinary shares of 5 pence each). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 11 May 2011, the latest practicable date prior to publication of the Notice of Meeting.

This authority will expire on the earlier of 15 October 2012 and the conclusion of the Annual General Meeting of the Company held in 2012 (unless otherwise varied, revoked or renewed).

Resolution 17

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

Authority is sought for the Company to purchase up to 10% of its issued ordinary shares (excluding any treasury shares), renewing the authority granted by the shareholders at previous Annual General Meetings and pursuant to that authority there have been no ordinary shares that have been repurchased during the year.

The Directors have no present intention of exercising the authority to make market purchases. However the authority provides the flexibility to allow them to do so in the future. The Directors will exercise this authority only when to do so would be in the best interests of the Company and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Directors will consider holding any ordinary shares the Company may purchase as treasury shares. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 5 pence, its nominal value. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 5% above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

The Company has options and awards outstanding over 17,964,082 ordinary shares, representing 3.73% of the Company's issued ordinary share capital (excluding treasury shares) as at 11 May 2011. If the existing authority given at the 2010 Annual General Meeting and the authority now being sought by resolution 17 were to be fully used, these would represent 4.65% of the Company's issued ordinary share capital (excluding treasury shares).

This authority will expire on the earlier of 15 October 2012 and the conclusion of the Annual General Meeting of the Company held in 2012 (unless otherwise varied, revoked or renewed).

Resolution 18

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.

Part 14 of the Companies Act 2006 (the 'Act') requires 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 is 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 can also include special interest groups, such as those involved with the environment and campaigning charities.

The Board considers that it would be prudent, to avoid inadvertent infringement of the Act, to obtain authority in accordance with sections 366 to 367 of the Act to incur political expenditure, as defined in section 365 of the Act, not exceeding £100,000 during the period from the date of the Meeting to the conclusion of the Company's Annual General Meeting in 2012 or 31 July 2012, whichever is earlier.

Resolution 19

Approval of the FirstGroup plc Share Incentive Plan (Ordinary Resolution)

It is proposed in resolution 19 to approve the FirstGroup plc Share Incentive Plan, which is an updated version of the plan which operated under the title 'Buy As You Earn' which was originally approved by shareholders on 29 June 2000 and first operated in November 2002 but has now expired. A summary of the Share Incentive Plan is set out in Appendix 2 to this document on pages 16 to 17. The rules are substantially in the same form as shareholders originally approved them. Any amendments made have been minor and were made to comply with changes to legislation.

Resolution 20

Notice of general meetings (Special Resolution)

Changes made to the Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (Annual General Meetings will continue to be held on at least 21 clear days' notice).

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an Annual General Meeting on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 20 seeks such approval. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The approval will be effective until the Company's Annual General Meeting in 2012, when it is intended that a similar resolution will be proposed.

The Company already provides the ability to approve proxies electronically through CREST. Alternatively, shareholders who have already registered with the Company's Registrar online portfolio, Shareview, can submit their proxy electronically by logging onto their portfolio at **www.shareview.co.uk** and clicking on the word 'Vote'. Shareholders can also vote online by logging onto the website of the Company's Registrar, Equiniti, at **www.sharevote.co.uk**.

Action to be taken

Shareholders will find enclosed a Form of Proxy for use at the 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 6GF 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 11 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 email 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 email address is to be used for questions submitted in advance of the Meeting and for no other purpose.

Recommendation

The Board considers that all of the resolutions set out in the Notice of Meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours faithfully

Martin Gilbert
Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the sixteenth Annual General Meeting of FirstGroup plc will be held at the Aberdeen Exhibition and Conference Centre, Bridge of Don, Aberdeen AB23 8BL on Friday 15 July 2011 at 11.00 am. Shareholders will be asked to consider and pass the resolutions below. Resolutions 1 to 15 (inclusive), 18 and 19 will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 16, 17 and 20 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

- 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 2011.
- 2** To approve the Directors' Remuneration Report for the year ended 31 March 2011.
- 3** To declare a final dividend of 15.0 pence per share in respect of the year ended 31 March 2011.
- 4** To re-elect Sidney Barrie as a Director.
- 5** To re-elect Audrey Baxter as a Director.
- 6** To re-elect Professor David Begg as a Director.
- 7** To re-elect Jeff Carr as a Director.
- 8** To re-elect Martin Gilbert as a Director.
- 9** To re-elect Colin Hood as a Director.
- 10** To re-elect John Sievwright as a Director.
- 11** To re-elect Tim O'Toole as a Director.
- 12** To re-elect Martyn Williams as a Director.
- 13** To re-appoint Deloitte LLP as independent auditors.
- 14** To authorise the Directors to determine the remuneration of the independent auditors.

15 That the Board be authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- (A) up to a nominal amount of £8,029,978 (such amount to be reduced by the nominal amount allotted or granted under paragraph (B) below in excess of such sum); and
- (B) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £16,059,956 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of the next Annual General Meeting of the Company in 2012 (or, if earlier, on 15 October 2012) (unless previously revoked or varied by the Company in general meeting) but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

16 That if resolution 15 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006 (the 'Act')) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 15, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities, as required by the rights of those securities or, as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(B) in the case of the authority granted under paragraph (A) of resolution 15 and/or in the case of any sale of treasury shares for cash to the allotment (otherwise than under paragraph (A) above) of equity securities or sale of treasury shares up to a nominal amount of £1,205,167,

such power to apply until the end of the next Annual General Meeting of the Company in 2012 (or, if earlier, on 15 October 2012) (unless previously revoked or varied by the Company in general meeting) but during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

17 That the Company be authorised for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (as defined in section 693(4) of the Act) of its ordinary shares of 5 pence each, such power to be limited:

(A) to a maximum number of 47,800,000 ordinary shares; and

(B) by the condition that the minimum price which may be paid for an ordinary share is 5 pence and the maximum price which may be paid for an ordinary share is the highest of:

(i) an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

in each case, exclusive of expenses;

such power to apply until the end of the next Annual General Meeting of the Company in 2012 (or, if earlier, on 15 October 2012) (unless previously revoked or varied by the Company in general meeting) but, in each case, so that the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

18 That in accordance with sections 366 to 367 of the Companies Act 2006 (the '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 2012 or, if earlier, on 31 July 2012 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 Act shall have the same meaning in this resolution.

All existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Act are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval.

19 That:

- (A) the rules of the FirstGroup plc Share Incentive Plan (the 'SIP') the principal features of which are summarised in Appendix 2 to this document, a copy of which is produced in draft at this meeting and for the purposes of identification initialled by the Chairman, be approved subject to such modification as the Directors may consider necessary or desirable to maintain or obtain the approval of HM Revenue & Customs or to take account of the requirements of the Financial Services Authority (or its successor(s)) or the London Stock Exchange or otherwise;
- (B) the Directors be authorised to do all things necessary and expedient to operate the SIP; and
- (C) the Directors be authorised to establish or maintain such further plans for the benefit of employees outside the UK based on the SIP subject to such modifications as may be necessary or desirable to take account of any securities laws, exchange controls and tax legislation provided that any shares made available under the SIP are treated as counting against any limits on individual participation in such further plans and any new shares made available under such further plans are treated as counting against any limits on overall participation in the SIP.

20 That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Sidney Barrie
Company Secretary

11 May 2011

Registered office:
395 King Street, Aberdeen AB24 5RP
Registered in Scotland No. 157176

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 at the Meeting (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 6.00 pm on Wednesday 13 July 2011 (or, in the event of any adjournment at 6.00 pm 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 Any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- 4 Members may attend, speak and vote at the Meeting.
- 5 Members are entitled to appoint a proxy 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.
- 6 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 6GF as soon as possible, but in any event so as to arrive no later than 11.00 am on Wednesday 13 July 2011 (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. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6GF or at **www.sharevote.co.uk** as provided in Note 7, in each case no later than 11.00 am on Wednesday 13 July 2011.
- 7 A proxy may be appointed by any of the following methods:
 - (A) 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.

- (B) 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 25 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 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 the word 'Vote'. Instructions are given on the website.
- (C) If you are a member of CREST, by using the CREST electronic appointment service.
- 8 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 by logging onto the website **www.euroclear.com/CREST**. 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.
- 9 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 Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction as described in the CREST Manual (available via **www.euroclear.com/CREST**). 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 RA19) by 11.00 am on Wednesday 13 July 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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.
- 10 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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/her 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.
- 11 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.

- 12 The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction will not prevent a shareholder attending the Meeting and voting in person if he/she wishes to do so.

Indirect investors

- 13 Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the 'Act') to enjoy information rights (a 'Nominated Person'), may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may under any such agreement have a right to give instructions to the shareholder as to the exercise of voting rights.
- 14 The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 5 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

Corporate representatives

- 15 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

Powers of attorney

- 16 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 6.00 pm on Wednesday 13 July 2011 (or, in the event of any adjournment of the Meeting, by 6.00 pm 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.

Other

- 17 Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
- 18 A copy of this Notice, and other information required by section 311A of the Act, can be found at **www.firstgroup.com**.

- 19** 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 0871 384 2406 (calls to this number cost 8 pence per minute from a BT landline; other providers' costs may vary) or from overseas on telephone number +44 (0)121 415 7050. Telephone lines are open from 8.30 am to 5.30 pm, Monday to Friday. 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.

Documents on display

- 20** 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; and (iii) a copy of the rules of the FirstGroup plc Share Incentive Plan (the 'SIP').

Issued share capital as at 11 May 2011

- 21** As at 11 May 2011 (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 268,453 of its ordinary shares in treasury. Therefore, the total number of voting rights in the Company as at 11 May 2011 is 481,798,717.

Appendix 1

Chairman and Non-Executive Directors seeking re-election

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 Audrey Baxter, Professor David Begg, Colin Hood and John Sievwright the Board considers that they are independent in character and judgement and each provides a strong, non-executive presence on the Board.

Biographies of Directors seeking re-election

Sidney Barrie LLB Commercial Director Company Secretary

Appointed to the Board in August 2005 as Commercial Director and subsequently Company Secretary. He joined the Group from Paull & Williamsons, solicitors in Aberdeen, where he was a senior partner and Head of Corporate acting for a number of listed and private companies. He had a long association with the Group in an advisory capacity going back to the original employee buy-out of GRT Bus Group PLC. In his current role he has responsibility for a range of commercial activities across the Group.

Audrey Baxter DBA LLD DipAcc BA Non-Executive Director Chairman of the Remuneration Committee

Appointed to the Board as a Non-Executive Director in August 2006. She is Chairman and Chief Executive of W.A. Baxter & Sons Limited. She has held a number of non-executive positions and was formerly a member of the Scottish Business Forum and the Scottish Economic Council.

Professor David Begg DSc BA Non-Executive Director

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

Jeff Carr BEng ACMA Finance Director

Appointed to the Board in September 2009 as Finance Director, he joined the Group from easyJet plc where he was Group Finance Director since 2005. Prior to that he held a number of senior financial roles at Associated British Foods plc, Reckitt Benckiser Group plc, Grand Metropolitan PLC and Unilever plc. He is a Non-Executive Director of McBride plc.

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 and Aberdeen Football Club plc.

Colin Hood BSc MSc FIET

Non-Executive Director

Appointed to the Board as a Non-Executive Director in May 2009, he is a Director and Chief Operating Officer of Scottish and Southern Energy plc. He is Chairman of Forth Energy, a Director of Scotia Gas Networks Limited and a Non-Executive Director of Southern Water Services Limited.

John Sievwright DHC MA CA

Senior Independent Non-Executive Director

Chairman of the Audit Committee

Appointed to the Board in May 2002, he was, until 2008, a Senior Vice President and Chief Operating Officer of International for Merrill Lynch & Co. A Chartered Accountant, he has held various senior management positions in banking in London, New York, Dublin and Japan. He is a member of the North American Board of the Michael Smurfit Business School, Dublin and a Non-Executive Director of ICAP plc.

Tim O' Toole CBE JD

Chief Executive

Appointed to the Board as a Non-Executive Director in May 2009, he was subsequently appointed as Group Chief Operating Officer in June 2010 and as Chief Executive in November 2010. He was, until the end of April 2009, Managing Director, London Underground. He joined Transport for London in 2003 prior to which he was President and Chief Executive of Consolidated Rail Corporation. He is a Non-Executive Director of CSX Corporation, a rail freight transportation company in North America.

Martyn Williams

Non-Executive Employee Director

Appointed to the Board as Employee Director in January 2003, he is currently serving a third term as Employee Director. He is employed as a customer services supervisor in Swansea and has worked for the Group for 33 years.

Appendix 2

Explanatory notes of principal changes to the rules of the FirstGroup plc Share Incentive Plan (the 'SIP') (operated as 'Buy As You Earn').

Outline

The SIP was originally approved by shareholders on 29 June 2000 and first operated in November 2002. Shareholder authority to operate the SIP has expired and shareholders are now being asked to approve a slightly amended version of the SIP (such amendments being minor and made to comply with changes to legislation) so that it can be operated.

The SIP is an all-employee plan which is approved by HM Revenue & Customs ('HMRC'). It allows employees to be awarded free or matching shares, to use deductions from pre-tax salary to buy partnership shares and to reinvest dividends into dividend shares on the basis that the shares are held in trust. The rules of the SIP contain all these elements, and the Directors have power to decide which, if any, of them should be implemented. To date the SIP has been operated in respect of partnership, matching and dividend shares and it is currently intended to continue operating the SIP on this basis.

The SIP operates in conjunction with a trust, which holds shares on behalf of employees. HMRC approval for the SIP (originally granted in September 2002) remains in place.

Eligibility

Executive directors and all employees of the Company and any subsidiaries designated by the Directors as participating companies are eligible to join the SIP, if they have worked for the Company or a participating company for a qualifying period determined by the Directors, which may not exceed 18 months.

Free shares

The SIP provides for the award of shares worth up to a maximum set by the legislation (currently £3,000) to each eligible employee each year. The shares must generally be offered on similar terms, but the award may be subject to performance targets. 'Similar terms' means the terms may only be varied by reference to remuneration, length of service or hours worked.

Free shares must be held in trust for a period of between three and five years at the discretion of the Company and will be free of income tax if held in trust for five years. If a participant leaves employment with the Group, his shares cease to be subject to the SIP. The shares may be forfeited if the participant leaves employment within three years of the award other than through death, retirement, redundancy, injury or disability, or his employing company or business being sold out of the Group.

Partnership shares

The SIP provides for employees to be offered the opportunity to purchase shares out of monthly savings contributions from pre-tax salary of up to the maximum set by the legislation (currently £1,500 in each tax year, or 10% of salary if less). Employees can stop saving at any stage. The employees' contributions may be used to buy partnership shares immediately or accumulated for up to 12 months before they are used to buy shares. Where they are accumulated the price

at which they are acquired is the lesser of the price at the beginning of the accumulation period and the end.

Partnership shares can be withdrawn from the SIP by the participant at any time, but there will be an income tax liability if the shares are withdrawn before five years.

Matching shares

The SIP provides that where employees buy partnership shares, they may be awarded additional free matching shares by the Company on a matching basis, up to a current maximum of two matching shares for each partnership share. Matching shares must be held in trust for a minimum of three years and will be free of income tax if held in trust for five years.

If a participant withdraws his corresponding partnership shares before the trustees have held them for three years, he will forfeit the linked matching shares. If the participant ceases to be employed within the minimum three year period (or within such shorter period as the Board may decide) other than for a specified reason such as retirement, redundancy or disability, his matching shares will be forfeited.

Dividend shares

The SIP provides that Directors may permit any dividends paid on the free, partnership or matching shares to be re-invested in the purchase of additional shares, which must be held in the SIP for a period of three years.

Voting rights

The SIP may be operated to give participants the ability to direct the trustees how to exercise the voting rights attributable to the shares held on their behalf. The trustees will not exercise the voting rights unless they receive the participants' instructions. Currently the SIP does not give participants voting rights.

Limits

The Directors have power to allot up to 10% of the Company's issued share capital in any ten year period under the SIP and all other employee share schemes approved by the Company.

Amendment provisions

The rules of the SIP may not be amended to the advantage of participants in any significant respect without shareholder approval, except minor amendments to benefit the administration of the SIP, to take account of a change in legislation, or to obtain or maintain favourable tax treatment for participants or the Company or other participating companies. Benefits under the SIP are not pensionable.

The Directors may also, without shareholder approval, establish and maintain further plans based on the SIP, but modified to take account of overseas securities laws, exchange controls or tax legislation. Shares made available under such further plans will be treated as counting against any limits on individual or overall participation in the SIP.

