

FirstGroup plc

Notice of Annual General Meeting 2018

Tuesday 17 July 2018 at 1.30pm
Aberdeen Exhibition & Conference Centre
Bridge of Don
Aberdeen
AB23 8BL
United Kingdom

A Form of Proxy is enclosed with this Notice of AGM and instructions for its completion and return by post or online are shown on the form. You can also vote online by logging on to your portfolio at www.shareview.co.uk or www.sharevote.co.uk.

This document and the accompanying Form of Proxy are important and require 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 personal financial advice immediately from an independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent professional adviser.

If you have sold or otherwise transferred all of your ordinary shares in FirstGroup plc, you should send this document together with the Form of Proxy at once 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. If you sell or have sold part only of your holding of ordinary shares in FirstGroup plc, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-third Annual General Meeting (“AGM”) of FirstGroup plc will be held at the Aberdeen Exhibition & Conference Centre, Bridge of Don, Aberdeen AB23 8BL, United Kingdom on Tuesday 17 July 2018 at 1.30pm to consider and, if thought fit, pass the following resolutions of which resolutions 1 to 15 (inclusive), 19 and 21 will be proposed as ordinary resolutions and resolutions 16 to 18 (inclusive) and 20 will be proposed as special resolutions.

The Board considers that all of the resolutions are in the best interests of the Company and its shareholders as a whole and unanimously recommends shareholders to vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

- 1 To receive the reports of the Directors and auditors and the audited financial statements of the Company for the year ended 31 March 2018.

- 2 To approve the Directors’ Remuneration Policy set out on pages 72 to 80 (inclusive) in the Annual Report and Financial Statements for the year ended 31 March 2018.

- 3 To approve the Directors’ Annual Report on Remuneration for the year ended 31 March 2018 set out on pages 68 to 71 (inclusive) and 81 to 94 (inclusive) in the Annual Report and Financial Statements for the year ended 31 March 2018.

- 4 To elect David Robbie as a Director.

- 5 To re-elect Warwick Brady as a Director.

- 6 To re-elect Matthew Gregory as a Director.

- 7 To re-elect Jimmy Groombridge as a Director.

- 8 To re-elect Drummond Hall as a Director.

- 9 To re-elect Wolfhart Hauser as a Director.

- 10 To re-elect Martha Poulter as a Director.

- 11 To re-elect Imelda Walsh as a Director.

- 12 To re-elect Jim Winestock as a Director.

- 13 To re-appoint Deloitte LLP as auditors of the Company until the conclusion of the next general meeting at which accounts are laid.

- 14 To authorise the Directors to determine the remuneration of the auditors.

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- 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 an aggregate nominal amount of £20,190,130 (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) (the “2006 Act”) up to an aggregate nominal amount of £40,380,261 (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 AGM of the Company in 2019 (or, if earlier, on 17 October 2019) (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.

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- 16** That if Resolution 15 is passed, the Board be given power to allot equity securities (as defined in the 2006 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 2006 Act did not apply to 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 law of, any territory or any other matter; and

- (B) in the case of 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 £3,028,520,

such power to apply until the end of the next AGM of the Company in 2019 (or, if earlier, on 17 October 2019) (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 arrangement as if the power had not ended.

Notice of Annual General Meeting

continued

- 17 That if Resolution 15 is passed, the Board be given power in addition to any power given under Resolution 16 to allot equity securities (as defined in the 2006 Act) for cash under the authority given by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to such allotment or sale, such authority to be:
- (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £3,028,520; and
 - (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such power to apply until the end of the next AGM of the Company in 2019 (or, if earlier, on 17 October 2019) (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 arrangement as if the power had not ended.

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- 18 That the Company be authorised for the purposes of section 701 of the 2006 Act to make one or more market purchases (as defined in section 693(4) of the 2006 Act) of its ordinary shares of 5 pence each, such power to be limited:
- (A) to a maximum aggregate number of 121,140,782 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 as derived from the London Stock Exchange Daily Official List 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 purchase 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 AGM of the Company in 2019 (or, if earlier, on 17 October 2019) (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.

19 That in accordance with sections 366 and 367 of 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 AGM of the Company in 2019 or, if earlier, on 17 October 2019 be and are 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. 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 Part 14 of the 2006 Act are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval.

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

21 That the amendments to the Rules of the FirstGroup plc Long-Term Incentive Plan (summarised in Appendix 2 on page 18 of the document of which this Notice of Meeting forms a part and a copy of which is produced to the AGM and initialled for the purposes of identification) be approved.

By order of the Board

Michael Hampson

General Counsel and Company Secretary
15 June 2018

Registered office:
395 King Street, Aberdeen AB24 5RP
Registered in Scotland No. SC157176

Explanatory notes to the business of the meeting

Resolution 1

Annual Report and Financial Statements

The Board asks that shareholders receive the reports of the Directors and auditors and the audited financial statements of the Company for the year ended 31 March 2018.

Resolution 2

Directors' Remuneration Policy

Shareholders are requested to approve the Directors' Remuneration Policy set out on pages 72 to 80 of the Directors' Remuneration Report contained within the 2018 Annual Report and Financial Statements. Details of the changes to the Directors' Remuneration Policy compared to the existing Directors' Remuneration Policy approved by shareholders at the AGM on 16 July 2015 are set out on page 72 of the Directors' Remuneration Report contained within the 2018 Annual Report and Financial Statements. The Directors' Remuneration Policy will apply to all remuneration payments made for a period of three years effective from 17 July 2018. If the Directors' Remuneration Policy is not approved by shareholders for any reason, the Company will continue to make payments to Directors in accordance with its existing Directors' Remuneration Policy and will seek shareholder approval for a revised policy as soon as practicable.

Resolution 3

Directors' Annual Report on Remuneration

Resolution 3 seeks shareholder approval of the Directors' Annual Report on Remuneration (including the Statement by the Chair of the Remuneration Committee) which can be found on pages 68 to 71 (inclusive) and 81 to 94 (inclusive) of the 2018 Annual Report and Financial Statements. The Directors' Annual Report on Remuneration gives details of the implementation of the Company's existing Remuneration Policy approved by shareholders at the 2015 AGM and available at www.firstgroupplc.com/investors. This vote on Resolution 3 is advisory in nature.

Resolutions 4 to 12

Election and re-election of Directors

The Company's Articles of Association require any Director newly appointed by the Board to retire at the first AGM following their appointment. David Robbie joined the Board on 2 February 2018 and will be seeking election as a Director at the AGM (Resolution 4). The Nomination Committee believes that David is independent in character and judgement and that there are no relationships or circumstances likely to affect his independence or judgement. Accordingly, the Board recommends his election as a Director of the Company and looks forward to benefitting from his skills and experience.

In accordance with the recommendations contained in the UK Corporate Governance Code (the "Code"), our Directors are all standing for re-election at the AGM (Resolutions 5 to 12). The Board believes that each Director standing for re-election continues to bring considerable and wide ranging skills and experience to the Board as a whole.

All Directors proposed for election and re-election are subject to an annual performance review and the Board confirms that they all make an effective and valuable contribution to the deliberations of the Board and demonstrate commitment to their roles.

Biographical details of our Directors are set out in Appendix 1 and on pages 46 and 47 of the 2018 Annual Report and Financial Statements.

Resolutions 13 and 14

Re-appointment and remuneration of Auditor

The Company is required at each general meeting at which accounts are presented to shareholders to appoint auditors to hold office until the next such meeting. Resolution 13, which has been recommended to the Board by the Audit Committee, seeks the re-appointment of Deloitte LLP as the Company's auditors.

It is normal practice for the Directors to be authorised to determine the level of the auditor's remuneration for the ensuing year and Resolution 14 proposes to give such authority, which the Board will delegate to the Audit Committee.

Resolution 15

Authority to allot shares

The purpose of this Resolution 15 is to renew the Directors' powers to allot shares in the Company. The resolution authorises the Directors:

- (a) 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 £20,190,130 (representing 403,802,609 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 1 June 2018 (being the latest practicable date prior to the publication of the Notice of Meeting); and
- (b) 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 £40,380,261 (representing 807,605,219 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 1 June 2018 (being the latest practicable date prior to publication of the Notice of Meeting).

The authorities sought under this resolution will expire on the earlier of 17 October 2019 and the conclusion of the AGM of the Company held in 2019 (unless otherwise varied, revoked or renewed).

The Directors have no present intention to exercise the authorities sought under this resolution or allot shares other than pursuant to employee share plans. However, the Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place in appropriate circumstances. The Directors intend to take note of relevant corporate governance guidelines in the use of such powers in the event that such authority is exercised.

In the event that the authority given under (b) is exercised, the Company expects each Director to stand for re-election at the next AGM, as would in any case normally occur in accordance with the recommendations contained in the Code.

As at 1 June 2018 (being the latest practicable date prior to the publication of the Notice of Meeting), the Company held 157,229 ordinary shares in treasury representing approximately 0.01% of the Company's issued ordinary share capital (excluding treasury shares).

Resolutions 16 and 17

Disapplication of pre-emption rights

These two resolutions, which will both be proposed as special resolutions, would, if passed, give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company holds in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to:

- (a) 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; and/or
- (b) otherwise up to an aggregate nominal amount of £3,028,520 (representing 60,570,391 ordinary shares of 5 pence each which is approximately 5% of the issued ordinary share capital (excluding treasury shares) of the Company as at 1 June 2018 (being the latest practicable date prior to the publication of the Notice of Meeting)); and
- (c) in connection with the financing or refinancing of an acquisition or specified capital investment up to a nominal amount of £3,028,520 (representing 60,570,391 ordinary shares of 5 pence each

Explanatory notes to the business of the meeting continued

which is approximately 5% of the issued ordinary share capital (excluding treasury shares) of the Company as at 1 June 2018 (being the latest practicable date prior to the publication of the Notice of Meeting)).

The Directors confirm their intention to adhere to the provisions of the Pre-Emption Group's ("PEG") revised Statement of Principles. Accordingly, the Directors confirm their intention only to allot shares representing more than 5% of the issued ordinary share capital of the Company (excluding treasury shares) for cash in accordance with their authority under Resolution 15 where that allotment is in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is referred to in the announcement of the issue. Whether a transaction is an acquisition or other capital investment will be determined in accordance with the most recent Statement of Principles published by the PEG. In 2016, the PEG recommended the authority to disapply pre-emption rights in connection with an acquisition or specified capital investment be sought in a separate resolution. Accordingly, two separate disapplication resolutions are put forward.

The Board also confirms its intention not to allot shares for cash on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

The Board considers the authority in these two resolutions to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emptive provisions. The Board has no present intention to make use of this authority.

This authority will expire on the earlier of 17 October 2019 and the conclusion of the AGM of the Company held in 2019 (unless otherwise varied, revoked or renewed).

Resolution 18

Authority to make market purchases of own shares

Resolution 18, which will be proposed as a special resolution, seeks to renew the authority granted at last year's AGM and gives the Company authority to buy back its own ordinary shares in the market as permitted by the 2006 Act. The authority limits the number of shares that could be purchased to a maximum of 121,140,783 ordinary shares (representing approximately 10% of the issued ordinary share capital (excluding treasury shares) of the Company as at 1 June 2018 (being the latest practicable date prior to the publication of the Notice of Meeting)). This authority will expire on the earlier of 17 October 2019 and the conclusion of the AGM of the Company held in 2019 (unless otherwise varied, revoked or renewed). No ordinary shares have been repurchased by the Company during the year pursuant to the authority granted at the Company's last AGM in 2017.

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 either be held as treasury shares or cancelled by the Company and the number of ordinary shares reduced accordingly, depending on which course of action is considered by the Directors to be in the best interest of shareholders at that time. Shares held in treasury may be cancelled, sold for cash or used for the purposes of employee share plans. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings, in respect of those shares. Furthermore, no dividend or other distribution of the Company's assets may be made to the Company in respect of the shares held in treasury.

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 purchase bid on the trading venues where the purchase is carried out.

The Company has options and awards outstanding over 50,931,577 ordinary shares, representing 4.2% of the Company's issued ordinary share capital (excluding treasury shares) as at 1 June 2018 (being the latest practicable date prior to the publication of the Notice of Meeting). If the authority now being sought by Resolution 18, and the authority granted by shareholders at the Company's last AGM, were to be used in full, the total number of options and awards outstanding would represent 5.2% of the Company's issued ordinary share capital (excluding treasury shares) at that date. As at 1 June 2018 (being the latest practicable date prior to the publication of the Notice of Meeting), the Company held 157,229 ordinary shares in treasury representing 0.01% of the issued ordinary share capital and there are no warrants outstanding.

Resolution 19

Authority to make political donations and political expenditure in the European Union (EU)

Resolution 19 seeks to renew the authority granted at last year's AGM for the Company and its subsidiaries to make political donations to political parties or independent election candidates, to other political organisations, or to incur political expenditure.

It is not the policy of the Company to make donations to EU political organisations or to incur other political expenditure and the Directors have no intention of changing that policy. However, as a result of the broad definition used in the 2006 Act of matters constituting political donations, it is possible that normal business activities, which might not be thought to be political expenditure in the usual sense, could be caught. Accordingly, authority is being sought as a precaution to ensure that the Company's normal business activities do not infringe the 2006 Act.

Under the 2006 Act, this authority may be for a period of up to four years. However, in line with corporate governance best practice, the Company seeks to renew the authority on an annual basis.

Resolution 20

Notice of general meetings

The Directors wish to retain the flexibility and benefit from the ability to call general meetings on 14 clear days' notice and this resolution, which is proposed as a special resolution, seeks to renew the authority granted by shareholders at last year's AGM. Such approval will not affect AGMs, which will continue to be held on at least 21 clear days' notice.

In the event that this authority is to be exercised, the Directors will ensure that it is not used as a matter of routine, 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 (such as for emergency capital raisings). The Company undertakes to meet the requirements for a means of electronic voting to be made available to all shareholders before calling a meeting on 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Resolution 21

Renewal and amendment of the FirstGroup Long-Term Incentive Plan (LTIP)

The LTIP was first approved by shareholders in 2008 and expires in 2018. This resolution is for approval to extend the life of the LTIP for a further 10 years. It is also proposed that the rules be updated to reflect legislative changes and changes in practice since it was introduced. The proposed changes to the LTIP are summarised in Appendix 2. The full text of the scheme as amended will be available for inspection at the AGM.

Notes to the Notice of Annual General Meeting

Form of Proxy

- 1 A Form of Proxy for use by shareholders is enclosed with this Notice of Meeting. Completion and return of such a Form of Proxy will not prevent a shareholder from attending the AGM and voting in person. In the case of joint holders, any one holder may vote. If more than one holder is present at the AGM, only the vote of the senior will be accepted, seniority being determined by the order in which names appear on the Register of Members.
- 2 A shareholder is entitled to appoint another person as their proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If a shareholder does not specify how they want the proxy to vote on any particular resolution, the proxy may vote or abstain as they see fit. A proxy may also vote or abstain as they see fit on any other business which properly comes before the AGM.

Return date for proxies

- 3 To be effective, the return of a duly completed postal Form of Proxy (or by electronic means), together with any power of attorney or other authority under which the Form of Proxy is signed (or a notarially certified copy of such authority), must be received by the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 1.30pm UK time on Friday, 13 July 2018 (or, in the event of any adjournment, so as to arrive no later than 48 hours, excluding non-working days, before the time appointed for the adjourned AGM). Persons voting under a power of attorney must do so using the hard copy Form of Proxy.

Electronic proxy appointments

- 4 Shareholders may, if they so wish, register the appointment of a proxy or proxies electronically by any of the following methods:
 - (A) By logging onto the website of the Company's Registrar, Equiniti, **www.sharevote.co.uk**, where details of the procedures are given. Shareholders will need their Voting ID, Task ID and Shareholder Reference Number, all of which are printed on the Form of Proxy.

Alternatively, if shareholders have already registered with the Company's Registrar's online portfolio service, Shareview, they can submit their proxy electronically by logging onto their portfolio at **www.shareview.co.uk** using their user ID and password. Once logged in, click 'View' on the 'My Investments' page, click on the link to vote and then follow the instructions on the screen.

A Form of Proxy lodged electronically will be invalid unless it is lodged at the address specified on Equiniti's websites detailed above.
 - (B) 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 for the AGM (and any adjournment(s) thereof) by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. 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 Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instructions, 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 RA19) by 1.30pm on Friday, 13 July 2018. 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.

CREST members (and, where applicable, their CREST sponsors or voting service provider(s)) 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(s), 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 provider(s)) 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.

Publication of audit concerns

- 5 Under section 527 of the 2006 Act, shareholders that meet 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 AGM; 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 each case, that shareholders propose to raise at the AGM. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Notes to the Notice of Annual General Meeting

continued

Attendance and voting

- 6 Entitlement to attend and vote at the AGM, and the number of votes which may be cast at the AGM, will be determined by reference to the Register of Members of the Company at 6.30pm UK time on Friday, 13 July 2018 (or, in the event of any adjournment, at 6.30pm UK time on the date which is two business days prior to the adjourned AGM). In each case, changes to the Register of Members after such time will be disregarded.
- 7 Voting at this year's AGM will be conducted by way of a poll. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. On arrival at the AGM all those entitled to vote will be required to register and collect a voting card. In order to facilitate these arrangements, it would be helpful if shareholders would arrive at the AGM in good time and bring with them the attendance card which is attached to the Form of Proxy. Shareholders will be given instructions on how to fill in the voting card at the meeting.
- 8 Persons who are not shareholders of the Company or their duly appointed representatives will not be admitted to the AGM unless prior arrangements have been made with the Company.
- 9 Any shareholder with special needs wishing to attend the AGM should contact Company Secretariat at the Company's registered office so that appropriate arrangements can be made (telephone: +44 (0)1224 650100).

Right to ask questions

- 10 Any shareholder attending the AGM 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 AGM, but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM 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 AGM that the question be answered.
- 11 Shareholders who have general queries about the AGM should use the following means of communication (no other communication will be accepted): calling the shareholder helpline on telephone number 0371 384 2046 or from overseas on telephone number +44 (0)121 415 7050. Telephone lines are open from 8.30am to 5.30pm, Monday to Friday. Shareholders may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated in those documents.

Security

- 12 Security measures will be in place to ensure your safety at the AGM. All those present at the AGM are asked to facilitate the orderly conduct of the meeting and the Company reserves the right, if orderly conduct is threatened by a person's behaviour, to require that person to leave. All hand baggage may be subject to examination prior to entry to the AGM. Mobile phones may not be used in the AGM and cameras, video recorders, laptop computers and similar equipment may not be taken into the AGM. Anyone attempting to take photos, or to record or film proceedings, may be asked to leave.

Indirect investors

- 13** Any person to whom this Notice of Meeting is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM.

If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they 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 explanatory note 13 above does not apply to Nominated Persons. The rights described in explanatory note 13 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.

Documents available for inspection

- 16** 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 AGM for at least 15 minutes prior to the meeting until its conclusion: (i) copies of the Executive Directors' service agreements; and (ii) copies of the Non-Executive Directors' letters of appointment.

Website

- 17** A copy of this Notice of Meeting, and other information required by section 311A of the 2006 Act, can be found at www.firstgroupplc.com.

Voting Results

- 18** The results of the voting at the AGM will be announced through a regulatory information service and will appear on our website at www.firstgroupplc.com as soon as reasonably practicable.

Issued Share Capital and Total Voting Rights

- 19** As at 1 June 2018 (being the latest practicable date prior to the publication of this Notice of Meeting), the Company's issued share capital consists of 1,211,565,058 ordinary shares.

The Company currently holds 157,229 of its ordinary shares in treasury. Therefore, the total number of voting rights in the Company as at 1 June 2018 (being the latest practicable date prior to the publication of this Notice of Meeting) is 1,211,407,829.

Appendix 1

Directors' biographies

Wolfhart Hauser ^(A)

Executive Chairman

Appointed: 2015

Key areas of expertise: Governance, Strategy, Safety, Quality Assurance

Skills and experience: Starting his career with various research activities covering also road traffic safety, Wolfhart went on to establish and lead a broad range of successful international service industry businesses. He was Chief Executive of Intertek Group plc for ten years until he retired in May 2015. He was previously Chief Executive Officer (CEO) and President of TÜV Süddeutschland AG for four years and CEO of TÜV Product Services GmbH for ten years.

Other appointments: Independent Non-Executive Director of Associated British Foods plc and Senior Independent Director of RELX PLC.

Nationality: German

Matthew Gregory

Chief Financial Officer and Chief Operating Officer

Appointed: 2015

Key areas of expertise: Finance, M&A

Skills and experience: Matthew has strong financial and operational expertise, including strategic and financial planning and control, as well as extensive international experience of driving performance improvement and restructuring. Former Group Finance Director of Essentra plc, having previously been Director of Corporate Development as well as having held a number of senior finance roles. His early career was spent at Rank Group plc and Ernst & Young.

Nationality: British

Warwick Brady ^(A)

Independent Non-Executive Director

Appointed: 2014

Key areas of expertise: Transportation

Skills and experience: Warwick has a strong track record of delivering restructuring, cost reduction and modernisation programmes. His previous roles include Chief Executive of Mandala Airlines in Asia, Deputy Operations Director at Ryanair plc and Chief Operating Officer at Air Deccan/Kingfisher in India and easyJet plc. Warwick also held board positions at Airline Group and NATS, the UK's airspace provider, and was Deputy CEO of Buzz.

Other appointments: CEO of Stobart Group Ltd and strategic Board Advisor at Vistair Systems Ltd.

Nationality: British

Jimmy Groombridge ^(B)
Group Employee Director

Appointed: 2017

Key areas of expertise: Transportation, Employee Relations, Employee Engagement, Safety

Skills and experience: Jimmy was a bus driver for almost 40 years. He is currently an employee of First Eastern Counties, where he served as Employee Director for more than a decade. He had also served as the regional Employee Director for Norfolk and Essex. Safety is a passion for Jimmy and as such he is a champion of our Group Safety programme Be Safe. Having worked on projects for different departments within FirstGroup, he has a unique wealth of experience of employee engagement.

Nationality: British

Drummond Hall ^{(N) (R)}
Senior Independent Non-Executive Director

Appointed: 2014

Key areas of expertise: Marketing, Strategy

Skills and experience: Drummond brings to the Board a wealth of experience gained across a number of customer-focused businesses in the UK, Europe and the US. He was formerly Chief Executive of Dairy Crest Group plc, prior to which his career was spent mainly with Procter & Gamble, Mars and PepsiCo. He has also been Chairman and a Non-Executive Director of Mitchells & Butlers plc and a Non-Executive Director of Taylor Nelson Sofres PLC.

Other appointments: Senior Independent Non-Executive Director and Chair of the Remuneration Committee of WH Smith plc and of The Sage Group plc.

Nationality: British

Board Committees

^(A) Audit Committee

^(R) Remuneration Committee

^(N) Nomination Committee

^(B) Board Safety Committee

● Chair

Appendix 1

continued

Martha Poulter [Ⓐ]

Independent Non-Executive Director

Appointed: 2017

Key areas of expertise: IT, Business Process Transformation, Cyber Security

Skills and experience: Martha's experience in technology spans the telecommunications, financial services and hospitality industries. She was most recently the Executive Vice President and Chief Information Officer (CIO) of Starwood Hotels & Resorts Worldwide and, prior to that, she was Vice President of General Electric and CIO of GE Capital with global responsibility for IT strategy and operations.

Other appointments: Senior Vice President and CIO of Royal Caribbean Cruises Ltd.

Nationality: American

David Robbie [Ⓐ] [Ⓜ]

Independent Non-Executive Director

Appointed: 2 February 2018

Key areas of expertise: Corporate Finance, Strategy

Skills and experience: David brings a wealth of financial, accounting, strategic and corporate finance experience and skills to the Board. He was Finance Director of Rexam PLC from 2005 until its acquisition by Ball Corporation in 2016. Prior to his role at Rexam, David served in senior finance roles at BTR plc before becoming Group Finance Director at CMG plc in 2000 and then Chief Financial Officer at Royal P&O Nedlloyd N.V. in 2004. He served as a Non-Executive Director of the BBC between 2006 and 2010 and as Chairman of their Audit Committee. David qualified as a Chartered Accountant at KPMG.

Nationality: British

Imelda Walsh ^(R) ^(N) ^(B)

Independent Non-Executive Director

Appointed: 2014

Key areas of expertise: Remuneration, HR, Governance

Skills and experience: Imelda brings considerable experience to the Board gained across a number of sectors, as well as outstanding remuneration practice skills. She was formerly Non-Executive Director and Chair of the Remuneration Committee of Sainsbury's Bank plc, Mothercare plc and William Hill plc, she has held senior executive roles at J Sainsbury plc (where she was Group HR Director), Barclays Bank plc and Coca-Cola & Schweppes Beverages Limited.

Other appointments: Non-Executive Director and Chair of the Remuneration Committee of Mitchells & Butlers plc.

Nationality: British

Jim Winestock ^(B) ^(N) ^(A)

Independent Non-Executive Director

Appointed: 2012

Key areas of expertise: Distribution, Safety

Skills and experience: Jim brings to the Board considerable operational experience gained within a large complex organisation, together with a track record of achievement. He has served in a number of senior roles and was a member of the management committee during his career at United Parcel Service, Inc, latterly as Senior Vice President and Director of US operations and global security with responsibility for all US operations and 360,000 employees.

Other appointments: Non-Executive Director of YRC Worldwide, Inc; also serves on the Board of three not-for-profit organisations in the US.

Nationality: American

Board Committees

^(A) Audit Committee

^(R) Remuneration Committee

^(N) Nomination Committee

^(B) Board Safety Committee

● Chair

Appendix 2

Summary of the main provisions of the FirstGroup plc Long-Term Incentive Plan (the “Plan”) following the proposed amendments

General

The Plan is due to expire in 2018 following the tenth anniversary of its approval by shareholders in 2008. Approval is being sought to extend it to 2028. The Plan has been renamed the FirstGroup plc Long-Term Incentive Plan and has been amended to reflect changes in legislation and practice since it was introduced. No other material changes have been made.

The Plan allows the Company to make awards of shares to employees of the Company (“Awards”). Under the Plan, the Company can grant nil cost options or conditional rights to acquire shares, or forfeitable shares. The operation of the Plan is supervised by the Remuneration Committee (the “Committee”). The benefits under the scheme will not be pensionable.

Operation

Awards will normally be granted 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.

Eligibility

All employees and the Executive Directors of the Company or of any subsidiary of the Company are eligible to participate in the Plan. Participation, including the size of the Awards and the terms of performance conditions linked to receiving the Awards, will be approved by the Committee.

Performance conditions

The receipt of shares and number of shares received may be subject to the satisfaction of pre-determined performance conditions. The performance conditions will be set by the Committee each time the Plan is operated. The Awards will lapse if a performance condition is not satisfied. The Company, with the consent of the Committee, may waive or change a performance condition in accordance with its terms or if the Company reasonably considers it appropriate to do so.

Individual limits

Awards to a participant in any one year cannot generally exceed 200% of the annual rate of the participant’s total basic salary. In exceptional circumstances, the Committee may increase this up to a cap of 300% of total basic salary.

Leaving employment

An unvested Award normally lapses 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 if the Committee decides that exceptional circumstances exist. In these 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 number of months during the period from the start of the performance period until the date of cessation of employment as a proportion of the performance period. The Committee may alternatively 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.

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 to reflect the number of months during the performance period from the start of the performance period until the event. Alternatively, participants may be allowed or required by the Company (in the case of a reorganisation of merger) to exchange their shares for shares in the acquiring company.

Malus and Clawback

The Committee has discretion to reduce or eliminate the number of Shares subject to an Award in circumstances where there has been a material adverse misstatement (including an omission) of the Company's financial results, the Committee believes the number of Shares granted was based on an error or inaccurate or misleading information or assumption which in each case led to the Award being granted over a larger number of Shares than would otherwise have been the case, or the participant has engaged in misconduct.

In addition, for two years following vesting, the Committee has the discretion to recover the number of shares (or cash proceeds (or, if higher, market value of the shares) if such shares have been sold) in the circumstances outlined above.

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.

Rights

Conditional allocations and options will not enjoy any shareholder rights until the shares are issued or transferred to the participants. In the case of forfeitable shares, participants are entitled to all shareholder rights, including the rights to dividends and to vote until the Award lapses unless the Company determines otherwise. Treasury shares may be used to satisfy Awards under the Plan.

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.

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.

Amendments to the Plan

The Committee may amend the Plan as it considers appropriate. However, shareholder approval will be required to amend the provisions of the Plan if such a change is to the advantage of the participants relating to: eligibility; individual and Plan limits; and 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.

International sections

The Plan currently has separate sections for the US and Canada. The rules of these sections are substantially the same as the UK section, but provide for variations where necessary to allow for different legal, tax and regulatory requirements.

Termination

The Committee may terminate the Plan at any time. In any event, Awards may not be granted after 17 July 2028.

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