

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.

FirstGroup plc

(incorporated and registered in Scotland with registered number SC157176)

NOTICE OF GENERAL MEETING

requisitioned pursuant to section 303 of the Companies Act 2006

YOUR BOARD RECOMMENDS YOU VOTE AGAINST ALL OF THE RESOLUTIONS AT THE GENERAL MEETING

This document should be read as a whole and in its entirety. Your attention is drawn to the letter from the Chairman of FirstGroup plc which is set out on pages 4 to 11 of this document and which contains the unanimous recommendation of the Directors that shareholders **VOTE AGAINST ALL OF THE RESOLUTIONS** to be proposed at the General Meeting. Notice of the General Meeting to be held at 2.00 p.m. on 25 June 2019 at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, Holborn, London, WC2B 5DA is set out on pages 22 to 26 of this document. A Form of Proxy for use at the General Meeting is enclosed with the Notice. Voting at the General Meeting will be by poll and not on a show of hands. This reflects best practice and will ensure that shareholders who are not able to attend the General Meeting, but who have appointed proxies, have their votes fully taken into account.

YOUR VOTE IS IMPORTANT – whether or not you intend to attend the General Meeting, you are strongly encouraged to complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA no later than 2.00 p.m. on 21 June 2019 (or, in the case of an adjournment of the General Meeting, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not prevent you from attending and voting at the General Meeting in person should you wish to do so.

If you hold ordinary shares in the Company in CREST and you wish to appoint a proxy or proxies for the General Meeting or any adjournment(s) thereof by using the CREST electronic proxy appointment service, you may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. Proxies submitted via CREST (under CREST ID RA19) must be sent as soon as possible and, in any event, so as to be received by the Company's Registrar, Equiniti, by no later than 2.00 p.m. on 21 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

You are strongly encouraged to vote online at www.sharevote.co.uk. Information about how to appoint a proxy electronically is given in note 4A on page 24 of this document. If you have any questions on how to complete the Form of Proxy, please contact Equiniti on 0371 384 2046 or from overseas on +44 (0)121 415 7050. The helpline is open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

A copy of this document will also be available on the Company's website at <http://www.firstgroupplc.com/general-meeting>

YOUR VOTE COUNTS – VOTE AGAINST ALL OF THE RESOLUTIONS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Date
Notification of the Requisition of General Meeting*	17 May 2019
Announcement of results for the financial year to 31 March 2019 and strategy update	30 May 2019
Date of this document	4 June 2019
Latest time and date for receipt of completed Forms of Proxy	2.00 p.m. on 21 June 2019**
Time, date and location of the General Meeting	2.00 p.m. on 25 June 2019 at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, Holborn, London, WC2B 5DA**
Results of General Meeting announced	25 June 2019**

2.00 P.M. ON 21 JUNE 2019:**

THE LATEST TIME FOR US TO RECEIVE YOUR PROXY FORM

THE LATEST TIME FOR YOU TO VOTE ONLINE

** On 11 May 2019, the Company announced the receipt of an initial requisition notice from Coast Capital dated 10 May 2019. That notice from Coast Capital was invalid (as a result of it not being signed by the correct holder of Coast Capital's shareholding in the Company). Receipt of a valid replacement notice, dated 17 May 2019, was announced by the Company on 20 May 2019.*

*** Each of these times and dates may be subject to change. If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service. References to times in this document are to London time unless stated otherwise.*

Why have I received this notice?	The Board is required to call a general meeting of the Company following a requisition made by Coast Capital, a shareholder holding around 10% of the Company's shares. The General Meeting will be held at 2.00 p.m. on Tuesday 25 June 2019 at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, Holborn, London, WC2B 5DA.
What is the meeting about?	The General Meeting is required to consider the resolutions proposed by Coast Capital to remove six of your current Directors and replace them with seven of Coast Capital's own nominees.
What is the Board recommending?	Your Board unanimously recommends that shareholders <u>VOTE AGAINST</u> all of the Coast Capital Resolutions.
Why should I vote against all of the Coast Capital Resolutions?	On 30 May 2019, the Company published a comprehensive strategy update and a clear path forward for our business. Your Board unanimously believes that: • the Company has the right strategy to deliver value for all shareholders and other stakeholders • Coast Capital's "turnaround" proposals lack credibility, are irresponsible and are not in the best interests of all shareholders and other stakeholders • the Company has the right Board and the right team to deliver its strategy at pace • the Coast Capital nominees are not independent and do not have the right expertise to deliver the strategy and govern your Company • Coast Capital is attempting to circumvent corporate governance best practice in order to take control of the Board.
How do I vote?	You can vote either by completing the Form of Proxy or online at www.sharevote.co.uk, or by attending the General Meeting in person. You are strongly encouraged to vote as soon as possible, even if you intend to attend the General Meeting.

YOUR VOTE COUNTS – VOTE AGAINST ALL OF THE RESOLUTIONS

LETTER TO SHAREHOLDERS FROM THE CHAIRMAN

FirstGroup plc

(incorporated and registered in Scotland with registered number SC157176)

Dear Shareholder,

On 17 May 2019, the Board received a requisition notice from State Street Nominees Limited (acting as custodian for a company managed by Coast Capital), a shareholder holding around 10% of the Company's shares, requisitioning a general meeting to consider resolutions to remove six of the current Directors and replace them with seven of Coast Capital's own nominees.

The Board is now required to call a general meeting of the Company and it is important that shareholders vote at that meeting. The purpose of this letter is to explain why the Directors strongly believe that the Coast Capital Resolutions are not in the best interests of the Company, its shareholders as a whole or its wider stakeholders and to recommend unanimously that shareholders **VOTE AGAINST ALL OF THE COAST CAPITAL RESOLUTIONS.**

As previously planned, on 30 May 2019, FirstGroup set out a clear strategic direction alongside its results for the financial year to 31 March 2019. The Board believes that this strategy will deliver best value for you, the shareholders of the Company.

FirstGroup:

- ✓ has the right strategy to take the business forward
- ✓ has the right Board and the right team to execute it at pace
- ✓ has a diverse, independent Board
- ✓ has renewed the Board with the right experience for FirstGroup's future
- ✓ will, alongside delivering our strategy, continue to provide safe, sustainable and environmentally friendly travel solutions for the people and communities we serve

Coast Capital:

- ✗ proposes to take control of the Board with the removal of six current Directors and the appointment of seven non-independent directors
- ✗ proposes to appoint directors whose experience is not current and is not aligned to FirstGroup's business nor its future growth
- ✗ has put forward plans that are inconsistent, demonstrate a lack of understanding of FirstGroup and are rooted in the past
- ✗ has put forward irresponsible plans that would leave the Group with higher debt
- ✗ has put forward plans that are not in the best interests of shareholders as a whole or our wider stakeholders

VOTE AGAINST ALL OF THE COAST CAPITAL RESOLUTIONS

The right strategy to take FirstGroup forward

On 30 May 2019, after seven months in the role, FirstGroup Chief Executive Matthew Gregory announced a clear path forward for the business, which the Board is confident will deliver enhanced sustainable value for shareholders, having regard to our responsibilities to our wider stakeholders:

- We plan to rationalise our portfolio with FirstGroup's future emphasis on First Student and First Transit, our core North American contracting businesses, which have the greatest potential to generate sustainable value and growth over time
- These businesses are already leaders in their markets and share increasingly similar characteristics and growth opportunities. Together First Student and First Transit generated over 60% of the Group's operating profits in 2018/19 and are already a solid, profitable platform for growth in the North American mobility services sector. By focusing on our customers' needs and leveraging the latest technology, efficiency and safety practices as well as partnerships, we see significant potential for long term sustainable value and growth from the businesses
- Accordingly, a formal process to sell Greyhound has commenced and we will pursue structural alternatives to separate First Bus from the Group
- We have an existing portfolio of rail franchises in the UK which we will operate in accordance with their contractual terms. Any future commitments to UK rail will need to have an appropriate balance of potential risks and rewards for our shareholders.

A copy of our strategy update is included in Appendix 3. An audio file of Matthew explaining this strategy in more detail is available at <https://www.firstgroupplc.com/investors/results-centre>

The Board firmly believes that this is the right strategy to deliver the best value to all shareholders, having regard to our responsibilities to our wider stakeholders. It follows a full and comprehensive review over the past year of all appropriate means to mobilise the considerable value inherent in the Group, in a process which recognised the friction costs, regulatory procedures and stakeholder consultations which require careful consideration in the case of some potential options. The best team to navigate these complex issues is the current management team of the Company, which has deep experience of your Company and the industry in which it operates and takes all of its responsibilities with the utmost seriousness. In parallel with the portfolio rationalisation plans we will continue to drive forward the clear strategies now established in each of our divisions to ensure they deliver further progress and growth in the Company's existing and adjacent markets, underpinned by plans to enhance our cost base further.

FirstGroup has the right team to execute at pace

Matthew Gregory was appointed as Chief Executive in November 2018 after a thorough external and internal search was conducted. Matthew's experience includes 24 years of financial, commercial and operational experience all within UK-listed PLCs with extensive international operations. This sector experience includes public transportation, manufacturing and distribution, including the largest component distribution division of Essentra plc, where he had a track record of tripling revenue, quadrupling profit and increasing margins by over 500 bps through disciplined commercial and operational management. Matthew also has a wealth of North American and other international experience. His deep operational understanding of FirstGroup gained since his appointment as Chief Financial Officer in 2015 and his drive to unlock shareholder value makes him exactly the right person to implement the Board's strategic plans.

Under Matthew's leadership, in 2018/2019 FirstGroup has delivered:

- Underlying revenue growth of +5.7%, adjusted operating profit growth of 10.5% and EPS growth of 15.2%
- Adjusted operating profit ahead of expectations at £332.9m, led by growth and margin expansion in First Student and First Bus

- A withdrawal by Greyhound from its loss-making activities in Western Canada and the formulation of plans for improved operational and financial performance that started to show progress in the second half of 2018/19.

This operational performance provides the foundation for the clear strategic direction for the business that is summarised above and detailed in our announcement of 30 May 2019 (which is included in Appendix 3), and evidences our management team's drive and focus, under Matthew's leadership, to deliver value for shareholders. The Board has also bolstered the management team with the appointment of Ryan Mangold as Chief Financial Officer in May 2019 after a thorough process. Ryan was selected to bring further depth and capability in the areas required to deliver the Company's strategic plans.

Replacing this team with one that has no working knowledge of FirstGroup and very limited experience of the fast changing and dynamic markets in which the Group operates, in particular the North American transport contracting markets which form the core of the Group, would dramatically reduce the ability of the Company to execute these critical strategic changes.

FirstGroup has a diverse and independent Board that has been renewed with the right experience for FirstGroup's future

- This Board has a clear majority (64%) of independent non-executive Directors
- This Board has the right blend of skills and experience
- This Board meets all UK Corporate Governance requirements

The Board is focused on delivering shareholder value and is confident that the Company has the right Board with the right experience and plans in place to do so.

The composition of the current Board (and Board committees) is fully compliant with the UK Corporate Governance Code, including the requirements on independence and length of tenure. This is reflected in the strong support that shareholders showed for members of the Board who stood for re-election at the 2018 Annual General Meeting, who received an average vote FOR of 96.84%.

All but one of the current Directors has been appointed within the last five years, and six members of the Board have been appointed within the last two years. The average tenure of the FirstGroup Non-Executive Directors is three years compared to the average tenure of four years for a typical UK-listed public company.

The Board has continued to be renewed with the recent appointments of Independent Non-Executive Directors Steve Gunning and Julia Steyn as well as Ryan Mangold as Chief Financial Officer, all in 2019, following objective and rigorous selection processes.

The composition of the current Board has the right balance of skills as it looks to a future which will continue to be defined by the profound impact of technology on the development of mobility services, as evidenced by the emergence of ride sharing and autonomous vehicles.

A majority of the Board have experience in the transport and travel sectors. This includes Wolfhart Hauser, Matthew Gregory, Warwick Brady, Jimmy Groombridge, Steve Gunning, Martha Poulter, David Robbie and Julia Steyn.

The independent Directors have been carefully chosen to support the Company's management team with the developments in our strategic direction, bringing experience from across multiple industries, including adjacent industries competing increasingly with public transportation, such as technology, airlines, consumer brands, urban mobility and big data management. For example, Julia Steyn, who was appointed on 2 May 2019, brings extensive knowledge of the US transport industry. Together with the existing US government contracting experience of the Directors (including Matthew Gregory and Jim Winestock), this skillset will be invaluable as the Company focuses on First Student and First Transit, our market leading North American contracting businesses, and builds on the strong and profitable platform we have established in North American mobility services.

In addition, a majority of the Board, including in particular Wolfhart Hauser, Matthew Gregory, Warwick Brady, Steve Gunning, Ryan Mangold, Martha Poulter, David Robbie, Julia Steyn and Imelda Walsh, have extensive corporate finance, M&A or legal experience. This experience and skillset will be key to overseeing the execution of our portfolio rationalisation plan and securing best value for shareholders.

Your Board also has extensive and detailed experience in dealing with complex UK pension schemes, including the management, funding and strengthening of such pension schemes.

In summary, your diverse, independent Board has the extensive experience, skills and expertise for FirstGroup's future and delivering shareholder value:

- | | |
|--------------------------------|---------------------------------|
| ✓ Transportation/travel | ✓ Pensions |
| ✓ Strategy | ✓ Safety |
| ✓ Turnaround | ✓ Operations |
| ✓ Technology | ✓ HR/employee engagement |
| ✓ Governance | ✓ Finance/M&A |

In addition, your Board has various current and complementary experience and skills in areas such as audit, data management, information technology, legal, logistics and marketing and brand management.

Full details of your current Board's experience and their specific skillsets are set out in the Directors' biographies in Appendix 1.

Who is Coast Capital?

Coast Capital, founded in September 2017, is a small New York based hedge fund, self-styled as an activist investor. Based on its many interactions with Coast Capital to date and its claims and proposals, the Board believes that Coast Capital is an opportunistic, self-interested player that is only focused on short-term gains.

Coast Capital purports to be a significant long-term shareholder in FirstGroup. However, despite various claims made by Coast Capital, the Company was first formally notified of Coast Capital's shareholding only as recently as 12 April 2018 at which point it notified a holding of 1.57 per cent. of the Company's issued share capital.

Coast Capital is a fund with no track record or experience running any business similar to FirstGroup, and it has made a number of scatter-gun, inconsistent and unusual claims and proposals to the Company over the past 12 months. For example, in a letter to the Company in June 2018, Coast Capital suggested that the Company consider appointing four individuals to the Board, yet none of those individuals are being nominated by Coast Capital in this requisition.

A number of Coast Capital's other proposals are set out in a letter that your Chairman sent to Coast Capital in November 2018 (a copy of which is included in Appendix 2), patiently and politely addressing a number of the proposals as being either transactions that simply reflect a lack of understanding of FirstGroup or are skewed to benefit only Coast Capital and not all shareholders. For example, Coast Capital has recently publicly referred to the Company's "proposed firesale of otherwise good assets", yet, as recently as last October, Coast Capital wanted exclusivity from FirstGroup for Coast Capital to purchase Greyhound at a purchase price which was much lower than Coast Capital's stated valuation of the business. Coast Capital also proposed that Coast Capital purchase a 'minority but controlling' stake in our First Student business.

Coast Capital's claims contain numerous factual inaccuracies and misunderstandings. This is notwithstanding the availability of information clearly set out in our public disclosures and numerous communications from the Company to Coast Capital in which we have given detailed, and clear, explanations of various matters that Coast Capital has requested. Despite this, Coast Capital's recent public statements show that Coast Capital continues to repeatedly misunderstand, or chooses to misunderstand or misinterpret, a number of basic points relating to FirstGroup and the markets in which it operates. For example, notwithstanding our clear explanations, Coast Capital's recent statements show a fundamental misunderstanding of the valuation of UK pension schemes on various accounting and actuarial bases and, as noted below, Coast Capital has repeatedly failed to appreciate the capital expenditure profile and cash generative capability of the Rail division.

Certain other claims made by Coast Capital have been withdrawn by Coast Capital after the Company reminded it of its legal obligations.

Coast Capital proposes to take control of the Board with the removal of six current Directors and the appointment of seven of its own non-independent nominees

Coast Capital is seeking to appoint its own nominees to the Board in a manner which circumvents established corporate governance best practice and the rigorous and transparent procedures followed by the Company. In particular, the Board is opposed to appointing any director who may favour one particular shareholder over and above the interests of shareholders as a whole. If the Coast Capital Resolutions are passed, only three directors out of a board of 12 members (25%) would be independent non-executive directors.

Furthermore, Coast Capital has stated that it and its nominees have already found a new, unnamed, CEO, who they would appoint if the Coast Capital Resolutions are passed. This is a further abuse of good corporate governance practice and due process.

Through its proposals, Coast Capital is seeking to take control of your Board and the Company. Your independent Directors firmly believe that this is wholly inappropriate and not in the best interests of shareholders as a whole, or our wider stakeholders.

Coast Capital proposes to appoint directors whose experience is not aligned to FirstGroup's business or future growth

The Board has concerns about the lack of recent experience and the past company involvement of a number of the directors proposed by Coast Capital. For example, in nominating Steve Norris as a director, Coast Capital has highlighted his experience as a non-executive director of Capital CityBus, a small privately-owned local bus operator in London which was sold in 1998, more than 20 years ago, as evidence of his suitability to run our First Bus division. First Bus has a fleet of around 5,700 buses and 16,500 employees. Therefore the scale of Capital CityBus's operations would be equivalent to less than 10% of the current operations of our First Bus division. Mr Norris was also chairman of Jarvis plc, a large public company in the rail engineering sector, for the six years before it went into administration, resulting in pension schemes being placed into the Pension Protection Fund. This experience has been omitted from the biographies published by Coast Capital.

Moreover, the proposed directors have limited recent experience in the segments within which FirstGroup operates and no experience in the North American transport contracting market, which will be our core business going forward.

Further, Coast Capital is proposing to:

- INCREASE the size of the Board
- REDUCE the diversity of the Board.

FirstGroup has been focused on renewing the Board to include individuals with skills relevant for the future direction of the Group. Coast Capital seems more focused on rekindling the past than preparing for the future.

Coast Capital has put forward plans that are inconsistent, demonstrate a lack of understanding of FirstGroup and the transport sector today and would leave the Group with higher debt

As noted above, Coast Capital has made a number of scatter-gun, inconsistent and unusual proposals to the Company over the past 12 months.

The latest plans put forward by Coast Capital are either based on financial engineering with no clear benefit to shareholders, such as its suggested sale and leaseback approach, or are vague assertions, based on old information and lacking in detail. Coast Capital's proposal to reduce the Company's pension obligations, or to "exit rail in full" without due regard to the contractual nature of the business, nor the employees or wider stakeholders within the business, are alarmingly naïve. These plans

continue to demonstrate Coast Capital's lack of understanding of the Group and our businesses, notwithstanding the patient engagement that the Company's officers and Board members have undertaken with Coast Capital.

We have respectfully and constructively engaged with Coast Capital for over a year. Throughout, we have shown an open mind and a willingness to consider new ideas and proposals; but only those that are in the best interests of all shareholders, having regard to our wider stakeholders. We address a number of Coast Capital's plans below:

Financial engineering with no clear benefit to shareholders:

- A **substantial sale and lease back** of property would be irresponsible. It would increase the financial leverage of the Group at a time when the IFRS accounting rules have only recently changed to require this to be reflected as indebtedness. Furthermore, it would limit the strategic flexibility of the Group to respond to changes in market conditions and does not pay due regard to the operational nature of a number of these assets which are inherent in the value of the business.
- Initiating a **share buyback programme** funded through a loan from investors procured by Coast Capital would also irresponsibly increase financial leverage at a time of economic uncertainty and would reduce the Group's strategic flexibility to unlock value for shareholders. This appears to be at the same time as Coast Capital would propose to reduce gross debt by up to £1 billion, but with no clear explanation of how to achieve this. This inconsistency is a matter of significant concern.
- Introduction of a **dividend** at a time when the portfolio is undergoing transformational change would not be in the best interests of all shareholders. We believe that the more focused Group, as envisaged by our portfolio rationalisation plans, will be well placed to sustain a dividend in future and this will be considered by the Board at the appropriate time.

Taken together, these short term financial engineering strategies would increase the leverage of the Company to a point that the Board believes is reckless and imprudent. This would risk a downgrade of the Company's credit rating, which would have adverse impacts on the Company, including increased financing costs.

Naïve and vague assertions with no specific details around execution:

- The Company and the Trustees of the Group's **pension plans** regularly review the plans' funding requirements, ensuring flexibility and efficiency for the business while protecting the retirement security of thousands of current and former employees. Coast Capital's proposal to "solve" the plan funding with an upfront payment of £75m and changes to investment strategy shows a fundamental misunderstanding of our pension plans and the role of the Trustees under UK legislation.
- It remains unclear from Coast Capital's plan why a **gross debt** reduction of up to £1 billion is appropriate and Coast Capital has provided no specific details as to how this would be achieved. It would also apparently be achieved alongside the commencement of a share buyback programme and the introduction of a dividend, which demonstrates alarming inconsistencies in Coast Capital's thinking.
- Coast Capital's demand to **exit FirstGroup's Rail business** pays no regard to the contractual nature of these arrangements, the dynamic nature of the current environment nor to our customers, employees and wider stakeholders within this business.
- Coast Capital continues to show a fundamental lack of understanding of the **capital expenditure profile of the Rail division**, where cash capital expenditure is typically matched by franchise receipts, capital grants or other funding from third parties. Our UK Rail franchise portfolio has generated £330.9m in adjusted profit with net cash and dividends paid to the Group over the last five years.

In summary the Board believes it has the right strategy and the right team to deliver the best value to shareholders and that Coast Capital does not

The Board firmly believes that, based on the progress and momentum that has been built through the operational progress in the last 12 months, the clear strategic direction set out in the Company's announcement of 30 May 2019 will deliver best value to shareholders, and that the best team to execute these complex strategic transactions is the current management team. This is a team that has deep experience of your Company and the industry in which it operates, and is supported by a diverse, renewed and independent Board with the right skills and experience to support the Company's future direction. Replacing this team with one which has demonstrably outdated knowledge of FirstGroup's market places, and no experience in the increasingly valuable area of North American mobility services, would dramatically reduce the ability of the Company to execute these critical strategic changes.

Why has this General Meeting been called?

Having received a requisition notice from a shareholder of the Company, the Board is required by Section 303 of the Companies Act 2006 to call a general meeting of the Company.

The General Meeting will be held at 2.00 p.m. on 25 June 2019 at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, Holborn, London, WC2B 5DA. Formal notice of the General Meeting, including the ordinary resolutions to be proposed at that meeting is set out on pages 22 to 26 of this document. It is important that shareholders vote at that meeting.

In order for each ordinary resolution seeking to appoint a new director to be valid, the Company must receive confirmation in writing of that person's willingness to be appointed at least 7 days before the date of the general meeting. As of Monday 3 June 2019, the Company has not received any confirmations from the Coast Capital nominees. If the Company does not receive such confirmation in writing at least 7 days before the date of the General Meeting, then the resolution proposing to appoint that person as a director will be invalid and will not be put to the meeting.

Since the Company has been required to convene the General Meeting to consider the removal of six of the current Directors and their replacement by seven of Coast Capital's own nominees, it will be necessary for the Company to delay the posting of the Notice of the 2019 Annual General Meeting. Accordingly, the Annual General Meeting, which was provisionally scheduled to take place on 16 July 2019, will unfortunately be delayed to a later date than normal as a result of Coast Capital's requisition. Further details will be communicated in due course.

The Board is recommending unanimously that shareholders VOTE AGAINST ALL OF THE COAST CAPITAL RESOLUTIONS as they intend to do in respect of their own shareholdings.

Action to be taken

Notice of the General Meeting to be held at 2.00 p.m. on 25 June 2019 at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, Holborn, London, WC2B 5DA is set out on pages 22 to 26 of this document. A Form of Proxy for use at the General Meeting is enclosed with the Notice. Voting at the General Meeting will be by poll and not on a show of hands.

Whether or not you intend to attend the General Meeting, you are strongly encouraged to complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA no later than 2.00 p.m. on 21 June 2019 (or, in the case of an adjournment of the General Meeting, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not prevent you from attending and voting at the General Meeting in person should you wish to do so.

You are strongly encouraged to vote online at www.sharevote.co.uk. Information about how to appoint a proxy electronically is given in note 4A on page 24 of this document.

If you hold ordinary shares in the Company in CREST and you wish to appoint a proxy or proxies for the General Meeting or any adjournment(s) thereof by using the CREST electronic proxy appointment service, you may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. Proxies submitted via CREST (under CREST ID RA19) must be sent as soon as possible and, in any event, so as to be received by the Company's Registrar, Equiniti, by no later than 2.00 p.m. on 21 June 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

If you have any questions on how to complete the Form of Proxy, please contact Equiniti on 0371 384 2046 or from overseas on +44 (0)121 415 7050. The helpline is open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The Directors unanimously consider that the Coast Capital Resolutions are not in the best interests of the Company or its shareholders as a whole. The Directors unanimously recommend that shareholders VOTE AGAINST ALL OF THE COAST CAPITAL RESOLUTIONS as they intend to do in respect of their own shareholdings.

Yours faithfully,

Wolfhart Hauser
Chairman

4 June 2019

FirstGroup plc
395 King Street
Aberdeen
AB24 5RP

Registered office: 395 King Street, Aberdeen, AB24 5RP
Registered in Scotland with registered number SC157176

APPENDIX 1: FIRSTGROUP DIRECTOR BIOGRAPHIES

Board Committees

Ⓐ Audit Committee

Ⓑ Board Safety Committee

Ⓔ Nomination Committee

Ⓑ Remuneration Committee

Ⓕ Financial Expert

● Chair



Wolfhart Hauser ^N
Chairman (independent on appointment)

Appointed: 2015

Skills and experience: Wolfhart Hauser has had a distinguished career having been Chief Executive Officer (CEO) of Intertek Plc, the leading international testing company, for 10 years until 2015 and having overseen over 600% return since he joined the Board in 2002. He was previously CEO of TUV SUD for four years, and also worked for 18 years in a number of senior management roles in TUV SUD divisions, where the business provided road traffic safety services and training for taxi, bus and other vehicle drivers. He was also CEO of TUV Product Service for 10 years, supporting rail manufacturers, operators and authorities with a range of services that are fundamental to reliable, safe and secure rail operation. He was previously a Non-Executive Director (NED) of Logica plc.

Other appointments: NED at Associated British Foods plc and Senior Independent Director (SID) at RELX PLC.

Nationality: German

- ✓ UK or other public transportation/ travel
- ✓ Government contracting
- ✓ Corporate finance/ M&A
- ✓ Turnaround
- ✓ IT/technology
- ✓ Safety
- ✓ Governance



Matthew Gregory ^F
Chief Executive

Appointed: 2015 and became Chief Executive on 13 November 2018

Skills and experience: Matthew has a deep understanding of FirstGroup, having joined the company as Chief Financial Officer (CFO) in December 2015, before his appointment as Chief Executive in November 2018. Matthew has strong strategic and operational expertise, including delivering strategy and driving performance improvement. He has extensive international experience, including significant M&A and corporate finance activity. He was formerly Group Finance Director of Essentra plc, a component manufacturer and distributor, having previously been Director of Corporate Development, where he was responsible for multiple international acquisitions, as well as driving growth and margin improvement in the group's largest division. His early career was spent at the manufacturing and distribution division of Rank Group Plc where he was responsible for managing multinational corporations, introducing new technologies and restructuring legacy businesses. Matthew qualified as a chartered accountant at EY and has recent and relevant financial experience.

Nationality: British

- ✓ US public transportation/ travel
- ✓ UK or other public transportation/ travel
- ✓ US government contracting
- ✓ Corporate finance/ M&A
- ✓ Turnaround
- ✓ Safety
- ✓ Governance



Ryan Mangold ^F
Chief Financial Officer

Appointed: 31 May 2019

Skills and experience: Ryan was appointed as CFO in May 2019, having previously been Group Finance Director of Taylor Wimpey Plc for 8 years. Ryan has a strong track record of building strong financial discipline in the organisations he has worked at. During his time at Taylor Wimpey, Ryan played an integral role in strengthening the balance sheet and driving operational improvements; also playing a leading role in the rebuilding of the business post the financial crisis to become a constituent of the FTSE100, the sale of the North American business and the improvement of its pensions position. Ryan was previously at Anglo American group of companies, where he was Group Financial Controller at Mondi and played a significant role in its demerger from Anglo American in 2007. Ryan is a chartered accountant and has recent and relevant financial experience.

Nationality: South African/British

- ✓ Corporate finance/ M&A
- ✓ Turnaround
- ✓ Pensions
- ✓ Governance



David Robbie A R F
Senior Independent Non-Executive Director

Appointed: 2018 and became Senior Independent Director on 31 May 2019

Skills and experience: David brings valuable turnaround experience to the Board, with a lead role in the integration of P&O with Royal Nedlloyd, and operational efficiency, cash optimisation and improved ROCE programmes at Rexam following its strategic refocus from 2010. He has significant international corporate finance and M&A transaction experience. 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 CFO at Royal P&O Nedlloyd N.V. in 2004. He served as a NED of the BBC between 2006 and 2010 and as Chairman of its Audit Committee. David originally qualified as a chartered accountant at KPMG and has recent and relevant financial experience.

Other appointments: NED and member of the Audit, Nomination and Remuneration Committees of DS Smith Plc.

Nationality: British

- ✓ **UK or other public transportation/ travel**
- ✓ **Government contracting**
- ✓ **Turnaround**
- ✓ **Corporate finance/ M&A**
- ✓ **Pensions**
- ✓ **Governance**
- ✓ **Independent NED**



Jimmy Groombridge B
Group Employee Director

Appointed: 2017

Skills and experience: Jimmy was a bus driver for almost 40 years and, having worked on projects for different departments within FirstGroup, he brings a unique experience of employee engagement at all levels to the Board. He is currently an employee of First Eastern Counties, where he served as Employee Director for more than a decade. He 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".

Nationality: British

- ✓ **UK or other public transportation/ travel**
- ✓ **HR/employees**
- ✓ **Safety**



Martha Poulter A
Independent Non-Executive Director

Appointed: 2017

Skills and experience: Martha has deep expertise in technology and cyber security, specialising in the integration of new technology systems to transform and enable business performance. Throughout her career she has led technology programmes across hospitality, finance and service industries, with a strong focus on customer service and driving operational improvements and efficiencies. Martha has led and executed technology strategies across Europe, America and Asia. Most recently Martha was 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

- ✓ **UK or other public transportation/ travel**
- ✓ **Corporate finance/ M&A**
- ✓ **Turnaround**
- ✓ **IT/technology**
- ✓ **Governance**
- ✓ **Independent NED**



Julia Steyn R
Independent Non-Executive Director

Appointed: 2 May 2019

Skills and experience: Julia brings extensive knowledge of the US transport industry to the Board. Julia served as vice president, Urban Mobility and Maven at General Motors (GM) until earlier this year. Maven combines all of GM's car- and ride-sharing offerings, including its strategic alliance with Lyft, under a single personal mobility brand. Julia first joined GM in 2012 as vice president, corporate development and global M&A, to manage GM's partnerships globally while also developing merger and acquisition opportunities. Prior to this, Julia was vice president and co-managing director for Alcoa's corporate development group, having previously worked in London, Moscow and New York for Goldman Sachs and A.T. Kearney.

Nationality: American

- ✓ **UK or other public transportation/ travel**
- ✓ **US government contracting**
- ✓ **Corporate finance/ M&A**
- ✓ **Governance**
- ✓ **Independent NED**



Imelda Walsh R N B
Independent Non-Executive Director

Appointed: 2014

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 NED 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. Imelda played a central role in delivering the turnaround of J Sainsbury plc, instilling a commercial culture, great service and operational effectiveness throughout the organisation.

Other appointments: NED and Chair of the Remuneration Committees of Mitchells & Butlers plc and Aston Martin Lagonda Global Holdings plc.

Nationality: British

- ✓ HR/employees
- ✓ Pensions
- ✓ Governance
- ✓ Turnaround
- ✓ Legal
- ✓ Independent NED



Warwick Brady A
Independent Non-Executive Director

Appointed: 2014

Skills and experience: Warwick has a strong track record of delivering restructuring, cost reduction and modernisation programmes, particularly in the transportation sector. 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, during its transformation to become a FTSE100 business. 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, where he has delivered on M&A, turnarounds, complex financing and strategic re-focus to position the business for significant future shareholder value generation; and strategic Board Advisor at Vistair Systems Ltd.

Nationality: British

- ✓ UK or other public transportation/travel
- ✓ Corporate finance/M&A
- ✓ Turnaround
- ✓ Safety
- ✓ Governance
- ✓ Independent NED



Steve Gunning A F
Independent Non-Executive Director

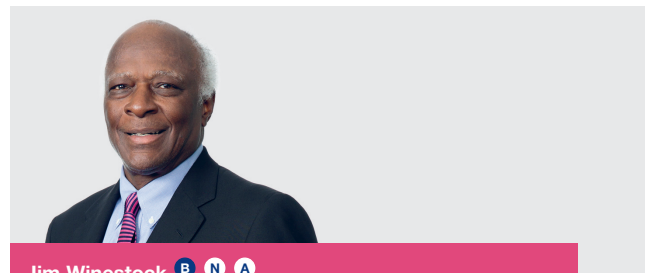
Appointed: 1 January 2019

Skills and experience: Steve has been the CFO of British Airways (BA) for the last three years and has been announced as the new CFO of International Airlines Group (the parent company of BA). Prior to that he served as CEO of IAG's Cargo Division for five years. During his career Steve has gained considerable experience leading operational turnarounds, overseeing major corporate integration processes, corporate governance and complex pension negotiations. Steve qualified as a chartered accountant at PwC and gained experience in both the UK and the US and worked in the rail, financial and manufacturing sectors. Steve has recent and relevant financial experience.

Other appointments: Director of IAG Global Business Services, Avios Group and IAG Cargo.

Nationality: British

- ✓ UK or other public transportation/travel
- ✓ Corporate finance/M&A
- ✓ Turnaround
- ✓ Pensions
- ✓ Safety
- ✓ Governance
- ✓ Independent NED



Jim Winestock B N A
Independent Non-Executive Director

Appointed: 2012

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: NED of YRC Worldwide, Inc. Jim also serves on the Board of three not-for-profit organisations in the US.

Nationality: American

- ✓ US government contracting
- ✓ Safety
- ✓ Governance
- ✓ Independent NED

APPENDIX 2: LETTER TO COAST CAPITAL DATED 14 NOVEMBER 2018



James Rasteh
Coast Capital Management, LP.
1 Rockefeller Plaza
New York, NY 10020

14 November 2018

Dear Mr Rasteh,

I refer to your letter of 6 November, and the contents therein.

The Board is focused on enhancing the long term value of FirstGroup plc (the 'Group' or the 'company') and welcomes the views of the Group's shareholders.

As you are aware, the company has engaged extensively with Coast Capital, having had 18 calls or meetings since March, and you and I have spoken at length on five occasions during that period. Prior to details from your letter appearing in the media we had already arranged for a further meeting to take place shortly after the announcement of our half year results.

Since it appears that your letter has been made available to the media and you have been quoted extensively on the suggestions you made therein, we will shortly make this response available to our major shareholders, in the interests of transparency and in order to ensure that they hear our comments directly. For the avoidance of doubt, the information about the company in this letter is publicly available.

Throughout our previous discussions, I have consistently stated that I am willing to consider all ideas and proposals that are in the best interests of all shareholders, having regard to our wider stakeholders. I will address the contents of your letter in turn below, before noting a number of other suggestions that you have made previously and that we have reviewed and responded to during our discussions, which were not referred to in your letter.

Taking the points in your letter of 6 November in turn:

- You asked that the company 'immediately commit to a **dividend** of no less than 5p per share'. The Board is committed to reinstating a sustainable dividend at the appropriate time, having regard to the Group's financial performance, balance sheet and outlook. As previously stated, the Board is of the view that currently it is in the best interests of shareholders, having regard to all of our wider stakeholders, to use the company's free cash flow to reduce leverage further and for targeted growth. Feedback from the majority of our major shareholders supports this view at present. The Board does not share your view that FirstGroup is 'under-levered', and it is not clear how you have factored important obligations of the company, such as those we owe to our pension scheme members, into your broad assessment.
- You asked that the company 'immediately take steps to replace a majority of its **Board**'; FirstGroup has a diverse Board with a range of backgrounds, nationalities and breadth of expertise. A third of the Board have specific transportation and travel industry experience. The average tenure of our non-executive Directors is less than three years, compared to an average tenure of four years for a typical UK-listed public company non-executive board member. You will be aware that all but one of the Board have been appointed since 2014, and that none of the present Board were serving at the time of the appointment of the former Chief Executive. When considering the recruitment of Directors, the Nomination Committee to the Board adopt a formal, rigorous and transparent procedure. Recently this process has resulted in the

FirstGroup plc
Registered in Scotland number 157176
395 King Street, Aberdeen AB24 5RP

appointment of Martha Poulter to the Board as non-Executive Director in May 2017; David Robbie as non-executive Director in February 2018; and the Board will be further strengthened with the appointment of Steve Gunning as a non-executive Director from 1 January 2019. Steve Gunning adds extensive financial and operational expertise, including 20 years in the transportation industry in senior roles at British Airways and other parts of International Airlines Group (IAG). Now that I have returned to a non-executive role, FirstGroup is fully compliant with the FRC Corporate Governance Code which includes specific limits on tenure and other best practice guidelines.

- As you are aware, I recently took on the role of Executive Chairman, following the departure of Tim O'Toole as **Chief Executive** in May. We have announced the appointment of Matthew Gregory as Chief Executive, following a thorough selection process which considered internal and external candidates in the UK and North America. Matthew has been interim Chief Operating Officer since May 2018, and is the right person to drive the Group's value mobilisation at pace. I will remain closely involved in reviewing all opportunities to improve the performance of our businesses and to maximise value across our portfolio.
- You asked that we 'immediately and publicly take steps to **separate the US and UK assets**'. We believe the delivery of our divisional strategies will create increased shareholder value through improved financial performance and greater cash generation. This improved performance also provides increased strategic flexibility given certain legacy structural constraints, which are well known and include our significant pension liabilities and higher coupon debt. We have discussed with you these structural constraints on possible strategic options, including for steps such as, for example, separating the UK and US assets, on various occasions. We would therefore be interested to hear the solutions you reference in your letter, when you decide to share them with us.
- With regard to our divisional **managers**, we constantly assess our teams, challenge and support them and take all necessary steps to make sure that we have the best teams in our divisions. In the last years we have focused in particular on making changes to strengthen our commercial and customer service teams.
- With respect to **sale and leaseback**, the Board is focused on employing financing strategies that have a clear and sustainable benefit for all shareholders. In that regard we make limited use of the leasing market in support of specific fleet strategies. As you will be aware, maintaining the Group's investment grade credit rating is also an important factor in our overall cost of financing.
- FirstGroup keeps its broader **financing strategies** under constant review. You will have noted our recent refinancing of a £300m bond with a coupon of 8.125%, in part with a 4.25% US Private Placement note of \$275m, thereby accelerating the reduction of the interest charge. We also recently extended our current bank facilities for further two and a half years to November 2023. I would also point out that more than 40% of our net debt is denominated in US Dollars via currency swaps.

Turning now to some of the other ideas that you have previously suggested to us, which we have considered and responded to, but were not mentioned in your letter of 6 November:

- We have reviewed and replied to your suggestion that FirstGroup should **fund a share buyback by raising up to £200m** from investors procured by Coast Capital **using a convertible preferred note paying 6-7% interest**.
- We considered your suggestion that Coast Capital would **seek to purchase a 'minority but controlling' stake in our First Student business**.
- In addition, we also reviewed and responded to your request for a **period of exclusivity in respect of a potential purchase of Greyhound**. I set out that the Board would consider all offers, however we did not consider it to be in the interests of all shareholders for us to enter into such an arrangement with Coast Capital, based on the level of your indicative proposal.

Finally, as you will have seen in our recent results, I would like to note that we are encouraged by the progress made during the first half of the year. We reported 21.6% revenue growth in constant currency, and 9.2% adjusted operating profit growth in constant currency. Furthermore, we have delivered 17.9% adjusted operating profit growth in our road businesses and £50.6m of free cashflow. Although conditions in our markets remain challenging our performance in the first half underpins the confidence we have in our unchanged outlook for the full year.

To reiterate the key points of our half year results:

- **First Student** (which accounts for approximately 45% of FY19 consensus operating profit expectations): Following a strong bid season with 92% contract retention and new business wins while delivering pricing in excess of cost inflation, we expect Student to grow its market share for the first time in a number of years. We expect to deliver improved profitability for the full year with margins consistent with best in class across its peers, and befitting its scale and market leading position
- **First Transit** (approximately 20% of FY19 consensus operating profit expectations) continues to add to its contract portfolio, adapting its business model to take advantage of its leading position in an evolving market; and delivering good profit momentum in the first half
- In **Greyhound** (approximately 5% of FY19 consensus operating profit expectations) we addressed the underperforming Western Canada business which will significantly reduce the associated losses. Having completed our review of Greyhound and its markets, a clear plan is in place to deliver at least mid-single digit margins, in the medium term
- **First Bus** (approximately 15% of FY19 consensus operating profit expectations) became the first major operator to introduce contactless payment nationwide, enhancing the customer offering and supporting the delivery of industry leading growth of 1.5%, with strong margin progression as we continue to improve our cost efficiency
- **First Rail** (approximately 15% of FY19 consensus operating profit expectations): The industry-wide challenges affecting rail are well known, but our rail portfolio as a whole has continued to deliver profit and significant net cash flow over the past five years, while working to deliver improvements for passengers, including more services and increased capacity

In summary, we are getting on with our clear divisional plans to mobilise the considerable value in the Group. I look forward to continuing a constructive dialogue with you.

In the meantime, I note your reference to being a top five shareholder, which does not appear to be consistent with the public disclosures your organisation has made to date under the regulations governing ownership of UK-listed companies. We would be grateful if you could clarify this, pursuant to section 793 of the Companies Act 2006 as we have requested on several occasions, and also with reference to section 5 of the Disclosure and Transparency Rules.

Yours sincerely,



Dr Wolfhart Hauser
Chairman

APPENDIX 3: FIRSTGROUP PLC STRATEGY UPDATE 30 MAY 2019



- FirstGroup today announces plans to rationalise our portfolio with the Group's future emphasis on First Student and First Transit, our core North American contracting businesses, which have the greatest potential to generate sustainable value and growth over time
- Accordingly, a process to sell Greyhound has commenced and we are pursuing structural alternatives to separate our First Bus operations from the Group
- We have an existing portfolio of rail franchises in the UK which we will operate in accordance with their terms
- We will secure best value for shareholders by executing these plans with pace, having regard for the regulatory procedures and stakeholder consultations, including pensions, that will be required

Portfolio rationalisation plans

FirstGroup has a portfolio of five market leading public transportation businesses in the UK and North America. The Board regularly reviews all appropriate means to mobilise the considerable value inherent in the Group, recognising that there are certain constraints and friction costs to overcome in the case of some potential options, and will continue to do so. In light of the performance improvements we have achieved through our divisional strategies, and the changes in the wider environment, we believe that the most appropriate means to deliver enhanced sustainable value is through the rationalisation of the portfolio being announced today.

Our North American contract businesses

In future our core market will be North America, and centred on First Student and First Transit, our market leading contract-based businesses, which together generated 60% of the Group's operating profits in 2019. They share increasingly similar attributes and opportunities to grow and create value, and between them we have established a strong and profitable platform in North American mobility services.

We have improved **First Student's** margins substantially to 9.5% in 2019 through a combination of our rigorous returns-based contract bidding strategy and sustained cost and process efficiencies. We are confident that our largest business is now restored to a position of generating sustainable growth, cash and returns from its multi-year contract portfolio, which remains by far the largest in the North American home-to-school bus market. Looking ahead, First Student is targeting development of complementary transportation and mobility technologies and services, entry into adjacent markets as well as organic and M&A-led growth in the home-to-school market.

First Transit has delivered long term growth as North American transit markets continue to outsource, and has built a diversified transit management contract portfolio that generates attractive returns and cash flow given the relatively modest capital requirements. We are targeting further long term growth from First Transit's core markets, particularly in shuttle and in vehicle services, and have already established our credentials in a number of attractive adjacent markets – such as commuter rail and bus rapid transit (BRT). First Transit is at the front end of the Group in capturing opportunities in Mobility as a Service (MaaS) and Shared Autonomous Vehicles (SAV). Our business is in a strong position to generate value as transit management markets continue to evolve, as we leverage our partnerships with ridesharing and other Transportation Network Companies to remain at the forefront of innovation.

First Student and First Transit are increasingly overlapping in terms of the technologies and management skillsets required to thrive in response to the market opportunities in front of them. As we drive our core contracting businesses forward we will ensure that our management and functional structures are positioned to capitalise further on the platform we have built in the emerging North American mobility services market.

Separation plans

First Bus is one of the largest operators in the UK with a fifth of the market outside of London. We have improved our offering by investing in our fleet and transforming our networks, payments systems and passenger information services to improve simplicity and convenience for customers. We have significantly improved cost efficiency in the division, through investment in operations and maintenance systems and by rationalising our footprint via network changes, depot sales and closures. As a result, First Bus margins have improved to 7.5% in 2019 and it is now on a much stronger footing as a business. First Bus has limited synergies with our other operations and, having set the business on the path to increased profitability, we believe now is the right time to pursue structural alternatives to continue this progression and deliver value to shareholders while managing the division's longer term liabilities.

Greyhound is the only operator of scheduled intercity coaches in North America, with a unique nationwide network and an iconic brand. We have invested in Greyhound to implement airline-style yield management and real-time pricing, up-to-date booking and ticketing options and improved customer communications channels. We have also reduced Greyhound's footprint in Western Canada and continue to release value by optimising its property portfolio. Greyhound has limited synergies with our other, predominantly contract-based, North American businesses and we believe that value for shareholders can best be delivered by seeking new owners that will further support the continued development of this business. As such a formal sale process for Greyhound is underway.

As part of our portfolio rationalisation plans to separate Greyhound and First Bus from the Group, we will evaluate our capital structure and capital allocation policy as we move forwards, to ensure it is optimal for supporting future growth and shareholder returns while still maintaining an appropriate balance sheet.

First Rail

We have a portfolio of separately managed rail franchise businesses in the UK which we will operate in accordance with their contractual terms. **First Rail's** goal remains to add value through our operational expertise and strong industry relationships. Our UK rail franchise portfolio has generated £330.9m in adjusted profit with net cash and dividends to the Group over the last five years. However, given our reduced expectations for our two most recently awarded franchises, we have concerns with the current balance of risk and reward being offered. We await the outcome of the UK government's review into the structure of the whole rail industry chaired by Keith Williams as it seeks to address these and other industry issues. Any future commitments to UK rail will need to have an appropriate balance of potential risks and rewards for our shareholders.

Commenting, Chief Executive Matthew Gregory said:

"Since becoming Chief Executive in November 2018, I have been focused on setting the Group on a clear path to enhance value. By executing the portfolio rationalisation plans we are announcing today, our future emphasis will be on First Student and First Transit, our core contracting businesses in North America. We see significant potential to generate long term, sustainable value and growth from the solid platforms these businesses provide in the North American mobility services sector. We are intent on executing this strategy at pace, having full regard to the regulatory and stakeholder procedures and approvals that will be required.

"In parallel with our portfolio rationalisation plans we will continue to drive forward the clear strategies now established in each of our divisions to ensure they deliver further progress and growth in existing and adjacent markets, underpinned by our plans to enhance our cost base further.

"Our plans will create a more focused portfolio, with leading positions in our core North American contracting markets, and is the most appropriate means for us to deliver enhanced sustainable value for all our stakeholders."

SHAREHOLDER STATEMENT

STATEMENT TO THE SHAREHOLDERS OF FIRSTGROUP PLC WITH RESPECT TO THE MATTERS TO BE DEALT WITH AT THE FORTHCOMING GENERAL MEETING

Supporting statement regarding proposals by State Street Nominees Limited (solely in its capacity as nominee of shares held by State Street Bank and Trust Company as sub-custodian for DBTCA, and at the direction and instruction of DBTCA, acting solely as custodian for Hermes-Golden Limited) for the General Meeting of FirstGroup PLC (“FirstGroup” or the “Company”)

Coast Capital Management LP (“**Coast Capital**” or “**we**”) is a European-focused fund manager which invests in companies that are leaders in growing and profitable industries, but trade at very low valuations on depressed earnings. We are long term investors, and work with leading experts in our invested industries to formulate value creation plans. Coast Capital controls Hermes-Golden Limited.

Coast Capital has been invested in FirstGroup for many years, has defended the company from hostile takeover attempts, and has on numerous occasions done its best to reason with FirstGroup’s current board. We asked the Company nearly 18 months ago to appoint board members with transportation experience, and are yet to see any satisfactory appointment. Our fellow investors have asked for a corporate structure that allows the Company’s different divisions to flourish, only to be categorically ignored. The board has forgotten that it is answerable to the Company’s shareholders, employees, and clients – not the other way around.

Evidence of the board’s failings are too numerous to present in this communication – we ask our fellow investors to refer to www.savefirstgroup.co.uk. We have no choice at this juncture but to ask for the immediate resignations of the following board members: Mr. Wolfhart Hauser, Mr. Matthew Gregory, Ms. Imelda Walsh, Mr. Steve Gunning, Mr. James Winestock, and Ms. Martha Poulter.

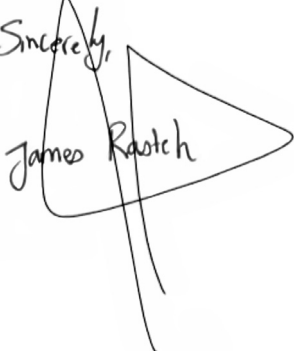
We propose the nomination of a wonderful and experienced group of independent directors who are passionate about ensuring that FirstGroup achieves its full potential. The nominees are:

- **Mr. Steve Norris:** Mr. Norris, a former UK Minister of Transport, has successfully chaired FTSE listed companies and is an unrivalled expert in UK transportation (as well as infrastructure and property – all of which are pertinent skills for FirstGroup). Not long after leaving Parliament, Steve became Chairman of the London bus company Capital CityBus, which he turned around with great success and sold to FirstGroup, thereby becoming Chairman of FirstGroup’s London Bus Operations. Steve has spent months developing a detailed, operationally focused turn-around plan for FirstGroup, and has identified many top performing managers in the sector who will be thrilled to work with him (and who will not join FirstGroup with this current board).
- **Mr. Bob Stefanowski:** Mr. Stefanowski has over 30 years of experience in finance, operational turnarounds, strategy, board governance and regulatory compliance in both Europe and the US. Mr. Stefanowski has previously served as CFO of UBS, CEO of DFC Global (whose operations experienced an important improvement in performance under his leadership), and Chairman of 3i. Most recently, Mr. Stefanowski was elected as the Republican Candidate for Governor of the State of Connecticut.
- **Mr. David Martin:** Mr. Martin was previously the CEO of Arriva, a leading multinational public transport company based in the UK – where he played a pivotal role in the transformation of Arriva from a UK motor retail company into a major pan-European transport services group. He brings an extraordinary degree of pertinent expertise on the transportation sector.
- **Mr. Jim Compton:** Mr. Compton is the former Vice Chairman and Chief Revenue Officer of United Airlines. During his tenure, he helped United to develop one of the most sophisticated

revenue optimization programs of any airline in North America (a continent where FirstGroup generates 70% of its earnings). In addition to his passion for network optimization, revenue maximization, and the development of public transportation companies, Mr. Compton brings a valuable history of developing world class marketing initiatives, e-commerce strategies, and alliances.

- **Elizabeth Filkin, CBE** Former Parliamentary Standards Commissioner Elizabeth Filkin has served important roles in both the private and public sectors. She chairs TecSOS, The Employers' Initiative on Domestic Abuse, and The Independent Advisory Board of Marston Holdings. Elizabeth previously led Citizens Advice, The Revenue Adjudicator, and was an Independent Advisor to the Metropolitan Police Service (MPS). She was Deputy Chief Executive at the London Docklands Development Authority, where she led a major housing programme and developed schools, colleges and health centres. Elizabeth has dedicated her career to the amelioration of her community and country and is passionate about the role of public transport in modern life. This passion will serve FirstGroup well, as will her experiences as chairman/director at Annington Homes, Britannia Building Society, HBS, Logica, and Jarvis.
- **Ms. Patricia Barron:** Ms. Barron (an English and American National) has enjoyed an illustrious career as a senior executive at leading companies in both the US and the UK. Patricia was previously the president of the Xerox Engineering Division, President of the Office Products Division, and Chief Information Officer. Patricia left Xerox in peak performance, and has additionally served as a leading executive and director at various corporate and non-profit organizations, with great success. She brings notable expertise in corporate governance and technology, is an advocate for women empowerment within the corporation, and was recognised as one of the Top 100 Board members in the world by the National Association of Corporate Directors.
- **Mr. Uwe Doerken:** Previously, Mr. Doerken headed the transportation practice and was a key partner at McKinsey in Europe. He left this position to become the president and chairman of DHL Deutsche Post – where he built the largest global express package shipping company. In that process, Mr. Doerken identified and helped his company to take advantage of powerful growth opportunities. He led and successfully integrated over a hundred acquisitions. His strategic vision and extraordinary track record of maximizing opportunities in the transportation industry are skills that the Company sorely needs and certainly deserves.

We are most excited about this group's value-creative plans, and urgently ask our fellow investors to help ensure that this thoughtful and competent board is appointed to lead the Company in the right direction for the first time in nearly a decade.

Sincerely,
James Rastch

THIS DOES NOT REPRESENT THE VIEWS OF YOUR BOARD

NOTICE OF GENERAL MEETING

FirstGroup plc

(incorporated and registered in Scotland with registered number SC157176)

NOTICE IS HEREBY GIVEN that a general meeting of FirstGroup plc (the “**Company**”) will be held at 2.00 p.m. on 25 June 2019 at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, Holborn, London, WC2B 5DA for the purpose of considering the ordinary resolutions below (the “**Resolutions**”).

The Resolutions have been requisitioned pursuant to section 303 of the Companies Act 2006 by State Street Nominees Limited, a registered shareholder of the Company acting, ultimately, as custodian for Hermes-Golden Limited, a company managed by Coast Capital Management LP (“**Coast Capital**”).

You will be asked to consider and, if thought fit, to pass the Resolutions which will be proposed as ordinary resolutions.

ORDINARY RESOLUTIONS:

- (a) THAT Wolfhart Gunnar Hauser be and is with effect from the end of the meeting removed as a director of the Company.
- (b) THAT Matthew Gregory be and is with effect from the end of the meeting removed as a director of the Company.
- (c) THAT Imelda Mary Walsh be and is with effect from the end of the meeting removed as a director of the Company.
- (d) THAT Stephen William Lawrence Gunning be and is with effect from the end of the meeting removed as a director of the Company.
- (e) THAT James Frank Winestock be and is with effect from the end of the meeting removed as a director of the Company.
- (f) THAT Martha Cecilia Poulter be and is with effect from the end of the meeting removed as a director of the Company.
- (g) THAT any person appointed as a director of the Company since the date of the requisition (excluding for the avoidance of doubt, Ryan Mangold) of the general meeting of the Company at which this resolution is proposed, and who is not one of the persons referred to in the resolutions numbered (a) to (f) (inclusive) above, be and is with effect from the end of the meeting removed as a director of the Company.
- (h) THAT Steven John Norris be and is hereby appointed as an additional director of the Company (and the maximum number of directors of the Company be increased to the extent necessary for such purpose).
- (i) THAT Bob Vincent Stefanowski be and is hereby appointed as an additional director of the Company (and the maximum number of directors of the Company be increased to the extent necessary for such purpose).
- (j) THAT David Robert Martin be and is hereby appointed as an additional director of the Company (and the maximum number of directors of the Company be increased to the extent necessary for such purpose).
- (k) THAT Jim Edward Compton be and is hereby appointed as an additional director of the Company (and the maximum number of directors of the Company be increased to the extent necessary for such purpose).
- (l) THAT Elizabeth Jill Filkin be and is hereby appointed as an additional director of the Company (and the maximum number of directors of the Company be increased to the extent necessary for such purpose).

- (m) THAT Patricia Carol Barron be and is hereby appointed as an additional director of the Company (and the maximum number of directors of the Company be increased to the extent necessary for such purpose).
- (n) THAT Uwe Rolf Doerken be and is hereby appointed as an additional director of the Company (and the maximum number of directors of the Company be increased to the extent necessary for such purpose).

Dated: 4 June 2019

Registered office:
395 King Street
Aberdeen
AB24 5RP

NOTES TO THE NOTICE OF 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 meeting and voting in person. In the case of joint holders, any one holder may vote. If more than one holder is present at the meeting, 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 meeting. A proxy need not be a shareholder of the Company. 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. 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 at their discretion on any other resolution or other matter which is put before the General Meeting.

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 2.00 p.m. on 21 June 2019 (UK time) (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 meeting). 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 meeting (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 2.00 p.m. on 21 June 2019. 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.

Attendance and voting

- 5 Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Register of Members of the Company at 6.30 p.m. on 21 June 2019 (UK time) (or, in the event of any adjournment, at 6.30 p.m. UK time on the date which is two business days prior to the adjourned meeting). In each case, changes to the Register of Members after such time will be disregarded.
- 6 Voting at the meeting will be conducted by way of a poll and not by a show of hands. 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 meeting 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 meeting 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.
- 7 Persons who are not shareholders of the Company or their duly appointed representatives will not be admitted to the meeting unless prior arrangements have been made with the Company.
- 8 Any shareholder with special needs wishing to attend the meeting should contact Company Secretariat so that appropriate arrangements can be made (telephone: +44 (0)20 7291 0505).

Right to ask questions

- 9 Any shareholder 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.
- 10 Shareholders who have general queries about the meeting 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 8.30 a.m. to 5.30 p.m., 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

- 11 Security measures will be in place to ensure your safety at the meeting. All those present at the meeting 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 meeting. Mobile phones may not be used in the meeting and cameras, video recorders, laptop computers and similar equipment may not be taken into the meeting. Anyone attempting to take photos, or to record or film proceedings, may be asked to leave.

Indirect investors

- 12 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 meeting.

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.

- 13 The statement of the rights of shareholders in relation to the appointment of proxies in explanatory note 12 above does not apply to Nominated Persons. The rights described in explanatory note 12 can only be exercised by shareholders of the Company.

Corporate representatives

- 14 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.

Website

- 15 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/general-meeting

Voting Results

- 16 The results of the voting at the meeting 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

- 17 As at 31 May 2019 (being the latest practicable date prior to the publication of this Notice of Meeting), the Company's issued share capital consists of 1,214,673,274 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 31 May 2019 (being the latest practicable date prior to the publication of this Notice of Meeting) is 1,214,516,045.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

Annual General Meeting	means the annual general meeting of the Company;
Board	means the board of directors of the Company;
Coast Capital	means, collectively, Coast Capital Management LP and Coast Capital LLC;
Coast Capital Resolutions	means the resolutions proposed by State Street Nominees Limited (acting as custodian for a company managed by Coast Capital) in its Notification of the Requisition of General Meeting and set out in the Notice on pages 22 to 26 of this document;
Company or FirstGroup	means FirstGroup plc, registered in Scotland with registered number SC157176 with its registered office at 395 King Street, Aberdeen, AB24 5RP;
CREST	means the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the UK, of which CRESTCo is the operator (as defined in the CREST Regulations);
CREST Manual	means the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms);
CREST Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001/3755);
CRESTCo	means Euroclear UK & Ireland Limited;
Directors	means the directors of the Company and Director shall mean any one of them;
EPS	means earnings per share;
First Bus	means the business of the Group's " First Bus " transportation division, operating in the UK;
First Rail or Rail	means the business of the Group's " First Rail " transportation division, operating in the UK;
First Student	means the business of the Group's " First Student " student transportation service, operating in North America;
First Transit	means the business of the Group's " First Transit " transit service, operating in North America, Puerto Rico, Panama and India;
Form of Proxy	means the form of proxy for use at the General Meeting enclosed with this document;
FY2019	means the financial year to 31 March 2019;
General Meeting	means the general meeting of the Company meeting to be held at 2.00 p.m. on 25 June 2019 at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, Holborn, London,

	WC2B 5DA, notice of which is set out at pages 22 to 26 of this document;
Greyhound	means the business of the Group's " Greyhound " transportation division, operating in North America;
Group	means the Company and its subsidiaries and subsidiary undertakings from time to time;
IFRS	means the International Financial Reporting Standards;
North America	means, collectively, the USA and Canada;
Notice	means the notice of the General Meeting set out at pages 22 to 26 of this document;
Notification of the Requisition of General Meeting	means the notice of the requisition of the General Meeting served on the Company by State Street Nominees Limited (acting as custodian for a company managed by Coast Capital) and dated 17 May 2019;
Register of Members	means the statutory register of members of the Company;
Shareholders	means a holder of ordinary shares of 5p each in the capital of the Company;
UK	means the United Kingdom of Great Britain and Northern Ireland; and
USA or US or United States	means the United States of America, its territories and possessions and any state of the United States and the District of Columbia.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension of it.

All references to time in this document (including the Notice of the Requisition General Meeting) are to London time.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

