



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

File #: R2019-423, Version: 1

RESOLUTION CLASS 6(B) REAL ESTATE TAX INCENTIVE FOR THE BENEFIT OF GREYHOUND LINES, INC., A DELAWARE CORPORATION, AND REAL ESTATE LOCATED GENERALLY AT 3900-3946 SOUTH NORMAL AVENUE IN CHICAGO, ILLINOIS PURSUANT TO COOK COUNTY, ILLINOIS TAX INCENTIVE ORDINANCE, CLASSIFICATION SYSTEM FOR ASSESSMENT

WHEREAS, the Cook County Board of Commissioners has enacted the Cook County Tax Incentive Ordinance, Classification System for Assessment, as amended from time to time (the "County Ordinance"), which provides for, among other things, real estate tax incentives to property owners who build, rehabilitate, enhance and occupy property which is located within Cook County, Illinois and which is used primarily for industrial purposes; and

WHEREAS, the City of Chicago (the "City"), consistent with the County Ordinance, wishes to induce industry to locate and expand in the City by supporting financial incentives in the form of property tax relief; and

WHEREAS, Greyhound Lines, Inc., a Delaware corporation (the "Applicant"), owns certain real estate located generally at 3900-3946 South Normal Avenue, Chicago, Illinois 60609, as further described on Exhibit A hereto (the "Subject Property"); and

WHEREAS, the Applicant intends to construct an approximately 45,425 square foot industrial facility on the Subject Property; and

WHEREAS, the redevelopment objective of the City in connection with the Subject Property is to support the retention of the Applicant's operations within the City, retain existing jobs, create new jobs and attract investment in and around the Subject Property; and

WHEREAS, it is intended that the Applicant will use the Subject Property to operate a bus maintenance and repair facility (the "Intended Use"); and

WHEREAS, the Applicant has filed an eligibility application for a Class 6(b) tax incentive under the County Ordinance with the Office of the Assessor of Cook County (the "Assessor"); and

WHEREAS, the Subject Property is located within the Stockyards Annex Redevelopment Project Area (created pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et. seq., as amended, and pursuant to an ordinance enacted by the City Council of the City), and the purpose of Redevelopment Project Areas is also to provide certain incentives in order to stimulate economic activity and to revitalize depressed areas; and

WHEREAS, it is the responsibility of the Assessor to determine that an application, for a Class 6(b) classification or renewal of a Class 6(b) classification is eligible pursuant to the County Ordinance; and

WHEREAS, the County Ordinance requires that, in connection with the filing of a Class 6(b) eligibility application with the Assessor, the applicant must obtain from the municipality in which such real estate that is proposed for Class 6

(b) designation is located a resolution expressly stating, among other things, that the municipality has determined that the incentive provided by the Class 6(b) is necessary for development to occur on such real estate and that the municipality supports and consents to the Class 6(b) classification by the Assessor; and

WHEREAS, the Intended Use of the Subject Property will provide significant present and future employment; and

WHEREAS, notwithstanding the Class 6(b) status of the Subject Property, the redevelopment and utilization thereof will generate significant new revenues to the City in the form of additional real estate taxes and other tax revenues; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1: That the City determines that the incentive provided by Class 6(b) is necessary for the development to occur on the Subject Property.

SECTION 2: That the City supports and consents to the Class 6(b) classification by the Assessor with respect to the Subject Property.

SECTION 3: That the Economic Disclosure Statement, as defined in the County Ordinance, has been received and filed by the City.

SECTION 4: That the Clerk of the City of Chicago is authorized to and shall send a certified copy of this resolution to the Assessor, and a certified copy of this resolution may be included with the Class 6(b) eligibility application filed with the Assessor by the Applicant, as applicant, in accordance with the County Ordinance.

SECTION 5: That this resolution shall be effective immediately upon its passage and approval.

EXHIBIT A

Legal Description of the Property

(Subject to verification by title policy)

PARCEL 1: SUBPARCEL 1:

LOT 1, EXCEPT THE WEST 10 FEET THEREOF; LOT 4, EXCEPT THE WEST 10 FEET THEREOF AND LOT 5, EXCEPT THE WEST 10 FEET THEREOF IN BLOCK 2 IN TAYLOR AND KREIGH'S SUBDIVISION OF THE

EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

SUBPARCEL 2:

LOTS 8 AND 9, TAKEN AS A TRACT IN BLOCK 2 IN TAYLOR AND KREIGH'S SUBDIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF THE SECTION 4, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, EXCEPT THAT PART OF SAID TRACT FALLING IN THE PREMISES DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 14.6 FEET NORTH OF THE SOUTH LINE OF LOT 9 AND 10.00 FEET EAST OF THE WEST LINE OF LOT 9, THENCE NORTH ALONG A LINE 10 FEET EAST OF AND PARALLEL TO THE WEST LINE OF SAID LOTS 8 AND 9, A DISTANCE OF 142.00 FEET TO A POINT, THENCE EAST AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A DISTANCE OF 120.06 FEET TO A POINT OF INTERSECTION WITH A CURVE CONVEX TO THE SOUTHEAST THE RADIUS OF WHICH IS 195.87 FEET AND THE TANGENT OF WHICH DRAWN THROUGH SAID POINT OF INTERSECTION WOULD FORM AN ANGLE WITH THE LAST ABOVE MENTIONED LINE OF 81 DEGREES 47 MINUTES 57 SECONDS MEASURED FROM WEST TO SOUTHWEST, THENCE SOUTHWESTERLY ALONG SAID DESCRIBED CURVE, A DISTANCE OF 16.11 FEET TO POINT OF COMPOUND CURVE; THENCE SOUTHWESTERLY ALONG A CURVE TANGENT TO THE LAST DESCRIBED CURVE CONVEX TO THE SOUTHEAST THE RADIUS OF WHICH IS 168.90 FEET A DISTANCE OF 96.24 FEET TO A POINT OF COMPOUND CURVE THEN SOUTHWESTERLY ALONG A CURVE TANGENT TO THE LAST DESCRIBED CURVE CONVEX TO THE SOUTHEAST, THE RADIUS OF WHICH IS 184.96 FEET A DISTANCE OF 83.66 FEET MORE OR LESS TO THE POINT OF BEGINNING

AND EXCEPT THAT PART OF SAID TRACT LYING EAST OF A LINE DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE NORTH LINE OF SAID LOT 8, WHICH IS 154.08 FEET WEST OF THE NORTHEAST CORNER THEREOF; THENCE SOUTHWESTERLY 11.51 FEET ON A LINE FORMING AN ANGLE OF 77 DEGREES 00 MINUTES 20 SECONDS FROM EAST TO SOUTHEAST. THENCE SOUTHWESTERLY ALONG SAID CURVED LINE WITH A RADIUS OF 196.76 FEET, A DISTANCE OF 279.80 FEET TO AN INTERSECTION WITH THE SOUTH LINE OF LOT 9. AFORESAID, AT A POINT 26.09 FEET EAST OF THE SOUTHWEST CORNER OF SAID LOT 9.

3

SUBPARCEL 3:

THAT PART OF LOTS 8 AND 9 IN BLOCK 2, IN TAYLOR AND KREIGH'S SUBDIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF A LINE DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE NORTH LINE OF SAID LOT 8 WHICH IS 154.08 FEET WEST OF THE NORTHEAST CORNER THEREOF; THENCE SOUTHEASTERLY 11.51 FEET ON A LINE FORMING AN ANGLE OF 77 DEGREES 00 MINUTES 20 SECONDS FROM EAST TO SOUTHEAST WITH THE NORTH LINE OF SAID LOT 8 TO THE POINT OF TANGENCY OF A CURVED LINE CONVEX TO THE SOUTHEAST, THENCE SOUTHWESTERLY ALONG SAID CURVED LINE WITH A RADIUS OF 196.76 FEET, A DISTANCE OF 279.80 FEET TO AN INTERSECTION WITH THE SOUTH LINE OF LOT 9, AFORESAID, AT A POINT 26.09 FEET EAST OF THE SOUTHWEST CORNER OF SAID LOT 9

SUBPARCEL 4:

LOTS 7 AND 10, TAKEN AS A TRACT IN BLOCK 2 IN TAYLOR AND KEIGH'S SUBDIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, EXCEPT THE EAST 10 FEET OF SAID TRACT AND EXCEPT THAT PART OF SAID TRACT FALLING IN THE PREMISES DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF AFORESAID LOT 7; THENCE DUE EAST ALONG THE NORTH LINE OF SAID LOT 7, A DISTANCE OF 292.92 FEET TO A POINT ON THE WEST LINE OF THE 20 FOOT ALLEY (SAID WEST LINE OF ALLEY BEING ALSO THE WEST LINE OF THE EAST 10 FEET OF SAID LOT 7); THENCE 00 DEGREES 15 MINUTES EAST ALONG SAID WEST LINE OF ALLEY, A DISTANCE OF 51.80 FEET TO A POINT; SAID POINT BEING 67 FEET NORTH OF THE SOUTH LINE OF AFORESAID LOT 7; THENCE DUE WEST ALONG THE NORTH LINE OF THE SOUTH 67 FEET OF AFORESAID LOT 7, A DISTANCE OF 125.42 FEET TO A POINT; THENCE NORTH 85 DEGREES, 31 MINUTES 30 SECONDS WEST ALONG A STRAIGHT LINE, A DISTANCE OF 167.90 FEET TO A POINT ON THE WEST LINE OF AFORESAID LOT 7, ALSO BEING 79.32 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 7; THENCE NORTH ALONG THE WEST LINE OF SAID LOT 7, A DISTANCE OF 39.46 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

Continued on next page

4

SUBPARCEL 5:

THAT PART OF LOTS 6 AND 9 (EXCEPT THE WEST 10 FEET OF EACH OF SAID LOTS) IN BLOCK 2 IN TAYLOR AND KEIGH'S SUBDIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 36 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 14.16 FEET NORTH OF THE SOUTH LINE OF LOT 9 AND 10 FEET EAST OF THE WEST LINE OF SAID LOT 9; THENCE NORTH ALONG A LINE 10.0 FEET EAST OF AND PARALLEL TO THE WEST LINE OF SAID LOTS 6 AND 9, A DISTANCE OF 142.00 FEET TO A POINT, THENCE EAST AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A DISTANCE OF 120.06 FEET TO A POINT OF INTERSECTION WITH A CURVE CONVEX TO THE SOUTHEAST, THE RADIUS OF WHICH IS 195.87 FEET AND THE TANGENT OF WHICH DRAWN THROUGH SAID POINT OF INTERSECTION WOULD FORM AN ANGLE WITH THE LAST ABOVE MENTIONED LINE OF 81 DEGREES, 47 MINUTES, 57 SECONDS MEASURED FROM WEST TO SOUTHWEST, THENCE SOUTHWESTERLY ALONG SAID DESCRIBED CURVE, A DISTANCE OF 16.11 FEET TO A POINT OF COMPOUND CURVE, THENCE SOUTHWESTERLY ALONG A CURVE TANGENT TO THE LAST DESCRIBED CURVE CONVEX TO THE SOUTHEAST, THE RADIUS OF WHICH IS 166.90 FEET, A DISTANCE OF 95.24 FEET TO A POINT OF COMPOUND CURVE. THENCE SOUTHWESTERLY ALONG A CURVE TANGENT TO THE LAST DESCRIBED CURVE CONVEX TO THE SOUTHEAST, THE RADIUS OF WHICH IS 164.96 FEET, A DISTANCE OF 83.66 FEET, MORE OR LESS TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

SUBPARCEL 6:

THAT PART OF LOTS 8 AND 9 IN BLOCK 2 IN TAYLOR AND KEIGH'S SUBDIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4. TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL

MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 14.16 FEET NORTH OF THE SOUTH LINE OF LOT 9 AND 10.0 FEET EAST OF THE WEST LINE OF SAID LOT 9; THENCE NORTH ALONG A LINE 10.0 FEET EAST OF AND PARALLEL TO THE WEST LINE OF SAID LOTS 8 AND 9, A DISTANCE OF 142.00 FEET TO A POINT; THENCE WEST AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A DISTANCE OF 10.0 FEET TO THE WEST LINE OF SAID LOT 8; THENCE SOUTH ALONG THE SAID WEST LINE OF SAID LOTS 8 AND 9 A DISTANCE OF 142.00 FEET; THENCE EAST AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A DISTANCE OF 120.0 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

Continued on next page

5

SUBPARCEL 7:

THE EAST 10 FEET OF LOT 10; TOGETHER WITH THE EAST 10 FEET OF LOT 7, LYING SOUTH OF AND ADJOINING A LINE 156.16 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID LOT 10, IN BLOCK 2 IN TAYLOR AND KEIGH'S SUBDIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 2:

LOTS 2, 3 AND 6 IN BLOCK 2 IN TAYLOR AND KEIGH'S SUBDIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH THAT PART OF LOT 7 IN AFORESAID BLOCK 2, DESCRIBED AS FOLLOWS: FOR THE FOLLOWING COURSES THE NORTH LINE OF LOT 7 IS CONSIDERED AS VEERING DUE EAST AND WEST, COMMENCING AT THE NORTHWEST CORNER OF AFORESAID LOT 7; THENCE DUE EAST IN THE NORTH LINE OF SAID LOT 7 A DISTANCE OF 292.29 FEET TO A POINT IN THE WEST LINE OF THE 20 FOOT ALLEY (SAID WEST LINE OF ALLEY BEING ALSO THE WEST LINE OF THE EAST 10 FEET OF SAID LOT 7); THENCE SOUTH 0 DEGREES 15 MINUTES EAST IN SAID WEST LINE OF ALLEY A DISTANCE OF 51.80 FEET TO A POINT, SAID POINT ALSO BEING 67.00 FEET NORTH OF THE SOUTH LINE OF AFORESAID LOT 7; THENCE DUE WEST IN THE NORTH LINE OF THE SOUTH 67.0 FEET OF AFORESAID LOT 7, A DISTANCE OF 124.42 FEET TO A POINT; THENCE NORTH 85 DEGREES 31 MINUTES 30 SECONDS WEST IN A LINE A DISTANCE OF 167.90 FEET TO A POINT IN THE WEST LINE OF AFORESAID LOT 7, ALSO BEING 79.32 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 7; THENCE NORTH IN THE WEST LINE OF SAID LOT 7 A DISTANCE OF 39.48 FEET TO THE POINT OF BEGINNING. IN COOK COUNTY, ILLINOIS

PARCEL 3:

PARCEL 3: ALL THAT PART OF BLOCK 1 IN SUPERIOR COURT SUBDIVISION OF THE WEST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH AND EAST OF A STRIP OF LAND 15 FEET IN WIDTH IN SAID BLOCK 1, OCCUPIED BY THE CHICAGO JUNCTION RAILWAY COMPANY'S RIGHT OF WAY FOR SWITCH TRACK CONNECTIONS WITH ITS MAIN LINE RIGHT OF WAY, THE CENTER LINE OF WHICH STRIP IS DESCRIBED

AS FOLLOWS: BEGINNING AT A POINT ON THE NORTH LINE OF SAID BLOCK 1, 132.75 FEET EAST OF THE WEST LINE OF SAID BLOCK; THENCE SOUTH ON A LINE PARALLEL WITH AND 132.75 FEET EAST OF THE WESTLINE OF SAID BLOCK 397.55 FEET TO A POINT;

6

THENCE 1NA SOUTHEASTERLY DIRECTION ON A TANGENTIAL CURVED LINE CONVEX TO THE SOUTHWEST, HAVING A RADIUS OF 200 FEET, TO ITS INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF
THE CHICAGO JUNCTION RAILWAY COMPANY, 17.17 FEET WEST OF THE EAST LINE OF SAID BLOCK 1, IN COOK COUNTY, ILLINOIS.

Index Numbers:

and

Permanent Tax 20-04-104-001; 20-04-104-002; 20-04-104-004; 20-04-104-010; 20-04-104-012: 20-04-104-013; 20-04-104-014; 20-04-104-015; 20-04-104-016;

Address: 3900-3946 South Normal; Chicago, IL 60609

7

CITY OF CHICAGO AFFIDAVIT FOR COOK COUNTY CLASS 6b TAX

INCENTIVE

On behalf of Greyhound Lines, Inc. (the "Applicant"), I hereby certify, represent and warrant the following to the City of Chicago:

1. Attached as Exhibit 1 hereto and hereby incorporated herein is a true and correct Disclosure of the Ownership Interests of the Applicant as set forth in Cook County's Code of Ethical Conduct (Cook County, 111., Code, Ch. 2, Art. VII, Div. 2, Subdiv. VI, Section 2-610), including but not limited to a true and correct list of all real estate owned in Cook County, Illinois by the Applicant, including all permanent index numbers associated with such real estate.
2. Attached as Exhibit 2 hereto and hereby incorporated herein is a true and correct Cook County Incentives Class Living Wage Ordinance Affidavit ("Living Wage Affidavit") for the Applicant. The Applicant hereby represents and warrants that it shall provide a Living Wage Affidavit to the City for any lessees of the Subject Property (as hereinafter defined) who enter into a lease for the Subject Property on or after July 1, 2020.
3. The Applicant is not delinquent in the payment of any property taxes administered by Cook County or by a local municipality.
4. The Applicant is in compliance with all applicable laws, as required by the Cook County Real Property Assessment Classification Ordinance, as amended from time to time (the "Classification Ordinance").

Under penalty of perjury, I hereby certify, represent and warrant that I have the knowledge and the authority to provide this Affidavit to the City of Chicago on behalf of the Applicant. This Affidavit shall be deemed to be the Applicant's Economic Disclosure Statement, as defined in the Classification Ordinance. The Applicant hereby submits this Affidavit to the City of Chicago for purposes of complying with the provisions of the Classification Ordinance.

I hereby acknowledge that the City of Chicago has not, and will not independently verify the certifications, representations and warranties contained herein. I further acknowledge that the City of Chicago is entitled to and is in fact relying upon the certifications, representations and warranties contained herein in connection with its support and consent for the Class 6b application of the Applicant to the Office of the Assessor of Cook County, Illinois pursuant to the Classification Ordinance in connection with property located at
3490 South Normal Ave., Chicago, IL
in Chicago, Illinois (the "Subject Property").

I understand and acknowledge that if the certifications, representations or warranties contained herein are untrue in any respect, the support and consent of the City of Chicago for the Class 6b classification of the Subject Property may be revoked, and other penalties at law or in equity may apply.

APPLICANT:

Name of Company: Greyhound Lines, Inc.

By:

Attorney Print Name of Signatory:

--J^rikaMcCormack

Print Title of Signatory: CKig-p f;rvxrvci«Jl Q^r

Signed and sworn before me on

at Dall as

(StateW^t-VcJLBU^^^:^^

(Sbv^ft 2A^ Zqli (Date)

JCounty) TEM?"

. (Notary Public)

My Commission expires on Hi^-H / ^)

EXHIBIT 1

See attached Cook County Disclosure of Ownership Interests of the Applicant.

CONTRACT #:

COOK COUNTY DISCLOSURE OF OWNERSHIP INTEREST STATEMENT

The Cook County Code of Ordinances (§2-610 et seq.) requires that any Applicant for any County Action must disclose information concerning ownership interests in the Applicant. This Disclosure of Ownership Interest Statement must be completed with all information current as of the date this Statement is signed. Furthermore, this Statement must be kept current, by filing an amended Statement, until such time as the County Board or County Agency shall take action on the application. The information contained in this Statement will be maintained in a database and made available for public viewing. County reserves the right to request additional information to verify veracity of information contained in this statement.

If you are asked to list names, but there are no applicable names to list, you must state NONE. An incomplete Statement will be returned and any action regarding this contract will be delayed. A failure to fully comply with the ordinance may result in the action taken by the County Board or County Agency being voided.

"Applicant" means any Entity or person making an application to the County for any County Action.

'County Action' means any action by a County Agency, a County Department, or the County Board regarding an ordinance or ordinance amendment, a County Board approval, or other County agency approval, with respect to contracts, leases, or sale or purchase of real estate.

'Person' "Entity" or 'Legal Entity' means a sole proprietorship, corporation, partnership, association, business trust, estate, two or more persons having a joint or common interest, trustee of a land trust, other commercial or legal entity or any beneficiary or beneficiaries thereof.

This Disclosure of Ownership Interest Statement must be submitted by :

1. An Applicant for County Action and

2. A Person that holds stock or a beneficial interest in the Applicant and is listed on the Applicant's Statement (a "Holder") must file a Statement and complete #1 only under Ownership Interest Declaration.

Please print or type responses clearly and legibly. Add additional pages if needed, being careful to identify each portion of the form to which each additional page refers.

This Statement Is being made by the ☐ Applicant or ☐ Stock/Beneficial Interest Holder

This Statement Is an: ☒ Original Statement or ☐ Amended Statement

Identifying Information: Name Greyhound Lines,
Inc

D/B/A: ; FEIN # Only: ^gmw

Street Address: 600 Vina Street

City: Cincinnati

State: OH

Zip Code: 45202

Phone No.: 513-419-8693

Fax Number

Email: andreww.pugh@fir3tgroup.com

<mailto:andreww.pugh@fir3tgroup.com>

Cook County Business Registration Number: .

(Sole Proprietor, Joint Venture Partnership)

Corporate File Number (if applicable):

Form of Legal Entity:

☐ Sole Proprietor ☐ Partnership ☒ Corporation. ☐ Trustee of Land Trust

☐ Business Trust ☐ Estate ☐ Association ☐ Joint Venture

☐ Other(desenbe)

EDS-6

J

CONTRACT #:

Ownership Interest Declaration:

1. List the name(s), address, and percent ownership of each Person having a legal or beneficial interest (including ownership) of more than five percent (5%) in the Applicant/Holder.

| Name | Address | Percentage Interest in Applicant/Holder |
|------|---------|---|
|------|---------|---|

See attached Schedule of Ownership Interests in Applicant

2. If the interest of any Person listed in (1) above is held as an agent or agents, or a nominee or nominees, list the name and address of the principal on whose behalf the interest is held.

| Name of Agent/Nominee | Name of Principal | Principal's Address |
|-----------------------|-------------------|---------------------|
| N/A | | |

3. Is the Applicant constructively controlled by another person or Legal Entity? (☐ Yes ☒ No)
If yes, state the name, address and percentage of beneficial interest of such person, and the relationship under which such control is being or may be exercised.

| Name | Address | Percentage of Relationship Beneficial Interest |
|------|---------|--|
|------|---------|--|

No

Corporate Officers, Members and Partners Information:

For all corporations, list the names, addresses, and terms for all corporate officers. For all limited liability companies, list the names, addresses for all members. For all partnerships and joint ventures, list the names, addresses, for each partner or joint venture.

| Name | Address | Title (specify title of Officer, member, partner, or partner/joint venture) | Term of Office |
|------|---------|---|----------------|
| | | | -- |

Executive Officers and Directors of Applicant

Declaration (check the applicable box):

- fx) I state under oath that the Applicant has withheld no disclosure as to ownership interest in the Applicant nor reserved, any information, data or plan as to the intended use or purpose for which the Applicant seeks County Board or other County Agency action.

| | I state under oath that the Holder has withheld no disclosure as to ownership interest nor reserved any information required to be disclosed.

EDS-7

Schedule A
Schedule of Executive Officers and Directors of Applicant

| Name | Title |
|---------------------|------------------------------------|
| David S. Leach | President & CEO / Director |
| William Blankenship | Chief Operating Officer |
| Scott Spivey | Vice President / Director |
| Chandrika McCormack | Chief Financial Officer |
| Andrew Kaplinsky | Chief Commercial Officer |
| Michael Petrucci | SVP, General Counsel and Secretary |
| Rhonda MacAndrews | SVP Human Resources |
| Mike Walker | VP Technical Operations |
| David Phillips | VP, GPX |
| Christina Cahall | Asst. Treasurer |
| Tricia Martinez | Asst. Secretary |
| Christa McAndrew | Asst. Secretary |
| Nancy Eliason | Asst. Secretary |
| Brian Beechem | Asst. Secretary |

Schedule B
Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant |
|---------------------------------------|---|----------------------------------|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest |
| FirstGroup plc. | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |

1. REAL ESTATE OWNERSHIP DISCLOSURES.

The Applicant must indicate by checking the appropriate provision below and providing all required information that either a) The following is a complete list of all real estate owned by the Applicant in Cook County:

permanent index number(S): See attached.

(ATTACH SHEET IF NECESSARY TO LIST ADDITIONAL INDEX NUMBERS)

OR:

b) The Applicant owns no real estate in Cook County.

2. EXCEPTIONS TO CERTIFICATIONS OR DISCLOSURES.

If the Applicant is unable to certify to any of the Certifications or any other statements contained in this EDS and not explained elsewhere in this EDS, the Applicant must explain below:

i

If the letters, "NA", the word "None" or "No Response" appears above, or if the space is left blank, it will be conclusively presumed that the Applicant certified to all Certifications and other statements contained in this EDS.

DISCLOSURE OF OWNERSHIP INTEREST - 3

Greyhound Lines, Inc. Real Estate Ownership Disclosures - Attachment

Terminal: 608-630 W. Harrison, Chicago, IL PIN's:

o17-16-125-005

o17-16-126-012

Garage: 901 N. Halsted, Chicago, IL - PIN's:

o17-05-410-004

o17-05-410-005

o17-05-410-006

o17-05-410-007

o17-05-410-008

o17-04-315-007

o17-04-315-008

o17-04-328-006

Approved as to form

By /s/ C. J. McConnell
Attorney

COOK COUNTY DISCLOSURE OF OWNERSHIP INTEREST STATEMENT SIGNATURE PAGE

-Cbaftdrika McConnack

Name of Authorized Applicant/Holder Representative (please print or type)

CJ McConnell

Signature

E-mail address

Title

Date

04/21/2022

Phone Number

Subscribed to and sworn before me
this 21st day of April, 2022.

Notary Public Signature

Notary Public: MICHAEL BRUCE ERICKSON, Notary Public, State of Texas, Commission Expires 04-24-2021, Notary ID 12S26799S

EXHIBIT 2

See attached Living Wage Affidavit for the Applicant.

Incentives Class Living Wage Ordinance Affidavit

as agent for the applicant set forth below, who
is seeking a classification incentive as referenced below, I do hereby state under oath as follows:

1. As the agent for the applicant set forth below, I have personal knowledge as to the facts stated herein.
2. The property identified by PIN(s) with commonly known address(es), listed in Exhibit A attached and herein incorporated, are/is the subject of a pending application/renewal (circle as appropriate) for one of the following development incentives provided by the Code of Ordinances of Cook County, Chapter 74, Article II, Division 2, The Cook County Real Property Assessment Classification Ordinance, Sec.74-60 et seq., as amended:

Class 8 (Industrial property)

3. I have reviewed the Code of Ordinances of Cook County, Chapter 34, Article IV, Division 1 and The Cook County Living Wage Ordinance, Sec. 34-127 et seq., as amended (the "Ordinance"), and certify that the applicant is in compliance with the above referenced Cook County Living Wage Ordinance, due to one of the following options (check as appropriate):

Applicant is currently paying a living wage to its employees, as defined in the Ordinance.

OR

X Applicant is not required to pay a living wage, pursuant to the Ordinance.

Attorney
Furtlter affiant sayeth not.

£kv-

Agent's Signature

SS-o /v. c>*,I S-f; IX(Ui XX 7^ol

Agent's Mailing Address

Greyhound Lines, Inc.

Applicant's Name andreww.pugh@firstgroup.com <<http://firstgroup.com>>
Applicant's e-mail address

ChandrikaMcCamack

Agent's Name & Title

Agent's Telephone Number
600 Vine Street, Suite 1400
Cincinnati, OH 45202
Applicant's Mailing Address

Subscribed and sworn before me this^/ dny of .SspTe^g-gra^ 20 \ \$>
/I

Signature of Notary Public

>*&V"X MICHAEL BRUCE ERICKSCml Notary Public. State o» Texas l&ffijM Comm. Expires 04-24-2021 Notary ID 125267995
mil

EXHIBIT A

PIN(s)

Common Address

| | |
|---------------------------|-------------------------------|
| <u>20-04-104-001-0000</u> | <u>559 West Pershing Road</u> |
| <u>20-04-104-002-0000</u> | <u>547 West Pershing Road</u> |
| <u>20-04-104-004-0000</u> | <u>525 West Pershing Road</u> |
| 20-04-104-010-0000 | 3940 South Normal Avenue |
| 20-04-104-012-0000 | 3940 South Normal Avenue |
| 20-04-104-013-0000 | 3926 South Normal Avenue |
| 20-04-104-014-0000 | 3955 South Wallace Street |
| 20-04-104-015-0000 | 3937 South Wallace Street |
| 20-04-104-016-0000 | 3947 South Wallace Street |

)

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I ~ GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Greyhound Lines, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☒ the Applicant

OR

2. ☐ a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name:

OR

3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 600 Vine Street, Suite 1400

Cincinnati, OH 45202

C. Telephone: 513-419-8693

Fax:

Email: andrew.pugh@firstgroup.com

<mailto:andrew.pugh@firstgroup.com>

D. Name of contact person: Andrew Pugh

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this EDS? Dept- Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification H

and Contract #

Ver.2018-I

Page 15 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing ☐ Person
☐ Publicly registered business corporation ☒ Privately held business corporation ☐ Sole proprietorship ☐
General partnership ☐ Limited partnership ☐ Trust

☐ Limited liability company
☐ Limited liability partnership
☐ Joint venture
☐ Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
☐ Yes ☐ No ☐ Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☒ Yes ☐ No ☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Schedule A
Schedule of Executive Officers and Directors of Applicant

| Name | Title |
|---------------------|------------------------------------|
| David S. Leach | President & CEO / Director |
| William Blankenship | Chief Operating Officer |
| Scott Spivey | Vice President / Director |
| Chandrika McCormack | Chief Financial Officer |
| Michael Petrucci | SVP, General Counsel and Secretary |
| Rhonda MacAndrews | SVP Human Resources |
| Mike Walker | VP Technical Operations |
| David Phillips | VP, GPX |
| Christina Cahall | Asst. Treasurer |
| Tricia Martinez | Asst. Secretary |
| Christa McAndrew | Asst. Secretary |
| Nancy Eliason | Asst. Secretary |
| Brian Beechem | Assfc Secretary |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|------|------------------|--------------------------------------|
|------|------------------|--------------------------------------|

See attached Schedule B.

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? ☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Schedule B
Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant | |
|--|---|----------------------------------|---|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest | |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest | |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest | |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest | |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest / | |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest | |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest | |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest | |
| FirstGroup pic | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest | |
| Name (indicate whether retained or anticipated to be retained) | Business Address (subcontractor, attorney, lobbyist, etc.) | Relationship to Disclosing Party | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |
| DLA Piper LLP (US) (retained) | 444 W. Lake | Suite 900, Chicago, IL 60606 | Attorney \$5,000 (est.) |

(Add sheets if necessary)

☐ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only If the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or

performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that Compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes ☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes ☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

Ii. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in

paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes

☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes

☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes

☐ No

☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes

☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any

contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below; (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Greyhound Lines, Inc.

(Print or type exact legal name of Disclosing Party)

(Sign here)

Christa McAndrew
(Print or type name of person signing)

Assistant Secretary
(Print or type title of person signing)

Notary Public

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a

limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes

☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes

☐ No, ☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com) generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This

certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Laidlaw Transportation Holdings, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: Greyhound Lines, Inc.

OR

3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 600 Vine Street. Suite 1400
Cincinnati, OH 45202

C. Telephone: 513-419-8693 Fax: Email: andrew.pugh@firstgroup.com
<mailto:andrew.pugh@firstgroup.com>

D Name of contact person- Andrew Pugh

E. Federal Employer Identification No. (if you have one): _

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this EDS? Pep*- Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification U _ and Contract #

Ver.2018-1

Page of 15

SECTION II DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

☐ J Person

☐ Publicly registered business corporation ☒ Privately held business corporation

☐ Sole proprietorship

☐ General partnership

☐ Limited partnership

☐ Trust

☐

☐ 1 f .1 ☐

Limited liability company Limited liability partnership Joint venture

Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?

☐ Yes ☐ No ☐ Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☐ Yes

☒ No

☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the

entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

Schedule A

Schedule of Executive Officers and Directors of Laidlaw Transportation Holdings, Inc.

| Name | Title |
|------------------|----------------------|
| Dennis Maple | President / Director |
| Scott Spivey | CFO / Director |
| Michael Petrucci | Assistant Secretary |
| Nancy Eliason | Assistant Secretary |
| Brian Beechem | Assistant Secretary |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|------|------------------|--------------------------------------|
|------|------------------|--------------------------------------|

See attached Schedule B.

SECTION III » INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partners) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Schedule B **Schedule of Ownership Interests in Applicant**

| Name | Business Address | Percentage Interest in Applicant |
|---------------------------------------|---|---|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |

| | | |
|-----------------------------------|---|------------------------|
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest |
| FirstGroup pic | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |

| | | | |
|---|-------------------------|---|--|
| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |
|---|-------------------------|---|--|

(Add sheets if necessary)

☒ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☐ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or

other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page -4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

~~any "Affiliated Entity" (meaning a person or entity that, directly or indirectly, controls the~~

Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity:

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5) (Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ELCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article 1 is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes ☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes ☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

* 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it

will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes

☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes

☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes

☐ No

☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes | ☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Ver.2018-1

Page 10 of 15

SECTION VII ~ FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Laidlaw Transportation Holdings, Inc.
(Print or type exact name of Disclosing Party)

By: iJ^f^W
(Sign here)

Michael Petrucci
(Print or type name of person signing)

Assistant Secretary
(Print or type title of person signing)

Signed and sworn to before me on (date)

at Hamilton; County, Ohio (state).

[Notary Public

Commission expires:

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes ☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☐ No ☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>). generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or odier professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Laidlaw Transportation, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: Greyhound Lines, Inc.

OR

- 3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 600 Vine Street, Suite 1400

Cincinnati, OH 45202

C. Telephone: 513-419-8693

Fax:

Email:

andreww.pugh@firstgroup.com

<mailto:andreww.pugh@firstgroup.com>

D. Name of contact person: Andrew Pugh

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this EDS? Dept. Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ; and Contract #

SECTION II « DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- ☐ Person
☒ Publicly registered business coiporation ☒ Privately held business corporation
☐ Sole proprietorship
☐ General partnership
☒ Limited partnership
☐ Trust
☐ Limited liability company
☐ Limited liability partnership
☒ Joint venture
☐ Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
☐ Yes ☐ No ☐ Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☐ Yes ☒ No ☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess

of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

Schedule A
Schedule of Executive Officers and Directors of Laidlaw Transportation, Inc.

| Name | Title |
|------------------|---|
| Scott Spivey | Chief Financial Officer / Director |
| Michael Petrucci | SVP, General Counsel & Secretary / Director |
| Christa McAndrew | Asst. Secretary |
| Nancy Eliason | Asst. Secretary |
| Brian Beechem | Asst. Secretary |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|-------------|-------------------------|---|
|-------------|-------------------------|---|

See attached Schedule B.

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation: _

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? ☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Schedule B
Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant |
|---------------------------------------|---|----------------------------------|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest |
| FirstGroup plc | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |

| | | | |
|---|-------------------------|---|--|
| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |
|---|-------------------------|---|--|

(Add sheets if necessary)

☒ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☐ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph applies only if the Matter is a contract ~~being handled by the City's Department of Procurement Services.~~] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).
5. Certifications (5), (6) and (7) concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").¹

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public

officer or employee of the City or the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best-of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes

☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes

☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure

requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities, registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes ☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes ☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes ☐ No ☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes ☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII -

- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ediics <<http://www.cityofchicago.org/Ediics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Laidlaw Transportation, Inc.

(Print or type exact legal name of Disclosing Party)

(Sign here)

Christa McAndrew

(Print or type name of person signing)

Assistant Secretary

(Print or type title of person signing)

Signed and sworn to before me on (date) 5-2-22 /

at Hamilton County, Ohio (state).

Page 15 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as

any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section U.B.I.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes ☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of IS

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant

identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☐ No ☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of .15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from

current or former employers. T also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

FirstGroup International, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on

B. Business address of the Disclosing Party: 600 Vine Street, Suite 1400
Cincinnati, OH 45202

■D. Name, of contact person- Andrew Pugh

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this EDS? Pept- Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # Ver.2018-1 ■ and Contract # Page 1 of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing [] Person
 [] Publicly registered business corporation [x] Privately held business corporation [] Sole proprietorship []
 General partnership [] Limited partnership [] Trust

f J Limited liability company
☐ Limited liability partnership
☐ Joint venture
☐ Not-for-profit corporation
 (Is the not-for-profit corporation also a 501(c)(3))?
☐ Yes ☒ No ☐ Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☐ Yes

☒ No

☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 5

Schedule A

Schedule of Executive Officers and Directors of FirstGroup International, Inc.

| Name | Title |
|------------------|---|
| Scott Spivey | Chief Financial Officer / Director |
| Michael Petrucci | SVP, General Counsel & Secretary / Director |
| Christina Cahall | Asst. Treasurer |
| Christa McAndrew | Asst. Secretary |
| Nancy Eliason | Asst. Secretary |
| Brian Beechem | Asst. Secretary |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|------|------------------|--------------------------------------|
|------|------------------|--------------------------------------|

See attached Schedule B.

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

I has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partners) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Schedule B

Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant |
|--|---|---|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest |
| FirstGroup pic | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) |
| | | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |

(Add sheets if necessary)

☒ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;

- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- ~~any "Affiliated Entity" (meaning a person or entity that, directly or indirectly, controls the~~ Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Vcr.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. '

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of IS

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN COT BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes ☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☒ Yes

☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

H. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

☒ 1. The Disclosing Party verifies "that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "N A" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes ☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations?

(See 41 CFR Part 60-2.)

☐ Yes

☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes

☐ No

L J Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes

☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

FirstGroup International, Inc.

(Print or type exact legal name of Disclosing Party)

(Sign here)

Cliff McAndrew

(Print or type name of person signing)

Assistant Secretary

(Print or type title of person signing)

before me on (date) 3 Apr 2022,

County, Ohio

a* J. Daniel Elmer

Notary Public

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section ILB.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes ☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☐ No ☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☒ JYes

☐ No

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This

certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

FirstGroup US Holdings ..

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: Greyhound Lines, Inc. .

OR

3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section D.(BX1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: . 395 King. Street, Aberdeen, AB24 5RP, UK

C. Telephone: +4412224 650 043 Fax: Email: sshnmiLGUbot@vitgroup.com

D. Name of contact person: Silvana Glibota-Vigo

E. Federal Employer Identification No. (if you have one): ;:-

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South r^nria Avenue.

G. Which City agency or department is requesting this EDS? Dept- Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification of and Contract to .__

Ver.2018-1

Page 15 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input type="checkbox"/> Limited liability company |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation % |
| <input type="checkbox"/> General partnership | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input checked="" type="checkbox"/> Other (please specify) |
| | Private Unlimited Company |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: United Kingdom

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☐ Yes ☒ No ☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Schedule A

Schedule of Executive Officers and Directors of FirstGroup US Holdings

| Name | Title |
|-----------------|-------------------|
| Michael Hampson | Company Secretary |
| Nick Chevis | Director |
| Duncan Collie | Director |
| Will Forbes | Director |
| Matthew Gregory | Director |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|------|------------------|--------------------------------------|
|------|------------------|--------------------------------------|

See attached Schedule B.

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the

12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure, i

Page 3 of 15

Schedule B
Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant |
|---------------------------------------|---|----------------------------------|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest |
| FirstGroup pic | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |

| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |
|---|------------------|--|---|
|---|------------------|--|---|

(Add sheets if necessary)

☒ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or

entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

T. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page4of15

Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities "Notified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing

any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section TV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly; controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5) (Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or

partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 LLCs 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or ~~charged with a crime, or has been convicted of, or has been found guilty of, or has been sentenced to, or has been placed under~~ supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1 -23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

Contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

j 1. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a

political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2- 32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of IS

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes ☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ J Yes

☐ J No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

CERTIFICATION REGARDING SLAVERY ERA BUSINESS

please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

 * 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes ☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes ☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes ☐ No ☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[] Yes [] No

If you checked "No" to question (1) or (2) above, please provide an explanation:

t

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT BVELIGDJBLJTY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City. i

FirstGroup US Holdings I (Print or type exact legal name of Disclosing Party)

(Sign here)

(Print or type name of person signing)

Signed and sworn to before, me on (date) W
Notary Public

Commission expires:

IUETr1

SALLY FELIX OA SILVA - NOTARY PUBLIC

My commission expires with life

9 Cartos Place London W1K 3AT

44 (0) 20 7489 ?fir>ft
»www.notarypublicMandan:cam notaiY@nolafYpublicihlondon.coin <mailto:notaiY@nolafYpublicihlondon.coin>

Page 12 ci IS

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if* as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section H.B.1.&, if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes ☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX B

BUILDING CODE VIOLATION/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem

landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☐ No ☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.arnlegal.com ☐ <http://www.arnlegal.com> ☐ generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy

that includes those prohibitions.

☒ Yes

☐ No

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Ver.201 S-1

Page 15 of 15

t

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

FirstGroup American Investments

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant
OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on
2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the
2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal
2. name: Greyhound Lines, Inc. ____

OR

3. (☐) a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 395 King Street, Aberdeen, AB24 5RP, UK

C. Telephone: +4412324 650 043 Fax: Email: suvaiR.Giibon-vigo@Bfitgroup.com

<<mailto:suvaiR.Giibon-vigo@Bfitgroup.com>>

D. Name of contact person: Silvana Glibota-Vigo

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this BPS? Dept- Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification for and Contract #

Vcr.2018-I Page 1011?

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE* OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input type="checkbox"/> Limited liability company |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input checked="" type="checkbox"/> Other (please specify) |
| | Private Unlimited Company |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: United Kingdom

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois

as a foreign entity?

☐ Yes ☒ No ☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

I. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name . Title
See attached Schedule A.

1. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a t

Ver.2018-!

Page 2 of IS

Schedule A

Schedule of Executive Officers and Directors of FirstGroup American Investments

| Name | Title |
|-----------------|-------------------|
| Michael Hampson | Company Secretary |
| Nick Chevis | Director |
| Duncan Collie | Director |
| Will Forbes | Director |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|--------------------------|------------------|--------------------------------------|
| See attached Schedule B. | | |

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the

12-month period preceding the date of this EDSY ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City

elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partners) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

»

Page 3 of 15

Schedule B Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant |
|---------------------------------------|---|----------------------------------|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup-American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |

| | | |
|-----------------------------------|--|------------------------|
| FirstGroup Investment Corporation | 600 Vine Street, Suite 140.0* Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investment Limited | 8th Floor, The Point, 37 North Wharf Road, London, \V2 JAF..UK | 100% Indirect Interest |
| FirstGroup plc | 395 King Street, Aberdeen, • AB24 5RP, UK | 100% Indirect Interest |

| | | | |
|--|------------------|--|---|
| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |
|--|------------------|--|---|

(Add sheets if necessary)

fx J Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in

the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

She -Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities initiated in Section 11(B)(1) of this EDS:

- are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b; have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction: a violation of federal or state antitrust statutes; fraud: embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government any state, or any other unit of local government

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC

Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

« the Disclosing Party;

- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV/"Disclosure of Subcontractors and Other Retained Parties");

- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility, of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party,

i any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. Violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance),
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1.) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (f) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or ~~convicted with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for,~~ any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the I J.S. F.P.A on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

if the Disclosing Party is unable to certify to any of the above statements in this Part B (Further justifications), the Disclosing Party must explain below:

None

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none; indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party is a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes ☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes ☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the matter will be acquired by any City official or employee.

»

Ver. 2018-1 Page 8 of 15

10'

E. CERTIFICATION REGARDING SLAVERY FRA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

I. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes ☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes ☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes ☐ No ☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes ☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

joN VH - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

^isclosmg Paily undci-staxids and agrees that:

^ . The certifications, disclosures, and acknowledgments contained in this EDS will become part of any Contract or other agreement between the Applicant and the City in connection with the Matter, whether "(procurement, City assistance, or other City action, and are material inducements to the City's execution ."• of any contract or taking other action with respect to the Matter. The Disclosing Pai ty understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics. 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must' comply fully with flu's ordinance.

C. If the City determines that any information provided in this EDS is false; incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of die information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom ofInformation Act-request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City iri,connection with the public release of information contained in this EDS and'olso authorizes the City to verify the accuracy of dny information submitted in this EDS.

E. The information provided in this EDS must be kept current: In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. Ifthe Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article f (imposing PERMANENT INELIGIBILITY for certain specified offenses), the infonnation provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page II ofJ5

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

FirstGroup American Investments
(Pri nt or type exact legal name of Disclosi ng Party)

(Sign here)

(Print or type name of person signing)

Co wwy^ K9M^ SBOK-en-^^^

(Print or type title of person signing)

84UYFBUX PA 6IJM ? NSfARV PUBUC
My wmmJMjo/) 8»(rie? wffli life
9 CsilW PteofUfdon W1K 3AT <4 (0)20 7489 2605
Kw^rtBiypubldnlonon.epm notary Sri otatypubfldnlonon.cqm

Page 12 of 15

!
i }

i

CITY OF CHICAGO 'j ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

T Jnder MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption; parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-

law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section n.B.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes ☒ No-

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity of which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODES OF J.B.1AW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☒ Yes

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a "building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX C

f PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

"This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>). generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385,*I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No,,

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

t

Page 15 of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- ☐ Person
☐ Publicly registered business corporation ☒ Privately held business corporation
☐ Sole proprietorship
☐ General partnership
☐ Limited partnership
☐ Trust
☐ Limited liability company
☐ Limited liability partnership
☐ Joint venture
☐ Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
☐ Yes ☐ No ☐ Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable-Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☒ Yes ☐ No ☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

Schedule A
Schedule of Executive Officers and Directors of FirstGroup America, Inc.

| Name | Title |
|------------------|---|
| Scott Spivey | Chief Financial Officer / Director |
| James Tippen | SVP Finance / Director |
| Michael Petrucci | SVP, General Counsel & Secretary / Director |
| Christina Cahall | Asst. Treasurer |
| Christa McAndrew | Asst. Secretary |
| Nancy Eliason | Asst. Secretary |
| Brian Beechem | Asst. Secretary |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|------|------------------|--------------------------------------|
|------|------------------|--------------------------------------|

See attached Schedule B.

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interests).

SECTION IV ~ DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Schedule B **Schedule of Ownership Interests in Applicant**

| Name | Business Address | Percentage Interest in Applicant |
|---------------------------------------|---|---|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest |

FirstGroup pic 395 King Street, Aberdeen, 100% Indirect Interest
AB24 5RP, UK

| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |
|--|------------------|--|---|
|--|------------------|--|---|

(Add sheets if necessary)

☒ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V ~ CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity ("see definition in (5) below") has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |
|--|------------------|--|---|
|--|------------------|--|---|

(Add sheets if necessary)

fx] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[J Yes [] No lx] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[] Yes [] No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
«arty "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32. explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ J Yes

☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes

☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name

Business Address

Nature of Financial Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

☒ 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any

person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law. a member of Congress, an officer or employee of Congress, or an employee
Ver.2018-1 Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes ☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes ☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes ☐ No ☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes ☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

- A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
- B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.
- C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.
- D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.
- E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article 1 (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this FDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Thi Group America, Inc.
(Print or type exact legal name of Disclosing Party)

By: [Signature]
(Sign here)

Chen McAndrew
(Print or type name of person signing)

Assistant Secretary
(Print or type title of person signing)

Signed and sworn to before me on

County, Ohio

Pat, 0 12 11 f IS

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND

DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed,, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes

☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX B

BUILDING CODE SPOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☒ Yes ☐ No ☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

TTiis Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>). generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

FirstGroup Investment Corporation

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: Greyhound Lines, Inc.

OR

3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 600 Vine Street, Suite 1400
Cincinnati, OH 45202

C. Telephone: 513-419-8693 Fax: Email: andreww.pugh@firstgroup.com
<mailto:andreww.pugh@firstgroup.com>

D. Name of contact person: Andrew Pugh

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this EDS? Dept. Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1 PageToFls

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- ☐ Person ☐
☐ Publicly registered business coorporation ☐ J
☒ *Privately held business corporation* ☐ { }
☐ Sole proprietorship ☐
☐ General partnership (Is
☐ Limited partnership
; ☐ Trust ☐

Limited liability company Limited liability partnership Joint venture Not-for-profit coorporation the not-for-profit corporation also a 501(c)(3))?

☐ Yes ☐ No Other (please specify)

2. For, legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☐ Yes ☒ No ☐ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which, are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or Indirectly controls the day-to-day inaiiaguicciit ofthe Applicant.—

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name - Title
See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% ofthe Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Schedule A

Schedule of Executive Officers and Directors of FirstGroup Investment Corporation

| Name | Title |
|------------------|---|
| Scott Spivey | Chief Financial Officer / Director |
| Michael Petrucci | SVP, General Counsel & Secretary / Director |
| Christina Cahall | Asst. Treasurer |
| Christa McAndrew | Asst. Secretary |
| Nancy Eliason | Asst. Secretary |
| Brian Beechem | Asst. Secretary |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|------|------------------|--------------------------------------|
|------|------------------|--------------------------------------|

See attached Schedule B.

SECTION HI - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? ☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner^ and describe the financial interest(s). : ■

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose

employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Schedule B
Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant |
|---|---|--|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstBus Investments Limited | 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF, UK | 100% Indirect Interest |
| FirstGroup plc | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) |
| | | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. |

(Add sheets if necessary)

[x] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain

in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No I* ☐ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 5

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal,

state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, of in any criminal or civil action, including actions, concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity): Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government,
- including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC 2-92-320(a)(4)(Contracts Requiring a Base Wage)] charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or

in the name of any other person or entity in the Matter?

☐ Yes

☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes

☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check, either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

^x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by . the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Vcr.2018-1" Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and

must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

☐ Yes ☐ No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

☐ Yes

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

☐ Yes ☐ No ☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

☐ Yes ☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500. Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this F.DS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

FirstGroup Investment Corporation
(Print or type exact legal name of Disclosing Party)

(Sign here)

Ch r i s i a McAndrew
(Print or lype name of person signing)

Assistant Secretary
(Print or type title of person signing)

at Hamilton

County, Ohio-
Notary Public

Commission expires:

hute 11 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes ☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☐ No ☒ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of J5

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-3 8 5(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes

☐ No

☒ N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no"

to the above, please explain.

Page 15 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

FirstBus Investments Limited

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant
OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on
2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the
2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal
2. name: Greyhound Lines, Inc. .

OR

3. ☐ a legal entity with a direct or indirect right of control of the Applicant (see Section DfBXI)) State the legal name of the
entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 8th floor. The Point, 37 North Wharf Road, London, W1A 1AF, UK

C. Telephone: ⁴⁴⁴12224350 043

fax:

Email: sayin^Giihotii-viBoannttyniiDjnm

D. Name of contact person: Silvana Glibota-Vigo

E. Federal Employer Identification No. (if you have one): ,

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this EDS? Pept- Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

Vei.2018-1

Page 1 of IS

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing

☐ Person

☒ Publicly registered business corporation

☐ Privately held business corporation

☒ Sole proprietorship

☐ General partnership

☐ Limited partnership

☐ Trust

Party:

☐ Limited liability company

☒ Limited liability partnership

☐ Joint venture

☐ Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

☐ Yes ☐ No ☒ Other (please specify)

Private Limited Company

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: United Kingdom

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

☒ Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general

partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an FJDS on its own behalf.

Name Title See attached Schedule A.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Ver.2018-1

Page 2 of 15

Schedule A

Schedule of Executive Officers and Directors of FirstBus Investments Limited

| Name | Title |
|-----------------|-------------------|
| Michael Hampson | Company Secretary |
| Nick Chevis | Director |
| Duncan Collie | Director |
| Will Forbes | Director |

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity, If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

| Name | Business Address | Percentage Interest in the Applicant |
|-------------|-------------------------|---|
|-------------|-------------------------|---|

See attached Schedule B.

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the

12-month period preceding the date of this EDS? ☐ Yes ☒ No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City

elected official during the 12-month period following the date of this EDS? ☐ Yes ☒ No

If "yes" to either of the above, please identify below the name(s) of such City elected officials) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

☐ Yes ☒ No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Schedule B Schedule of Ownership Interests in Applicant

| Name | Business Address | Percentage Interest in Applicant |
|---------------------------------------|---|----------------------------------|
| Laidlaw Transportation Holdings, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Direct Interest |
| Laidlaw Transportation, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup International, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup US Holdings | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup American Investments | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |
| FirstGroup America, Inc. | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| FirstGroup Investment Corporation | 600 Vine Street, Suite 1400, Cincinnati, OH 45202 | 100% Indirect Interest |
| KirstBus Investments Limited | 8th Floor, The Point, 37, North Wharf Road, London, W2 1AIM, UK | 100% Indirect Interest |
| FirstGroup plc | 395 King Street, Aberdeen, AB24 5RP, UK | 100% Indirect Interest |

| Name (indicate whether retained or anticipated) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, | Fees (indicate whether paid or estimated.) NOTE: |
|---|------------------|--|--|
|---|------------------|--|--|

to be retained)

lobbyist, etc.)

"hourly rate" or "t.b.d." is
not an acceptable response.

(Add sheets if necessary)

☒ Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

☐ Yes ☐ No ☒ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

☐ Yes ☐ No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MGG Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics),

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section TV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the ~~Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under~~ common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared, facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, (any Contractor or any Affiliated Entity (collectively "Agents")).

Page 5 of 12

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid. a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(C6nrracts Requiring a Base Wage); (a){5}(Bebarmeit Regulations); or (a)(6XMiriimurn Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.'
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" fsecMCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery', theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article 1 is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1 -23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

i^ctor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

. j j; if the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 1-2-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally; available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION ;

1. The Disclosing Party certifies that the Disclosing Party (check one)

☐ is ☒ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here ("attach additional pages if necessary):

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

☐ Yes ☒ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

☐ Yes

☐ No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

| Name | Business Address | Nature of Financial Interest |
|------|------------------|------------------------------|
|------|------------------|------------------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

CERTIFICATION REGARDING SLAVERY ERA BUSINESS

please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

* 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including, the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE. If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying

Disclosing Party with respect to the Matter: (Add sheets if necessary):

" -

(If no explanation appears or begins on the lines above, or if the letters "NA" or the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay

any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any

person or entity to influence or attempt to influence an officer or employee of any agency, as defined

by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Vi-r.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501 (c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations..

Is the Disclosing Party the Applicant?

1 Yes

[] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.) ☐ Yes ☐ No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
☐ Yes ☐ No ☐ Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
☐ Yes ☐ No

If you checked "No" to question (1) or (2) above, please provide an explanation:

t

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance,

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information; contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of IS

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

FirstBus Investments Limited

(Print or type exact legal name of Disclosing Party)

(Sign here) (Print or type name of person signing) (Print

or type title of person signing)

Signed and sworn to before me on (date) JZ- AprV \ "Z-Q ^ *\
at L 0(0'00(0 eet^, r3K)(^/\fijpc£[X(f_-^ *o ,

ft It? % S'.Ikv

Notary Public Commission expires:

SALLY FELIX OA SILVA - NOTARY PUBLIC

My commission expires with life

3 Ca/los Place London W1K 3AT

44(0)20 7499 260\$

www.notarypubliclondon.com

<<http://www.notarypubliclondon.com>>ntfary@

Page 12 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the

Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

☐ Yes

☒ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX
B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"), it is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes ☒ No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

☐ Yes

☐ No

☒ The Applicant is not publicly traded on any exchange,

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

i

Ver.2018-1

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING[^] - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

☐ Yes ☒ No

[x] N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as

the affidavit required by MCC Section 2-92-385(e)(l). If you checked "no" to the above, please explain. j

Page 15oi'15

4

FirstGroup pic
Annual Report and Accounts 2018

Our vision is to provide solutions for an increasingly congested world... keeping people moving and communities prospering.

FirstGroup pic is a leading transport operator in the UK and North America. With £6.4 billion in revenue and around 100,000 employees, we transported 2.1 billion passengers last year. Each of our five divisions is a leader in its field:

i First Bus

! One of the largest bus operators in I tho UK, transporting 1 6m passengers ■ a day. with a of the market ! outside London.

| Passengers per day

1.6m

Buses In operation

5,800

i CD See page 18

First Student

Tho largest provider of student transportation in North America -twice the size of the next largest competitor.

Student journeys per day

5m

Number of yellow buses

42,000

©See page 12

First Transit

First Transit is one of the largest private sector providers of public transit management and contracting in North America.

Vehicles owned or operated

12,600

Passengers transported a year

340m

© See page 14

Journey destinations

4,000

First Rail

One of the UK's largest and most experienced rail operators, carrying more than 260m passengers last year across our three franchises and open access operation.

Passenger miles

7.4bn

Franchise payments to Government

£227m

® See page 20

Our North American divisions

Our three North America-based divisions First Student, First Transit and Greyhound generated a combined 10% of our revenue in 2018

- First Student
- First Transit
- Greyhound
- Greyhound Express
- Affiliated Greyhound Lines

Our UK divisions

With three First Rail franchises, our open access rail operation and our local First Bus operations, we offer services throughout the country.

i Contents Strategic report

Chairman's statement

i Chief Executive's report Our markets

Our strategy and business model

Business review

Corporate responsibility

■ Key performance indicators Principal risks and uncertainties

i Financial review

i Governance

Board of Directors

About the Board

i Governance framework

i Corporate governance report

i Directors' remuneration report

Directors' report and additional disclosures Directors' responsibility statement

04 06 JOB 10 12 23 30 34 40

46 48 49 SO 68 95 98

Financial statements

j Consolidated income statement

Consolidated statement of comprehensive income 101

.■v;'.!-">s-'

TransPennine Express - South Western Railway " First Bus operations

102

Consolidated balance sheet

Notes to the consolidated financial statements Independent auditor's report

Consolidated statement of changes in equity 103

Consolidated cash flow statement ' 104

105 157

: Group financial summary

i Company balance sheet

' Statement of changes in equity

! Notes to the Company financial statements

Shareholder information

Financial calendar Glossary

FirstGroup Annual Report and Accounts 2018

Financial summary of theyear

•> Group revenue +1.0% in constant currency excluding benefit of new South Western Railway (SWR) franchise and 53rd week

¹⁸ Adjusted¹ operating profit decreased by 10.4% in constant currency excluding SWR and 53rd week, reflecting Greyhound long haul challenges, severe weather effects on both sides of the Atlantic in the final quarter and ongoing US drive shortages, partially offset by good performances in UK divisions in the year

^B Balance sheet strengthened by net cash flow of C199.0m and bond refinancing

■ Stable adjusted EPS in constant currency, reflecting lower finance costs and change to US tax rates

H Net cash inflow of £110.5m (2017: C147.2m including proceeds from sale of a Greyhound terminal) before First Rail start of franchise cash flows, and C199.0m after SWR start of franchise cash flows of C88.5m

■ Reported net debt: EBITDA improved to 1.5 times (2017:1.9 times); Rail ring-fenced cash adjusted net debt: EBITDA improved to 21 times (2017: 2.3 times)

H Statutory loss before tax £326.9m (2017: profit of £152.6m), reflecting £277.3m Greyhound goodwill and other asset impairments, £106.3m TransPennine Express (TPE) onerous contract provision and other adjusting items

a Statutory EPS was (24.6)p (2017:9.3p)

Revenue

(,tr % <+! Groo!')

| | | |
|------------------|------------------|---|
| • Ri si Stu jsnf | '~ . ~?7. /° l | |
| • his; Transit | 17% | I |
| • C3rov*f uJurKi | 11% ^l | |
| • o IWRs | ... "14% | ! |
| • -l hr-K l-!>ii | 31% | i |

Adjusted operating profit*

(8S % Of ;,irt;J0)

Adjusted revenue

£6,398.4m

2017: E5,653.3m

Change in constant Change currency¹

Statutory revenue

+132% +140% £6,398.4m

2017: £5,653.3m

Statutory operating (loss)/profit

(4 3)% £(196.2)m

(6.5)%

Adjusted¹ operating profit

£317.0m

2017:£339.0m

2017: £283.6m

Adjusted* operating profit margin

2017:6.0%

Statutory (loss)/profit before (ax

5.0%

(ioo)bps oobps £(326.9)m

Statutory EPS

(12)% (24.6)p

2017: C152.6m

Adjusted¹ profit before tax

£197.0m (4 8>%

2017:9 3p

+3.4%

2017: E207.0m Adjusted¹ EPS

12.3p <o.8)%

2017- 12.4p

(17.0)% (15.5)%

Net debt*

£1,070.3m

2017: E1,289.9m

1 -Viju-.iw.J fir.it,'io; lli:-Min<ul lhis docr-i :or>? flis- K,ju; G'c." ">oun'.", a'0'.>I'J-.vil< "Aitn'-v. :;*i. on-vc*.; contract provision, other intangible asset amortisation charges and certain other items as set out in note 4 it* the 'it'.iiif: it :.a:r:nv;llts.

2 Changes 'in constant currency¹ throughout this document ore based on retranslating 2017 foreign currency amounts at 2018 rates

3 Net debt is stated excluding accrued bond interest as explained on page 43.

4 fii **** cow, <1...V(l.v j";.lft.;d i;r>: • rr,■■i.r.us.-o'i

5 Not meaningful

• fE.^SS^{fri}(-1.. I
 • i rsny.-t'isit. " _ 17% j
 • Gre^iSij:-d" 7% i
 • » l'r:a By.; ~ "14% I
 '■ ■ ri;a r'm'~17% |

Number of employees

(as % of Group)

• :•».:•:!.;•-•. • 7.. 4a v °
 « • .tit MiulM: 19Vt
 • 'j>v; \.yys — _ 6%

11%

FirstGroup Annual Report and Accounts 2018

Chairman's statement

The Group has leading market positions in each of its five divisions and has considerable opportunities for value creation, but this year's results fell short of its potential.

A clear focus on the challenges and opportunities of each of the businesses will mobilise more of the Group's inherent strengths.

FirstGroup has a diverse portfolio of market leading transport businesses, with half of revenues underpinned by multi-year contracts with national or local authorities. The Group has the long-standing bidding and operational expertise that is critical to success in its markets and it is investing to create a customer experience where improved passenger convenience helps to drive future growth. We are now a more stable and a more resilient enterprise, with a growing ability to capitalise on the leading positions we have in our markets.

However, this year's results fell short of our ambitions - we are disappointed that we did not make the further progress we intended, based on the trends we saw at the end of the previous financial year.

Results

Overall, Group revenue increased by 13.2% and adjusted operating profit decreased by 6.5%. In constant currency excluding the benefit of the new SWR franchise and 53 weeks of trading in the Road divisions, revenue increased by 1.0% and adjusted operating profit decreased by 10.4%. Adjusted EPS was broadly stable, reflecting lower finance costs due to the Improving balance sheet and the US tax reforms enacted in December 2017.

It is encouraging, however, that the Group was able to deliver a net cash inflow of £10.5m (2017: £147.2m, or £123.8m excluding the proceeds from sale of a Greyhound terminal in the year), whilst maintaining investment levels in our services for passengers. This excludes the £88.5m of start of SWR franchise cash flows; taken together the Group generated 1M90.0P- of free cash flow, helping to reduce our net debt: EBITDA ratio to 1.5 times (2017: 1.9 times), or to 2.1 times (2017: 2.3 times) on a Ratified cash adjusted basis.

Strategy

The Board is examining all appropriate means to mobilise the considerable value inherent in the Group. Initial actions from its evaluation are underway, including:

- a full external review of Greyhound's business model and future prospects, with a view to conducting in the coming months
- growth opportunities in First Student • greater operational efficiency
- partnering opportunities to provide new solutions
- « investment in modern customer convenience.

As we do so, we will continue to strengthen the Group by using the sustained cash generated after disciplined investment in our services to reduce leverage further and for targeted growth. Although our balance sheet is less of a constraint on our structural options than previously, our pension deficit clearly remains an important consideration for the risk profile of the Group, and we continue to actively manage it. Overall, we see considerable

opportunity to create shareholder value in a sustainable way while enhancing the services we provide to our customers and communities.

The Board recognises that dividends are an important component of total shareholder return for many investors. We remain committed to reinstating a sustainable dividend at the appropriate time, having regard to the Group's financial performance, balance sheet and outlook. The Board will not be recommending payment of a dividend in respect of the year to 31 March 2018 at the Group's Annual General Meeting but will continue to review the appropriate timing for restarting dividends.

The Board

With effect from the date of this report, the Group announced that Tim O'Toole had stepped down from the Board and his role as Chief Executive. The process to select a new Chief Executive is underway. Until such time as a successor is appointed, the Board has asked Iris to perform the role of Executive Chairman. Matthew Gregory has been appointed Interim Chief Operating Officer and will also continue his responsibilities as Chief Financial Officer.

On behalf of the Board I would like to thank Tim for his distinguished leadership of the company since 2010. During that time the Group has reinvested in its businesses, restored free cash generation and substantially strengthened its balance sheet.

In February 2018 we welcomed David

Robbie to the Board as an independent Non-Executive Director and Chair of the Audit Committee. The Board is already benefiting from his extensive experience.

Corporate governance

Sound corporate governance is a vital facet of meeting our responsibilities to all our stakeholders, and in the year the Board has focused on further development of the Board's understanding and approach to risk appetite, delivery of the transformation plans, mobilisation of SWR, development of the Group's strategy and business objectives, and reviewing the Board performance in light of the Board evaluation exercise.

. Our people

Our frontline employees are key to the success of the Group. Across the business, this year our employees have had to contend with extreme challenges such as hurricanes, wildfires and severe winter weather which tested their resilience to the limit. In August, we welcomed thousands of SWR employees to the Group while they were in the midst of doing an outstanding job helping passengers through the London Waterloo station upgrade programme, which caused major disruption across the network. I am very proud of the way colleagues throughout the Group have put themselves first despite these significant challenges and I am inspired by their extraordinary dedication to serving our customers and communities.

On behalf of the Board I would like to extend my sincere gratitude to our 100,000 employees for their continued commitment and hard work this year.

Overall, despite the issues this year, I am clear that the Group has significant potential to help prove services for our customers while creating value for shareholders and other stakeholders, and that it is making progress toward that goal.

The Board's focus is firmly on taking the actions necessary to accelerate and cement that progress, so as to secure substantially increased shareholder value going forwards.

Wolffian Hauser

Chairman 31 May 2018

Chief Executive's report

Although we are not satisfied with our progress this year, the Group delivered stable adjusted earnings per share and strong cash flow, despite operating challenges for some of our businesses. We have also strengthened our balance sheet through the bond refinancing and further deleveraging.

Performance in the year: First Student's continued progress from the fourth year of our 'up or out' contract pricing; FirstGroup's continued progress in the UK, a lower contract retention rate than targeted and the effects of the severe weather in the second half. We have had an encouraging start to this year's bid season as we continue to factor the driver cost inflation into our contract pricing.

First Transit continued to grow and to win net new business, though our shuttle bus operation in the Canadian oil sands did not renew two contracts towards the end of the year, which will have an impact on the margin of the division going forward. The business delivered a 5.5% margin for the year, with a 7% margin in the second half as planned, despite ongoing cost pressure from driver shortages in certain regions, higher medical costs and some increases in relation to certain poorly performing contracts which were resolved during the year.

Greyhound's significant short haul and Express growth was more than offset by declines in long haul demand as a result of intensifying competition from the ultra low cost airlines, which are bringing significant additional aircraft capacity into operation while also connecting to a growing number of secondary airports. The growth in these businesses represents a meaningful shift in US travel patterns. Our efforts to mitigate the impact of the ultra low cost airlines on our long haul business are ongoing. We are currently investing in support of Greyhound's growth opportunities while continuing to trim our timetables, and the Group is conducting a full external review of Greyhound's business model and prospects to help determine the most appropriate response to this long term structural challenge. We have also updated our view of the carrying value of the division's goodwill and other assets in light of these issues, impairing them by a total of \$387.3m or £277.3m accordingly.

We are encouraged that both passenger and revenue growth in First Bus accelerated in each quarter of the financial year, though the market conditions for the industry remain uncertain and vary by local market. We would have had an even better outcome for the year had several of our local businesses not been forced to shut down for several days in the face of the severe weather conditions in the first quarter of the year. We are pleased that, at stabilising volumes, the cumulative effect of our actions to tailor our network, fares, depot footprint and other costs and a fuel tailwind have resulted in a significant improvement in our margin. We shall maintain this momentum in order to meet our ambitions to catch up with the most efficient in the industry.

April 2017

Investing in First Bus fleet

First Bus commits £71m to introduce 284 new low emission buses in Leeds by 2020.

May 2017

Greyhound route information integrated with Google Maps

Our Greyhound customers can now plan their journeys with Google Maps.

June 2017

Shortlisting for West Coast Partnership

FirstGroup is shortlisted alongside our partner Tremat to bid for the West Coast Partnership franchise which will include HS2 operations.

July 2017

Hull Trains tops passenger survey

Scoring 97% for satisfaction, Hull Trains is named the best long distance operator in the UK for the fourth year running.

1 August 2017

First Student acquires Falcon

! Transportation in Illinois : This transaction extends our relationship ; ^:<>ihe G'l-cayc oJtM set tool jyslam una ; offers synergies with oi.fr <http://oi.fr> other First Student ; operations in the city.

September 2017

South Western Railway launched

! Having taken over SWR operations during ' the Wrtter*; :o uo-yndes H t Ai igi ■<*>*. fnnspport Secretary Chris Grayling formally launched the 'kw •Varsh's---: ol a Wctc rioo sk-jw «s.n

¹ S:-r<tl!-int;p-

FirstGroup Annual Report and Accounts 2018

Although First Rail's l*e-ror-fi<E passenger revenue growth accelerated over the course of the year, W6 r nust farfffiowtertrjO 'ha slower rate of overall industry growth that our currently peva-Js. The overall financial result for our Rf division was said ; n the year, with contrivjns from Great Western Railway (GWR) and SWR (which we began operating in August 2017). However TPE's like-for-like passenger revenue growth, though very substantial at 10.0%, is lower than our projections at the time of the bid, resulting in an operating loss of £6.5m for the year to March 2018. Our plans to increase capacity by more than 80% and create a true intercity railway for the North over the remainder of the franchise are the right ones for our passengers and communities, and we are confident that they will drive a considerable acceleration in TPE's annual patronage and revenue growth over time. However our assessment is that this growth will be short of our bid assumptions due to current market conditions, and we have therefore taken the decision to provide for forecast losses of up to £106.3m over the remaining life of the TPE contract

Overall the mixed performance in our divisions resulted in 1.0% Group revenue growth and a reduction in adjusted operating profit of 10.4% in constant currency (before SWR and the 5;? week of the Road divisions), with lower finance and tax charges resulting in an increase in adjusted EPS of 3.4% in constant currency. Principally as a result

October 2017

Intercity Express Trains enter service

GWR's new Intercity Express Trains carried

passengers for the first time, marking the next stage in the biggest fleet upgrade for a generator.

• fit ureyrojcl yo.-WJ a " SOIt; r fSSC't

impairments and the TPE onerous contract provision, the Group reported a statutory loss of £326.9m (2017: £217.0m) and EPS of (24.6)p (2017: 9.3p).

; ' We are however encouraged that we were able to sustain a strong cash flow performance of £10.5m (2017: £147.2m including proceeds from sale of a Greyhound terminal). This

• excludes the £88.5m of start of SWR franchise , onsh flows' idken together we generated

: £193.0m free cash flow, which has helped to reduce our net debt: EBITDA ratio from 1.9 times to 1.5 times in the year, or from 2.3 times to 2.1 times on a Rail ring-fenced cash adjusted basis.

Balance sheet

In the year we reached an important milestone with our long-dated bond portfolio beginning to mature, allowing us to significantly reduce our interest payable ; y sta-'lino, to finance and rebalance the Group's debt. We are pleased by the support shown in the credit market for our improved resilience and financial profile. We raised \$275m in February 2018 at a weighted average cost of 4.25%, and in March we used the proceeds and other monies to redeem the £300m 8.125% coupon bond due September 2018. This action will generate interest savings of an estimated £14m per year from the next financial year.

Investing in our passengers' needs

We have continued to invest in passenger convenience including initiatives to promote contactless payment, online and mobile ticketing and travel information improvements and other technology to streamline and enhance our operations and responsiveness to customers and other stakeholders. Meanwhile our commitment to the safety of our passengers, our employees and the public remains unwavering. Our approach to safety is a combination of innovative technology, external assurance and our behavioural change programme, Be Safe, all of which have made further progress in the year towards ensuring we are always operating to the highest standards. With increasing focus on local air quality and emissions we are constantly striving to improve the performance of our vehicles and introduce even cleaner engines.

Group outlook

Overall, we expect Group earnings in constant currency to be broadly stable in the year ahead. The Group is expecting an overall improvement in the Road divisions' margins and returns, underpinned by the momentum in the First Bus turnaround and First Student's growth plans in the year ahead. We expect First Transit's continuing growth to be tempered by the loss of high margin Canadian oil sands business, and that sustaining Greyhound's earnings will be challenging given the changes in the long haul competitive environment. The overall progress of the Road divisions is, however, expected to be offset by a smaller contribution from our First Rail portfolio in the year ahead, reflecting the slower rate of industry growth and the investment required to support our passengers' needs, offset by a lower contribution from Rail in the year ahead.

Tim OToole

Chief Executive 31 May 2018

Our markets

Transport links are essential for economic growth and for communities to flourish.

Urbanisation

The world is becoming increasingly urbanised and global cities are becoming more important. More than half of global OOP is already in the largest 100 cities. And more than half of the world's population today lives in urban areas - and both trends are set to increase. Despite ever more sophisticated forms of long distance communication, the rapid rise of cities globally is expected to continue, given the importance of face-to-face interactions in increasingly knowledge-based economies. Transport links within cities (such as those provided by First Transit and First Bus) and between them (such as provided by Greyhound and First Rail) will continue to be an important driver and beneficiary of these trends.

All of our services are critical enablers of economic growth and improving quality of life for people and communities.

People need to travel for a wide range of reasons - business, education, healthcare, social and recreation - and across our five divisions, FirstGroup responds to these needs for our customers. While each of our markets has some unique characteristics, several key themes are important to each of them.

Congestion

With 1.6m people globally moving to urban areas each week, maintaining mobility within cities despite increasing population density is a key priority. It is clear that an approach based primarily on increasing the number of cars is no longer sustainable. The social and economic cost of congestion to the average UK driver is almost £100 a year.

The cost is also counted in air quality degradation and higher carbon emissions. It is clear that increasing use of public transport systems is vital to the continued prosperity of cities. Whilst our businesses can also be affected by congestion day-to-day, they clearly form part of the long-term solution. How we live and work is changing and we need to adapt. We are committed to reducing our carbon footprint, and we are committed to reducing our environmental footprint, and we are committed to reducing our social footprint.

Local and national

authorities

As good transportation services deliver such a wide

range of benefits to communities, many of our

communities they serve. Indeed, all of our divisions either emerged from, or compete alongside, publicly funded models of transport provision. In all cases, private sector operators such as FirstGroup have been given the opportunity to operate services commercially on their own terms, and we have brought innovation and efficiency to an increasingly fast-moving and complex environment. Across the Group a variety of funding and specification models exist, with varying degrees of risk and reward. We are committed to providing value for money, ensuring we are good partners for our communities and listening to our customers are critical success factors across the Group.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I « GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

FirstGroup America, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. ☒ a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: Greyhound Lines, Inc.

OR

3. [] a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 600 Vine Street, Suite 1400
Cincinnati, OH 45202

C. Telephone: 513-419-8693 pax: Email: andrew.pugh@firstgroup.com
<mailto:andrew.pugh@firstgroup.com>

D. Name of contact person: Andrew Pugh

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Request for support of Class 6(b) property tax designation for property located at 3940 South Normal Avenue.

G. Which City agency or department is requesting this EDS? Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1 /page 1 of 15

Demographic change

rrnnir-urt :>i;t.ifcn, r.aad ui irw: accoui n (j!
demographic changes Many segments of our
communities - su<;h as those in education, retired or
in r-.oe-." ti; Cim& si "a i-ate, - i ia\A: fikvays ivsli 11 rum
reliant on mass transportation. With a rapidly aging
population in many parts of the world, this proportion
v y3! [o li loon^inc) nur?iii?.'S ol ir'tiiri-^i^iij
vouivj) i;lb<;ll data's rv<; also llooownj) not lo art".-as 3J, fivev 0 »< oafe of I Klyrfxj aid 11 lai llinil <l.a ca and the issues
of parkitg and sustainability. There is ,l lju-AV.%' Jt-lrloo.lal.lhc <http://Jt-lrloo.lal.lhc> whr.,ri is ops-j to usrig our services
provided we moot its needs, and we are •■.i ta'.chSy t'vystny theso custolna ? - particularly r Grc ,;K;<m una fir A Bl;r~.

Geographic markets

Our core markets in the UK and North America share several demographic, social and political characteristics which make them attractive (or transport operators). For example, they are highly urbanised - just over 80% of the population in the UK and North America live in urban areas today, increasing to nearly 90% by 2060. High and increasing proportion of both populations are either in education or retirement age, demographic bands where use of our services is proportionately higher. Although car ownership is relatively high in both markets, national and local authorities actively seek to encourage greater use of alternatives.

Service standards

Both markets also have long histories of deregulating and outsourcing transport solutions, with mature business models and regulatory frameworks that encourage partnering with the private sector for transport infrastructure and services. In the longer term, we believe, there is significant opportunity globally for the services we

Leadership and governance

Each of our ityc oteonsis n irlav" a decentralised way so as to be responsive to the needs of our local customers. All, however, are managed in compliance with the Group's overall value and with regard to the strategic direction of the Group. Our lean corporate structure sets the strategic direction; it allocates capital, develops appropriate targets and standards, monitors performance and provides challenge. All of our businesses own and manage their own assets, and they receive appropriate assistance from the Group functions as necessary.

For more information on the overall governance of the Group see pages 49-59.

Key performance indicators (KPIs)

Our KPIs are:

Our strategic objectives. Financial KPIs are Group revenue, adjusted operating profit, and EBITDA. Operational KPIs include contract retention, like-for-like revenue growth, passenger safety, employee engagement, average fleet age, and greenhouse gas emissions.

See pages 30-33 for more information on our KPIs.

Metrics which form part of the performance measures used to assess executive compensation.

Principal risks

We take a holistic approach to risk. We identify, assess and manage the risks they face. We then consolidate those principal risks alongside Group risks into a Group risk register. All of our businesses are responsible for identifying, assessing and managing the risks they face. We challenge and challenge from the Group functions as necessary. In 2018 we implemented a risk management system across the business as we seek to improve the quality of risk management information generated by our businesses.

See pages 34-39 for more information on our principal risks and uncertainties.

Remuneration policy

A key principle underpinning the executive remuneration policy is to ensure it is aligned with the strategy.

Our remuneration policy is designed to:

a strong and demonstrable link between incentives and performance delivery in a consistent and responsible way, enables senior management to share in the long term success of the Group, and is competitive, simple and transparent.

See pages 63-94 for our remuneration report.

FirstGroup Annual Report and Accounts 2018

Delivering our strategic objectives

(1) Focused and disciplined bidding in our contract businesses

Almost half of our revenue is derived from around 1,400 contracts competitively procured on behalf of passengers by government bodies and other parties. Formulating innovative and attractive bids with appropriate levels of risk and managing the delivery of our commitments in a range of constantly changing circumstances is a core strength of the Group.

(2) Driving growth through attractive commercial opportunities in our passenger revenue businesses

Our other main source of revenue is derived from direct ticket sales to passengers, who represent a broad demographic mix and our services to a variety of buyers, commuting and recreational. Understanding and responding to the changing needs of our local customers is therefore a key part of our strategy. A key part of our strategy is to innovate through technology for our passengers in the areas of ticketing, real-time information and to enhance our ability to offer value for money.

(3) Continuous improvement in operating and financial performance

Our goal is to operate reliable, convenient and safe transport services on comfortable vehicles staffed by helpful and qualified employees, every day, in all weathers, and despite sharing increasingly congested road and rail infrastructure with other users. To do so we must constantly reinforce the highest standards and seek out best practice from across the Group and beyond. We aim to bring the same focus on discipline and continuous improvement to our financial performance, managing employee productivity, asset and fuel efficiency, procurement, overheads, insurance and other costs to ensure efficient use of our resources and best value for our customers.

(4) Prudent investment in our fleets, systems and people

To continue to deliver over the longer term it is vital that we regenerate from operating activities to reinvest appropriately in our infrastructure, systems and people. We invest substantially in our fleets, systems and people to develop our employees.

The almost 50,000 vehicles we own across the Group are our most significant capital assets, which we must invest in to offer the reliability and comfort our passengers want. We also invest in our business systems and back office processes to support our other strategic objectives.

④ Maintain responsible partnerships with our customers and communities

By its nature, the transport industry involves the risk of injury to passengers, employees and third parties, which is why it is central to our culture to keep safety front of mind. We have reinforced this in recent years with our Be Safe behaviour change programme. We aim to build long-term responses partnerships with our customers and communities. This includes managing our impact on the environment. Ultimately the sustainability of our business is built on the trust of our customers and communities. This includes managing our impact on the environment. Ultimately the sustainability of our business is built on the trust of our customers and communities.

Passengers

Safe, convenient and reliable travel for 2.1 billion passengers each year

Communities and government

Stronger economies and more vibrant local communities whilst providing a defiversbfe response to congestion aid an quality concerns

Employees

Rewarding long term professional careers with opportunities to develop and grow

Shareholders

Sustainable cash generation and vnliifi creation for shareholders

FirstGroup Annual Report and Accounts 2018

Business review >||p First Student

' Year to 31 March

: Revenue

Adjusted operating profit \ Adjusted operating margin i Number of employees

2018 \$2,350.6m \$210.4m 9.0% 48,000

2017 \$2,323.3m S222.0m 9.6% 50,500

First Student share of outsourced market
wound -iS'.i of to'sl nv.-.rkMj
2018 approximate revenue by type

Our priorities:

b Leverage market leadership

a Grow through higher contract retention,

innovation and selective M&A b Enhance efficiency of our cost base

5m 460 1,100

student operating multi-year
journeys per day locations contracts f

: •risl StaJuii
j » NatiOivj Cxp»;«S | • bIA
\ « lll;ii>'s Ctsifyl. K'apt,

21% • Hc«w-to-8Chr^Ctx»tt_actSw 91% 1 i% • Sdic«l -;nd trwd par'y dinner 9% 7%

3% "58%

i First Student market review .:

rand trends- : • >•;: i North/^aica's'rl^..OOp

ddptoy.Wourrt 5^ buses'

""to provide home-tp-schobi frarepbrtation. ^^o^■^1iii^pns'of,s^udsrjits.: yvjftltHe.tofal.!Tiarkct^

estfrnated'tobewofth'aro^ \$25bVi pe£; J;...;

;anhurtii?A^ is qirtsourced

by the school districtis'tp private operators, l with the remairider. operated'ih.house-^..v; Buses are also'. 'used for cl^er services,'

either forschool customers in addition ..' vie scr.iqdujerJisoI'col.runs orfqI « 'o1herraisu»riers's'h'as.cJ».!!Ch •

CGmmuret^groups' or.bi.teiness;/a <

Demand for OTETB services is principally driven by the size of the school age population; School districts are funded from state and local sources, including property tax receipts; and their budgets largely reflect transportation, tend to be linked to the macroeconomic climate. The likelihood of school districts taking on additional debt is limited by the state's debt limit and the state's debt-to-GDP ratio.

Market conditions continue to support positive but limited organic growth and modest conversions to outsourced providers, having been through a period of pressure on school board budgets, which led to organic contraction, price pressure and significant levels of contract churn; School districts focus on value for money and quality of execution, including safety. Growth in the market is driven by price increases in recent years, in part reflecting the increase in the cost of driving and the increase in the cost of fuel. The market has strengthened.

Customers

School districts' obligations to provide student transportation are determined by criteria set at state level. Organic growth in the market is driven by the increase in the cost of driving and the increase in the cost of fuel. The market has strengthened.

Competitors: The private market is highly competitive, with several large players and many smaller operators. The private market is highly competitive, with several large players and many smaller operators. The private market is highly competitive, with several large players and many smaller operators.

Market attractions

- Contracts with public sector customers, typically low credit risk
- Typically high levels of contract retention
- » Customer service, security and safety track record often as important as price
- » Established relationships with local communities a barrier to entry
- Fragmented marketplace - multiple bolt-on M&A opportunities.

FirstGroup Annual Report and Accounts 2018

First Student's revenue was \$2,350.6m (2017: \$2,323.3m), with revenue from the fourth year of our contract pricing strategy, some organic growth and reduction on existing contracts offset by contracts not renewed. The business operated for a similar number of days overall in the year, with the additional operating days in the 53rd week offset by the timing of Easter. In constant currency and excluding the 53rd week, revenue decreased by 1.1%. Reported revenue was £1,771.1m (2017: £1,750.3m).

Adjusted operating profit decreased by 5.3% to \$210.4m (2017: \$222.0m) in constant currency, an adjusted operating margin of 9.0% (2017: 9.6%). Contract portfolio pricing improvements and cost efficiency savings were offset by ongoing driver shortage costs and other inflation, lower contract retention rates than we had targeted for and the impact of the severe weather experienced in the second half. The net impact from bad weather was made up of a relatively high number of weather make up days in the first half (reflecting the severe winter in 2017), largely offset by an unusually high number of days lost to bad weather in the last quarter, some of which we expect to get back in the 2018/19 financial year as schools add them to the end of their academic calendar. In reported currency, adjusted operating profit increased 8.5% to £156.5m (2017: £171.1m) and the division reported a statutory profit of £88.4m (2017: £119.0m).

Focused and disciplined bidding

During the summer 2017 bid season we continued to focus our bidding strategy on only retaining or bidding for contracts at prices that reflect an appropriate return on the capital we invest. With a substantial proportion of the portfolio already benefiting from this strategy in previous years, the average price increase on 'at risk' business was largely as expected, as was the higher 'at risk' retention rate of 83% compared with the prior year (equivalent to 94% of the entire fleet). Combined with modest levels of organic growth and some conversions from in-house to private provision, we are operating a bus fleet of approximately 42,000 vehicles for the balance of this school year.

Continuous improvement in operating and financial performance

First Student delivered further cost efficiencies, including from changes to our engineering practices using the expertise of First Transit's vehicle maintenance services segment, and from our ongoing focus on best practice safety and standardised processes within

recurring cost savings of approximately

\$13.7m. These initiatives have been delivered despite the ongoing challenge of finding and retaining drivers in some locations due to the strong US employment market. We continue to invest in our recruitment marketing, onboarding and retention programmes to contain the resulting driver cost inflation. Despite driver shortages, our non-school charter bus offering, which benefits our asset utilisation rates, grew revenues by 7.1% on a per bus basis.

Prudent investment in our key assets

We have sustained our investment in systems and processes that differentiate our offering and enhance our customer service levels and safety. Our FirstView smartphone app, which provides real-time bus location tracking for parents and school boards, now covers 140,000 students with 22,000 registered users to date; additional functionality for school districts has recently been added to the system. We have sustained our investment in trip (loci and continue to improve our approach to cascading buses around our operations, which is a significant competitive advantage of our scale. Our average fleet age reduced slightly to 7.1 years.

During the year we completed a small acquisition in the Chicago area, which is performing in line with our plans, and we are building up our pipeline of potential bolt-on acquisition targets for the future.

passenger experience and provide an efficient alternative to in-house provision. This results in the continued growth of the shuttle segment continues to grow with private companies, universities and airports to offer micro-transit services to their bus customers and OT.

Customers: A wide range of customers contract, out of route and paratransit services including municipal transit authorities, federal, state and local agencies, contractors, and private companies. Institutions such as universities, hospitals, airports and private companies are the main clients for the shuttle segment; and usually provide a fleet. Vehicle maintenance services include contracts for private and public sector clients, including municipalities and fire departments.

Competitors

First Transit has around 15% of the outsourced market in North America, which accounts for 30% of the total market. The outsourced transit market has fragmented. First Transit has two large competitors; MV Transportation, Inc. and TriNet Systems. In the United States, the market is split between First Transit and Bie.

First Transit is a leader in the market.

A number of other companies

First Transit is a leader in the market.

First Transit is a leader in the market.

First Transit is a leader in the market.

First Transit is a leader in the market.

First Transit is a leader in the market.

First Transit is a leader in the market.

First Transit is a leader in the market.

First Transit is a leader in the market.

First Transit is a leader in the market.

FirstGroup Annual Report and Accounts 2018

First Transit's revenue was \$1,420.4m (2017: \$1,356.2m), an increase of 2.4% in constant currency and excluding the 53rd week. As expected, contract awards and organic growth in the rest of the division was partially offset by lower shuttle bus activity in the Canadian oil sands region compared with the prior year. Reported revenue increased to \$1,072.7m (2017: \$1,047.0m).

Adjusted operating profit was \$77.8m (2017: \$95.2m), representing an adjusted operating margin of 5.5% (2017: 7.0%). A disappointing first half margin principally reflected higher costs in relation to certain poorly performing contracts; First Transit succeeded in improving its second half margin as forecasted, reflecting the reversal of a provision against receivables made in the first half of the year. In the first half and despite higher costs and continued cost pressure from driver shortages in certain regions. In reported currency, adjusted operating profit decreased by 20.6% to \$58.2m (2017: \$73.3m) and statutory profit was \$31.7m (2017: \$71.3m).

Focused and disciplined bidding

Our shuttle business successfully renewed several university campus and airport contracts in the year; however, two of our contracts in the Canadian oil sands region were not, resulting in a \$5.4m restructuring charge in the year. The loss of these high margin contracts will have an impact on the division's margin going forward.

In addition to the oil sands contracts, we also completed work on the two relatively large poorly performing contracts discussed at the

First Transit is a leader in the market.

higher prices and lost, resulting in our retention rate on 'at risk' contracts of 82% during the year. First Transit did however have a good year for new business, with 33 new contracts including major paratransit and fixed route wins from the Vancouver and Los Angeles authorities, respectively. We were pleased to retain or extend a number of significant pieces of business during the year, such as our Greater Richmond paratransit contract which we initially fulfilled a short term emergency contract that we have now extended into a multi-year relationship, and our City of Phoenix fixed route contract which we have operated for over a decade. We are taking a measured approach to applying our expertise to new geographies and services to secure additional sources of growth. In the year, we extended our successful Panama contract by an additional two-and-a-half years, participated in significant North American commuter rail and light rail competitions, and are working to establish a solid footprint in the Indian market.

Continuous improvement in operating and financial performance

We continue to develop our technology infrastructure, management expertise and national service platform to help to sustain our first class service. We also upgraded our recruitment, retention and training systems and processes to ensure we maintain the necessary capability in what remains a tight US employment market. In the year we had some success initiating a programme to recruit unemployed Puerto Rican drivers to take on routes on the mainland.

First Transit is a leader in the market.

Prudent investment in our key assets

In the majority of our contracts we operate or manage services on behalf of our clients rather than providing vehicles. We have maintained our investment in the latest driver management, predictive analytics and routing technology. We also invested in autonomous vehicle (AV) technology, and now have six AV operational partnerships underway, including our first vehicle on public streets scheduled to start in June 2018. Additionally we have established teaming agreements with several leading AV manufacturers to provide new growth opportunities in this market.

Responsible partnerships with our customers and communities

We remain committed to offering the best value package for our customers and the communities we serve, which means our professionalism, technical and operational expertise and safety standards are as important as our cost effectiveness in winning or retaining business. We have completed the roll

out of our safety behavioural change programme, which has had a positive impact on our safety performance, and we were pleased to have further increased our already strong customer satisfaction score during the year.

Our priorities and outlook

First Transit continues to develop our diversified platform of sector expertise and exceptional management strength in North American transit markets through continuous investment in our people and technology. We see opportunities for further growth in our core markets, particularly in shuttle and In vehicle services, increasingly for corporate as well as public clients. We also expect to have opportunities in the following areas where we have now established our credentials - such as toll, commuter rail and bus rapid transit (BRT) - to become increasingly significant for our business. We continue to develop partnerships with ridesharing companies to

provide Americans with Disabilities Act-compliant transportation.

We are confident that our services are a compelling option for both local authorities and their citizens to meet their transportation management needs. We will therefore keep bidding for contracts offering good margins with modest capital investment, while seeking to replenish and grow our portfolio of contracts both within our core markets and by piloting new business models.

FirstGroup Annual Report and Accounts 2016

Business review Greyhound

Year to 31 March

Revenue

Adjusted operating profit • Adjusted operating margin

2018 \$912.7m \$32.8m 3.6%

6,000

2018 approximate revenue by type

2017 \$894.0m \$55.2m 6.2% 6,500

Our priorities:

• Capture maximum value from our brand

and nationwide network • Extend successful 'Express' model to External business review

destinations across North America

4,000 1,000 1,600

approximate
vehicle fleet

Point-to-Point Greyhound Express city pair combinations

• 44%
38% 13% 5%

• POCKUGO GXP**

o Oiaitor

80% 7 V, 2% 1%

Greyhound market review and trends

In the last ten years the US intercity coach industry, has enhanced its relevance to potential passengers through improvements in the onboard experience and new offerings such as point-to-point 'express' services on high density routes. The potential market size remains a challenge with 42m people. Currently, of the regular coach users choose to use Greyhound 75% of the time, but a significant proportion of city centre destinations, tailored services and price has resulted in a reduction in ridership and frequency of use, particularly for relatively short haul journeys.

The substantial and rapid fall in oil prices in the first few months of 2014 resulted in a reduction in coach passenger demand as the cost of other forms of transport became more attractive. More recently, competition from ultra low cost

• airlines that have added significant capacity to their fleets in recent years, has had a significant impact on the industry.

on longer journeys.

As well as passenger revenues, income is generated from package express services, charter and tour organisation and also terminal catering outlets. Partnerships between Greyhound and independent bus companies are a key part of our national network.

Customers

Our intercity coach services have a wide range of customers, many of whom prioritise value and whose primary purpose is to visit friends and family. Direct point-to-point services such as Greyhound Express and BoltBus have begun to attract a younger, urban demographic with less interest in maintaining a private car. Historically customers typically bought tickets at terminals on their day of travel, but increasingly book in advance online or on smartphones.

Competitors

Intercity coach services compete with many other modes of mid- to long-distance travel across North America, including budget airlines and the private car. The intercity coach market is highly competitive in the US.

- In the north east and north west, our coach also competes with air and rail.

Market attractions

Private car use becoming less attractive particularly to younger customers, due to increasing urbanisation, congestion and costs of motoring.

Target demographic segments responsive to innovation through technology and value-for-money offering.

- Opportunities to expand penetration and footprint in US and Mexico
- Under-utilised services may be part-funded by transport authorities.

FirstGroup Annual Report and Accounts 2018

Greyhound's revenue was \$912.7m (2017: \$850.2m), with a 7.4% increase. This was driven by 11 US routes including 7.7% like-for-like growth. Growth was driven by Greyhound Express being more than offset by declines in long haul demand, where competition from ultra low cost airlines in particular is intensifying. These changes are being reflected in our pricing strategy and capacity into operation while also connecting to a growing number of secondary airports. We have also experienced a reduction in the southern border regions due to tighter immigration and law enforcement. Including the 53rd week and reflecting stronger translation rates into pounds Sterling, reported revenue increased by 0.8% to £690.2m (2017: £684.7m).

Adjusted operating profit was \$32.8m (2017: \$55.2m), representing an adjusted operating margin of 3.6% (2017: 6.2%), with our ability to mitigate the revenue challenges noted above through further cost efficiencies limited by the ongoing increases in fleet maintenance and driver costs previously highlighted. Greyhound was also affected by this year's difficult weather conditions in some of the busiest parts of our network. Recognising the difficult trading conditions in the year and the outlook, we have impaired the carrying value of the division's goodwill and other assets by \$387.3m or £277.3m. Adjusted operating profit in reported currency decreased 40.1% to £25.5m (2017: £42.6m) and the division reported a statutory loss of £266.3m (2017: £53.7m profit).

Driving growth through attractive commercial propositions

Greyhound is a unique business thanks to its iconic brand and access to by far the largest intercity coach network in North America. Over recent years we have taken major steps to transform all areas of the customer experience throughout the business. With the trends in our business diverging, we are adapting our business in response. Our point-to-point Greyhound Express and BoltBus brands, which offer higher density timetables between popular city pair destinations, have successfully grown since their introduction and we aim to convert more of the traditional network to run similar schedules. These have been strong highlights of the first transformation in Greyhound's business systems in recent years; and since February our entire network is now Live-Track: from real-time pricing to yield management. We are further developing our relationship management systems to offer a more personalised experience. We have also increased our marketing spend during the year to promote awareness of these changes through targeted online advertising. We are continuing to

upgrade our online offerings. Building on the well-received mobile app we introduced in 2016/17, with the majority of our customers now buying tickets using this app or our website. Throughout the US network e-tickets and bus-side scanning have now been rolled out, streamlining the boarding process. We have also strengthened our punctuality processes and systems, and have recently updated and standardised our customer pledges on service delivery whilst upgrading our terminals where needed to improve the passenger experience.

Continuous improvement in operating and financial performance

Greyhound ended its long-standing pool arrangements with Peter Pan Lines in the US North East during the year, allowing us to develop our own separate offering in the region.

uf H' j ba n; filv
priA' iui My tuij

ijjiuitit'is wild jii ui available to our passengers elsewhere. We are also tsdng, action to improve the efficiency of our fleet mar-auwrant v/itti thy iteve'opn tort or a new specialised centre in BrownsvSle, Texas.

Our Canadian operations (15% of Greyhound revenue) remain toss-making. Despite a range of cost-reckidscn and sfxaoncy miMi-ase;; *av 'xveral yo-itfs. we co; tinue to exi^iienf.: demand crraHengos. In the year we applied to eliminate services on the majority of our routes in British Columbia which will take effect from 1 iune"0!8.

Prudent investment in our key assets

Following a number of years where the business required few additional vehicles,

tii-; v:vc rur'l:.;{reo: ■«■:~/ ph-• "iwi; > ;

'■ ..--C" 'J ?>~>- new ty.'*i\ 'm1■ ii 'Vr:t w-.'e high-quality amenities as standard including free Wi-Fi, leather seats and generous legroom. We regularly review opportunities to move to intermoaal transport l iubs or new facilities

Quick and easy tickets, across the network

Greyhound launched 'mobile lict-King in Soplon iber, roiiing il out'dd'oss li'a network in Novemoer. This allows customer, to purchase ticl-.sis qjickly cod oasisK' horn the greyhound.ram. -website arid board a bus by simply showing their mbbils de.ico. The no-// ps.oe'i&ss capsWiy is sireamfning the .travel and bsarririgprocess tor Olivers and customers alike across North America. "

®

Find out more --,WAv.greyhoi;ndicom '

tailored to our needs, and during the year we ; relocated to the new Intercity Bus Terminal at ' the Jacksonville Regional Transportation Center in Florida, as well as two renovated terminals at the Arritrak station ir, Salem, Oregon and Union Station in Springfield, Missouri. We now occupy a new trttrtermodal terminal in Baltimore, Maryland. July will mark the third annhrersary of providing international links to find riomesfc i services within Mexico, where we provide '; options for customers connecting from ! Monterrey to Nuevo Laredo and major hubs in Texas. We \vi'l make further modest investments to deliver on the opportunities available to us in this market.

Responsible partnerships with our customers and communities

Further customer service training was

undertafwn in the year, focuag-on-allowing

our employees to take advaiTtage of the imprcxred ticket data and service information now available throughout the business.

Our priorities and outlook

The strategic challenge for Greyhound Is that our unique network across North America is a significant comptttN? advantage k other coach companies but intensifying low cost airline competition is putting iricrcasing pressure on the long haul segment. The business review : that is underway is Directed at determining the i most ajsropriate response for the Group to | !s;; » :o i S'tJinsTMS "S'ai"l.-J i nyG-Hvfiv.:.iihrl. h ihf> ■ v-ar r 'w oo'ir^i c : 10 | -Wi.-.M">?Ofi\(\.-:f'uCy<l'jil."!SO^,V-:1 i opportunities while adjusting the current network and timetables, though maintaining

FirstGroup Annual Report and Accounts 2018

Business review First Bus

Year to 31 March

Revenue

Adjusted operating profit Adjusted operating margin Number of employees

Approximate First Bus market share of UK market outside London

2018 E879.4m £50.2m 5.7% 16,500

2018 approximate revenue by type

2017 C8617m £37.0m 4.3% 17,000

Our priorities:

a Prioritise investment where we can work in partnership with local authorities

- Frictionless customer offering to drive growth
- Drive further efficiencies in cost base passengers per day

1.6m 5,800

approximate fleet of buses

20% •Rashly!

80% • OcV'CirSK

•~!«rtdOis'

•*Olhor

67% 24%'

"5% 4%

First Bus market review and trends

Local bus services in the UK (outside London) have been deregulated since the 1980s, with most services provided by private operators, though a small number .

■'<,' lo-.i-iauti ••.'!:. •tvv'ii.d curators stilt existi. In local bus markets, operators set fares, frequencies; and routes commercially while operating some 'socially necessary' services: under local authority contracts. Around 2.7bn passenger journeys are made on birtservicos bvitsirir! ■pf.London, gporatng ■

: revenues of approximately £4.2bn a year.

Partnerships between operators and local authorities are a core principle for the industry and central government, to support service delivery, minimise congestion :iid drive insiWiurio^ is'ii: i^vKfn.-:n-. The DfT promotes this fiirough initiatives such as Better Bus Area grants and the Green Bus Fund. In recent years, operators have improved their offering to passengers through smart and multi-operator ticketing, r (,:■<: (••, optc:s.... passenger information and increasingly tailored local services.

Since deregulation, local authorities have had the ability to regulate services in their area if they demonstrate the existing model ; is failing to deliver for passengers, though such powers have not been exercised anywhere to date. The Bus Services Act which received royal assent in Aprt 2017, iias'scnwvht simp.iicd iho process "cf exercising franchising powers for qualifying local authorities, though it also enhances 'CP range of partners'^ models srer 1st*? 10 local authorities, wh ch Hica Bus dreridy. supports in area? such as Sfiatfirid. Doncaster, Hampshire, the West of England, Cornwall and most recently Leeds.

Customers

Bus market revenues principally comprise passenger ticket sales and concessionary fare schemes (reimbursements by local authorities for passengers entitled to free or reduced fares: iire-sVA'S-jiafira"! ,! proper ticn ■/ customers use bus services to commute (to work or education), to go shopping and for leisure Income is also generated through tendered local bus services and bespoke contracts such as Park & Ride schemes.

Competitors

The UK bus market (outside London) is deregulated and highly competitive ?>h hunjrecis'of bus opoi ators;;wc feci- . .competition in all markets in which we operate. Through the year operators have both entered and left the market. The main competitor is the private car. •

Market attractions

- Growth potential from strategies tailored to Specific customer s-^gri lrrj-s or to enhance convenience; opportunity in youth dcrhograp'-'o, whg'ie car i.wi.-:••'•'; lallinrj.'

- Local bus trips account for 59% of all journeys by public transport in England and form an important component of boal iM'r-Mc.rf ?H>i'ty to liJfi! '.if/-quality obligations

- * Bus travel diversified by journey type

FirstGroup Annual Report and Accounts 2018

First Bus reported revenue of £8/9.4m ;20'7: CfiS; /*n) forincyc?r, an 'nces^ ..r 2.1%. Divisional like-for-like passenger revenue growth was 1.1%, and we are encouraged that If scueteraled ir each Quarter of the tinardsl year, though market conditions for the industry remain uncertain and vary by local market. High street retail footfall trends, worsening congestion In several beauties, and general UK macroeconomic uncertainty all affect passenger demand in different ways. Like-for-like commercial passenger volumes increased by 0.2% in the year, though overall liko-tor-like volumes fell by 0.7%, reflecting further reductions in concessions volumes due: to changes in bus pass erttitement and funding. Our contract and tendered revenue increased by 1.1%.

Adjusted operating profit was Eb0.7m (2017: £3/.0m), or an adjusted rrwrgji of 5.7% (2017: 4.3%). Adjusted margin increased by 140bps, reflecting staofosefl passenger volumes, the cumulative effect of our actions to tailor our network, fares, depot footprints and other coses to become more efficient and a fuel tailwir ;d. Widespresd service suspensions due to tha severe snowstorms in 'orn»Y and March nad a negative impact cn revenues and profit,

While the impact of the 53rd week was muted because the year included two Easter weekends, when commuter and school patronage is lower. Initially reflecting restructuring and reorganisation costs, the division reported a statutory profit of £29.3m (2017: £1m).

Driving growth through attractive commercial propositions

We continue to improve the simplicity and convenience of our offering for passengers, particularly in ticketing. Around 80% of our fleet has now been fitted with contactless payment card readers and we will complete

the nationwide roll out by summer 2018, making us the first in the UK to do so. We also continue to focus on our safety, and in key markets, we are growing our mobile channel by differentiating between cash and digital fares, reducing the volume of cash transactions and accelerating bus boarding times. In April 2017 we launched our upgraded passenger app which provides door-to-door journey planning and our previously separate mobile ticketing system was integrated during the year.

In the contract tender market, we are an industry leader in managing Park & Ride services, winning or retaining several contracts in the year including the country's largest such operation in York. Our airport and university shuttle portfolio also increased and we delivered services for high profile events such as the UEFA Champions League final in Cardiff in May 2017.

Continuous improvement in operating and financial performance

We continue to take action to enhance our cost efficiency. As the business of the year was consolidated from six to four depots serving the Greater Manchester area and transferred our Galashiels-based Borders network to West Coast Motors. We have also optimised our networks in many areas to save cost and raise reliability and punctuality for passengers. Our IT investments have allowed us to standardise many of our processes, including location tracking and revenue collection, to increase the availability of accurate real-time data and plan our services more accurately. Where possible we are centralising shared functions to realise efficiencies.

Prudent Investment in our key assets

As previously noted, we are investing in the First Route fleet at lower levels than the previous year, as we focus our capital budget only on those

markets where the local stakeholders recognise the importance of bus services in responding to the problems of congestion, air quality, parking; and issues of social exclusion. We took delivery of 93 new Euro VI emissions standard vehicles in the year. We also operate vehicles powered by a number of alternative fuels, and alongside the new hydrogen Red in Aberdeen and electric fleet in York, we have now introduced bio-methane buses to Bristol. We are also the lead partner in the first trial of autonomous vehicles on UK roads, a 301 mile project at Milan Park in business and science hub near Didcot.

Responsible partnerships with our customers and communities

Buses play a key role in keeping people moving and communities prospering. With more passengers taking buses daily than any other form of public transport, they are fundamental to delivering Clean Air and Low Emissions Zones in partnership with local and regional authorities. In February, the DT announced that 20 councils are to share a £40m fund to 'retro-fit' buses with cleaner engines. We worked with several of our local authority partners to access this funding.

In many areas, congestion prevents us from running reliable bus routes. Local authorities are key to solving this, through measures such as bus lanes and priority and traffic segregation, meaning that strong partnerships with councils are vital. We are encouraged that last year's Bus Services Act recognises the importance of such partnerships. We are working with Bristol City Council and the West of England Combined Authority on the Metrobus priority route network which launched in May 2018 and is designed to improve the bus offering in the

city and attract new passengers. We also continue to

work closely with Leeds City Council; together we are aiming to double patronage by 2025, supported by a £173.5m public funding package over four years to develop new bus-friendly schemes, whilst First Bus is committed to investing in a fully ultra-low emissions fleet by 2020 in the city.

Our priorities and outlook

Our focus remains on enhancing our ability to deliver cost-effective and passenger focused services. In the year ahead we expect to sustain the volume growth and margin improvement momentum we have delivered in the 2017/18 financial year. With our investment plans to the end of the decade on local infrastructure, by working with local authorities, we can deliver compelling and sustainable transport solutions

FirstGroup Annual Report and Accounts 2018

Business review First Rail

Year to 31 March

Revenue

Adjusted operating profit | Adjusted operating margin Number of employees

Passenger revenue base of First Rail operations

2018 £1,968.8m £57.8m 2.9% 10,500

2018 approximate revenue by type¹

2017 P.1,268.8m E53.8m 4.2% 1,500

Our priorities:

- Deliver growth from capacity additions and service enhancements
 - Leverage our scale to deliver efficiencies b West Coast Partnership bid with partner Trenitalia
- passenger miles travelled

£227m 7.4bn

in franchise payments to Government

tUvsuK>. 49%
»0?ir»iuSS29% • i'-.vi;t,-i'-r 13%

• Other income

In the year the Group received no revenue support from Government and made total franchise payments to Government of £226.9m, which are included in costs

First Rail market review and trends

Passenger rail services are primarily provided by private train operating companies (TOCs), through franchises awarded by the relevant authority but may also be provided on an open access basis. Many elements of the franchise are mandated as part of the franchise contract and others are left to commercial judgement. Total franchised passenger revenues in the UK are more than £9bn per annum. Rail tracks and infrastructure are owned and managed by Network Rail, and TOCs typically lease most stations from Network Rail and rolling stock from leasing companies.

Passenger numbers have more than doubled since privatisation, recently reaching a record high of 1.1bn, but the rate of growth has recently slowed. The Government continues to invest in upgrades to the rail infrastructure across the UK, with Network Rail delivering a number of large projects on the Great Western.

In late 2017, the Government published its rail strategy, in which it signalled that over closer working relationships between Network Rail and TOCs will be further encouraged through the design of future franchise competitions. The strategy also stressed the Government's desire to see more private sector involvement in the upgrade and creation of new rail infrastructure.

Network Rail's new digital railway strategy promises to create more capacity and more efficient services, and improved mobile and Wi-Fi connectivity. The industry body (the Rail Delivery Group) launched a campaign highlighting the partnership working to deliver more capacity and enhanced services and a consultation on reform of fare regulation, to make the fare system more attractive and accessible to customers.

Customers

Rail markets are generally categorised

into three categories: London and south east commuter, intercity and long distance. Commuter services are typically short distance, high frequency services. Intercity services are typically medium distance, lower frequency services. Long distance services are typically long distance, lower frequency services.

Competitors

There are no direct competitors for the UK rail market. On some routes, there is competition from other rail services and, to a lesser extent, from long distance coaches, services and airlines. First Rail bids for franchises against other operators of current UK rail, franchises and public transport operators from other countries.

Market attractions

- » More than £9bn of long term contract-backed passenger revenue available through 19 major franchise opportunities, of which more than half by revenue will be protected.
- New franchises typically have significant revenue opportunity/risk with some revenue protection, clear contingent liabilities but low costs.

> Regulated environment, including government-capped regulated

» Historically high levels of passenger numbers across the UK.

FirstGroup Annual Report and Accounts 2018

In the year our first Rail division revenue increased to £1,968.8m (2017: £1,268.8m), principally reflecting the inclusion of the SWH franchise since August 2017. Like-for-like passenger revenue growth was 4.1% and passenger volume growth was 1.4%, in part reflecting a shift away from season ticket purchases and the way these are recorded by the industry in volume statistics. Industry studies suggest the main drivers for recent slowing in growth across the sector include UK macroeconomic uncertainty, modal shift due to sustained lower fuel prices and working practices, and the effect of rail infrastructure upgrade works taking place across the country. The latter is particularly relevant to GWR, although like-for-like passenger revenue growth of 2.7% in the franchise accelerated during the year, benefiting in part from the additional capacity generated by the introduction into service of the Intercity Express Trains (IETs). SWR's operational performance and revenue growth has been affected by the Waterloo upgrades and other infrastructure work which will permit the introduction of additional capacity by the end of 2020. TPE delivered like-for-like passenger revenue growth of 10.0%, with even greater growth required as new fleets start to be introduced into service from Autumn 2018.

Adjusted operating profit of £57.8m (2017: £53.8m) represents a margin of 2.0% (2017: 4.2%). Divisional profitability was driven by GWR and a solid part

-year contribution (despite its operating challenges) from SWR, partially offset by an operating loss of £6.5m at TPE in the year, while our open access operator Hull Trains performed well despite also experiencing some operational issues in the year. We have taken the decision to provide for forecast losses of up to £106.3m over the remaining life of the TPE contract, based on analysis of the impact of the ongoing industry-wide slowdown in growth on the financial assumptions we made in our bid. As a result, the Rail division reported a statutory loss of £106.3m (2019: £53.6m profit) for the year.

Focused and disciplined bidding

GWR currently operates under a direct award which runs to the end of March 2020 following the DfT's decision in the year to exercise an extension option. We are shortlisted as bidders for the upcoming West Coast Partnership franchise competition in a partnership with Trenitalia. Outside franchising, we continue to develop our plans for a new single-class open access service between London, north east England and Edinburgh from 2021.

Continuous improvement in operating and financial performance

We have a strong track record in close partnership working with Network Rail, the Office of Rail and Road and other infrastructure upgrade projects whilst minimising disruption for passengers. Completion of those projects typically permits the introduction into service of additional train capacity or more intense timetables, which in turn generates the patronage growth that drives the franchise business plans and consequentially the premium payments to the government.

Find out more: www.gwr.co.uk

Network Rail's electrification work continues on the Great Western mainline, albeit at a slower rate than originally envisaged, and we are working with our industry partners to reflect the impact of these delays in the level of our franchise commitment; this is a challenge. Our rail infrastructure cover a portfolio of work which there is significant change in infrastructure work, electrification and resignalling, and introduction of new trains. These changes require careful planning, management and negotiation with industry partners, in particular where delays can impact the delivery of franchise assumptions. Failure to manage these risks adequately could result in financial and reputational impacts to the Group.

With the completion of the new timetable between London and Dover under a new timetable was able to be completed by January 2018, providing more capacity. In turn, we have also begun the London suburban Turbo trains to Bristol and the West Country where they will provide more seats for the network. We began making the new higher capacity electric trains a longer distance from October 2018, this is the first fully operation; it will enable a 40% increase in seat numbers compared to 2015, with quicker journey times and more frequent services.

We also adjust our own operating plans to take changing circumstances into account and to find alternative ways to deliver our improvements for customers as soon as possible, as has been the case in TPE this year in respect of the Bolton-Preston line. In all, more than £100m is being invested in our TPE franchise to transform the operation into the true intercity network for the North, with 13 million more seats across the operation. 220 new carriages are being introduced from later this year, comprising a mix of Hitachi Intercity type trains and a further 100 intercity sets from OAF.

i

FirstGroup Annual Report and Accounts 2018 21

Business review First Rail continued

We began operation of the SWR franchise in the middle of the extension project to London Waterloo station over the summer, when several platforms were extended for longer trains. This has led to subsequent unplanned infrastructure works with a disappointing impact on punctuality and other performance metrics. However the outcome of this improvement work, and the reopening of the former international platforms later in 2018, will deliver the infrastructure needed to support our future capacity growth plans. These include the introduction of 90 new trains manufactured by Siemens, providing a 46% increase in peak capacity on the suburban routes into Waterloo.

In December 2017 the Rail Accident Investigation Branch (RAIB) released their report into the tragic incident which took place the previous year on the tram service in Croydon. We are grateful for their recommendations for improvements to the tram system in Croydon and across the UK. Amongst its findings, the RAIB concluded in respect of our subsidiary Tram Operations Limited (TOL) that management of fatigue was not a factor in the incident, nor was there evidence of a speeding culture contributing to it. Nevertheless, over the past year from prior to the final RAIB report, TOL has taken a series of actions, working closely with Transport for London (TfL) on whose behalf it operates the tram services, to implement additional measures including enhanced speed monitoring and restrictions, improved signage and renewed guidance on fatigue management. TOL has learned from the RAIB's analysis and its own internal reviews and will continue working hard, alongside TfL, to follow the RAIB's recommendations and make further improvements where necessary.

Prudent investment in our key assets

As noted, we continue to deliver new trains for all of our rail companies. By 2020, 80% of our customers will be travelling on a train less than five years old. Passengers benefit from these new trains include more seats and space, Wi-Fi, and enhanced on-train amenities. We are also completely refurbishing other fleets throughout our companies with similar amenities. Our redesigned passenger app has now rolled out across all our train companies, allowing customers to purchase tickets and reserve seats as well as plan door-to-door journeys.

Responsible partnerships with our customers and communities

GWR were awarded the titles of Rail Operator of the Year and Rail Business of the Year during the period, recognising the introduction of new fleets and their highest ever National Rail Passenger Survey customer satisfaction figures in 2016.

Our franchise commitments for SWR included more generous delay repay compensation which was introduced a few days after the franchise began,

During the year an agreement with Heathrow Airport was reached for GWR to run the operational aspects of Heathrow Express including the introduction of a dedicated fleet of trains by December 2019.

SWR increases capacity

South Western Railway (SWR) added 1.5% to its capacity on some of its busiest routes following the completion of Network Rail's work to lengthen platforms at Waterloo station in August. The introduction of these trains allows existing services to be transferred to the new platforms, boosting capacity by adding more than 5,000 additional seats per peak journey.

Find out more...

www.southwesternrailway.com; <http://www.southwesternrailway.com>

GWR also worked with TfL and industry partners to prepare for the launch of the Elizabeth Line, with suburban stations transferred to TfL Rail operation in early 2018.

Following the success of the Customer and Communities Improvement Funds at GWR and TPE, a similar scheme is being launched by SWR this

year, which will work with community organisations across the network.

Our priorities and outlook

We remain focused on working with our industry partners to deliver our plans for more capacity and better customer experiences, which will in turn drive patronage growth over time.

Our current Rail portfolio as a whole has and will continue to generate good returns for the Group. Our decision to provide for forecast losses of up to E106.3m over the remaining life of the TPE contract does not affect our plans for the remainder of the franchise to increase capacity on the TPE network by more than 80% and create a true intercity railway for the first time in conjunction with our local and national partners. The balance of the rail portfolio - GWR, SWR and Hull Trains - is expected to generate satisfactory returns. The payments associated with network unavailability due to infrastructure improvements and repairs will continue to cause swings in period-to-period returns.

FirstGroup Annual Report and Accounts 2018

Corporate responsibility

Public transport is at the heart of the local economy in all markets in which we operate and central to the quality of life of communities that we serve.

Buses and trains connect people to jobs and education and public services and promote social inclusion. It does this by providing a reliable, affordable and accessible transport service that can also offer a range of other benefits.

• Lower levels of greenhouse gases and local air pollution per passenger and vehicle mile.

As a leading transport operator we provide sustainable travel solutions for our customers and the communities we serve. The contribution of safe, reliable, affordable and accessible transport is

• key to the sustainability of our business.

Our approach to corporate responsibility

covers our commitment to the environment, safety, our people and the communities in the areas where we operate. We have a material impact and can bring positive change to the communities we serve.

Our approach to corporate responsibility

across FirstGroup is based on a set of principles that guide our approach to business. These include regulatory requirements, and work with

• our customers and groups to learn from

'best practice', helping us to respond to current and future trends. To ensure we are sharing industry best practice, we are active members in groups such as the UK's Rail Safety and Standards Board (RSSB) and Greener Journeys - a campaign dedicated to encouraging people to make more sustainable travel choices. In the US, First Student works closely with the School Superintendents' Association (AASA).

We are constantly finding innovative ways to meet the changing expectations and needs of our customers. Our aim is always to be the provider of choice for those we serve by optimising our resources and investing in the future of our people and communities.

; Environment

Transport related CO₂ emissions contribute 23% to the global total and are increasing at an annual rate of around 2.5%.

In the last two years, the transport sector has overtaken the power sector as the largest contributor to greenhouse gas emissions. This is due to the increasing number of studies showing the links between local air pollutants and human health. A significant modal shift in urban transport from private vehicles to more efficient public transport modes is needed to achieve related objectives of CO₂ emission reductions and improve urban air quality.

The provision of affordable and accessible transport is central to our offering 'end to end' journeys with exceptional value per passenger emissions and high levels of comfort and safety.

Greenhouse gas emissions

The significant contribution that the transport sector makes to the greenhouse gas emissions in the countries in which we operate has led to increasing scrutiny from policy makers and regulators.

Transport services provided by FirstGroup offer compelling per passenger CO₂ reductions when compared with private transport and air travel. This is indicated in the table below:

Mode

"per passenger"

Kilometre

First Bus

First Rail

Greyhound

81.8_44.8 32.1

Car (average UK)

Car (average US)**

112.2 222.7_267.4

Domestic Flight*

Source.

DEFRA Conversion Factors (2011) and UK Gov NTS 0905 (2016)
EPA/Climale Leaders (2018) and NUTS Federal Highway Administration (2017)

1 http://www.vrari.1bar*.orQ/en/n6ws/piessielease/?0HI^b/0&1eatiers-callfor-globat-i action-to-reduce-tr.'3nsf3orts-clim,ile-footpri1

2 IEA (International Energy Association)
a nsse

Local air quality

The link between vehicle exhaust emissions, poor local air quality and the impact on human health drives our programme of investment in vehicles and our commitment to improve local air quality. Regulatory standards for bus engine types in both the UK and North America have become increasingly stringent as shown in the graph on page 24.

The air quality impact of our vehicles is something we are constantly striving to improve. One way in which we can do this is to use the latest technology in our vehicles. The latest diesel engine type that we can use in the UK is called Euro VI - of ferry significance in terms of emissions of 35 Nitrogen Oxides (NOx) and Particulate Matter (PMs). In the US the latest diesel engine types must conform to the EPA 2014 standard.

First Student

In the US, the American School Bus Council reports that each yellow school bus carries (on average) 54 students and takes 30 cars off the road during the morning and evening peaks. Without school buses more than 17m extra cars would be needed to transport students currently riding on all school buses in the US.

First Student emissions of PMs and NOx have fallen by 22% and 17% respectively between 2015/16 and 2017/18. This decrease results largely from our replacement of older fleet with lower-emission alternative- and because we are using our older vehicles less often. However, we have achieved a 28% reduction in mileage by vehicles which pre-date 2007 - which is the year in which the EPA emissions standards became markedly more stringent with respect to NOx and PMs.

First Transit

First Transit are at the forefront of new technologies offering zero tailpipe emissions, such as the battery electric vehicles operating in Rochester, Minnesota and Arlington, Texas as well as autonomous shuttle vehicles in San Ramon, California.

We have delivered a range of alternative fuel, low and zero emission buses both in response to customer demand and to meet our longer term aims of carbon reduction and clean air.

In 2017/18 we completed 13% of miles with natural gas and liquid petroleum gas (LPG) powered buses - these are amongst the lowest tailpipe emissions of CO₂ and particulates.

harmful air emissions of NOx and PMs are

FirstGroup Annual Report and Accounts 2018

Corporate responsibility continued

Local air emissions vehicle standards - US and Europe

Greyhound

At 32g CO₂ per passenger km, intercity travel by Greyhound bus offers the lowest per-passenger carbon emissions of any modal alternative - around 88% lower CO₂ emissions than an equivalent domestic passenger plane journey (at 267g CO₂/passenger km) and 86% lower than that of the average US passenger car (223g CO₂/km).

Greyhound is investing further in new bus and engine technologies and techniques. In 2017, we added 88 new vehicles to our fleet and plan to acquire up to a further 84 new vehicles in 2018/19. This would result in up to 12% of our fleet meeting the most stringent EPA requirements for diesel engines. For each typical 1994 model that is replaced we will see a 98% reduction in gross particulates and 99.6% reduction in nitrous oxides.

Further efficiency savings have been achieved this year- through our work to reduce aerodynamic drag on the bus body and chassis, introduction of smart micro-hybrid charging systems and replacement of mechanical fans with efficient electric alternatives.

First Bus

The topic of air quality has become a key issue in the UK and at First Bus we have continued our investment in the latest Euro VI diesel technology which has been independently proven to produce a tiny fraction of NOx and PM emissions compared to previous generations. Independent testing to verify this is supported by data for our bus fleet which shows our new diesel buses produce fewer local air pollutants than any new diesel bus. In the UK, the proportion of our fleet completed using Euro VI buses has increased by 10% in the last two years.

The planned implementation of Clean Air Zones (CAZs) in five UK cities, plus London, highlights the importance and relevance of reducing pollutant emissions, and our continued investment in low emission vehicles ensures we are strongly positioned. The introduction of CAZs is likely to spread to other locations in the UK as the demand for cleaner public transport increases.

In these cities it is expected to be mandated that all diesel buses must be Euro VI standard in a short timeframe. In many of these areas we are a significant, or the largest, bus operator in the city. As such, First Bus will support these aims through deploying cleaner (Euro VI engine) diesel and alternative fuel buses where possible - leading to reductions in roadside emissions of PMs and NOx.

Funding has been made available through local authorities across the UK and we are confident of securing more than C7rr, to retrofit a proportion of our fleet to the cleanest Euro V! siandfird. Ti its wot ild fillcv/ us to retrtr-t more than 400 buses over the next two years.

In addition to modern efficient dbasels vw continue to pilot alternative fuel types such as hydrogen, electric and biogas. For example, in York, where First Bus has been operating battery atectr c: vel*«le (SEV) fiesta successfully since 2014, First Bus will add a torthert1 new SEVs to 'ts existi ig foot of 11 vehic ies, to support growing local and tourism demand.

First Rail

First Flail operates three rail franchises and one od.si aco'jis opis&oi. c-viying airs mil 263m passengers, around 11.9bn passenger i kilornetres per year. The rail sector's j. contribution to reducing the UK's greenhouse ■ ca:-.'; is c incificy infli rona-d by im»srmi-n*. in ; ' ioc;iili'.!IT" ■v'-ahimcv.ire li re cent*-Mid ; ae-carbonisation of the UK energy grid and

in 20te ."Vs! &istp! Ir.<ifcd tie'UKd fast.' i'; todfmethahe.po^ ; - bus.'iii A0g'usf:2p17;^king in^"; * "i?) partrTer'ship with:BristolGriyGptincirancl;. ii ./South GJpuoestershre^ p:avarded ,£4:8m gr^Sir^ing'lfo^iip^t r>d6uble'decterba^^ i'.Afu'ellio'g rnfr^^

The gramrundhg willi^^E^^6f<;*,v private^iiv6st^nt:fro l,,, takes'our invBstnSent in'r^p.y^ictes'^, h;- fori Bris^di'tomore'than COOminunfier!"/

„ ejrnission&ae 8^% i^diesel bu&p^*av^to^*gel to's&(i.k.;S; »V;when'l6pki^ i""a We^te'apprrach' ttater^mpaMes.% ; lyemissi^ ^r-.mateiials.thrc^

.;■; r.; vehicles, with'new^ehgines arid selective? • :'.catal^|c reduction ■'s'ra^jsB^s^^OTf^gbest^li. l f \$ 'efiwonmentai sj^re^iav^b^^-f^--

;■ ^NGxtemissibn^

.: Management .Areas'; will meet the .<; .- j highest_ emissipn'.sian^ .'; have/r^;pft'^ l:kfe-lifc'itsTni8ie;6atnt<y. l'

n- ;Flnd out more;^ i ...s;~ slf-VWVw/frYstgmppldc^

FirstGroup Annual Report and Accounts 2018

Our carbon footprint

• First Rail-25% iX^^J-:~

" y « Rrsi weratortoin'roArat^mc^

»Autffri3licen«gyertocntycdrtrtcls: <v^<V%

. : ^otrferAfi^, *_ _ "/ ■'_[\ \ ■.. T; ■ -'ExceHeiKeirdusTnj award ^

c-jr ao*ty to attract travel from other carbon intensive modes through rail's greater convenience, speed, price and accessibility

' In 2017, we were the first UK rail operator to ! introduce next.generation 'bi-mode' trains | offering increased seating capacity, reduced ' emissions (zero point enilssicins when operating in electric mode) and tower overall carbon emissions per occupied seat. When operating in 'electric only' mode, we have calculated up to

130%IljUUUJ0CCvuiiissiuiia.

FirstGroup's investment in reduced carbon emissions from lts feet has been supplemented by a range of measures to reduce energy use at stations and depots. GWN and TPE have a ivosted in ei lergy efficiency contdtte, which have centralised the monitoring and : management of energy and the use of i automated switchctting through timers and | sensors.

; In winning tho UK's Rail Business Award for Sustainabilify & Environmental Excellence in ; 2018, TPE demonstrated how their innovative j portfolio-wide lighting upgrade to the latest LED i lighting has ensured that they are on track to ' achieve their ambitious 31% franchise energy reduction target.

Carbon reporting

Our reporting follows the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, applying the operational control approach to our organisational boundary.

■ Scope 1 - Direct omissions from: vehicle use (owned and leased); fugitive refrigerant gas emissions; healing fuels used in buildings; and road and rail fuel use

» Scope 2 - Indirect emissions from: electricity used in our bUitoings, and to pwuii uut electric rail arid bus fleet We report both location based erhissions (taking into account the UK grid average) and market based emission

i Our performance in 2017/18
' Our carbon footprint in tonnes CO₂(e):

2,308,915 276,973 , 9,340 t0,065

2,605,293

3B4J1

46,683

2017/18

Scope 1
Scope 2 (location based) Scope 3

Out of Scops

total tonnes CO₂(e) ¹ Total tonnes CO₄) ¹ 1-1 Scone ? i'iv "-ci wsetf.

FirstGroup Annual Report and Accounts 2018

Corporate responsibility continued

Safety

Our commitment to the safety of our passengers, our employees and all third parties interacting with our businesses remains unwavering, and is articulated through our Dedicated to safety Value which applies in everything we do.

Dedicated to safety, always front of mind - safety is our way of life. Throughout the year, we have continued to feel the impact of the tragic incident on the Croydon tram network in November 2016 - our thoughts remain with the victims and everyone affected. We are fully assisting with all ongoing investigations. Over the past year from before the final Rail Accident Investigation Branch report, Tram Operations Limited (TOL) took a series of actions, working closely with TfL on whose behalf we operate tram services, to implement additional measures including enhanced speed monitoring and restrictions, improved signage and renewed guidance on fatigue management. TOL has learned from the RAIB's analysis and its own internal reviews and it will continue working hard, alongside TfL, to follow the RAIB's recommendations and to make further improvements where necessary.

Sadly, there were two employee fatalities this year and seven passenger fatalities across our divisions. These tragic events strengthen our resolve to achieve zero harm to our employees, passengers and anyone else we come into contact with in the course of our business.

Approach

Our approach is a combination of behavioural change, constant evaluation (including external assurance) and technology, to ensure we are always operating as safely as we can.

Behavioural change

Our behavioural change programme, Be Safe, focuses on our objective of zero harm and making safety a personal core value for our employees. The delivery of Be Safe training to 35 trainees and supervisors is supported by robust safety management systems, and a clear focus on ensuring compliance with processes, policies and procedures. 'Be Safe' promotes the positive reinforcement of safety critical behaviours through regular touchpoints (safety coaching interactions) and a toolbox talk (weekly safety coaching interactions) and a toolbox talk (weekly safety coaching interactions).

Touchpoints happen across the Group every day, and more than 40,000 touchpoints have taken place since the programme began, from the Chief Executive down to front line managers. Behavioural change takes time but, in the last 12 months we have seen our employee injury rate reduce by 4% and the number of days lost following incidents is down by 3%.

First Rail has focused on the use of precursor events to have a positive impact reducing potential significant operational events. Leadership training has further reduced employee injuries through changing behaviours in a positive way.

We abide by our Be Safe Principles of:

Knowledge - Directing our greatest efforts at the key safety behaviours that will help reduce incidents

Learning - Taking learning opportunities to continuously improve workplace safety from the reporting of incidents and near misses

Recognition - Focusing on acknowledging colleagues 'doing it right' and positively reinforcing these actions whilst continuing to challenge unsafe behaviours

Openness - Regular safety conversations and coaching activities take place and communication is open and honest

Courage - Our employees are empowered to accept responsibility for their own safety and that of colleagues. If something is assessed to be unsafe we have the courage to stop and find a safer way of doing things.

Assurance

Our Executive Safety Committee (ESC) is chaired by the Chief Executive, and meets six times per year to review the Group's safety strategy,

Following successful pilots in our First Bus and T "E businesses, an employee app has been rolled out across First Student. The app enables employees to receive company news, safety information and other relevant data. First Student drivers were introduced to the technology at the beginning of the 2017 school year, and by mid-March, 18,705 employees had downloaded it on their personal smartphone devices. This is now a vibrant source of local news with 65% of First Student's 500 Location Managers posting an average of 6.3 updates per month. The app is also now live across First Bus and will be launched in our First Transit, Greyhound and GWR businesses during 2018.

Diversity and inclusion

A diverse workforce is better able to reflect the communities we serve, understand and meet the needs of our diverse customer base, and attract and retain the best available talent.

Our full gender snapshot is shown in the table above, the passenger transport industry remains male dominated, and we are committed to improving the gender diversity of our workforce.

During the year, the overall proportion of women reduced slightly from 40.1% in 2016 to 39.1%; this was due to a headcount reduction in our largest division, First Student, which is majority female. However, the proportion of women in senior management has increased from 20.6% to 22.3%.

We have also been strengthening the pipeline of women building their experience for the most senior roles although the proportion of women on the Board of Directors remains low.

2016

2016

77.7% | 20.0% 79.4% 18.0% 82.0%

20.0% 80.0% | 88.9% 111.1% 88.9%

1. The proportion of women in senior management roles across the Group is 22.3% compared with 20.6% in 2016.

of female managers remains at 35% of all management roles across the Group, 50% of succession candidates for the most senior roles are female compared with 28% in 2016.

In our First Student division, more than 28,000 women are employed across a variety of driving, supervisory and management roles, and 47% of managers are female.

During the year the Group published our first gender pay report. Aggregated UK results showed a positive gender pay gap, with the median average pay for women 9.1% higher than that for men, which is a positive result. In order to close the gender pay gap, we are determined to accelerate our efforts in increasing the number of women at all levels, and supporting them to take advantage of the wide range of career opportunities and interesting roles we can offer.

Our businesses are leading a variety of initiatives to further improve diversity and inclusion.

The Women in Bus Forum has recently been launched in First Bus, to increase the number of women working at all levels in the business. Whilst this forum is in its infancy, it is hoped that it will play a key role in identifying and preparing women for leadership opportunities through the provision of mentoring and positive role models.

FirstGroup Annual Report and Accounts 2018

Corporate responsibility continued

We are piloting new approaches to the way we market roles which have traditionally attracted many more male than female candidates. For example in TPE, advertising the 'Conductor' role as a 'Customer Service Professional' last year resulted in 38% of new hires being female, a significant increase. We are also running a proactive campaign at TPE to encourage females to apply for train driver vacancies, 12.5% of recent hires were women, compared with 4.7% of the existing driver population.

We have refreshed all our UK recruitment advertising photography and video content to ensure women are prominent, and we now use the software tool 'Textio' to check the language of our recruitment advertising material to ensure it is not unconsciously biased towards male candidates. Following these actions, we saw a 9% increase in the number of women viewing our opportunities in First Bus, and a 3% increase in the proportion of job offers made to female candidates.

Health and wellbeing

We want to support our people to stay healthy and active; good physical and mental health helps ensure better customer service, employee motivation, performance and safety. All our businesses offer access to free and confidential counselling for employees.

Audrey. Simpson Bus driver - First Bus,

"I started as a bus driver in 2008, and I've been driving ever since. I've always been interested in changing career paths to become a bus driver."

' Audrey says: "I always wanted to be a

-a bus driver. At the time, I saw it as a good way to get on with my life. I was working on the Asda bus. I was often the first, person tourists speak to when they arrive in Glasgow. I love my job."

In addition, each run? initiative; faigetur, the issues most relevant to the workforce.

SWR provides interactive wellbeing kiosks at key locations, where employees can measure themselves on a range of health indicators including mental wellbeing. SWR is also rolling out mental health awareness workshops to help managers to understand how they can best provide support for their people

At TPE, free health assessment events help co-ops understand the key health indicators such as cholesterol, blood sugar and lung health. A network of wellbeing champions have received training in musculoskeletal health, nutritional awareness, communication and influencing skills so that they can act as role models and encourage colleagues to adopt a healthier lifestyle.

At GWR, the in-house occupational health team continues to provide free access to physiotherapy for employees with musculoskeletal conditions, and also proactively undertakes risk assessments in ticket offices, on trains and in depots to prevent incidents and injuries from occurring.

First Bus has promoted healthy eating options in canteen menus, and has offered health 'mini MOTs' and healthy eating workshops.

In North America, we operate a variety of wellness initiatives and reward programmes designed to help employees to get a full picture of their health, provide them with advice and support to help them meet their goals, and encourage healthy lifestyle choices: Greyhound's 'Rolling Strong' programme provides wellbeing advice to drivers with a particular focus on healthy eating. The programme expanded further this year by partnering with a local gym provider in Canada, enabling colleagues and their families to benefit from discounted gym memberships.

Developing our people

Across the Group we continue to invest in developing the skills of our people. This year, we are proud that our North American divisions have developed e-learning platforms, giving our frontline distributed workforce access to good quality training to enhance and grow their skills. During the year, employees across the US, Canada, Mexico, and Panama took more than 11,000 online courses through FGA University.

Following a degree in International Business

£1.5m at Edinburgh

was looking for a 'hands on' graduate scheme

which would give her the opportunity to apply what she'd learned. The transport sector appealed because

of the change and modernisation that's ongoing; and she felt that First Bus offered a broad graduate scheme with a wide range of opportunities.

Evie says "it's a fantastic graduate scheme with the chance to see all sides of the business. People here are very friendly and

the support is excellent. It's a great experience and I want to take on more responsibility."

Building future capability

In addition to investing in the skills of our existing workforce we are expanding our UK graduate and apprenticeship schemes to bring in new engineering, operational and leadership talent for the future

In 2017, 75 new apprentices began their careers in our First Bus and Rail divisions, an increase on the 65 who joined in 2016.

Our UK graduate programme continues to help us attract engineering and leadership talent, with ten graduates joining in 2017, up from five in 2016.

It is important to us to promote our graduate opportunities to women, and we were particularly pleased that 55% of the offers and 67% of the engineering places for our 2018 graduate scheme went to female candidates. This represents another step forward from last year when 43% of our graduates were female.

FirstGroup Annual Report and Accounts 2018

Our communities

We are proud to serve our communities across the UK, North America and beyond. We use our expertise, passion and support to make a positive impact wherever we work, helping to meet our ambition of being the preferred partner of the communities we serve.

Community engagement

Community partnership and engagement remains at the heart of our business. Much of our success depends on the relationships we foster in the communities we serve. Towards this, our focus is building a culture of engagement with our stakeholders and with our five divisions across the UK and North America.

To ensure a consistent approach to stakeholders, every new employee is trained in our approach to community engagement. We also hold cross-divisional sessions to provide opportunities for our location leaders

Partnering with schools

FirstGroup

TPE has been working with the Ahead Partnership, an organisation that links up businesses and employers to help employers engage, inspire and motivate young people about skills, career, options and future employment. Through the 'Make the Grade' programme TPE is helping young people develop employability skills across the Leeds City Region and North East as well as raising greater awareness of career opportunities and pathways into the transport industry.

Projects have included a 'transport scheduling challenge' which sees
!><:~■::: =1 from ! vworking <vrisc.'k:-V~ k> ::\; ;i" .-•vjhi-'.vo now lm' S~i?;or-- "cc'inolo^y.- ■■■ Engineering and Maths (STEM)
to lo:: .'! t. ssk cjuasos'sarvl snare baa
• oraciksc-s. We taiwi sis lis ther vvth itow.
divisicnal collaboration opportunities in key
cities and regions to develop synergies ana
i expand strategic plans to cdlectiveV deliver
i o' out c::mm..mics n&Pds. j

i Community investment

An important part of our approach to engaging in the communities in which we operate is the invesfr<v-.ct wo make with charitable organisations who share our ambition of keeping our communities prospering. In total, FirstGroup and our employees donated SXtrm during 2017/18 as measured by ti ih London Benchmarking Group (LBG) model on cor nmunify impact. This year we supnortid hundreds of charitable organisations through corporate donations and gifts in kind, Including the donation of advertising space and vehicle hires, event sponsorships and tickets.

Our employees take us even further into our communities, giving their time and effort to fundraise and support the causes they are passionate about. This year we continued to offer our IK employees matched funding for iheir fundrasing efforts, maiding up to £200 per person to registered charities. In addition, many of our UK employees took part in our oayroil giving scheme, donating almost £100,000 to charity through their pro-tax pay 'm the past year alone.

UK charity partnership

In 2017 FirstGroup employees in the UK voted for a new charity partner and from April 2018 until 2021, FirstGroup will work with Action for Children to support the mental health of the UK's most disadvantaged children.

i Action for Children helps young people j across the IJK ti lrrjogr i fostering a adoo'ioi i, j by intervening earty to stop neglect and abuse, ■ by irrfluenting poky, and by making He better i for disabled ctiHdren. With more than 600) services, the charity improves the lives of ! 370,000 children, young people and families j every year.

: Our three-year partnership will have the objective of raising funding for mental hearth : projects and enable trie delivery of essential : specialist support to young people who i desperately need help.

, In 2015, FirstGroup employees voted
. for prostate Oance"lji<6s our :-..K charity partner for a three-year term, with the ambition of raising Dm in fundraising, corporate donations
arid the commerbiafviiyo ot gift ' v. •• kin:: advwtisirtrj. To suppirt i >:en\., • ., 'vwl): pY^sial^dincerarai Oiais-doSo : to them, i tx: nartsrshp exceeded
all exoectaiions due to the commitment
and generosity of everyone connected to FirstGroup- and by March 2018 had achieved a partnership value of more Shan £1.Sm.,sgpifcan'ly' atiesd of
our.. original target .

Over the course of the partnership, employee fundraising and corporate donations have funded the production of one"million 'Know your prostate',
pocket guides arid ensured more .

ii e' I CM; 'Cl A~:..i U X. V. div !:.;V>:

message. FirstGioup has also donated hugely valuable advertising space throughout our bus and rail networks across the UK to promote Prostate
Cancer UK's health awareness campaigns and the support available from the charity.

®

Find out more www.frstgroupplc.com/rcsponsibility <<http://www.frstgroupplc.com/rcsponsibility>>

FirstGroup Annual Report and Accounts 2018 29

Key performance indicators

(T) Focused and disciplined bidding in our contract businesses

First Student and First Transit contract retention

{%}

83%

We measure contract retention as a percentage of existing business si ibfact to bid in the year (rather than as a percentage o(the contract portfolio as a whole), in First Student and First Transit we typically expect retention of around 90%.

In First Student, our 83% contract retention rate during the summer 2017 bid season was slightly lower than we had hoped for but lhe 5.3% average price increase was in line with our bidding strategy.

In First Transit, our contract retention rate was 82% duntg trw year prrape^r ret-jnting ifu law rM'uttte contracts in the Canadian oil sands region that were not renewed in the year.

Driving growth through attractive commercial propositions in our passenger revenue businesses

Greyhound, First Bus and First Rail change in like-for-like revenue

(% change year-on-year)

first first

noiric! Hus,
Like-for-like revenue adjusts (or changes in the composition of the divisional portfolio, holiday timing, the 53" week, severe weather and other factors that distort the year-on-year trends in our passenger revenue businesses.

In the year Greyhound's like-for-like revenue decreased by 0.7%, reflecting a short-term growth being more than offset by declines in long haul demand, where competition from the ultra low cost airlines has increased.

First Bus like-for-like passenger revenue growth was 1.1%, and it accelerated in each quarter of the year, supported by like-for-like commercial passenger volume growth of 0.2%.

In First Rail, like-for-like passenger revenue growth was 4.1% in the first half, compared to 3.3% in the second half. In the first half, the TPE was 10.0%, in GWR was 2.7%, while in our open access operation Hull Trains it was 3.3%. Comparing SWR with the equivalent period under the prior franchise, like-for-like passenger revenue growth was 2.8%.

Group revenue

>Tf.

Cm)

Reported Group revenue in the year increased by 13.2% including the new SWR franchise from 20 August 2017, the 53" week in the Road divisions and the translation of our US dollar-based businesses into pounds Sterling at stronger rates than the prior year. Adjusting for these factors, Group revenue increased by 1.0% with growth in First Rail, First Transit and First Bus partly offset by small reductions in Greyhound and First Student revenues.

30 FirstGroup Annual Report and Accounts 2018

(5) Continuous improvement in operating and financial performance

First Bus punctuality

(%)

Punctuality

<0.991.91.1, 1 Q1 b 03 0

Greyhound on-time performance 1

2018 20:7

■ 81.5

2016 2017 2016 2015 2014-1

1 Implemented GPS tracking in 2017; earlier data not comparable due to this change in methodology.

First Rail Public Performance Measure (PPM)

(% moving annual average)

Cinil! '■/■-sr Ujtrr.sry <http://Ujtrr.sry>

South Westm RailwAy 'frastl 'ennn Rxctmk HiJl 'Iran* Notional overage

Greyhound's on-time performance reduced during the year as a result of delays due to adverse weather. To mitigate this, we are introducing new vehicles, improving our "on-board" service and driver data to improve performance.

Our first Bus punctuality measures percentage of journeys no more than 5 minutes late. We continue to work with all local authorities to resolve or mitigate such issues, using our increased access to GPS data to pinpoint problem areas for authorities. In addition our networks saw disruption from adverse weather, particularly in Spring 2018.

The national average score of rail punctuality and reliability (PPM) was 81.5% at year-end, compared to 81.5% at the end of the previous year. The TOCs affected by substantial infrastructure upgrades on their networks as well as disruption from winter weather. First Rail TOCs have been significantly affected by the work taking place across the GWR network at Waterloo station on the SWR network and in the Greater Manchester area on the TPE network.

watchdog station on the SWR network and in the Greater Manchester area on the TFL network.

Passenger Injury rate

(per million miles)

2017 ■ MMBHlia -1.56

2016 mmmmmmmmmmmMmmm *.b9

1 First Rail began operating the SWR franchise from August 2017. The Group safety team worked with the SWR safety analysts to restate 2017/18 safety data in line with the Group safety definitions. SWR safety data was restated for three years from 2015/16 to 2017/18.

Financial performance

Adjusted operating profit
(£m) (pence)

Adjusted EPS

Our lost time injury rate has gone up by 1 % with increases in our road divisions offset by reductions in First Rail. Total employee injuries went down by 4%, showing that our focus on ensuring employees follow safe systems of work, and tackling unsafe behaviours at source, is working. This remains an area of ongoing focus for our teams.

Passenger injuries per million miles have gone up by 4%, primarily driven by increases in Greyhound,

Fire) Trend) and Road Rail in the Thora hiff) (-) pap
sit) W(!...int r-) junctions in First Rail and First Student. There are proactive ongoing initiatives within each of the divisions, implementing preventative measures to reduce injuries on or around our vehicles, trains and stations. This safety focus remains at the forefront of all our businesses' operational strategies.

A;?ii?w(l'fssrcillfiu, tao'il ;ixl rxaisteriB'S' >' t;:i the "l. .iiii'ii !:n;rc:ol il..suiu ,r l*K: Or.;-j[= t :*;i<: amortisation charges and certain other items (as set out in the 2017/18 financial review) which distort year-on-year comparisons.

AiiijlSK;" i.Oy.1f.iijy <http://Oy.1f.iijy> [V» 'i r , o \>t;.. ■ t A3:r"Cy
decreased by 4.3%, with growth in First Bus and First Rail more than offset by reductions in (the other divisions. In reported currency adjusted operating profit, 2017/18 was 1.56p, a decrease of 4.3% on 2016/17. This was due to a decrease in First Rail of 4.3%, which was more than offset by increases in First Bus and First Student. There are proactive ongoing initiatives within each of the divisions, implementing preventative measures to reduce injuries on or around our vehicles, trains and stations. This safety focus remains at the forefront of all our businesses' operational strategies.

On a constant currency basis, adjusted EPS increased by 3.4% in 2017/18, while decreasing by 0.8% in

2016/17 compared with the prior year.

FirstGroup Annual Report and Accounts 2018

Key performance indicators

(4) Prudent investment in our key assets (fleets, systems and people)

Employee engagement

Your Voice employee engagement score
(%)

First Group

60% to 88%

External benchmark UK 64% North America 68%

01

We carried out a number of Your Voice employee engagement surveys during 2017/18 and will complete surveys for the remainder of the Group later in 2018. Our First Rail businesses once again scored well, with employee engagement scores between 60-88% compared with an external UK benchmark norm of 64%.

The First Bus score of 31 % represents a 4% improvement on their 2015 survey

Engagement scores in our North American divisions ranged from 69-74%, against an external benchmark norm of 68%.

Average fleet age



First Student

(Years)

Greyhound

First Bus 2018 data calculated on basis of vehicles in service. 2017 data also re-stated on that basis.

First Student continued to make investments in buses and to benefit from cascading buses around our operations; our average fleet age was 7.1 years

Following a number of years where Greyhound required new additions this year a renewal plan saw the introduction of 88 new buses into our fleet. As a result, the average fleet age reduced to 10.9 years, while adjusting for refurbishment the effective age was 9.3 years.

Our strategy for 2018, with lower adjusted operating profit, the First Bus led to a number of years where the fleet age was 9.3 years. All our recent diesel additions are Euro VI engine buses.

Group ROCE (%)

17.3

17.3

Reported return on capital employed (ROCE) is a measure of efficiency and is calculated by dividing operating profit by total assets excluding debt items.

Group ROCE was 9.5% in 2018, with lower adjusted operating profit, the First Bus led to a number of years where the fleet age was 9.3 years. All our recent diesel additions are Euro VI engine buses.

The Road divisions ROCE was 6.6% (2017: 6.1% at constant exchange rates and 5.7% as reported).

(5) Maintain responsible partnerships with our customers and communities

Customer and passenger satisfaction First Student

(Average rating out of ten)

First Transit

(Average rating out of ten)

First Student and First Transit continued to maintain high levels of overall customer satisfaction in the year, through continued focus on delivering for our customers.

FirstGroup Annual Report and Accounts 2018

Greyhound

(Change in Net Promoter Score)¹

Customer and passenger satisfaction continued

First Bus

WRI (U 1.50

i% rattsfied wrtr> tiwicw<v aural;

1-12%
2016 am-iK-rMttMj
122%

2017 2016 2015 2014 -

1 Move to NPS methodology in late 2016; earlier data not comparable due to this change.
sy overall)

First Rail

(% satisfied with tnarjaif
Wri) A%;

Great vwjsiurn RiBway iunil Wcrsram Railway fionsfcrsiine £>i>icss Hut 1'ra.ns Noticnn! avf:iage

^;nfA.an!ly ii

As pan of Gryynound's business moot* transformation, we refotused our customer satisfaction KPI on the Net Promoter Score (NPS)

ti netin 2ulG. lbs n>ip>ovi
2017, but Clipped in 2018 as on-time performance grew weaker. We are taking action to address this
thio' jgn !iii<rov!;'iiBriis ic test iri;eiti;"y>3 and focus on punctuality.

In First Bus, overall satisfaction in the independent transport focus national bus passenger survey remains high and the year, in particular, our vafcje for money scores increased. In the Welsh survey our First Cymru business scored highly anc was the top operator. Smilarry in Scotland, First Glasgow came throurr- w:S raid with a sign r!
o-ritty ii i if-roved scae. being the second best operator in Scotland. Our First York, First Scotlend East and First Leicester businesses also saw high overall scores this year.

The latest indcoendent Transport Focus national rail passenger sun/ay saw overall satisfaction nationally at simiar levels to last year, but the survey showed s'g".riranl yeor-un-yeai increases in customer satisfaction in 17 of the 38 categories. Hut Trains agarn scored very highly for overall satisfaction whereas GWR saw a slight reduction. For SWR, lite survey was undertaken during the weeks following extensive work to lengthen platforms at Waterloo, leading to a reduction in satisfaction scores although there were some areas where satisfaction has risen, such as the attitude and helpfulness of our staff, Wi-Fi availability and ticket buying facilities. TPE saw an overall reduction of 3%, but satisfaction with stations was marked highly, aa customers noted improvements in the availabiEty of seating, shelter facSJties and Wi-Fi.

Total FirstGroup community investment

(Cm measured using the LBG model)

2018
1.42
1.70
1.83
1.90 In-kind

This year we contributed £4.12m to the communities we serve across tha UK and North America This was measured by using the method ot the London Benchmarking Group (LBG) model which tracks cash contributions made directly by the Group, time (employee volunteering), in-kind support (such as travel tickets, advertising space) and leverage frduding contributions from

and suppliers).

Tho large increase from last years total community ifrt-jr-zir&i it flyire is dim primarily in increasr.*! (laid collection across ihe Group and more establisied processes in place to measure tne positive contributions we're making. We also made a rJsy vf--3*ify lifter C3i-iri'xiri.ii ro 'xa i'^-aitv partner in 2018 - around £1m in total.

Environment

Greenhouse gas emissions

(Tonnes of carbon dioxide equivalent per £1m of revenue)

Our emissions are calculated in line with the requirements of tho WRI/WTJCSD GHG Ftotccol. We report our emissions from all activities for which we arc responsible aoss our operations expressed in tonnes of carbon dioxide equivalent (COj(e)), normalised per E1m revenue.

r.;ilii In.-. r.r;-n ii-Kv\-<!ri*"I in 'i,'fct tin: new addition of the SWR rail fianchiso in accordance with our slated re-basclining policy. In 2018, ou normalised emissions decreased by 4% against 2017 levels

Osta Irom ?016 onwards now mckides emissions atributed lo the wa.;to we prooucy throuyh our operations

Principal risks and uncertainties

Our risk management approach

We take a holistic approach to risk. We take a picture of the risks at divisional level, and then aggregate them into a Group view.

Risk management structure

Whilst some risks such as treasury risk are managed at a Group level, all of our businesses are responsible for identifying, assessing and managing the risks they face with appropriate assistance, review and challenge from the Group functions as necessary.

Areas of focus

We seek to continue to improve the quality of risk management information generated by our businesses. In 2018 we will implement a new risk management system across the business, and refresh our risk appetite.

The current structure is as follows:

Top down Strategic risk management

Review external environment Robust assessment of principal risks Set risk appetite and parameters Determine strategic action points

Identify principal risks

Direct delivery of strategic actions in line with risk appetite

Monitor key risk indicators

BOARD/ AUDIT COMMITTEE

EXECUTIVE COMMITTEE

Assess effectiveness of risk management system

Report on principal risks and uncertainties

Consider completeness of identified risks and adequacy of mitigating actions

Consider aggregation of risk exposure across the business

A

Execute strategic actions Report on key risk indicators

Report current and emerging risks

Identify, evaluate and mitigate operational risks recorded in risk register

Risk management structure

Responsibility

The Board has overall responsibility for the Group's systems of internal control and their effectiveness.

The Audit Committee has a specific responsibility to review and validate the systems of risk management and internal control.

Process

The Board reviews and confirms the Group and divisional risks and the Audit Committee reviews the Group's risk management process.

Executive Committee

Internal Audit

The Executive Committee reviews the Group's risk management processes. Internal Audit provides assurance on the key risk mitigating controls and ensures that the audit plan is appropriately risk-based.

The Executive Committee and other Group management review and challenge Group and divisional risk submissions.

The divisions and Group functions

identify and assess risks, develop appropriate mitigating actions and monitor the effectiveness of those actions.

Divisional and Group risk champions maintain and update risk registers for

the following risks:

Risks and mitigating

measures are identified through normal business management processes.

FirstGroup Annual Report and Accounts 2018

Principal risks and uncertainties

Our risk management methodology is aimed at identifying the principal risks that could:

- adversely impact the safety or security of the Group's employees, customers and assets;

» have a material impact on the financial or operational performance of the Group;

- impede achievement of the Group's strategic objectives and financial targets; and/or

» adversely impact the Group's reputation or stakeholder expectations.

The Group's principal risks are set out in the table on page 30 onwards. These risks have been assessed taking into account the potential impact (both financial and reputational); the likelihood of occurrence, and any change to this compared to the prior year and the residual risk after the implementation of controls. Further information on our risk management processes is contained in the Corporate governance report on page 57.

Strategic objectives

To deliver our strategy, it is important that we understand and manage the risks that face the Group. The table below outlines our principal risks and identifies which of our strategic objectives may be affected by those principal risks.

Risk

Economic conditions Political and regulatory

Contract businesses including rail franchising

Competition and emerging technologies

Information technology

Data security (inc. cyber & GDPR)

Treasury and credit rating

Pension scheme funding

Compliance, litigation and claims, health and safety

Labour costs, employee relations, recruitment and retention

Disruption to infrastructure/operations

Change in year



New

A

-4 ►

Link to strategic priorities

© © © ©

© © © © ©

© © © ©

"©"©'© ©

© © © ©"©

© © © ©

© © ©

© ' '© ©

© © ©

© © © © © © © © © ~ ©

' Link to strategic priorities

: (I) Focused and disciplined bidding
(z*) @**m>@ 9^^^ through attractive ! \~-' commercial prrposiliors

; Continuous tmprovetnrjnl in
; ^-s operate igand financial porlormance

(V) Prudent irwestrnwiJ in our key assets {&) Rosf*****^Partnershipswithour

Principal risks and uncertainties continued

Risk and potential impact

Economic conditions including Brexit implications

Changing economic conditions affect our different businesses ■n l',<l:> -,v.>, ;

A less positive econoi nic outlook could have a negative impact

01 i ra. ti; .>it:y'-xs in tairvi ci rt'duwx dnmand and tMkruJ opportunities for growth or to retain or secure new business.

t'%<t t imt; :a l roewstsvs w pvtatohr ssnalive to rrrMemwits ir f.oyr' _\vin <»:: inrsicntois. >!. 'i Sdir*.factois could also ii'iotf

An improving economic climate, particularly when combined Willi lovrrr 'uolrni'~es, nmy insult in rnducwf demur ,d for public; transportation in our Greyhound and First Bus businesses as alternative modes of transport become relatively more affordable.

Improving economic conditions may also result in a tightening of labour markets resulting in employee shortages, rising pay, or affr.-d ttif? avat?hMyor (" iMc turning tor transport servlofis.

Mitigation

To an extent, our First Bus and Greyhound operating companies are able to modify services to react t ; nwrt»:t oi <ai yym.

All of our businesses focus on controlling costs to ensure; they coincrititi*;

Comment and movement during the year

M

Low oil prices have adversely affected our Greyhound and Fort McMurray First Transit businesses.

The UK departure from the European Union (Brexit) may adversely impact the UK's economic position which in turn may have an adverse impact ; >i \iv*.! Voup r. U'< nr.-n "iirsv

Political and regulatory

The political landscape within which the Group operates is constantly changing. Changes to government policy, funding regimes, infrastructure initiatives, or the legal and regulatory framework may result in structural market changes or impact il <e Group's oeraicsrj r terms of mdi.ced profitability. Increased lj.'iir anilAB a rrajuotum si operational floxibiCly or efficiency.

The Group has dedicated legal teams in the UK and Not U i An talca wi <o txh/m cm eniayiiigbsiios.

The Group actively engages with the relevant government and transport bodies and poJcy makers to help ensure that we are properly positioned to respond to any proposed changes.

Our continued focus on service quality and delivery helps to mitigate risks for structural market change.

The political landscape in the US and trio l !K corrt'r'ues to posmnt both risks and opportunities. i or axurnpin, si lr;r< UK v.v navo cc:r .t nuoi l to invest ln our ft i ;t tn . -.11 . ■.,-ivii ,i il.. Is titer uiivSoniWitiii requiitioKv

Contract businesses Including rail franchising

Approximately half of the Group's business is contracted, which is tf yjvtKk Tit on tr-ti flbSty to renew and secure new contract wins cn P'f. Mcil*; tort iv., hAiro to ilr; ;"o would rest .11 in iKducod mwenue ,ii id j ».- . 'fnubiEiy ?nd«luurf-ct 11 »xiwl.ily or bid assumptiore could lead to greater than anticipated costs or losses.

Failure to comply with contract terms could result in termination, Hirviti: 'ri .-aiiJ linncial pra rstHw and fai,s» to win new oontrarsts or non-renewal of existing contracts.

Competition (or new rail franchises is intense. Wo bid against rail operators from both the UK and other countries. Failure to win franchises in the future will result in a lower First Rail division ,;:n*!;:U:C-l Bi-d or;;fi;oN!y.

The GWR, TPE and 51/VR franchises cover a period during which

. cure «vo- k. .-:--.<-.!si-f1»="i -,ncl rf; V;:-t .i.'li ;: r-sv.v;i' r-5 tiintiiVii Ctict"■ of riOWr twis, which require careful planning and management. Failure to manage these risks adequately in accordance with our plans could

The relevant divisions have experienced and dedicated bid teams who undertake careful economic modelling of contract bids and, wl tore- possible, itfxjk to ncijOTutri risk sharing arrangements with the relevant customer or contracting authority.

The Group also has a comprehensive review process for rail bids as they are developed and ftnafeod involving a number of drvisransl and Group tunc iiens nr. wdi a* finrJ BiEid. v'- oil.

Compliance with our rail franchise agreements is closely managed and monitored on a monthly briijist;y;;enirum;i;t.lini?nt unci ryf.-;.,<h.ics ^ in pf l'.e k ■ -i: a' the iis-K o' rn 'R-compliance.

We continually review our contracts to take account of changing circumstances such as PS oi onom"; rvy/ircvrv^ni. nr infrastructure changes. Qui rail franrtiisn contractu are is;in q.fcs of ttEL..

All of the Group's businesses (both contract and non-contract) compete in the areas of pricing and service and face competition from a number of sources.

Our main competitors include the private car and existing and 'v* pt.ir.8c <http://pt.ir.8c> and pr*nte tra istiw operators across all our markets. Airline competition impacts demand for bus travel, especially in **jrcyhctaid's >~n(i haul ous-ntss. FL-nrcguaj services such as UU», r»y.- j> i-inc. ccps in in pric* comparison wbsites make access to alternative transport solutions easier. However, emerging tecitnologies such as autonomous vehicles and on demand scliwes ato orovili! opporunitks to crow and develop our mm test segments.

Increased competition could result in lost business, reduced revdi him ari'i reduced proffehlify.

Information technology (IT)

1-iO'. "roup i.'iit;" or-. I r in ail aspects ot cur husrtfiss. Any significant' {isruption or i::iluro, ctusrxfb external iactas., oenia) of service, rnnpi.l.>i viin?;v; or hurrittfi error could result In a service ■nt{;i" aption. sxx.Vlent or mi.s3rip'ix,fiation of cortfldenbal information. Ptoes?, anluro, security meach or other operational cMttcuttes rrw»y also i.!3d to wsi :ijb loss or increased nnsts, firws, penalties oi additional insurance requirements. Prolonged failure of our sales websites could also adversely affect revenues.

Continued successful delivery and implementation of the Greyhound IT traislormaliO" plan is required to improve yield management and drive future growth.

Failure to properly manage the implementation of new IT systems may result in increased costs nncl/or lost revt-ri! le.

Mitigation

The Group corfinues to focus on service quality and delivery as priorities in making our services attractive to passengers and other customers, across our portfolio of businesses.

We have a dedicated cross-divisional Consumer Experience Team focused on improving our service lo customers and improving access to our services. In our contract businesses, a competitive bidding strategy and a strong bidding team are key.

Wherever possible, the Group works with local and 'i.iwiiftl boons so profnrtrt measures! :<imrxl at increasing dart'iiii foi uublii. tiansf v«1 e.' ti iv. other services that we offer.

The Group has increased its focus on asset ■ management and further enhanced its IT security processes and procedures.

Tha Group has further strengthened its IT project management capability during the year, particularly within Greyhound.

Comment and movement during the year

In North America, Greyhound

har; ii npte i ki tfed t iew pre-i ici technology tools to allow for :iin-ryii rap!..:' response to cin inoeai'rgly tAimpaliirVe marketplace driven by low o',t srl m: or'14.>';irlion

We currently have a number of autonomous vehicle pilot projects in the US and are workiig on ono Hi the UK Ws ae also n inning pilots for on demand technology both in the USA and UK.

No material change in the year, however, web and mobile sales channels are of increasing importance across many of OKI iMISInr-SSOS.

Data security (including cyber security & GDPR)

All business sectors are targeted by increasingly sophisticated cyoor seo¹ July attacks. Across our divisions wc: are seeing inaeased use ot mobile arid internet-safiti-CI Id-I-I
tblb-wl ilU i gall-m-luige
amounts of data and therefore the risk of unauthorised access to.
c ions ot. rj;Ha 31 respect of ariployfics or our customers is growing.

A failure to comply with the General Data Rotecton Ftegulation (GDFl), which came into force ri May 2018, could result in
^((■f!kicr.e-i^iltfcjs ond cntJd l iavfl advvw mhf>ct on censu nt"" confidence m the 6io.jp <http://6io.jp>.

We have threat detection systems across our business but continue to remain vigilant to

m-i-nity-»-ipn-nrwifir-wiirn-ih...t,Het

New

In the year we appointed a
Data Protection Officer to c*asc«
the completion of our GDFR

compliance project. From May 1=013. the Data Pftitecliu t Otev urdratrtre l'M) tasks ii-t cut ir; tin- GDPR. -ncuano monitoring compliance

We have also implemented a number of staff training initiatives io >*la awarmru-is of ■■ :c;;;i srtctjrt) risks and responsibilities

Principal risks and uncertainties

Risk and potential impact Treasury and credit rating

Ar. v. ' ui» iii 'ijiihi. * i.:el;;J n> nuto-A io [jis liii»K->:l s'.Jei;eiSi or.Mcjjii5 I3C to "iSt treasuiy reitt ildud« icyjjiii'y liste, risks arising from changes to foreign exchange and interest rates and ftmI owe ri")'.

Foreign currency and interest rate movements may impact the [unfits tKi!'.w: shMit an;! iv.s! i 1uv:'. uf 'lv. Giouo

Ineffective hedging arrangements may not fully mitigate losses or may increase them.

The Group is credit rated by Standard & Poor's and Fitch. A downgrade of the Group's credit ratings to below investment grade may have a negative impact on the Group's ability to invest in infrastructure projects and may increase the cost of financing.

Mitigation

The Group's Treasury Committee manages treasury policy, and delegated authorities are reviewed periodically to ensure compliance with best practice and to control and manage these risks appropriately.

The Group is continuously focused on improving operating and financial performance and the impact of our financial position on the business.

Comment and movement during the year

The continued reduction in the Group's leverage from 1.9 times net debt/EBITDA to 1.5 times at

the end of the year is a result of strong cash generation

and the sale of non-core assets.

Pension scheme funding

tu 0

The Group's pension schemes are subject to a number of significant pension risks, including the risk of insufficient funding.

Future cash contribution requirements may increase or decrease depending upon financial market conditions, investment returns and valuations, the rates used to value the liabilities and through changes to life expectancy, and could result in material changes in the accounting cost and cash contributions required.

Compliance, litigation and claims, health and safety

The Group's operations are subject to a wide range of legislation and regulation. Failure to comply can lead to litigation, claims,

penalties and reputational damage.

The Group has three main insurable risks: third party injury and other claims arising from vehicle and general operations, employee injuries and property damage.

The Group is also subject to other litigation, which is not insured, particularly in North America, including contractual claims and those relating to employee wage and hour, and meal and break, matters.

A higher volume of litigation and claims can lead to increased costs, reduced availability of insurance cover, and/or reputational impact.

Increased frequency of accidents, clusters of higher severity losses, a large single claim, or a large number of smaller claims may have a negative impact on the Group's financial performance.

The Group's approach to managing these risks includes the use of derivatives, hedging of foreign exchange, amendment of the defined benefit pension scheme, and the introduction of defined contribution benefits for new starters in First Bus, and the Group's Canadian businesses have reduced these risks.

The Group also seeks to remove liabilities from the balance sheet where it can be achieved cost effectively.

Under the First Rail franchise arrangements, the Group's train operating companies are not responsible for any franchise deficit at the end of a franchise so there is no short-term cash flow risk within the franchise arrangements.

any particular franchise.

Compliance with Group and divisional policies and procedures.

The Group has a very strong focus on safety and the provision of a safe and secure environment for its passengers. The Group has a strong focus on safety and the provision of a safe and secure environment for its passengers. The Group has a strong focus on safety and the provision of a safe and secure environment for its passengers.

Non-insured claims are managed by the Group's dedicated in-house legal teams with external assistance as appropriate.

The Group has closed the UK Group and First Bus Pension Schemes to future accrual from April 2018, and consolidated other First Bus legacy schemes. This will further reduce the size and volatility of the pension funding risk over the longer term.

During the year, The Pensions Regulator ('TPR') has been in discussion with the Railways Pension Scheme (the 'Scheme') regarding the funding assumptions which could result in changes to contributions. The Scheme is the industry-wide pension scheme. The outcome of the review, which could impact all rail operators, is not yet known. The Rail Delivery Group is engaging with rail operators to understand and assess TPR's concerns and to develop an industry-wide solution.

The legal climate in North America, particularly in the US, continues

to be unpredictable. The costs of litigation are high and unpredictable. The costs of litigation are high and unpredictable. The costs of litigation are high and unpredictable. The costs of litigation are high and unpredictable.

FirstGroup Annual Report and Accounts 2018

Risk and potential impact

Labour costs, employee relations, recruitment and retention

Employee costs represent the largest component of the Group's operating costs, and new regulation or pressure to increase wages could increase these costs. Competition for employees, particularly in an improved economic climate, can lead to shortages which increase costs and affect service delivery.

High employee turnover could lead to higher than expected increases in the cost of recruitment, training and labour costs and could impact service delivery.

Similarly, industrial action could adversely impact customer service and impact on the Group's operations.

Mitigation

The Group seeks to mitigate these risks via its recruitment and retention policies, training schemes and working practices.

Our working practices include building communication and engagement with trade unions and the wider workforce. The Group's engagement includes regular communication, satisfaction surveys, and the presence of Employee Directors (who are voted for by the employees to represent them) on many of the Group's UK operating company boards and the FirstGroup plc Board.

Where increased wages and incentives are necessary to attract and retain employees, those extra costs are factored into our bid models, where possible, to ensure appropriate returns are achieved.

Comment and movement during the year

Strong economic conditions, particularly in North America, continue to impact retention and recruitment.

During the year, we have established a new approach and offer in First Student in line with First Transit to reflect total market conditions.

Disruption to infrastructure/operations

Our operations, and the infrastructure on which they depend, can be affected by a number of different external factors, many of which are not within our control. These factors include terrorism, adverse weather events and, potentially, climate change or pandemics.

The threat from terrorism is enduring and continues to exist in all of our markets. Public transport continues to be regarded as an attractive and viable target, and has previously been subject to attack. Across our businesses, we take all reasonable steps to help guard against such activity on the services we operate. An attack, or threat of attack, could lead to reduced public confidence in public transportation, and/or specifically in the Group's security and safety record and could reduce demand for our services, increase costs or security leasings and cause operational disruption.

Greater and more frequent adverse weather could lead to

customer denial is a significant financial impact, potential increased costs and accident rates.

As a leading transport provider, we face the challenge of managing the impact of changing its impact on its business.

We continue to develop and apply good practice, and provide guidance to our employees to help them identify and respond effectively to any potential threat or incident.

We maintain close working relationships with specialist government agencies, in relation to terror threats, in both the UK and North America

We employ dedicated security specialists in the UK and North America.

The geographic spread of the Group's businesses offers some protection against specific risks. In addition, some of our contract-based businesses have force majeure clauses in place.

procedures to manage the impact on our operations.

The Group continues to target reductions in our emissions, including through behaviour change initiatives and investment in new technology.

No material change during the year, although severe weather has led to service disruption in both our North American and UK operations

The risks listed are not all of those highlighted by our risk management processes and are not set out in any order of priority. Additional risks that we have identified but are not currently assessing as material, may also arise in the future. Indicators of a move to a new risk level are not indicated in the overall risk position. The risk of a material loss is not indicated in the overall risk position.

FirstGroup plc Annual Report and Accounts 2018 39

Financial review

In the year we strengthened our balance sheet by delivering strong free cash generation, supplemented by the start of franchise inflows relating to SWR, and by refinancing part of our bond portfolio at lower rates.

Summary of the year

Reported Group revenue in the year increased by 13.2% including the new SWR franchise from 20 August 2017, the 53rd week in the Road divisions and the translation of our US Dollar-based businesses into pounds Sterling at stronger rates than the prior year. Adjusting for these factors, Group revenue increased by 1.0% with growth in First Rail, First Transit and First Bus partly offset by small reductions in Greyhound and First Student revenues.

Group's adjusted profit in constant currency decreased by 10.4% excluding the contribution from the new SWR franchise and the 53rd week in the Road divisions, with growth in First Bus and First Rail more than offset by reductions in the other divisions. Operating profit in constant currency decreased by 90bps to

Following their review of these cash flow estimates, the Directors concluded that there should be an Impairment charge of £277.3m on the Greyhound cash generating unit (CGU). This is reflected in the financial statements as an Impairment in full of the carrying value of Greyhound goodwill of £260.6m, as well as Impairment charges of £12.3m on Greyhound's property, plant and equipment, £2.5m on the brand and trade name and £1.9m on software.

TPE onerous contract provision

Management have prepared updated financial forecasts for this franchise until the initial end date of 31 March 2023. The updated forecasts are based on a number of assumptions, most significantly passenger revenue growth. These are based on economic and other exogenous factors as well as changes in timetables, capacity and rolling stock. Although we are already achieving industry-leading revenue growth, our forecasts suggest that we will fall short of the growth requirements in the original franchise bid. Based on these forecasts the Group considers it has an onerous contract, the value of which is estimated to be £106.3m. Accordingly this amount has been charged to the income statement.

Other intangible asset amortisation charges

The amortisation charge for the year was £70.9m (2017: £60.2m). The increase primarily reflects the amortisation of the North American divisions due to an incremental £7.5m in software intangible amortisation.

North America insurance reserves

There have been adverse developments on a small number of aged insurance claims in North America which mainly relate to the 21/14/15 and 2015/16 financial years. The adverse developments on these claims give rise to a cost representing a significant proportion of the respective divisional results and accordingly management consider that including such amounts in operating profit would distort year-on-year comparisons for the North American divisions. The impact of these adverse developments was a charge of £32.7m comprising First Student £13.4m, First Transit £15.8m and Greyhound £3.5m.

Restructuring and reorganisation costs

There was a charge of £26.0m (2017: £16.8m) in the year for restructuring, impairment of assets and reorganisation costs relating to the business turnarounds in First Bus (£20.6m)

Revenue and adjusted operating profit

The following table shows the revenue and adjusted operating profit by division is set out below. For more information on divisional operating performance see the business review on pages 12 to 22:

| | | Year to 31 March 2016 | | | | Year to 31 March 2017 | | |
|-----------------------------|---------|-----------------------|--------|---------|-----------|-----------------------|--------|-----------|
| | | Revenue | profit | margin | Operating | Revenue | profit | Operating |
| | | £m | £m | % | £m | £m | £m | % |
| First Student | 1,771.1 | 156.5 | 8.8 | 1,780.3 | 171.1 | 9.6 | | |
| First Transit | 1,072.7 | 58.2 | 5.4 | 1,042.0 | 73.3 | 7.0 | | |
| Greyhound | 690.2 | 25.5 | 3.7 | 684.7 | 42.6 | 6.2 | | |
| First Bus | 879.4 | 50.2 | 5.7 | 861.7 | 37.0 | 4.3 | | |
| Group items ¹ | 15.2 | — | — | 15.8 | — | — | | |
| Road divisions | 4,429.6 | 259.2 | 5.9 | 4,384.5 | 285.2 | 6.5 | | |
| First Rail | — | 57.8 | — | 2.9 | 1,268.8 | 53.8 | 4.2 | |
| Total Group | 6,398.4 | 317.0 | 5.0 | 5,653.3 | 339.0 | 6.0 | | |
| North America in US Dollars | | | | | | | | |
| | | \$m | \$m | % | \$m | \$m | % | |
| First Student | | 2,350.6 | 210.4 | 9.0 | 2,323.3 | 222.0 | 9.6 | |
| First Transit | | 1,420.4 | 77.8 | 5.5 | 1,358.9 | 95.2 | 7.0 | |
| Greyhound | | 912.7 | 32.8 | 3.6 | 894.0 | 55.2 | 6.2 | |
| Total North America | | 4,683.7 | 321.0 | 6.9 | 4,576.2 | 372.4 | 8.1 | |

1 A(1)115M11

[1] - From link on jraww; certifi nianijcrtinr anu other terns

FirstGroup Annual Report and Accounts 2018 41

Financial review continued

and costs related to contract losses and
nnr-TT^STtofrf-iK-tsinVst frjiijit;£S.4>nj.

Bond 'make whole' costs

The early redemption of the £300m bond on M-4r.r.-Vi ti yo: ir waited in ji ore-oil £ 0 7m 'nuk? whole' n iteiest charge.

Capital expenditure

Cash capital expenditure was £425.6m (2017: £404.3m), of which £299.4m (2017: £323.9m) was in the Road divisions. It comprised First Student £186.0m (2017: £198.7m), First Transit £10.0m (2017: £17.8m), Greyhound £46.8m (2017: £30.1m), First Bus £42.8m (2017: £74.4m), First Rail £126.2m (2017: £80.4m) and Group items

£196.7m), First Transit £19.0m (2017: £17.0m), Greyhound £40.0m (2017: £30.1m), First Bus £42.0m (2017: £14.4m), First Rail £120.2m (2017: £60.4m) and Group items £5.0m (2017: £2.0m). First Rail capital expenditure is typically matched by franchise receipts or other funding. In addition, during the year we entered into operating leases for passenger carrying vehicles with capital values in First Bus of £6.0m (2017: First Transit £8.0m), and we expect our use of operating leases to increase going forward.

Gross capital investment was £439.5m (2017: £365.6m) and comprised First Student £206.1m (2017: £165.9m), First Transit £28.5m (2017: £25.8m), Greyhound £44.4m (2017: £31.7m), First Bus £26.9m (2017: £63.9m), First Rail £129.5m (2017: £76.4m) and Group items £5.0m (2017: £2.9m). The balance between cash capital expenditure and gross capital investment represents creditor movements in the year.

Cash flow

The net cash inflow (before First Rail start of franchise cash flows) was £110.5m (5*017- C14Z2n) with the reduction driven by: lower proceeds from the disposal of property, plant and equipment primarily due to the sale of a Greyhound terminal last year and higher interest payments as a result of the early bond redemption partly offset by the timing of certain working capital flows. Net cash flow including the First Rail start of franchise cash flows of £88.5m (2017: CnrT) was £199.9m (2017: £147.2m) and this, combined with movements in debt due to foreign exchange, resulted in a decrease in net debt of £219.6m (2017: £120.3m) as detailed below.

Balance sheet

Net assets have decreased by £585.3m since the start of the year. The principal reasons for this are the unfavourable translation reserve movements of £324.9m and the retained loss, for the year of £290.9m partly offset by favourable after tax hedging reserve movements of £34.4m.

Goodwill

The carrying value (net assets including goodwill but excluding intercompany balances) of each CGU was tested for impairment during the year by reference to their projected value in use and following their review of these projections, the Directors concluded that there should be an impairment charge of £277.3m on the Greyhound CGU. This is reflected in the financial statements as an impairment in full of the carrying value of Greyhound goodwill of

£260.0m (the impairment was as a result of the impairment of goodwill of £12.3m on Greyhound's property, plant and equipment (note 13), £2.5m on the i brand and trade name and £1.9m on software (note 12). Apart from Greyhound, there are no other goodwill items.

Funding and risk management

Liquidity within the Group has remained strong. At the year end there was £766.4m (2017: £941.1m) of headroom on committed facilities and free cash, being £603.0m (2017: £804.0m) of committed headroom and £163.4m (2017: £141.1m) of free cash. Largely due to the seasonality of First Student, committed headroom typically reduces during the financial year up to October and increases thereafter. Treasury policy requires a minimum of £150m of committed headroom at all times. Our average debt maturity was 4.1 years (2017: 3.5 years). The Group does not enter into speculative financial transactions and uses only authorised financial instruments for certain risk management purposes.

Fuel price risk

We use a progressive forward hedging programme to manage commodity risk. In 2017/18 in the UK, 69% of our 'at risk' crude requirements (1.9 billion barrels p.a.) were hedged at an average rate of \$60 per barrel. We have hedged 82% of our 'at risk' UK crude requirements for the year to 31 March 2019 at \$58 per barrel and 57% of our requirements for the year to 31 March 2020 at \$63 per barrel.

Cash flow

| | 2018 | 2017 |
|---|---------------|---------|
| Em | | Cm |
| EBITDA | 690.6 | 686.6 |
| Other non-cash income statement charges/(credits) | 17.2 | (6.2) |
| First Rail start of franchise cash flows | 36.9 | 23.9 |
| Movement in other provisions | (10.5) | (30.6) |
| Pension payments in excess of income statement charge | | (47.9) |
| | (37.6) | |
| Cash generated by operations excluding First Rail start of franchise cash flows | 686.3 | 636.1 |
| Capital expenditure and acquisitions | (425.6) | (404.3) |
| Proceeds from disposal of property, plant and equipment | 11.4 | 43.0 |
| Interest and tax | (137.6) | (116.3) |
| Acquisition of non-controlling interest | (13.8) | |
| Dividends paid to non-controlling minority shareholders | (1.1) | (11.9) |
| Other | (9.1) | 0.6 |
| Net cash inflow before First Rail start of franchise cash flows | 110.5 | 147.2 |
| First Rail start of franchise cash flows | 88.5 | |
| Net cash inflow after First Rail start of franchise cash flows | 199.0 | 147.2 |
| Foreign exchange movements | 23.2 | (26.5) |
| Other non-cash movements | (2.6) | (0.4) |
| Movement in net debt in the year | 219.6 | 120.3 |

FirstGroup Annual Report and Accounts 2018

In North America 63% of 2017/18 at risk crude oil volumes (1.4m barrels p.a.) were hedged at an average rate of \$56 per barrel. We have hedged 53% of the volumes for the year to 31 March 2019 at \$66 per barrel and 28% of our volumes for the year to 31 March 2020 at \$53 per barrel.

Interest rate risk

We seek to reduce our exposure by using

derivatives of fixed rate debt and interest rate derivatives to achieve an overall fixed rate position over the medium term of at least 60% of net debt

Foreign currency risk

'Certain' and 'highly probable' foreign currency risk exposures including foreign currency exposures for the UK divisions may be hedged at the time the exposure arises for up to two years at specified levels, or longer if there is a very high degree of certainty. The Group does not hedge the translation of earnings into the Group's reporting currency (pounds Sterling), but accepts that reported Group earnings will fluctuate as exchange rates against pounds Sterling fluctuate for the currencies in which the Group does business. During the year, the net cash generated in each currency may be converted by Group Treasury into pounds Sterling by way of spot transactions in order to keep the currency composition of net debt broadly constant.

Pensions

In the year we successfully consolidated assets in three UK local government pension schemes into one and on 1 April 2018 both of the main UK defined benefit schemes were closed to defined contribution accrual. We have updated our pension assumptions as at 31 March 2018 for the defined benefit schemes in the UK and North America. The net pension deficit of £38.5m at the beginning of the year has decreased to £273.7m at the end of the year principally due to better asset returns together with favourable foreign exchange movements. The main factors that influence the balance sheet position for pensions and the sensitivities, to their movement at 31 March 2018 are set out below:

| Movement Impact | | |
|-----------------|-------|----------------------------|
| Discount rate | +0.1% | Reduce deficit by £30.0m |
| Inflation | +0.1% | Increase deficit by £25.0m |

Seasonality

First Student generates less revenue and profit in the first half of the financial year than in the second half of the year as the school summer holidays fall into the first half. Greyhound operating profit is typically higher in the first half of the year due to demand being stronger in the summer months.

Foreign exchange

The most significant foreign exchange risk to the Group is the sterling rate.

| | 31 March 2018 | 31 March 2017 | | | Year to | Year to |
|-----------|-------------------|-------------------|------|------|----------|---------|
| | Closing Effective | Closing Effective | rate | rate | | |
| US Dollar | 1.40 | 1.34 | 1.25 | 1.29 | Canadian | |
| Dollar | 1.81 | 1.75 | 1.67 | 1.74 | | |

Contingent liabilities

Investigations into the Croydon tram incident are ongoing and it is uncertain when they will be concluded. The tram network is operated by Tram Operations Limited (TOL), a subsidiary of the Company, under a contract with a TfL subsidiary. TOL provides the drivers and management to operate the tram services, whereas the infrastructure and trams are owned and maintained by a TfL subsidiary. No proceedings have been commenced and, as such, it is not possible to assess whether any financial penalties or related costs could be incurred.

Net Debt

The Group's net debt at 31 March 2018 was £1,070.3m (2017: £1,289.9m) and comprised:

| | | | | | 31 March 2018 | 31 March 2017 |
|--|-------|-------|----------------|----------------|---------------|---------------|
| | Em | Em | Fixed Em | Variable Em | Total | Total |
| Analysis of net debt | | | | | | |
| Sterling bond (2018) | - | | | 298.8 | | |
| Sterling bond (2019) | - | 249.9 | 249.9 | 249.8 | | |
| Sterling bond (2021) | - | 348.3 | 348.3 | 348.3 | | |
| Sterling bond (2022) | 321.6 | - | 321.6 | 321.1 | | |
| Sterling bond (2024) | 199.8 | - | 199.8 | 199.6 | | |
| Sterling bank loans | - | 197.0 | 197.0 | | | |
| 4% convertible subordinated loan | - | | | | | 104.7 |
| Senior unsecured loan notes | 104.7 | 183.7 | | | | |
| Loan notes | 195.2 | - | 195.2 | 80.0 | | |
| Gross debt excluding accrued interest | 8.7 | 0.8 | 9.5 | 9.5 | | |
| Cash | | | 830.0 | 796.0 | 1,626.0 | 1,690.8 |
| First Rail ring-fenced cash and deposits | | | (163.4) | (141.1) | | |
| Other ring-fenced cash and deposits | | | (391.5) | (255.8) | | |
| | | | (0.8) | (4.0) | | |
| Net debt excluding accrued interest | | | 1,070.3 | 1,289.9 | | |

Under the terms of the First Group franchise agreements, cash can only be distributed by the TOCs either up to the lower amount of their retained amount required to satisfy the liquidity ratio at the balance sheet date.

Financial review continued

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the Directors have assessed the viability of the Group over a three-year period, taking into account the Group's current position and the potential impact of the principal risks set out on page 36. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2021.

Whilst the Directors have no reason to believe the Group will not be viable over a longer period, the period over which the Directors consider it possible to form a reasonable expectation as to the Group's longer term is the three year period to 31 March 2021. This period reflects the Group's corporate planning processes and is considered appropriate for a fast-moving competitive environment such as passenger transport.

The Group's corporate planning processes include completion of a strategic review, preparation of a medium term business plan and >> ci.sf tcV'(; to -i-.a]T of ojr voni. year bussrsaa u^fci"V.ance. The plans and projections prepared as part of these corporate planning processes consider the Group's cash flows, contracted funding and liquidity positions, forecast future funding requirements, balance sheet ratios, including those relevant to maintaining the Group's existing investment grade status. The Group also considers the ability of the Group to deploy capital. A key assumption underpinning these corporate planning processes is that debt markets will be sufficiently available to the Group.

In assessing the viability of the Group, the Directors take account of the potential financial and operational impacts, in severe but plausible scenarios, of the principal risks which might threaten the Group's viability during the three-year period to 31 March 2021 and the likely effectiveness of current and available mitigating actions that could be taken to avoid or reduce the impact or occurrence of such risks.

The scenarios considered were: 1) weak economy, adverse operating environment and forfeiture of rail franchises; 2) low growth economy; 3) heightened terrorism and increased environmental pressures; and 3) weak economy and credit market shock.

The Board confirms that in making this statement it carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Going concern statement

The Group has established a strong balanced portfolio of businesses with approximately 50% of Group revenues secured under medium term contracts with government agencies and other large organisations in the UK and North America.

The Group has a diversified financing structure with average debt duration at 31 March 2018 of 4.1 years (2017: 3.5 years) and which is largely represented by medium term unsecured bank facilities and long term unsecured bond debt. The Group has an £800m committed revolving banking facility of which £603m (2017: £800m) was undrawn at the year end. This facility has a maturity of July 2021.

The Directors have carried out a detailed review of the Group's budget for the year to 31 March 2019 and medium term plans, with due regard for the risks and uncertainties to which the Group is exposed, the uncertain economic climate and the impact that this could have on trading performance. Based on this review, the Directors believe that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Appointed: 2015

Key areas of expertise: Governance, Strategy, Safety, Quality Assurance Skills and experience: Starting his career with various research activities covering also road traffic safety. Welfhart went on to start his own firm as a broad range of successful German companies in various industries. He was Chief Executive of Interlek Group plc for ten years until he retired in May 2015. He was previously Chief Executive of Oric (CFG) his President of TÜV SÜD Deutschland AG for four years and CEO of TÜV Product Services GmbH for ten years.

Other appointments: Independent Non-Executive Director of Associated British Foods plc and Senior Independent Director of F&L PLC. Nationality: German

Appointed: 2009 and became Chief Executive in 2010

Key areas of expertise: Transportation, Strategy, Safety

Skills and experience: Tim brings to the Board a wealth of international transport management experience gained over a number of years in the sector. Prior to joining the Company, he was Managing Director, London Underground, having previously been at Transport for London. He was President and Chief Executive of Consolidated Rail Corporation and a Non-Executive Director of CSX Corporation until March 2017. Other appointments: Interpendant Non-Executive Director of Edison International and Southern California Edison and board member at Inn US National Safety Council anas September 2017. Nationality: American/British

Appointed: 2015

Key areas of expertise: Finance. M&A Skills and experience: Matthew has strong

finngiTOialandopw-rifncalfny'i'iH'i's, iir*,fciirSinj sfaltncic dnd :;l;nsn>:r:ji uli'n'i iii -i und oulio'. as 'abll 5s extensjvK ifemitiioiHi a<pjn<rc>' of driving lyiitonnrsia! inповoincirt bi'ij restructuring. Former Group Finance Director of Essentra pic, having previously been Director of Corporate Development as well as having held a number of senior wanes roVM. His early career was spent at Rank Group pic and Ernst & Young. Nationality: British

Appointed: 2014

Key areas of expertise: Marketing, Strategy Skills and experience: Drummond brings

totk - !!'lii:li:'! ■■■■■ k-rich i«;«o across a number of customer-facusea businesses in the UK, Europe and the US. . . 'oi>: f.iiv O-m ■■■■■:vr wtXu i<: Miiv Cr Group pic, prior to which rus career was spent mainly with Procter & Gamble, Mars and PepsiCo. He has also been Chairman and a Non-Executive Director of Mitchells & Butlers pic and a Non-Executive Director of Taylor Nelson Sofres PLC

Other appointments: Sonlor Independent Non Executive Director and Chair of the Remuneration Committee of WH Smith plc ana of The Sage Group plc. Nationality: British

Appointed: 201/

Key areas of expertise: FT, Business Process Transformation, Cyber Security Skills and experience: Martha's experience in technology spans the telecommunications, Svn,ncil services and hospitality industries. She was most recently the Executive Vice Prosdouu .r-rl Ch's Inclny/Utation Offic.-7l- ((X) of Starwood Hotels & Resorts Worldwide, am, prior to that. snc v as Wo Pim&tonr of a&fii-Hil l-v,ncu. mi. CIO r 11 'b: C-l-:■.l. v.■: dftl: rcsdpi Is:r-rty l-: It iflaffirv

Other appointments: Senior vice President and CIO of Royal Caribbean Cruises Ltd. Nationality: American

Appointed: 2 February 2018

Key areas of expertise: Corporate

FirwynoB Strategy

Skills and experience: David brings a V.M./JOI li:~.K!i:~.li.~.l.n.r:/KJ JuitM! . ~v! corporate <livjx>K <v.e cr-d <i.s. r> li- <Pi> i.H.I. I.s;~v<I. li iwik-0 IV;C;lo; H.> . liif PLC from 2005 until its acquisition by Ball Corporation in 2016. Prior to his role at Rexam, Di.v.f.aivaihi scpm finar<err>h! rHUt<u! . before becoming Group Finance Director at CMG plc in 2000 and then Chief Financial Of fv.v! PRO wA/v MV r V!-i> . I ■■■s:-~.n. -> .! Nr.?-> .>:S(a.c.~:-~>?i?u; > ■■■■

Chairman of the Audit Committee David

■ "ilir'J'foJiv;:' Ciiait i«.; £cr.:w,u: j. K: ' Nationality: British

FirstGroup Annual Report and Accounts 2018

Board Committees

® Audit Committee ® Remuneration Committee ® Nomination Committee © Boara Safety Committee • Chair

Appointed: 2014

Key areas of expertise: Transportation Skills and experience: Warwick has a strong track record of delivering restructuring, cost reduction and modernisation programmes. His previous roles include Chief Executive of Mandala Airlines in Asia, Deputy Operations Director at Ryanair plc and Chief of the Airline Group and NATS, the UK's airspace provider, and was Deputy CEO of Buzz. warw.ok also held board positions at Airline

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

Appointed: 2017

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

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

Executive Committee

In idrt'lia'i to l-v CMt* CxectrtwR who «r...< \£ trie flhs:i iVr.-i-l Office nr. members rue:

Constance Baroudel

Director of Strategy & Operational Performance

Rachael Borthwick

Group Corporate Services Director

Giles Feamley

tytanaghq Director. First Bus

Michael Hampson

General Counsel & Company Secretary

General Counsel & Company Secretary

Dave Leach

President, Greyhound

Dennis Maple

President, Rrst Student

Steve Montgomery

Managing Director, Rrst Rai

Brad Thomas

President, First Transit

•Jim Wpestock^!OO?*- *5**3^Jg^

Appointed: 2014

Key areas of expertise: Remuneration, HH, Governance

Skills and experience: Imelda brings

consxterabio experience to the Board gained

across a number of sectors, as well as

outstanding remuneration practice skills. She

was formerly Non-Executive Director and

Chair of the nemuriarahon Committee of

'Vii-iMrv"; [i' ■ f™ pi-i; ,.<■<;;

7 ■!t:; ,lll ■ 1". V!P 1 ■,■■ o ?■!>■ ill'vi;

roles at J Sairvsbiiry pic (inhere sue was Group

Coia & Schwappes Beverages Limited. Other appointments: Non-Executive Director and Chair of the Remuneration Committee of Mitchate & Butleis pic Nationality: British

Appointed: 2012

Key areas of expertise: Distribution, Safety Skills and experience: Jim brings to the Board considerable operational experience gained within a largo complex organisation,

tsolhr-r with a liaok teoo-d of rjhfcvrroeni. He has served in a number of senior roles and was a member of the management committee during his career at United Parcel Service, Inc, latterly as Senior

Vice President and Director of US operations and global security with responsibility for all US operations and 360,000 employees Other appointments: Non-Executive Director of YRC Worldwide, Inc;

also serves

-rid,;

on ilid Htw! ol lhi>;-j not-organisations m lthe US. Nationality: American

FirstGroup Annual Report and Accounts 2018

About the Board

Nationalities

The Board is the decision-making body for all matters of such importance as to be significant to the Group as a whole.

• f.*v.m an *> Ty/iOt-Wt: V, rector

• Indopc-rferit

JProc.«firs

e ".rrkrO Fits' ic'j'i& r*sctor

Length of tenure

Board composition

Gender diversity

* ?-4 y&?rs

• ■i-j yeas o 6 9 years

2018 2017 mm 2016 on

• JF«jnBte__

Core areas of expertise¹

Independence

•JUK

• Germany

ni.i] i 11.1-:

120.0% 80.0%
88.9% 88.9%

I Chulrmai

- lixfcpextern Ora*)»-s _
- tixi-iiii^xi»lorit [Hi tx tors

Some of the activities the; Board carried out during the year

0 April 2017. .

),. Internal performance evaluation exercise

' 0 May 2017

"Board and Committee meetings in London

AppuintrTKnt of Martha Poulter and ' JnitniyGiPombririge

Review of performance evaluation results,

t toyiiwSno appov<)] of kni rasi'to 'or 2t>:/

: 9 July 2017 .

AGM and Board meeting in Aberdeen "(Scfsideratbn of shareholder views

0 September 2017 ;

Richard Adam announces resignation

Board and Committee meetings in Cincinnati '■. : .

Site visits to Student and Transit operations in Chicago - • "

Q October 2017

' * ■ ■ ■ '

■ i Strategy sessions in London

0 November 2017 ,

Board and Committee meetings in London Announcement of half-yearly results

0 January 2018 V

Board and Committee meetings h Lotidon Martha Poulter joins Audit Committee Review of RAIB report on Croydon incident

Rfk appetite a: id 5fj iificaiV. ;iol<s it:v^-.ly :

0 February 2018

Apixxntmcni of fJavd Robbie ,03 trading update

0 March 2018

Budget and three-year plan review] David Robbie joins Remuneration .) ■ ■ ■ ' . . Committee "... V'

Board and Committee meetings in New Yoik'and site visit to Greyhound operations Review arid approval of Gender Pay Gap Report for publication Bond redemption

t Sonic- Ouirtors are represented n more than one category.

FirstGroup Annual Report and Accounts 2018

We are one of the few pubWystedcomDanie\< that has an employee apj^ted to ^ V (and also to (he boards of most of its UK : : V-operating companies). This unidq aspect of >, our; corporate governance has been a feature. o; cat &^Tp:ty/&txp.r origins to iHb Uc '.

■'. 1980s.-,C^aTipici^ctfectcirs
with the Ccxripany as k, f-i-as grown', wrfch tecries
; of the reasons that it is anaccepted feature of .
j- .the<xganisation amongst UK employees, and , i
■ - ■.; adjunct to a corporate governance framework.,.

Srxxtbetbuixft^cltheCOTp^::.' ■j: lJV-arJ ma huar.aviiviiitej to pfofih&f;c; ■■. * ' ■ |
..employee irivcyement at ioaalleyel. They... . I >.
. appointinent^ol[employee Directors lo the *)'; ■ boardsofttieUKopr^ting.cdrT^i i directors an emptay&viewpoH 6ri all matters K
- affecting .ltie ejection and^goverrfera^oftheAf..
.Group, aridafcws[employee directors to,■< v
/ engage with employees at a local level on the; ' V';■- strategic direction of the business.; ■■...''.'jS;v.;r

.. Employee directors ore elected by a baitot ... ■.; of s; iv foyees iii lhxii.iH?j^aveors^rai^;> ""which is iixJependently supervised They take r iii-■- < * an active role at local level, carrying out safety;

Shareholders

lego's!Lhip. strategy, risk, governance, values ana standards

AV

"Audit"

cor&els \h.■SKteniSlaucit^/? lovfjifgritaiitlj^ .xybetsecwiyy^t.



to:ivr.'iis' and, a^Uvice pwidmoy !|jr.'proilf,'i .They have the same lesponshJKias as any other ncnHE*8Cutive fjixtoraixJptay.asTulla, roie as any Erector in chalenging the senior . rrianagerhenl team.-.-.■.-■.■*■>.

The Employee Rectors'. Forum meets at; - ",
V.sim! i.i!MVI y"-,-i!-.!t!sliiiiiflBfB!J!-!-!c; i H -1 ir tiff.a!i scillti Kit ti it aic c: GrOa. ■ & TiptoyeeDiiTxaor-whena !:!v! vi/i!fiitipkvit;?!)!?!*^ !'Om'S;' !-■.; nominated Jimmy t3loombridge, .v/hosr) * *
■ appoiTmeatd, by the r^riralOTCfcmitee. Jiminy was then elected by shareholders at the 2017, AGM.' '

Every Non-Executive Director brings a different perspective and experience to the Board; our Employee Director brings first-hand experience as a frontline employee and helps ensure that the Board takes the views of the workforce into account in its discussions.

' Chief Executive ':

Day-to-day 'management: oversight of Group strategy and commercial objectives; implementation of Board decisions; - promotion of high standards of corporate governance". ■ ■

■ Executive Committee: ■

Supporting the Cffef Executive in the day-to-oay running'of the Group, y.'

Corporate governance report

Chairman's report

CC

I believe firmly that good governance lies at the \ heart of a successful and sustainable company. j

Activities during the year

»St/atogyprosenlatlonsand :
direction o? (!: • •! . ;.

» Business presentations and -

» Further development qt tho . -
Bc-i: tVsi-ndwjta-.drig and ftrp'oac.-i io rwk arnernte

•..Budget and three-year plan,.. ■

» Appointment of David Robbie and V Martha Poulter as Non-Exeoitive Directors; and of Jimmy Groombridge as Group Employee Director

■ Successionplanning and latent : management for the Board and

- •■• ■•seti&jmaTag&mm- -■

» Review of recommendations arising out of the Internal, evaluation exercise -■

Areas of focus in the future

- Flecnjtmnt of a new Chief Executive; •.DiscipSned growth and bidding
- Maintain strong cash management
- Ongoing development ofthe ';; : » .Group's strategy . . . ? « . .

■ Review and implementation of ; recommendations arising out of the -
'i externally facilitated Board evaluation

Our Values

The Board sets out the Group's strategic ?.»»•«. monKo-S the C!r«ip'3 s&ftfjr. nhjts'trye.;-. and oversees their implementation by the (Met ExtjOtifiw. I;
provides Isafets>'--& v-/sh: i n fiarna'v.'O'k {,1 npcropttte find n'trr-tvi-controls. The Board is also responsible fry tl » culture and Values of the Group.

Out Values are:

- Committed to our customers j • Dedicated to safety i » Supportive of each other i « Accountable for oerformance
- « Setting the highest standards

Our Values are recognised across the Groijp and are fundamental to the way we operate. We see these Values as key to the way we work with our customers, suppliers, employees and stakeholders in general. Wo will nol get everything right all of the tor but we will aim to learn where we make mistakes, and our Board evaluation assists lis in highlighting areas in which smprovements can be made.

Understanding our business

Corporate governance does not exist in isolation and cannot be reduced to compliance with checklists and codes.

'n order for trie Board to be able to review strategy, to determine our approach to risk and to respond to events, we need to have a thorough understanding of our businesses.

During the year, the Board visited our operations in Chicago and New York. These visits provided us with an opportunity not only to see our businesses in action, but also to meet our employees and understand their views and opinions on the Group. T! is? viats were rombinsi I will i ii i-dqjtl i presentations from our divisional manager 'lent team;; ci the risks, opportunities, performance, customer propositions and strategic initiatives ot l'lelrtwwnfesses.

Compliance with the Code

The Annual Report and Accounts for the year ended 31 March 2018 have been prepared in accordance with the UK Corporate Governance Code which was issued in April 2016 (the 'Code') by the Financial Reporting Council and is available to view at www.frc.org.uk

The Board therefore confirms that throughout the year the Company has complied with the provisions of the Code and expects to do so in the future.

expect to do so in the future and Accounts for the year ending 31 March 2019.

FirstGroup Annual Report and Accounts 2018

Corporate governance report continued Leadership

The Board provides entrepreneurial leadership of the Group within a framework of prudent and effective controls for risk assessment and management.

Board visit to Greyhound operations in New York

The role of the Board

The Board is accountable to shareholders for running the Company in a way which promotes its long-term success for the benefit of the shareholders as a whole. The Board ensures that an appropriate balance between promoting long term growth and delivering short term objectives is achieved.

The Board is primarily responsible for:

- determining strategic direction and demonstrating leadership
- focusing on matters that consistently add value for shareholders of the Company, both present and future
- the governance and stewardship of the Group to provide protection and security for the shareholders' assets
- setting the Group's culture, standards and values, and ensuring that its obligations to shareholders and other stakeholders are understood and met
- determining the nature and extent of the principal risks the Group is willing to take to achieve its strategic objectives
- ensuring that management maintains a system of internal control that provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations

The Board is the decision-making body for all matters of such importance as to be significant to the Group as a whole because of their strategic, financial or reputational implications or consequences.

Specific key risks that have been reviewed for approval by the Board and these include:

- the Group's strategy
- major acquisitions, mergers or disposals
- UK rail franchise bids
- dealings with regulatory authorities on matters of significance
- capital and liquidity matters
- medium term plan and annual budget
- Board and Committee membership

- financial results, viability statement
- the appointment and removal of Directors and the Company Secretary

Board meetings and visits

The core activities of the Board and its Committees are carried out in scheduled meetings. Additional ad-hoc meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings.

To ensure the Board sees the Group's operations in action, the Directors normally meet at least three times each year at the Group's sites in the UK and North America. This provides senior management from across the Group with the opportunity to present to the Board and its Committees and to meet Directors informally. It also provides the Board with the opportunity to review operational matters on site.

In order to carry out its work, the Board has established a planned programme of agendas to ensure all necessary matters are covered and to allow sufficient time for debate and challenge. The Board also takes time to review past decisions where necessary. At Board meetings, the Directors receive and consider papers and presentations from management on relevant topics and senior executives are regularly invited to attend meetings for specific

and consider papers and presentations from management on relevant topics and senior executives are regularly invited to attend meetings for specific items. Effective review and decision-making is supported by providing the Board with high-quality, accurate, clear and timely information including input from advisers¹ where necessary.

Board meetings are structured around, divisional updates; strategy; financial and operational updates, assessment of risks and how they should be managed and mitigated; other reporting items for approval, including UK rail franchise bids; and reports from Committee Chairs, the Group Employee Director ('GED') and the Company Secretary.

In March 2018, the Board toured

Greyhound's key passenger sales regions in New York City, "the largest

and most important market in the

United States; and its passenger operations as follows:

■ New York City

■ Port Authority of New York and New Jersey, the largest terminal in the United States

■ Washington

■ program to completely renovate the ticketing area with the aim of enhancing

the customer experience

■ Baltimore, the largest terminal in the

■ key curbside locations throughout the New York City area

■ Washington

■ the new Washington Bridge Station; and the new location of the

■ D.C. located in the vibrant area under development

and the new facility enjoys many of the

upscale commercial amenities.

The tour demonstrated Greyhound's commitment to service excellence in New York, representing a significant sign of growth, sales and passenger satisfaction.

FirstGroup Annual Report and Accounts 2018

/

Division of responsibilities

The Board has agreed a clear division of responsibilities between the Chairman and the Non-Executive Directors, and these duties, as well as the duties of the Executive Directors, are clearly defined in the

Roles and responsibilities of the Chairman

- establishes the Group's Values and standards and sets the tone from the top
- promotes the interests of the Company with special regard to planning and development to secure the Group's future and sustainable success
- promotes the Board, ensuring it functions efficiently and in conformity with the highest standards of corporate governance
- ensures Board meetings are effective and open and constructive debate is promoted, the views of all Directors are taken into account and adequate time is available for discussion on all agenda items
- ensures that shareholders and the Board receive accurate, timely, clear and high-quality information
- chairs the Nomination Committee
- ensures effective induction and development of Directors
- ensures the performance of the Board, its Committees and individual Directors are formally evaluated annually, with an externally facilitated evaluation performed at least every three years

relationships and communications between Non-Executive Directors (NEDs)

and Executive Directors and senior management

- ensures effective communication with shareholders and other stakeholders, and that their views are understood by the Board
- provides an appropriate balance of support and challenge to the Chief Executive in order to maintain an effective working relationship

Our Chief Executive

- promotes the creation and maintenance of a safe working environment and a safety-focused culture across the Group; he does this latter by chairing the Executive Safety Committee
- leads the Executive Committee in the day-to-day running of the Group's business
- develops the Group's business objectives and strategy, having regard to the interests of shareholders, customers, employees and other stakeholders
- « ensures the business of the Group is conducted, and results are delivered, in the right way
- « establishes and maintains an organisational structure that enables the Group's strategy to be implemented effectively

- leads communication with shareholders

» ensures at all times that the Company's standards are higher than the legal requirements of the countries in which we operate

« establishes a strong senior management team which has the knowledge, skills, attitude and motivation to achieve the Group's business objectives and strategy, and with appropriate succession planning to ensure that this continues in the future

- develops and maintains an effective framework of internal controls and risk management

• ensures the Board is kept apprised in a timely manner of the issues facing the Group and of events and developments
'as they arise'

Our Senior Independent Director

» acts as a point of contact for shareholders and other stakeholders to discuss matters of concern which would not be appropriate through the normal channels of communication with the Chairman, Chief executive or Chief Financial Officer

« acts as a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary

» meets with the NEDs without the Chairman being present at least annually and leads the Board in the ongoing monitoring and annual performance evaluation of the Chairman

- deputises for the Chairman, as necessary

Our Non-Executive Directors

The NEDs provide a strong independent element to the Board and a solid foundation for good corporate governance. Although all Directors are equally accountable under the law for the stewardship of the Company's affairs, the NEDs have a vital role in corporate accountability. They have responsibility for constructively challenging the strategies proposed by the Executive Directors, scrutinising the performance of management in achieving agreed goals and objectives, as well as playing a leading role in the functioning of the main Board Committees. Between them, the current NEDs have the appropriate balance of skills, experience, knowledge and independent judgement gained through experience in a variety of business sectors.

Our Group Employee Director

The Board considers that it is extremely beneficial for its employees to be represented on the Board so that employee-related issues are raised directly. The GED provides a two-way communication between the Board and employees. The GED is nominated by the Employee Proctors of our UK operating companies at the Employee Directors' Forum, and serves a maximum of three, three-year terms.

The Committees of the Board

The four principal Committees of the Board are Audit, Board Safety, Nomination and Remuneration. Their members are appointed by the Board upon the recommendation of the Nomination Committee and membership is spread between the NEDs and the GED, drawing on each of their relevant skills and experience. Certain members are expected to attend each Committee meeting, unless there are exceptional circumstances that prevent them from doing so. Only members of the Committees are entitled to attend their meetings, but others may attend at the Committee's discretion.

The Executive Committee

The Executive Committee supports the CEO in the day-to-day running of the Group. Its membership is shown on page 7. It is responsible for:

- to communicate, review and agree on significant issues and actions;
- to help to develop, implement and monitor strategic and operational plans;
- to consider the continuing applicability, appropriateness and impact of risks; and
- to lead the Group's culture and safety programme, supported by the Executive Safety Committee.

S3

Corporate governance report continued Effectiveness

Effective management and good stewardship of the Group are led by the Board.

Board Committee Chairmanships

- | | |
|--------------------------|--------------------------|
| ○ Audit Committee | ○ Nomination Committee |
| ○ Remuneration Committee | ○ Board Safety Committee |

The attendance of Directors at Board and Committee meetings and the number of meetings attended in the year ended 31 March 2018 are shown below:

| | Board |
|-------------------|-----------------------------|
| Meetings attended | Meetings eligible to attend |

Meetings attended
Meetings attended
Meetings attended
Audit Committee Remuneration Committee Nomination Committee Board Safety Committee

Meetings
eligible to Meetings attend attended

Chairman

Wolfhart Hauser ©

Executive Directors

Tim O'Toole Matthew Gregory

10 10

10

10 10

Non-Executive Directors

Richard Adam¹ O Warwick Brady Jimmy Groombridge⁷ Drummond Hall Martha Poulter³ David Robbie⁶ © Imelda Walsh Q Jim Winestock Q

7 10 10 10 10

3 10 10

7 10

9 10

9

3 10

9

The Board at 31 March 2018 was comprised of the Chairman, two Executive Directors, the GED and six NEDs. The balance of Directors on the Board ensures that no individual or small group of Directors can dominate the decision making process and that the interests of the minority shareholders are protected. Btoga'apKes of ail Dueuta > aro ret cut or i pages 46 and 47.

Board independence

It is the Company's policy that at least half 'r'O Brad 'jhorJo be iridspfitic'ijrit NEDr.

The Board carries out a review of the independence of its Directors on an annual basis. The Board considers each of its cii'-'w't N"Ds ic m nriH;e;;ci!"t »* .trsnwvav and judgement. In reaching its determination of 'ndruri:--;!'-';;" "c few hns> corvJ. .rlc:: that each provides objective challenge to management, is willing to stand up and defend their own beliefs and viewpoints in order to support the ultimate aims of the Company , tr-ir. ;w no lxi&ness Ol rV.'-tjr

Jimmy Groombridge, the GED, is not considered by the Board to be independent as he is an employee of one of the Gi chip's subsidiaries.

Commitment

All Directors are expected to attend each Board meeting and each Committee meeting for which they are members, save for in exceptional circumstances. To help enable this, scheduled Board and Committee meetings are arranged at least a year in advance to allow Directors to manage other commitments. If a Director is unable to attend a meeting, they receive the papers and other relevant information in advance of the meeting and have the opportunity to discuss with the relevant Chair or the Company Secretary any matters that they wish to raise at the meeting. The relevant Chair or the Company Secretary will ensure that the relevant Director is kept up to date with any matters that are discussed at the meeting. The relevant Chair or the Company Secretary will also ensure that the relevant Director is kept up to date with any matters that are discussed at the meeting.

Chairman, Chief Executive and Company Secretary are available to the Directors for discussion of matters that are discussed at the meeting.

with the Directors. Reasons for non-attendance are generally prior business and personal commitments or illness.

The Board is satisfied that each of the NEDs is able to devote sufficient time to the Company's business. NEDs are advised on appointment of the time required to fulfil the role and are asked to confirm that they can make the required commitment.

During the year, the Chairman met on several occasions with the NEDs with the Executive Directors present, allowing for more informal discussions on a variety of issues.

Induction, Development and Evaluation

Receiving timely information enables the Directors to discharge their duties on strategic, financial, operational, compliance and governance issues effectively.

Induction and development

On appointment, all new Directors receive a tailored induction, tailored to their individual requirements, which is supported by Company Secretariat, includes visits to the Group's businesses and meetings with senior managers and advisers, as appropriate. The induction is designed to give State of the Group, the key drivers of business performance, the role of Board and its Committees, the Company's corporate governance practices and procedures. It also provides them with appropriate training and guidance as to their duties, responsibilities and Estates as a director of a public limited company. During the year, Martha Poulter, Jimmy Groombridge and David Robbie were supported by Company Secretariat in this regard.

In addition, in order to assist Directors in the performance of their duties, there are procedures in place to provide them with appropriate and timely information, including receiving information between meetings regarding Group business developments and financial performance.

All Directors are provided with training opportunities to ensure they are kept up to

date.

Directors are encouraged to attend seminars, forums, conferences and working groups as well as receiving updates on various legal, regulatory and corporate governance matters.

To ensure the Board as a whole remains fully informed of the views of shareholders, the Board receives regular reports on shareholder sentiment at Board meetings.

All Directors can attend shareholder meetings and analyst presentations, and shareholders may meet informally with Directors at the AGM.

Evaluation

The Board undertakes regular evaluations

of its own performance as well as that of its committees, providing an opportunity to consider ways of identifying greater efficiencies, maximising strengths and highlighting areas for further development.

Following internal reviews in 2015/16 and 2016/17, the Board conducted an externally facilitated review in 2017/18. The results of the performance evaluation were presented and discussed at the May 2018 Board meeting and will be disclosed in the 2018/19 Annual Report and Accounts.

The 2016/17 internal review was led by the Chairman with the support of Company Secretariat. It was carefully structured and pragmatic, designed to bring about a genuine debate on issues that were relevant. It checked on progress against matters identified in the previous evaluation and assist in identifying any potential for improvement in the Company's processes. It entailed the completion of a questionnaire to assess the effectiveness of the Board, its Committees and individual Directors, and the preparation of a report. The questionnaire focused on the following areas: oversight responsibilities and effectiveness of the Board, the role of the Chairman and the effectiveness of the Committees, it was

Responsibility

concluded that the dynamics, culture and effectiveness of the Board had improved and that the individual members of the Board remained effective in their ability to discharge their duties and responsibilities. Each Director continued to make a valuable contribution whilst demonstrating commitment to their role.

Chairman

Chairman

More time to consider investors' expectations, succession planning and people matters

Provision of supporting papers in a timely manner and presentation less complex

Reinforce the work of the Board Safety Committee

The Senior Independent Director also led the NEDs in evaluating the performance of the Chairman, with the Chairman showing effectiveness in leadership.

Information and support

The Company Secretary and the Deputy Company Secretary, through the Chairman, are responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, applicable rules and regulations are complied with and that due account is taken of relevant codes of best practice. Company Secretariat is also responsible for ensuring clear communication flows between the Board and its Committees, and between senior management and NEDs. All Directors have access to the advice of the Company Secretary and, in appropriate circumstances, may obtain independent professional advice at the Company's expense.

All Directors receive detailed papers and other relevant information on the business to be conducted at each Board or Committee meeting well in advance and all Directors have direct access to senior management should they wish to receive additional information on any of the items for discussion. The head of each division attends Board meetings on a regular basis to ensure that the Board is properly informed about all issues that it faces. Directors are provided between meetings with relevant information on matters affecting the business. Such

updates are carried out by a variety of methods, including conference calls and video conferences of the full Board or

<A review any cevrnapo'tyrg Action taken

Mm «niiet l tot «cs akisio' to tro rolling agenda to become standing items

Guidelines and template developed and implemented

Rolling agenda developed

FirstGroup Annual Report and Accounts 2018

Corporate Governance Report continued Policies and Compliance

between the Chairman and/or the Chief Executive and the NEDs Company Secretariat

at:/: ijiWi&m rriynthly SiKinC^i of «':iio ulrr oori: a-3 wtjl a-; i w-mr, a<>■: updafc-s ■:« i ff«cvt« *t i»u*s. Ffcwy»id Committee papers are delivcied securely to the Directors using a fully encrypted electronic pa i=\\ sj-yien i wi iich a ial fes a (asiBr ai id r: lore secure distribution of information.

The Company Secretary is Michael Hanpson, who joined the Group in 2016. Michael is secretary to the Remuneration, Nomination and Executive Committees, and his deputy, Sftana niinota-Vigo, is secretary to the Audit, Board Safety and Executive Safety Committees.

Conflicts of interest

The Directors have a statutory duty under the Companies Act 2006 (the "2006 Act") to avoid situations in which they have or can have a direct or indirect inter ost that ccnUcts cr may conflict with ti ra interests cf tre Cksnoarry. "ih'S duty is in acdrdor i to 'he existing duty tr ial a Director owes to tire Company to disclose to the Board any frfsnsadion or arrangement under consideration by the Company. Tho Company's confSct of intones! prooodures are reflected in thuA/lidu: of Association (the> "Articles"). In line with the 2005 Act, ihe Articles allow the Directors to authorise confiints and ootimial conflicts of tnferest where appropriate. The decision to authorise a conflict can only be made by i ion-cui ifbcted Directors. Directors do not participate In decisions concerning their own remuneration or interests.

The Company Secretary minutes the consideration of any conflict or ixilomi.il <http://ixilomi.il>cpntfctofr>tere?4 .tnn atilhorisncra grattatl fry the Board On nr> ongahg bnsis, the Directors inform the Company Secretary of any new, actual cr potential cenf-ct cr'ntersst that may arise or if there are any changes in circumstances that may affect an authorisation previously given. Even when authorisation is given, a Director is not absolved from their duty to promote the success of the Company.

Furthermore, the Articles include provisions

wiino x raitidcnial inVi motion -.\\ •■.n; 'i>x p

at Board meetings and availability of Board

papers to protect a Director from breaching

"W" duly if a "or"ic.I of -Merest ;irir,ef>.

'1 -es^oia^iirer'S wi,l O'lk'upijivviiu:, Il

circumstancegfvirkj nse to the potential

■■■Lt-y--- ■■ fy» --.r.-ii.-Jv. ;;e-~r>

authorised by the Directors

I The Board considers that the formal i piccorkji for in-iisgirig conflicts of interest i currntiyy in place have operated effectively during the year under review.

Election and re-election of Directors

Directors are required under the Articles to suomit themselves for election by shareholders at the AGM following their appointment by the Board. Also, in accordance with best practice and the Code, all of our Directors put themselves forward for re-election by shore-roWers yinually.

David Robbie, who was appointed on

9 February 2016, will therefore retire and submit himr-Hlf for election and all other. n>ectr;rs w«l submt themselves foi re-election at the forthcoming AGM.

| Following the formal performance evaluation process, the Chairman is content that all Directors continue to be erfectrve and demonstrate commitment to their role.

Anti-bribery and corruption

The Group has continued to implement its compliance prog amines and specific policies around key legislation (e.g. UK Bribery Act and the Modern Slavery Act), as well as refreshing its programme in response to new legislation and regulation (e.g. the UK Criminal Finances Act). In addition, the Group has developed a new Group-wide Code of Ethics which will be implemented across the operational divisions and support functions during 2018/19. Codeagues in high risk areas have continued to recoivo training and policy communications to support their ongoing awareness of policies upholding our zero tolerance position on bribery and corruption, including on the giving and receipt of appropriate gifts, hospitality or entertainment. The training is sunplemented by a dedicated ethics and compliance section on the Group intranet. There is also an externally managed whistleblowing

service available across the Group for colleagues, with a helpline (online and phone-based) for the anonymous reporting of inappropriate conduct. The anti-bribery steering committee has the primary and day-to-day responsibility to ensure that our internal control systems and procedures are effective in countering bribery and corruption. The Group continues to develop its effective systems to counter bribery and corruption, including the introduction of its integrated risk and compliance online tool to monitor the use and awareness of policies and procedures and, to provide management data on compliance risks.

Modern slavery and human trafficking

We continue our zero tolerance approach to slavery and human trafficking, which extends to all business dealings and transactions in which we are involved, regardless of location or sector. As part of our contracting processes with suppliers, we include prohibitions against the use of forced, compulsory or fraudulent labour, or anyone held in slavery or servitude, whether adults or children. We have continued to implement our Code of Conduct on Anti-Slavery and Human Trafficking Prevention and have required our higher risk UK-based suppliers to provide us with a detailed update on their activities to address the issue in their supply chains. We have included a section on modern slavery in our new Group Code of Ethics, and have also published our second Modern Slavery and Human Trafficking Statement on our Group websites. The statement sets out the steps we took to address this issue during the previous financial year, and sets goals for the current one. We will publish an updated statement for the year ended 31 March 2018 on our Group websites in due course. We remain committed to strengthening our practices in this area, both within our own business and across our supply chains.

Brexit Steering Committee

The Committee, which was formed in 2016 to monitor the potential impact of Brexit, met on two occasions during the year and reported to the Board via the CFO and the Company Secretary, where appropriate.

Accountability

The Board is responsible for promoting the long term success of the Company for the benefit of shareholders and other stakeholders.

The Board ensures that an appropriate

system is in place throughout the Group. To discharge this responsibility, the Board has established a framework for risk management. This framework identifies, evaluates and manages the principal risks associated with the Group's achievement of its business objectives, with a view to safeguarding shareholders' investment and the Group's assets.

The Board considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provides the necessary information required for shareholders to assess the Company's position and performance, business model and strategy, and that the business continues to operate as a going concern. The coordination and review of the Annual Report and Accounts follows a well-established and documented process, which is conducted in parallel with the financial audit process undertaken by the external auditor and the review by the Board and its Committees.

Internal control

The Board is responsible for determining the nature and extent of any significant risks which the Group is willing to take in order to achieve its strategic objectives and for maintaining

sufficient risk management systems to ensure that an appropriate culture is embedded throughout the Group. The Board has established a Group-wide system of risk management and internal control that identifies, evaluates and manages the principal risks and the risks to which it is exposed and is designed

to provide reasonable assurance

that the Group's financial statements are free from material misstatement or loss. The effectiveness of the Group's system of internal control is regularly reviewed by the Board.

The Board confirms that throughout the year ended 31 March 2018 and up to the date of approval of this Annual Report and Accounts, there have been rigorous processes in place to identify, evaluate and manage the principal risks faced by the Group, including those that would threaten its business model, future performance, solvency or liquidity in accordance with the Guidance on Risk Management and Internal Control published by the Financial Reporting Council.

To assist in the identification and management of the Group's principal risks, the Board has:

- established a risk management framework
- developed a system of regular reports from management
- reserved specific key matters for its decision
- authorised the Audit Committee to oversee the risk management framework and the effectiveness of the Group's financial reporting, internal control and assurance systems
- established a number of Group-wide procedures, policies and standards

- established a number of Group-wide procedures, policies and standards
 - « set up a framework for reporting matters of significance
 - authorised the Board Safety Committee to oversee the Group's internal safety policies and procedures to manage risk
- ¹ Key elements of the Group's system of internal control which have operated throughout the year are
- « a clearly defined organisation structure with established responsibilities
 - « a focused business strategy, thus restricting potential risk exposures
 - Group financial, treasury, operating, compliance and administrative policies and procedures which incorporate statements of intent
 - « ongoing review of safety, operating and business performance of the Group's businesses
 - * regular reports to the Board, Board of Directors and Executive Management on safety matters.
- monitoring by the Board of a comprehensive reporting system, including monthly results, periodic short term forecasts, annual budgets and a medium term business plan
 - well-defined procedures for the assessment, approval, control and monitoring of major investments, with proposals being subject to rigorous strategic, financial and commercial examination
 - » divisions identifying and reviewing their principal risks and controls for monitoring and managing risks, which are reviewed by senior executive management. The updated divisional and Group risk profiles, which are reviewed by the Chief Executive and CFO, are presented to the Executive Committee prior to being assessed by the Audit Committee
 - an established methodology for ranking the level of risk in each of its business operations and the principal risk issues associated therewith
 - implementation of appropriate strategies to deal with principal risks, including careful internal monitoring and ensuring external specialists are consulted where necessary
 - a centrally co-ordinated internal audit programme to verify that policies and procedures are correctly implemented and to identify any risks at an early stage
 - reviewing and monitoring the confidential reporting system to allow employees to raise concerns about possible legal, regulatory, financial reporting or any other improprieties
 - « regular reports to the Audit Committee on the adequacy and effectiveness of internal controls
 - » a remuneration policy for executives that motivates them, without delivering excessive benefits or encouraging excessive risk-taking

FirstGroup Annual Report and Accounts 2018 57

Corporate governance (continued)

Accountability continued

Twice a year the Board is presented with an internal risk assessment on the principal risks facing the Group together with a risk map. Important changes made since the previous update and the reasons for any changes. The Committee that reports regularly to the Board provides an update on the status of risks considered within its remit. Biannually, the Group's risk management framework is robustly reviewed by the Audit Committee, together with the process for identifying and assessing risks and a detailed analysis of the risks identified in the previous six months.

Reviews of internal controls within operating units by internal audit have sometimes highlighted control weaknesses, which are discussed with management and, where appropriate, the Audit Committee, and remedial action plans are agreed. Action plans are monitored by internal audit and, in some cases, follow up visits to the operating entity are conducted until such time as the controls that have been put in place are working effectively. No material losses, contingencies or uncertainties that would require disclosure in the Annual Report and Accounts have been identified during the year by this process.

The Board, in conjunction with management, continually reviews and develops the internal control environment. No significant internal control failings were identified during the year. Where any gaps are identified processes are put in place to address them and these are continually monitored.

The process is designed to provide assurance by way of cumulative assessment. It is a risk-based approach.

Internal audit

Internal audit advises management on the extent to which systems of internal control are adequate and effective to manage business risk, safeguard the Group's resources, and ensure compliance with the Group's policies and legal and regulatory requirements as well as advising on ways in which

areas of risk can be addressed. It provides objective assurance on risk and controls to senior management, the Audit Committee and the Board. Internal audit's work is focused on the Group's principal risks. The mandate and programme of work of the internal audit department is considered and approved by the Audit Committee. Based on the approved internal audit plan, a number of internal audits took place across the Group's divisions to facilitate improvement of the Group's internal controls.

operational management and to the Audit Committee. Internal audit follows up on the implementation of recommendations and reports on progress to senior management and to the Audit Committee.

The Group Director of Assurance reports regularly to the Chair of the Audit Committee and attends each Audit Committee meeting to present the internal control findings from the internal audits. The Audit Committee reviews and discusses the effectiveness of internal audits on an annual basis with the Group Director of Assurance. This is done by the review of the internal audit plan of work for the year and monitoring progress against the plan and actions identified by internal audit. The Group Director of Assurance meets with the Audit Committee every time the Committee meets, without management present.

Financial and business reporting

In its reporting to shareholders the Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects. This responsibility encompasses all published information including, but not limited to: the year-end and half-yearly financial statements; regulatory news announcements; and other public information.

The quality of the Company's reporting is ensured by having in place procedures for the review of information by management. There are also strict procedures determining who has authority to release information. A report of the Directors' responsibilities for preparing the financial statements can be found on page 15.

The Group adopts a financial reporting and information system that complies with generally accepted accounting practice. The Group Finance Manual details the Group's accounting policies and procedures with which subsidiaries

must comply. Budgets are prepared by subsidiary company management which are then consolidated into divisional budgets. These are subject to review by both senior management and the Executive Directors followed by formal approval by the Board.

Regular forecast updates are completed for the year-end and against actions required. Each subsidiary unit prepares a monthly report of operating performance with

- a commentary on variances against budget and the prior year, which is reviewed by senior management. Similar reports are prepared at a Group level. Key performance indicators, which are monitored on a weekly basis. In addition, business units participate in strategic reviews, which include the evaluation of business alternatives.

Treasury operations

The Board has set a policy for the management of the risks from treasury operations and this is set out in more detail in the financial statements. A Group Treasury Policy has been formulated and adopted to ensure compliance with best practice and to control and monitor effectively the risks attendant upon treasury

- and banking operations. In addition, the treasury committee approves decisions regarding fuel, foreign exchange and other matters reserved for its decision.

Tax strategy

We believe we have a responsibility to manage our tax affairs in a way that sustainably benefits the customers and communities that we serve. We also have a responsibility to shareholders to ensure we pay the right amount of tax and ensure compliance with the tax rules in each country in which we operate. Our Tax Strategy was approved by the Board in March 2018 and is available on our website. The Board receives regular updates on taxation matters through the Audit Committee.

Payments policy

We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner and the Group has controls in place to ensure that all payments are made within the appropriate credit timeframe. The average credit period taken for trade purchases is 29 days (2017:32 days).

Relations with shareholders

The Board welcomes the opportunity to openly and purposefully engage with shareholders and it recognises the importance of a continuing effective dialogue, whether with institutional shareholders, private or employee shareholders. The Board takes responsibility for ensuring that such dialogue takes place. The Chief Executive and CFO are closely involved in investor relations, and the Group Corporate Services Director has day-to-day responsibility for such matters. Feedback from shareholders and the financial markets is provided at scheduled Board meetings and at other times, as appropriate.

The Executive Directors are available, through the Group Corporate Services Director, to discuss the concerns of major shareholders at any time during the year and the Chairman is available to discuss governance and strategy with major shareholders. The Senior Independent Director is available to discuss matters of concern that would not be

- appropriate through normal channels of communication, including issues relating to

The Chairman's portfolio. The Directors make themselves available to attend meetings with shareholders in order to develop an understanding of their views.

The Company responds as necessary to requests from individual shareholders on a wide range of issues. There is regular dialogue with key institutional shareholders, fund managers and sell-side analysts to discuss strategy, financial and operational performance throughout the Group. General presentations to shareholders and the financial community are made by the Executive Directors following the announcement of trading updates.

and half and full year results.

Investors are kept informed of key business activities, decisions, appointments and other key announcements on an ongoing basis via the regulatory news service and press releases. The Group's website (www.firstgroupplc.com) contains all of this information, together with financial reports, presentations and other information on the Group's operations.

Annual General Meeting

The Notice of AGM is circulated to all shareholders at least 20 working days prior to such meeting. AS shareholders are invited to attend the AGM where there is an opportunity for individual shareholders to question the Chairman and, through him, the Chairs of the principal Board Committees. After the AGM, shareholders can meet informally with the Directors.

At the 2017 AGM, the Chairman provided shareholders with a brief summary of the Company's activities for the previous year.

All resolutions at the 2017 AGM were voted on by way of a poll. The procedure for voting on a poll follows best practice and allows the Company to count all votes, rather than just those of shareholders attending the meeting.

As recommended by the Code, all resolutions proposed at the 2017 AGM were voted separately and the voting results, which included all votes cast for, against and those withheld, together with all proxies lodged prior to the meeting, were announced to the London Stock Exchange and made available on the Company's website as soon as practicable after the meeting. As in previous years, the Form of Proxy clearly advised that a vote withheld is not a vote in law and is not used in calculating the votes for or against a resolution.

This year's AGM will be held at 1.30pm on Tuesday 17 July 2018 at the Aberdeen Exhibition and Conference Centre, Exhibition Avenue, Bridge of Don, Aberdeen, AB23 8BL. Details of the meeting venue and the resolutions to be proposed, together with explanatory notes, are set out in the Notice of AGM which accompanies the Annual Report and Accounts. A summary of the business carried out at the AGM will be published on the Company's website.

Board visit to First Transit operation in Chicago Midway Airport

The Board's visit to

included a visit to First Transit's Chicago Midway Airport

operation; The Chairman and the Board to provide the

on this operation and to discuss major initiatives and the division's performance.

best practices. The visit was held on 14 May 2018, every day of the year, and the Board had the opportunity to observe the vision and the values in action. Hosted by the local management team and Chief Operating Officer.

Officer, Beverly Lewis, was present.

During the visit, the Board was shown the 1.87 million customer safety and liability Midway International Airport, which is a major hub for the airline industry. The Board was also shown the facilities and the car agencies that are shared by the airlines.

The Board was also shown the facilities and the car agencies that are shared by the airlines. The Board was also shown the facilities and the car agencies that are shared by the airlines.

The Board was also shown the facilities and the car agencies that are shared by the airlines.

U

The Committee ensures that the right people with the right range of skills and experience are on the Board.

Role and; responsibilities r \

» Regular review of the structure, size, and composition (including skills, experience, independence, knowledge and diversity) of the Board and recommendation for change

» Identification and nomination of

] candidates to fill Board vacancies,

| including that of the Senior

j Independent Director

i » Regular review of membership

l, of the Board Committee and

[recommendation for change

< * Ensuring that Board and executive leadership skills are fully aligned to the Company's long term strategy

» Oversight of succession planning for

Directors and other senior executives

» Assessing the time commitment of candidates to Board positions

* » Recommendation of re-appointment of any Non-Executive Director at

» the conclusion of his or her term of office

» Recommendation of appointment

S » of the Group's Executive Director

» nomination by the Employee

i » » Directors' Forum

Recommendation of re-election by

» shareholders of any Director

» » Formal reporting to the Board

» performance evaluation and terms of office

of office

The full terms of reference of the Board Committee can be found on the Company's website.

The Committee is primarily responsible for leading the process for appointments to the Board and reviewing the composition of the Board.

In terms of how the Committee operates, if a matter were to concern the Committee Chair, then he would leave the meeting and the Senior Independent Director would instead take the Chair. The Chief Executive attends meetings of the Committee upon invitation. Committee members take no part in any discussions concerning their own membership of the Board or appointment of a Chair of a Committee, but are involved in the recommendations on Committee membership changes. The General Counsel & Company Secretary acts as the Committee Secretary.

Activities during the year

During the year, the Committee kept under review the balance of skills, experience, independence, knowledge and diversity (including gender), on the Board to ensure the orderly evolution of the membership of the Board and its Committees. In identifying and nominating candidates for approval by the Board, the Committee tried to ensure that the right people with the right range of skills and experience are on the Board and in senior management positions in the coming years.

Recruitment of Non-Executive Directors

When considering the recruitment of a new Director, the Committee adopts a formal, rigorous and transparent procedure with due regard to diversity. Prior to making an appointment, the Committee evaluates the balance of skills, knowledge, independence, experience and diversity on the Board and, in light of this evaluation, prepares a full description of the role and capabilities required. In identifying suitable candidates, the Committee:

Membership and operation

Meetings attended

Committee member Wolfian Hauser (Chair) Drummond Hall

Imola Walsh

Jim Winoslook

Other

Committees/Boards

Company Chairman

Senior Independent Director

Remuneration Committee

Chair of Remuneration Committee
Board Safety Committee
Chair of Board Safety Committee
Audit Committoo

Independent

Yes, on appointment

Yes

Yos

Yes

60 FirstGroup Annual Report and Accounts 2018

• uses open means that the Board benefits (ran a d.verse range of competencies, perspectives and thought)
Summary of Committee G

advertising or the services of external advisers to facilitate the search • considers candidates from different genders and a wide range of backgrounds • considers candidates on merit and against objective criteria ensuring that appointees have sufficient time to devote to the position, in fight of other potential significant positions « engages from time to time with the Group's marry snarc-frdders on Mu» e skill= reau n fomentis arid expe- ierxein respect (f potent'af csniidstos Where the Committee appoints external advisers to facilitate the search, it ensures that the firm selected has signed up to the relevant industry codes (for example, on diversity) and has no connection with the Company. The appointments of Martha Poulter and Jimmy Groombridge took place during this financial year but two reported on ".hess- in last year's annus! i sport. Richard Adam announced he was stepping down in September 2017. The Committee then began a comprehensive and rigorous search, vv'th a candidate profile and position specification drawn up. JCA Group, a gfbri executive search f'm with no other connection with the Company, was engaged to assist with the selection process and conducted searches to identify suitable, qualified canorciaries. A number of interviews and meetings were held with shortlisted candidates. The appointment of David Robbie was then recommended to the Board for approval as he fully

2018 is below its target of 25% female representation at 20%. It remains committed to achieving 25% female representation by 2020. It should be made on merit and relevant experience, against the criteria identified by the Committee. The Board recognises the need to create the conditions that foster talent and potential in their careers in the Group. The Board also welcomes the recommendations of the management, a framework has been developed which includes an Equality, Diversity and Inclusion policy. Its communication across the Group. Further details on the Group's approach to diversity are set out in the coming year, we will continue to monitor the needs of the Board and its Committees, with the

Summary of Committee

Activities during the year

May 2017 ; • Jimmy Groombridge - recommendation - for appointment of Martha Poulter. - Verdict for appointment) **November 2017**; Internal performance evaluation - review of results ; • - Terms of reference annual review) December 2017 , Committee composition review) **January 2017** Board composition review Martha Poulter joins Audit Committee) February 2018 .

o
v
er
n
a
n
c
e
•

met the criteria required. David joined the Board on 2 February 2018

and was appointed to chair the Audit Committee. Later in the year, David joined the Remuneration Committee, upon the Committee's recommendation.

Diversity The Committee and the Board consider diversity as an important factor when reviewing the composition of the Boards. Tnt- Comrnittei; vxws d'vw&'ty r its tv,dc-sense, including gender, length of tenure and nation;-!!*,. The Board consists of Directors with a wide range of skills and business experience drawn from a number of industries, which is vital for bringing both the expertise required and to enable different perspectives to be brought Furthermore, the Board comprises a range of nationalities, which bring cultural diversity as

objectives ana strategic goais or me roup. We David Robbie - recommonvJation for appointment) March 2 new Chief Executive following the departure of .

well as different geographical experiences and ; viewpoints The combination of these factors '

FirstGroup Annual Report and Accounts 2018 G1

Corporate governance report continued Audit Committee

li

I am pleased to present my first report as Chair of the Audit Committee. This Committee acts independently of management to ensure that the interests of shareholders are properly protected in relation to financial reporting, internal control and risk management.

Role and responsibilities

- Monitor and challenge ihe integrity o: th? financial si;, tementsof th-; iiii a iff i 'a!' yu-iv result;;
- « Review and challenge the actions and Judgei nervs cf i n^sgement .
- !;?kmg into ecrcont the views ot '■'.
- !*. .. **yijmal*.. iitor / .;."."■'
- » Review the Company'sInternal ' controls, including financial controls and risk management systems /
- Approve the internal audit plan and ■ monitor tho rote and effectiveness of the iiiiinal audit function
- Oversee tho Company's relations! lip ■.: with the external auditor; including;
 - »independence and expertise
 - engagement terms and fees '. » effectiveness of the audit process ;
 - annual audit plan scope and output : • policy on the provision of ;
- non audit services. , ...
- dismissal or resignation of the -
- external auditor "y;* n-.^.:
 - review of plans regarding * v;" mandatory competitive ,; ; ; ; tendprirlg pirjctss-' ' ■ .:

j ■ Reporting formally to the Board, ; t performance evaluation and terms
' , .. ■'ofreference; ■'.

i The full terms of reference of ■;
tho Gc.rrmiUe(; c-in to found .
on'hfl Combanv's ^v:bsw:~... :~.

Davrc) BofcKe has recent and reinwvt!!«>.inn.<! experience for the purposes of the Code, being a chartered accountant and having held a number of senior positions. The other Committee; in«n rbers have significant current or recent executive experience in the transport and distribution industries, as well as in IT. Their range and depth (if foiancwl. convi swayl and IT experience in the Committee enable its members to deal effectively with the matters the Committee is required to address.

The Group Chairman, the Chief Executive, the Group General Counsel & Company Secretary, the Director of Finance, the Group Director of Assurance, the Group Financial Controller and Deloitte LLP (Deloitte) are normally invited to attend Committee meetings, as well as other members of the Board. The Deputy Company Secretary acts as Committee Secretary.

At the end of each meeting, the Committee meets with the external auditor and the Group Director of Assurance, without management present, to discuss any matters relating to their remit and any matters arising from external and internal audits. These discussions help shape thought processes and decision making, and promote a more rounded view of the Group.

Activities during the year

During the year, the Committee has continued to devote significant time to reviewing the integrity of the Group's financial statements, including the significant financial reporting judgements, as well as reviewing internal controls, and the effectiveness of both internal and external audit. The table on page 63 provides further information on the year's activities.

Looking ahead to 2018/19

In addition to its routine business, the Committee has the following focus areas for 2018/19:

- Plan for the tender of the external audit service
- » Further develop the structure and effectiveness of the risk management

Independent

Yes Yes Yes

Membership and operation

David Robbie (Chair) Warwick Biady Mar tha Pou.tor' Jim Winestock

Meetings Other Committee member attended Committees/Roles

Remuneration Committee

Chair of Board Safety Committee Yes Nomination Committee

CMVto rtr>bi» « wys ajHx*v.ed on 2 February 2018 Mrntlia Pouhei nwiod lbe Committee in January 2018

FirstGroup Annual Report and Accounts 2018

Summary of Committee activities during the year

The Committee-

*

2017 2017 2017 2013

May Sep Nov Mar

Financial Reporting

reviewed: v. Group's final results for the year; the financial reporting policies, principal estimates and accounting judgements used in their preparation, the transparency and clarity of disclosures within the financial statements; and the compliance with financial reporting standards and any requirements.

reviewed the matters which informed the Board's assessment that it was appropriate to prepare accounts

on a going concern basis

reviewed the process for assessing the long term viability of the Company

received regulatory information from the Financial Conduct Authority; the financial reporting regulation and taxation issues

Q ©

received inputs from Deloitte on its audit in respect of the final and 12-month year results prior to them being approved by the Board

O ©

reviewed and assessed the process by which the Annual Report and Accounts, taken as a whole, was fair, Q balanced and understandable and provided the information necessary for shareholders to assess the

Company's position and performance, business model and strategy

Internal control, risk management and Internal audit

reviewed the structure and effectiveness of the Group's system of risk management and Internal control and 9 the disclosures made in the Annual Report and Accounts on this matter

reviewed the Group's risk management activities undertaken by the divisions and at Group level in order to identify, measure and assess the Group's principal risks and review the risk appetite statement, developed by management, for recommendation to the Board

reviewed the effectiveness of the Group's risk management framework, and reports arising from the risk management process

approved the annual internal audit plan and reviewed reports from the internal audit department relating to control matters, monitored progress against the internal audit plan and any deviations to the plan

© O

monitored and assessed the Group's insurance arrangements

• ©

considered reports from the General Counsel & Company Secretary on litigation matters

O ©

External audit

approved the terms of engagement of Deloitte, the fees paid to it and the scope of work carried out by it

• O

performed an annual review of the policies on the independence and objectivity of Deloitte, the use of Deloitte for non-audit services and the

performed an annual review of the policies on the independence and objectivity of Deloitte, the use of Deloitte for non-audit services and the employment of former employees of Deloitte

assessed the objectivity and independence of Deloitte •

received /opens on the findings of Sefrwro ui .ring the! ri;-!/- yearly icv'ovv and annual audit, raid reviewed trie S ®

recommendations made to management by Deloitte and management's responses

reviewed the external audit plan

reviewed letters of representation to Deloitte

recommended the re-appointment of Deloitte

Other matters

reviewed its terms of reference and the results of its performance evaluation, including effectiveness ©

KVftiwr', . isvi- H r'i .lvMrvrrl 3'ij <u?icvjnii> rvrt:.yCi*""»I ° ' <*i««3*s tt 'ma>o;J, op.-rmtion.-i <http://op.-rmtion.-i> risk © © ©

management, legal and corporate governance matters ■

iCOCivfiC rcpiui 'i'.ri tl .-. Cvofo .iVo 'option .';if.;;;" on ';\tl. • irry © ©

rrv/tva. t.-'Ui ch tuntX'. r.; !.;;. .v. "" l';rit'.rl v ;:://Hov.m j .sysic-nr anrlthr; mocoss for tho & 6 O &

investigation of such matters, ensuring that the arrangements in place were appropriate for employees

V EO.'ii, ■■ ;>.-' ;ui !■■■■■ ilk■ -J i ".iai"--, ci'Kl' mljir;viks

FirstGroup Annual Report and Accounts, 2018

Corporate governance report continued Audit Committee report continued

Auditor independence

and objectivity

The independence of the external auditor is essential to the credibility of an independent opinion on the true and fair view presented in the financial statements.

The external auditor's independence and objectivity are safeguarded by a number of control measures:

- limiting the nature of non-audit services performed by the external auditor
- placing restrictions on the employment by the Group of certain employees of the external auditor
 - » monitoring the changes in legislation related to auditor objectivity and independence to help ensure the Company remains compliant
- providing a confidential helpline that employees can use to report any concerns, including those relating to the relationship between Group employees and the external auditor
 - » the rotation of the lead auditor partner after five years
 - » independent reporting lines from the external auditor to the Committee and the opportunity to meet the Committee independently
- an annual review by the Committee of the policy in place to ensure the objectivity and independence of the external auditor is maintained

Internal control and risk management

During the year, the Committee reviewed the requirements of the Code in relation to the assessment and reporting of longer term viability, risk management and internal control. The Committee assessed the Group's risk management methodology, which is used to identify and manage the principal risks, as well as the reporting and categorisation of Group risks. The Committee also reviewed the process for assessing the principal risks that could threaten the Company's business model, future performance, solvency or liquidity in order to make the long term viability statement on page 44 and considered the appropriate period for which the Company was viable if any external events or circumstances were discussed as well as reports on the outcomes of internal audit planned activities. The operation and effectiveness of the internal audit function were also reviewed, including its focus, plans and resources. The Committee monitored the progress of action plans to ensure they were completed satisfactorily. The Company's exposure to liquidity risk, credit risk and capital risk, including foreign exchange rates, interest rates and fuel prices, can be found in note 24 to the consolidated financial statements.

Assessing the effectiveness

of the external audit process

Revenue recognition

Estimates are made on an ongoing basis when determining the recoverability of amounts due and the carrying value of related assets and liabilities arising from franchises and long term service contracts. In addition, revenue recorded may be subject to manual adjustments; and valuation of revenue recognised, e.g. due to timing of travel or where amounts are unbilled at a period end.

The Committee has reviewed the provision and considered the assumptions used to assess the recoverability of amounts due and the carrying value of related assets and liabilities arising from franchises and long term service contracts. In addition, revenue recorded may be subject to manual adjustments; and valuation of revenue recognised, e.g. due to timing of travel or where amounts are unbilled at a period end.

Management has engaged with external experts and the Committee has considered the assumptions used for estimating the liability. Sensitivity analysis has been performed on the key assumptions discount and inflation rates. The overall liability has also been assessed for reasonableness. Further detail on pensions is provided in note 36 in the consolidated financial statements.

The Committee has reviewed the revenue recognition policies. These policies and their application are in line with accounting standards. Regular forecasts are compiled on the outcome of these types of franchises and contracts to assess the reasonableness of the assumptions applied. Further detail on revenue recognition is provided in note 2 in the consolidated financial statements.

Going Concern and Viability

The Group regularly prepares an assessment detailing the going concern assumption and the viability statements.

The Committee reviewed management's funding forecasts and sensitivity analysis and the impact of various possible adverse scenarios. Following the review, which the Committee carried out at its meeting in May 2018, the Committee recommended that the going concern and viability statements for inclusion in this report. The statements can be found on page 44.

Rail franchises profitability

The Committee regularly reviews projected trading for the rail franchises over the respective franchise term.

The Committee has reviewed the profitability of the rail franchises at various points during the year. In May 2018, the Committee considered the profitability of the rail franchises, with the exception of TP, for the year ended 31 March 2018. The Committee has considered the profitability of the rail franchises at various points during the year. In May 2018, the Committee considered the profitability of the rail franchises, with the exception of TP, for the year ended 31 March 2018.

TPE onerous contract provision

The Committee has considered whether the TPE franchise was onerous and if an onerous contract provision should be recorded.

2023 and considered whether the TPE franchise was onerous and if an onerous contract provision should be recorded.

Non-GAAP measures

The Committee regularly reviews the non-GAAP measures which management consider appropriate to adjust for in the financial statements.

The Committee has reviewed the non-GAAP measures which management consider appropriate to adjust for in the financial statements. The Committee has reviewed the non-GAAP measures which management consider appropriate to adjust for in the financial statements. The Committee has reviewed the non-GAAP measures which management consider appropriate to adjust for in the financial statements.

The Committee has considered the treatment of the adjusting items as set out in note 4 to the financial statements.

Policy on the provision of non-audit services
The Committee has considered the provision of non-audit services. The Committee has considered the provision of non-audit services. The Committee has considered the provision of non-audit services.

Twice a year the Committee is also provided with a report on all non-audit assignments awarded to the external auditor and a breakdown of non-audit fees incurred. Details of amounts paid to the external auditor for audit and non-audit services for the year ended 31 March 2018 are set out in note 6 to the consolidated financial statements.

The policy, which was reviewed by the Committee in March 2018, is summarised below:

Fees for other services:

| Fee categories | Non permitted |
|----------------------------|---------------|
| Examples of other services | |

Projects that are not to be performed by the external auditor because they would represent a threat to the independence of the audit team

Tax, payroll, HR, legal, valuation and actuarial services

- Management or decision-making consultancy
- Bookkeeping and preparatory accounting records and financial statements
- Internal control or risk management procedures, including outsourced services
- Corporate finance, restructuring or transaction

Permitted non-audit services

Projects or engagements where the external auditor is best placed to perform the work due to their network and knowledge of the business or experience and market leadership in a particular area

Formalities relating to shareholder circulars and other regulatory reports

Professional training

- Other permitted non-audit services

- Projects or engagements

which are not covered under any of the other categories but where the external auditor is best placed to perform the work

Due diligence related to MSA

Consultations and audits regarding acquisitions and disposals, financial accounting and reporting standards

Investment circular : reporting accountant engagements

Financial benefit ; plans, IT security and sustainability audits

- Reports required by regulators

Statutory and audit related services

Projects or engagements where the external auditor is best placed to perform the work as it is clearly audit related

Review of half-yearly and other interim financial information

Advice on correct accounting treatment of proposed transactions

Reporting on regulatory returns

Roles and responsibilities

CFO

Audit Committee

Approval needed before work starts

Approval needed if: work is likely to cost more than £75,000
Consider if

Pro-approved as pan of the approval of the annual audit fee

Negotiation and recommendation

Review and approval

66 FirstGroup Annual Report and Accounts 2016

Corporate governance report continued Board Safety Committee report

The Committee meets at least three times per year and the Deputy Company Secretary acts as its secretary. It is supported by the Executive Safety Committee, which is chaired by the Chief Executive, and meets every two months.

Safety Governance

The overall structure of FirstGroup's safety governance represents a balance between delegated decision making to the operating company and retaining strategic direction, oversight and challenge from the Board.

Our approach to safety governance is characterised by:

- the Committee overseeing material safety

matters and risks across the Group, as

well as reviewing, setting in respect of

safety performance;

- management of the relevant operating company having primary responsibility for the design and implementation of an effective safety management system, and accountability for safety performance; and
- the safety function providing advice directly and through a series of networks across the Group.

Summary of Committee activities during the year

May 2017 The Safety targets review and approval, of performance objectives. Annual review of terms of reference

In May 2017, we commissioned an independent review of safety to Arthur D Little. We report further on the outcome of that review on page 26. We are pleased that the initial findings demonstrate that FirstGroup has robust and mature safety governance and management arrangements.

in the Corporate responsibility audit.

Looking ahead to 2018/19

We are grateful for the Rail Accident Investigation Branch (RAIB)'s recommendations for improvements to the tram system in Croydon and across the UK. Tram Operations Limited has learned from the RAIB's analysis and will continue to work with the relevant parties to implement the recommendations.

For more information on the Group's approach to safety and activities in the year, see page 26

View of the safety framework

management framework and commissioning of independent assurance review;

6 November 2017

Performance evaluation review of results First Bus safety presentation to better understand the divisions safety risk exposures and challenges and the actions being taken to address these

January 2018

Review of new technologies and its impact on safety initiatives Review of RAIB report on Croydon tram incident

Membership and operation

Meetings

Committee member

At every meeting

Safety performance of the Group, divisions and operating companies

Jim Winestock (Chair)

Jimmy Goombridge, Imekia Wash

Key safety initiatives Be Safe programme Reports from the Executive Safety Committee

Q Ad hoc

Lessons learnt and steps taken following the rail accident.

Role and responsibilities

Keep under review the development of the rail network and the safety of the rail network. Assess the impact of safety decisions and actions on the safety of the rail network. Assess the impact of safety decisions and actions on the safety of the rail network. Assess the impact of safety decisions and actions on the safety of the rail network.

stakeholders; the safety of the rail network.

Proactive steps are being taken across the Group in training, technology and management to ensure the safety of customers, employees and third parties. Safety is always front of mind but we must accelerate our progress toward aeiwMig/eiolMnu

Independent Yos

No Yes

FirstGroup Annual Report and Accounts 2018

Directors' remuneration report

Statement by the Chair of the Remuneration Committee

The context of this year's results has framed the Committee's decisions and outcomes for our current and future remuneration framework.

! Dear Shareholder

I am pleased to present the Directors' remuneration report for the financial year ended 31 March 2018.

Overview

The Group delivered stable adjusted earnings and sustained cash generation this year and further reduced its net debt, supporting its financial flexibility and continued deleveraging. However, this year's results fell short of our ambitions and we are disappointed that we did not make the progress we had intended. This context has framed the decisions and outcomes for our 2023 strategy and these are set out in this summary and also throughout the report.

The Company's current Directors' Remuneration Policy (the 'Policy') was approved by shareholders at the AGM in 2015 (92.82% voted in favour). This report includes the proposed Policy, which will be subject to , shareholder approval at the 2018 AGM. I l his State-i'rent and the Annual report on remuneration will be subject to an acfvsory vote at the 2018 AGM.

The Committee aims to ensure that the Policy provides a good framework for incentivising Executive Directors and senior managers to drive the performance

a* the Group for the long term benefit of
 ■ shareholders and to enable the Company to recruit competitively. In 2015 we introduced a number of best practice features which continue to remain
 relevant. Overall, we view the current Policy as broadly fit for purpose and, as a result, the proposed changes are relatively minor. The proposed
 changes, along with the supporting rationale, are covered
 later in this Statement and in the remainder
 of this report.

You will have read the recent announcement that Tim O'Toole, our Chief Executive for over seven years, stepped down from his position on the Board and as Chief Executive on 31 May 2018. The Board is grateful to Tim for his contribution and leadership since 2010. Full details of Tim's termination arrangements will be included in next year's report and will also be fully disclosed, in the normal way, when confirmed.

Our approach to remuneration

The key principles underpinning the Committee's approach to executive remuneration are:

- » Alignment with strategy and business objectives
- Rewarding performance
- Performance-biased framework
- Competitive remuneration
- » Simplicity and transparency

Alignment with strategy

©ruoui our a

The Executive Directors and senior management are specifically incentivised to achieve the Group's strategy and business objectives, which are as follows:

- Focused and disciplined bidding in contract businesses
- ©Driving growth through attractive commercial propositions in our passenger revenue businesses
- ©Continuous improvement in operating and financial performance
- ©Prudent investment in our fleets, systems and people
- Maintaining responsible partnerships
- §J with our customers and communities

The Board believes that the ongoing achievement of these strategic objectives will deliver strong long term financial and shareholder value on a sustainable basis.

| In this section | Page |
|--|------|
| Statement by the Chair of the Remuneration Committee | 68 |
| Remuneration at a glance | 71 |
| Remuneration policy | 72 |
| Annual report on remuneration | 81 |

FirstGroup Annual Report and Accounts 2018

Business performance

As reported in the main body of this report, although some progress has been made, including strong cash generation, our overall results fell short of our ambitions. Our largest division First Student was broadly stable but did not achieve the target level of business retention planned and continues to face driver labour cost increases due to the shortage of drivers in some regions. First Bus took an encouraging step forward in its margin improvement plans, but this was offset by the cost challenges experienced by First Transit in the first half and by Greyhound's inability to overcome the structural shift taking place in its long haul markets, as ultra low cost airlines significantly increased capacity. We have therefore updated our view of the carrying value of the division's goodwill and other assets in light of these issues, impairing them by a total of \$387.3m or £277.3m accordingly. In First Rail, although our GWR and SWR rail franchises have operational challenges to overcome, both are profitable and are adding value to the Group. However, our TPE franchise was loss-making, and we have taken the decision to provide for forecast losses of up to £106.3m over the remaining life of the contract. Finally, both UK and US weather conditions in the final quarter created operational challenges with a consequent impact on performance.

The financial targets for our Executive Directors under the Executive Annual Bonus Plan (EABP) are based on revenue, adjusted operating profit and cash flow. In 2017/18 revenue was £6,398.4m, an increase of

the new SWR franchise; and the 53rd week; Road businesses only) are excluded and on 3 constant currency basis, the increase was 1%.

Adjusted operating profit was £131.0m, a decrease of 6.5% compared with 2017 but on a constant currency basis, the decrease was 1.5%. The adjusted operating profit was £131.0m, a decrease of 6.5% compared with 2017 but on a constant currency basis, the decrease was 1.5%. The adjusted operating profit was £131.0m, a decrease of 6.5% compared with 2017 but on a constant currency basis, the decrease was 1.5%.

The EABP also includes personal objectives which are measured against the following measures: revenue, adjusted operating profit, cash flow, and shareholder value. The EABP also includes personal objectives which are measured against the following measures: revenue, adjusted operating profit, cash flow, and shareholder value.

As noted in my overview, although progress has been made in a number of areas we believe we have not yet reached our full potential and results in some areas have been disappointing. As a Committee we are cognisant of the way in which business and

share price performance are aligned and our decisions in respect of executive remuneration are framed accordingly.

2017/18 performance

and reward decisions

In light of the overall challenges faced by the business during the year, Matthew Gregory, Chief Financial Officer (CFO), advised the Committee that he did not wish to be considered for a salary increase with effect from 1 April 2018. The Committee welcomed and supported this position. However, with the departure of the Chief Executive, and the additional responsibilities that Matthew will take on, the Committee will be considering a temporary increase in Matthew's salary for the period of time in which he takes on his additional responsibilities as Interim Chief Operating Officer.

As noted above, the Committee considered the outcome of the 2017/18 EABP in the context of broader business performance and shareholder experience, following careful consideration and discussion with Tim O'Toole. The Committee determined that no bonus should be awarded to him in respect of 2017/18.

Separately, the Committee considered each element of the EABP against the financial and

CFO

In relation to the financial targets for Matthew Gregory as CFO, the Committee concluded that in light

light

of the performance of the business, the Committee concluded that no bonus would be awarded in respect of this

element. However, a strong ' cash flow performance was delivered, ' which resulted in maximum vesting under this ' element and partial vesting achieved of the ; safety and customer satisfaction measures.

Ti -rr- fir-rj eiwt/'u cf iho KAT)'J' rward v«s individual performance. Out of a potential wa-dor; Matthew

\<x. cm set out ' Vv Annual report

Overall, the Committee determined that the EABP award for Matthew Gregory will be £146,882, which is 22.3% of the total bonus opportunity. In line with the existing Policy, 50% of the award will be paid in cash and 50% deferred into shares

The vesting of the 2015 LTIP award was subject to two performance measures: 50% ROCE and 50% relative TSR. Neither of these measures was achieved and therefore the 2015 LTIP lapsed.

Pay across the Group

The Group is committed to offering an attractive reward package for employees

at a' ievds. li > addition to competitive base salaries, we offer a wide range of benefits to employees and their families, tailored to local markets, further information is included in this report on page 91.

We published our first Gender Pay Gap Report in April 2018. Our median gender pay gap is -9.1%. This means that women's median hourly pay is 9.1% higher than men's.

FirstGroup is one of the few UK companies to have a Group Employee Director (GED), who's invitee to attend meetings of the Committee. We will work closely with our GED, Jimmy Groombridge, as we consider the additional reporting requirements and wider remit of the Committee.

Non-Executive Directors' ('NED') fees

Following a review of the NEDs' fees by the Chairman and the Executive Directors, the fees were increased from £55,000 to £58,000 p.a. with effect from 1 August 2017. At the

same time, the senior remuneration use case fee and the fee for the Board Safety Committee Chair were increased from £10,000 p.a. to £12,000 p.a. bringing these into line with the Audit and Remuneration Committee Chairs' fees, which were not increased. No further increase is anticipated during 2018, other than the introduction of an allowance for intercontinental travel which is described on page 80.

FirstGroup Annual Report and Accounts 2018 69

Directors' remuneration report continued Statement by the Chair of the Remuneration Committee

Chairman's fee

following a review of the Chairman's fee, this was increased from £280,000 p.a. to £295,000 p.a. with effect from 1 December 2017.

With Wolfhart Hauser now stepping up to the position of Executive Chairman, the Committee will be considering a temporary increase to his fees to reflect the additional time commitment and this will be disclosed in the normal manner in due course.

Governance

The Committee actively monitors developments in corporate governance and the guidelines produced by shareholders and their representative bodies to ensure that we remain aligned with best practice.

2018 Policy review

The Committee undertook a full review of the Policy during the year. Full details of the changes and the new Policy are set out later in this report. Whilst the overall conclusion was that the Policy remained broadly fit for purpose the following changes are proposed:

- Threshold vesting under the LTIP will be set at: 20% of the maximum for future LTIP awards. Previously the Policy allowed for 25% of the maximum to vest at threshold. This was reduced to 20% of the maximum in respect of the 2017 LTIP following shareholder consultation and the Committee has determined that this should now be formalised as part of the Policy.
- The ability to award NEDs a fee when undertaking intercontinental travel is being introduced to reflect the significant time required when travelling long distances on Company business. This supports the NEDs in the effective performance of their roles.
- The maximum pension opportunity for newly appointed Executive Directors will be set at up to 20% of base salary. Previously the Policy explicitly set the pension allowance to be equal to 20% of salary. This change provides future flexibility and brings the approach to pension contributions into line with current practice.

2018/19 Performance and Reward

The Committee considers that the existing EABP framework, weightings and measures continue to be an appropriate short term incentive. The Committee has, however, determined that in order for the Group revenue targets to be awarded, Group is still operating or off target, the threshold target. Targets in respect of the 2018 EABP will reflect the business context and challenges as well as the overall business plan for addressing these at both divisional and Group level.

Likewise, following a review during the year, the Committee believes that the LTIP framework remains appropriate. However, in light of the

Up to 120% of base salary
Aof .stel ilf;c;iUi i;5 prcfi' ?4M4
.Revenue (20%) Cash ficyfiOSv! Safety (7.5%)
Customer satisfaction (7.5%) Individual performance (10%)
0%
50% of annual bonus is defe'ed for three years
il i ! TrstOilOI II> Si WO*
Matthew Gregory (Chief Financial Officer)
£437,000

Allowance of 20% of base salary, of which at least CIO.CCX)is 1.13'd into the Company's defined contribution pension plan

Up to 150% of base salary
AdjusU.-d operating crotit (-15%) Revenue (20%) Cash flow (10%) Safety (7.5%)
Customer satisfaction (7.5%) Individual performance (10%)
0%
50% of annual bonus is deferred for three years
in FirstQoup .shares
175% of base salary
22.3
Dividends on vested awards
Shareholding requirement
*Shareholding as at year end*²
Shareholding requirement to be achieved by:
Participants are eligible to receive dividends on vested awards
200% of base salary 150% of base salary
1^253,522(144% of base salary) 16 July 2020

- 1 Prior to 2017, ¹TIP -■" *vp-<Uln- ■-■" : iui: P_m Trm n ... ■■ : i thn i Tin mdrif: u.r.e.f-an-icH in 9017 and the nrrarformanoa metrics were amended to ensue they remain appropriate Awards granted in November 2017 are subject to the new performance metrics. Further detail on mis is availaDie on pago 85.
- 2 Includes vested but unexercised awards.

2016717

Non-executive fees¹

Chairman'

Non-Executive Director (NED) and Group Employee Director (GEO)' Additional fees

Senior independent Director (SID)³ Audit Committee Chair Remuneration Committee Chair Board Safety Committee (BSC) Chair'

£280,000 £55,000

| | |
|---------|---------|
| £12,000 | £10,000 |
| £12,000 | £12,000 |
| £12,000 | £12,000 |
| £12,000 | £10,000 |

t Further detail on fee changes is provided on page 91.

2 The Chairman's he wns revtr^weo and increased with uffect from J Deojmbsr Mrt f

3 The NED and Gr'Dfeus and the additional lees for lthe SID and the Chair ol rte BSC wweiovtfiwou and increased in Angus! 201/

FirstGroup Annual Report and Accounts 2018

Directors' remuneration report continued

Remuneration policy

This part of the Directors' remuneration report sets out the Remuneration Policy for the Company, which has been prepared in accordance with the Lwoe arid iVedktn-fijed Comix* an:: Circupi ;Aa,ou:fo ,i->j Repots) iAmr-.TjriVsr-.t) Ra^jUiens 2013, and taking ,wccurft o: 't'e p:ilicpifei of tht i;K Ooroora Ge^nwia; Ccoc ;t'e 'Oocio'i ";;c 'i' abo tc&es sgrvficant account of guidelines issued by ;j it; i; iv'sviifirt Associaton ISS a -a oihe stweholder codrr-s. when sci\r-^i the rcnjnaatior framework and seek^? lo mswitain an active arici • v:>;hiri.- i ..ialcVilie wit?' -vi'sslors on ds^oprments in f ie remuneration aspects of ■\ai;v; K> governance gciwutily and any changes to the Company's executive pay arrangements in particular. The new Remuneration Policy win be put to a binding shareholder vote at the AGM on 11 July 2016* id, subject tf rcce- ving mrw^iy ihorei 'oWor support. ,t w* jdk ate from the date of approval it is intended tha; the Remuneration Policy will remain applicable for tho three years following approval. Information on how tne Company intends to implement the new Remuneration Policy for tho cu 'cnt financial year is c_p t ouj th) oughout the Annual reoci t o-: re-ixneraWon from page S i onwards. Details of tho performance conditions, measures and weightings for grants made in the year will also be set out in the Annual report on remuneration.

Summary of proposed changes to the Remuneration Policy

Following a review by the Committee, the summary below sets out the minor changes we are proposing to make to the Remuneration Policy, . subject to shareholder approval at the 2018 AGM:

| | | Previous element |
|---|------------------|--|
| <i>LTIP ';;: "Af T/r: "■':). ^ I NEDs - intercontinental travel</i> | | <i>I Pension }'■'/:.</i> |
| | | Previous policy |
| V | V V | |
| Threshold vesting up to 20% of the - ••"ixi:;,,r-r : | Not applicable ■ | Maximum opportunity of 20% of vbaaj salary. . ; ; : " ., |
| Change to policy | | |

Threshold vesting up to 20%

OUFV; ITB*iiTILim.

NEDs may receive an allowance in the

event they are required to undertake \ Intercontinental travel for the purpose of . attending Soard'cr Coninriitlec meetings oi at^Mif:; " ;

Rationale for change

wtaximu'm .Tpcoriuf'ttybfup to: 20% of, base salary

20% threshold vesting approach adopted following shareholder consultation for the 2017.1 OP now confirmed as the *.iture policy approach

Supports NEDs in the effective

p~Krm-"no9 of tfu-iriotes, indud"-;-} addition;;! tbio cor^»raiment vvi:t:xi required to i:T<jfe»:#« intercontinental travel

Brings pensions into line with developing market practice

Remuneration policy for Executive Directors

Purpose and link to strategy

Operation

Salary "

To attract and maintain high-calibre executives with the attributes, skills and experience required to deliver the Group's strategy.

Typically reviewed annually, effective from 1 April.

Any increases take account of:

- Company and individual performance and experience

• Company and individual performance and experience

- role and responsibilities
- market positioning
- external indicators, such as inflation and market conditions
- pay increases of Group employees

No recovery or
withholding applies.

Salary increases (in percentage of salary terms) for Executive Directors will normally be within the range of those for Group employees. Where the Committee considers it necessary or appropriate, larger increases may be awarded in individual circumstances, such as a change in scope or responsibility.

The Committee has the flexibility to set the salary of a new hire at a discount to the market level initially and to realign it over time following years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience that is critical to the delivery of the Company's strategy.

Benefits

Provide market competitive benefits to assist in attracting and retaining executives and to support them in the performance of their roles.

A range of benefits is provided including, but not limited to, provision of company car (or cash equivalent), private medical insurance, life assurance, long term disability insurance, general employee benefits and travel and related expenses.

The Committee retains the discretion to offer additional benefits as appropriate, such as assistance with relocation, tax equalisation and overseas tax advisory fees.

No recovery or
withholding applies.

Benefits are not generally expected to be a significant part of the remuneration package in financial years.

The overall benefit is not predetermined, reflecting the need to allow for normal increases associated with the provision of benefits.

Directors' remuneration report continued

Purpose and link to strategy

Pension benefits

Allows executives to build long term savings for their retirement, ensures the total remuneration package is competitive and aids retention.

Operation

Payment may be made into a pension scheme or delivered as a cash allowance.

No recovery or
withholding applies.

Maximum opportunity

Executive Directors employed after April 2011 receive a pension allowance of up to 20% of base salary.

In the event of further changes to the pension tax regime adversely affecting individuals' pension benefits, the Committee may amend the pension benefits available, but only on a basis which would not cost the Company materially more than the Executive Director's current arrangements in terms of percentage of base pay.

Annual bonus

To focus on the delivery of annual goals, to strive for superior performance and to achieve specific targets which support the strategy.

Deferred share element encourages retention and provides a link between the bonus and share price growth.

Bonuses are awarded annually under the Executive Annual Bonus Plan (EABP).

At least half the bonus awarded in any year will be deferred into shares, normally for a period of three years.

The EABP is reviewed annually to ensure performance measures and targets are appropriate and support the strategy.

An amount of up to 25% of the maximum may be payable for threshold performance.

The Committee has discretion to permit a dividend equivalent amount to accrue on shares which vest under the EABP.

The rules of the EABP contain malus and clawback provisions to take account of exceptional and adverse circumstances.

Cash bonus payments can be clawed back up to the third anniversary of payment and deferred share awards can be scaled back before they vest.

For existing Executive Directors

Maximum bonus opportunity is 150% for the Chief Financial Officer.

For newly recruited Executive Directors including Chief Executive

Maximum bonus opportunity will be

150% of base salary.

The bonus is based on a combination of financial, operational and individual metrics, which the Committee may review from time to time. The precise allocation between financial and non-financial metrics (as well as weightings within these metrics), will depend on the strategic focus of the Company from year to year. At least half of any award will be subject to financial measures¹.

Vesting of deferred shares is dependent on continued employment or good leaver status.

The Committee retains the discretion, acting fairly and reasonably, to alter the bonus outcome in light of the underlying performance of the Company, taking account of any factors it considers relevant. The Committee will consult with major investors before any exercise of its discretion to increase the bonus outcome.

¹ i.e. >= 100%.

Purpose and link to strategy Operation

Long-Term Incentive Plan (LTIP)

Incentivises the execution of strategy, and drives long term value creation and alignment with longer term returns to shareholders.

Awards under the LTIP are rights to receive conditional shares or nil-cost options over shares, subject to continued employment and performance conditions.

An amount of up to 20% of the maximum may be payable for threshold performance, with maximum vesting being equal to 100% of any award.

Shares which vest under the LTIP are subject to a minimum holding period of two years following the three-year performance period. Shares may be sold to satisfy tax or other relevant liabilities as a result of a takeover or other event.

The Committee has discretion to permit a dividend equivalent amount to accrue on shares which vest under the LTIP.

The rules of the LTIP contain malus and clawback provisions to take account of exceptional and adverse circumstances.

LTIP awards can be scaled back before vesting. Where awards have vested, they may be clawed back up to the fifth anniversary of grant.

LTIP awards can be clawed back before vesting. Where awards have vested, they may be clawed back up to the third anniversary of grant.

For existing Executive Directors

Normal award policy is set at a maximum opportunity of 175% of base salary for the Chief financial Officer.

For newly recruited Executive Directors including Chief Executive

Maximum award opportunity will be 200% of base salary for a newly recruited Chief Executive and 175% of base salary for other newly recruited Executive Directors.

In exceptional circumstances, awards

of up to 300% of base salary may be made, such as to aid recruitment.

LTIP awards will be subject to the achievement of a combination of stretching targets designed to incentivise performance in support of the Group's strategy and business objectives, measured over a three-year performance period. The Committee determines the measures, their relative weightings and targets prior to each award.

The Committee retains the discretion, acting fairly and reasonably, to alter the LTIP vesting outcome in light of the underlying performance of the Company during the performance period, taking account of any factors it considers relevant. The Committee will consult with major shareholders before any exercise of its discretion to increase the LTIP vesting outcome.

Directors' remuneration report continued

Purpose and link to strategy

All-Employee Share Plans

To encourage all employees to make a long term investment in the Company's shares in a tax-efficient* way.

Opportunity to participate in Buy As You Earn (SAVE) and the Share Incentive Plan (known as Buy As You Earn or BAYE) on the same terms as other eligible employees.

No recovery or withholding applies.

The maximum participation level is

as set out in the MRC limits.

Shareholding Guidelines

To ensure that Executive Directors' interests are aligned with those of shareholders over a longer term time period.

The Chief Executive is expected to hold shares equivalent in value to a minimum of 200% of base salary and other Executive Directors 150% of base salary within a five-year period from the later of their date of appointment or the initial approval of and, if appropriate, subsequent amendments to, this remuneration policy.

Executive Directors are further required to retain at least 75% of the shares, net of tax, vesting under a Group share incentive plan or otherwise acquire shares in the Company until the shareholding guideline is met. The Committee reserves the right to relax or waive the application of the guidelines where it believes it is justified by the circumstances.

EABP and Long-Term Incentive Plan

The Committee operates within its policy at all times. It will also operate the EABP and LTIP according to the rules of each respective plan and consistently with normal market practice and the following principles, including the ability to make changes in certain areas. How the Committee will exercise its flexibility includes:

- when to make awards and payments
- how to determine the size of an award, a payment, or when and how much of an award should vest
- who receives an award or payment
- how to deal with a change of control, restructuring or any other corporate event of the Group
- whether an Executive Director or senior manager is a good/bad leaver for incentive plan purposes and what proportion of awards vest, if any, in the event of a change of control or the original award agreement;
- how and whether an award or its performance conditions may be adjusted in certain circumstances (e.g. change of accounting policy)
- the choice of (and adjustment of) performance measures, weightings and targets for each incentive plan from year to year in accordance with the remuneration policy set out above and the rules of each plan
- amending plan rules in accordance with their terms.

Any use of the above discretions would, where relevant, be explained in the Annual report on remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

FirstGroup Annual Report and Accounts 2016

Setting performance measures and targets

In determining the levels of executive reward, the Committee places considerable emphasis on ensuring a strong and demonstrable link between actual remuneration received and the delivery of FirstGroup's strategic plans.

The measures and weightings used under the EABP are selected annually to reflect the Group's key strategic initiatives for the year and reflect both financial and non-financial objectives. The targets for the EABP are set by reference to the Company's strategy and internal budgets as well as the external context, such as market forecasts. The approach seeks to ensure that the targets are appropriately challenging.

The LTIP provides a focus on delivering superior returns to shareholders by providing rewards for longer term growth and shareholder return outperformance. The Committee reviews annually whether the performance measures, weightings and calibration of targets remain appropriate and sufficiently challenging taking into account the Company's strategic objectives and shareholder interests.

All-employee share plans awards are not subject to performance conditions in line with the treatment of such awards for all employees and in accordance with the applicable tax legislation.

Group employee considerations

In setting the remuneration of the Executive Directors, the Committee takes into account the overall approach to rewarding employees in the Group. FirstGroup operates in a

wide range of markets and geographies.

Executive Directors, including the Chairman, are paid by reference to the market rate and base salary levels are reviewed regularly. When considering salary for Executive Directors, the Committee pays particular attention to pay at the relevant employment conditions across the wider workforce.

The key difference between Executive

Director remuneration and other employees is that the remuneration policy for Executive Directors is more heavily weighted towards variable pay linked to business performance than for other employees, so that the remuneration of Executive Directors is more closely aligned to the performance of the Group. The remuneration of Executive Directors is also more closely aligned to the performance of the Group than the remuneration of other employees. The remuneration of Executive Directors is also more closely aligned to the performance of the Group than the remuneration of other employees.

those considered to have the greatest potential

The Committee does not formally consult with employees on Executive Director remuneration, however, as a result of the Company's all-employee share plans, UK-based employees are able to become shareholders in the Company and can comment on the Remuneration Policy in the same way as other shareholders. In addition, the Company provides a number of forums for employees to provide feedback as well as receiving employee views from the Group Employee Director.

Legacy arrangements

The Committee may approve payments to satisfy commitments agreed prior to the approval of this Remuneration Policy. This includes previous incentive awards that are currently outstanding and unvested which have been disclosed to shareholders in previous remuneration reports. The Committee may also approve payments outside of this Remuneration Policy in order to satisfy legacy arrangements made to an employee prior to (and not in contemplation of) joining the Board of Directors.

All historic awards that were granted but remain outstanding remain eligible to vest based on their original award terms.

Chief Executive

Total remuneration (E000s)

Chief Financial Officer

Total remuneration (E000s)

M-Tirinv f1BSEfBE3e>:<

C:i-i-:rgM mXmB^Bm-:; or Maxm- ri-^aS^F^WBBP^t

0 :".0 iIM

asasi- •>,:': |::jy esso A.-mii.-'i ir-o-K.s i

Reward scenarios

The graphs below provide an indication of the reward opportunity for each of the Executive Directors based on their roles as at 1 April 2018 including Tim CToole who was the Chief Executive until 31 May 2018).

The basis of calculation and key assumptions used to complete the charts are as follows.

Minimum - only fixed pay is payable i.e. base salary, benefits and pension or cash in lieu of pension. No bonus is payable and no vesting achieved under the LTIP. The value of the Chief Executive's pension benefit and allowance is assumed to be in line with that for 2017/18 as set out in the Executive Directors' total remuneration table. The value of the CFO's pension allowance is 20% of base salary.

On-target - fixed pay plus 50% of maximum annual bonus pay-out and 20% vesting under the LTIP.

Maximum - fixed pay plus 100% of maximum annual bonus pay-out and 100% vesting under the LTIP.

LTIP

For all scenarios, it is assumed that the share price will remain unaltered.

Directors' remuneration report continued

Approach to recruitment remuneration

The Committee believes it is vital to be able to attract and recruit high-calibre executives who are focused on delivering the Group's strategic plans, while relating reward to performance in the context of appropriate risk management, and aligning the interests of Executive Directors and senior managers with the use of trustees to build a sustainable performance culture.

The Committee's approach when considering the overall remuneration arrangements in the recruitment of a new Executive Director is to take account of his or her remuneration package in their prior role, the market positioning of the remuneration package and not to pay more than is necessary to facilitate their recruitment.

The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's approved remuneration policy in force at the time of appointment, except:
Salary

The salary level shall take into account companies in the comparator group, which comprises companies that are broadly in line with FirstGroup's size, structure and complexity and which have features that are comparable to FirstGroup.

The Committee may also consider the flexibility of a new Executive Director at a discount to the market level initially, with a series of potential increases in the following years to bring the salary to the desired positioning, subject to individual performance.

In exceptional circumstances, the Committee has the ability to set the salary of a new Executive Director at a rate higher than the market level to reflect the criticality of the role and the expense and performance of the individual.

Benefits

The Company may award certain additional benefits and overheads including, but not limited to, those to assist with relocation support, temporary living and transportation expenses, educational costs for children and tax equalisation to allow the individual to work effectively as an overseas national.

Pension benefits

Annual bonus

Long-Term Incentive Plan

Any new Executive Director based outside the UK will be eligible to participate in pension or pension allowance, insurance and other benefits in line with local practice.

The maximum bonus opportunity shall be 150% of base salary.

Total Incentive opportunity

Replacement awards

The maximum opportunity shall be 200% of base salary for a newly recruited Chief Executive and 175% of base salary for other newly recruited Executive Directors. However, a maximum opportunity of 300% of base salary may be used in exceptional circumstances, in addition to any buy-out of forfeited awards.

The maximum incentive opportunity which may be granted in line with the policy maximums will be 450% of salary, excluding replacement awards.

The Committee shall consider what cash or replacement share-based awards, if any, are reasonably necessary to facilitate the recruitment of a new Executive Director in all circumstances. This includes an assessment of the awards and any other compensation or benefits item that would be forfeited on leaving their current employer.

These payments would not exceed what is considered by the Committee to be a fair estimate of remuneration lost when leaving their former employer and would reflect a number of factors, including the nature and time horizons attached to that remuneration and the impact of any performance conditions.

If the Executive Director's former employer pays a portion of the remuneration that was deemed foregone, the replacement payments will be reduced by an equivalent amount.

Relocation policies

In the case of an internal executive appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its existing terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment will continue.

In instances where the new Executive Director is relocating to a new location, including up to two years temporary provision of accommodation and associated moving costs. The level of the relocation package will be assessed on a

case-by-case basis but will take into consideration, amongst other items, any cost-of-living differences, housing allowances and schooling. Where an Executive Director leaves within two years of their appointment, the Committee has the discretion to clawback part or all of the relocation package.

Notice periods

The Committee shall utilise notice periods of up to 12 months.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement shall be set in accordance with the approved remuneration policy in force at that time.

Executive Directors' service agreements

The Executive Directors' service agreements, including arrangements for early termination, are carefully considered by the Committee and are designed to recruit, retain and motivate Executive Directors of the calibre required to manage the Company. The Committee's policy is for Executive Directors' service contracts to be terminable on no more than one year's notice. The details of existing Executive Directors' service contracts are summarised in the table below:

Executive Director

Tim CrToole Matthew Gregory
Oats of service contract

25 January 2011 1 December 2015
Notice period

12 months 12 months

Policy on payment for loss of office

Executive Directors' service agreements contain provisions for payment in lieu of notice. The Company is unequivocally against rewards for failure; the circumstances of any departure, including the individual's performance, would be taken into account in every case. Directors' service agreements are kept for inspection by shareholders at the Company's registered office.

Service agreements may be terminated without notice and without payment in lieu of notice in certain circumstances, such as gross misconduct. The Company may require the Executive Director to work during their notice period or may choose to place the individual on 'garden leave', for example to ensure the protection of the Company's and its stakeholders' interests where the Executive Director has access to commercially sensitive information.

Except in the case of gross misconduct or resignation, the Company may at its absolute discretion reimburse for reasonable professional fees relating to the termination of employment and, where an Executive Director has been required to relocate, to pay reasonable repatriation costs, including possible tax exposure costs.

In the event of an Executive Director's departure, any outstanding share awards will be treated in accordance with the plan rules as follows:

Plan Treatment on cessation

These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.

Good leaver reason*

Where an individual is considered a good leaver* a performance-related bonus will be paid. This will be based on the proportion of the bonus year for which the individual has been actively employed and bonus (if any) will be paid at the normal time, although the Committee retains discretion to pay it earlier in appropriate circumstances. There is no entitlement to any bonus award under the EABP for any financial year where an Executive Director has not been actively working, even if still in employment. The Committee has discretion to make an award in these circumstances, but would only consider exercising its discretion if this were justified by the circumstances and timing of the Executive Director's departure. The Committee will not exercise that discretion in respect of any period when the Executive Director is on garden leave. Any resulting bonus payment will normally be time pro-rated and be based on the level of performance achieved. Other reason The EABP provides no entitlement to a bonus following cessation of employment, unless the leaver is considered a good leaver.

Unvested share Awards Good 'leaver reason'

Where an individual is considered a good leaver* (other than in the case of death) unvested EABP awards will vest either at the end of the vesting period or in the event of termination by reason of ill-health on the date of cessation of employment or any other date determined by the Committee. Where an award vests early, the good leaver will receive a pro-rated number of shares to reflect the acceleration of vesting, although in the event of termination by reason of ill-health the Company may exercise discretion to waive pro-rating, in the case of death, deferred share awards vest on the date of death and no pro-rating is applied. Other reason Unvested deferred share awards will normally lapse on cessation of employment or, at the Committee's discretion, on service of notice of termination of employment.

Long-Term Incentive Plan Good leaver reason*

Where an individual is considered a good leaver* (other than in the case of death) unvested LTIP shares will vest either at the end of the performance period or in the event of termination of employment by reason of ill-health on the date of cessation of employment to the extent the performance conditions have been satisfied as determined by the Committee. A good leaver* will normally receive a pro-rated proportion of any outstanding LTIP awards. The Committee may choose to allow certain awards to vest while others lapse, depending on the circumstances of the case. In the case of death, awards vest on the date of death and are not subject to the performance conditions, with pro-rating applying in the same way as for good leavers. Other reason Awards will normally lapse on cessation of employment.

All-employee share plans Awards will vest in accordance with the rules of the relevant plan, which do not permit the exercise of any discretion by the Committee.

*emptying company means, to or: a Group company, transfer of employment to a company which is not a Group company; and at the Committee's discretion. Cessation of employment in circumstances other than those set out above is cessation for other reasons.

FirstGroup Annual Report and Accounts 2016/17

Directors' remuneration report continued

Policy on external appointments

The Committee believes that the opportunity can benefit from the experience and knowledge of an approved directorship of anchor company, offering Executive Directors the opportunity to broaden their experience and knowledge. Company policy is to allow Executive Directors to retain the fees earned from such appointments.

Chairman and other Non-Executive Directors' letters of appointment

The Chairman and other Non-Executive Directors do not have service contracts, but each has a letter of appointment with the Company. Each letter of appointment generally provides for a three-month notice period. Non-Executive Directors are normally appointed for two consecutive three-year terms, with any third term of three years being subject to rigorous review, taking into account the need progressively to refresh the Board.

In line with the requirement of the Code, all Non-Executive Directors including the Chairman are subject to annual re-election by shareholders at each AGM. The appointment of a director or the Non-Executive Director is subject to early termination with or without compensation if they are not re-appointed at a meeting of shareholders.

Remuneration policy for the Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors may on occasion receive reimbursement of costs incurred in relation to professional advice.

Those Directors, if made, are taxable benefits to the Non-Executive Director and the tax arising is paid by the Company on the Director's behalf.

Fees for the Non-Executive Directors are determined by the Board as a whole, on the recommendation of the Executive Directors and the Chairman. Fees for the Chairman, are determined by the Remuneration Committee.

The policy on fees for the Chairman and Non-Executive Directors is

Purpose and To be sufficient to attract, motivate and retain Non-Executive Directors necessary to contribute to a high-performing Board,

link to strategy

Chairman

The fee for the Chairman is determined by the Committee and reflects the commitment, demands and responsibility of the role. The fee is paid monthly and can either be taken in cash or shares or a combination of both. The fee is inclusive of all Committee duties and is not for services rendered or personal use. United benefits relating to travel, accommodation and meals may also be payable in certain circumstances, with the tax arising being paid by the Company on the Chairman's behalf.

The fee payable to the Chairman may be varied (either up or down) from this level during the three-year period that this

Remuneration Policy operates to ensure it continues to appropriately recognise the requirements of the role

Non-Executive Fees are determined by the Board, within the limits set out in the Company's Articles of Association, with Non-Executive Directors

Directors

abstaining from any discussion or decision on their fees.

The Board takes account of recognised best practice standards for such positions when determining the fee level and structure.

The Non-Executive Directors receive a base fee. Additional fees may be payable for chairmanship of the Company's key Committees and for performing the Senior Independent Director role. Non-Executive Directors may also receive an allowance in the event they are required to undertake intercontinental travel for the purpose of attending Board or Committee meetings or site visits. Fees are paid monthly and can either be taken in cash or shares or a combination of both.

Non-Executive Directors' letters of appointment contain provisions for payment in lieu of notice.

Other than the Group Employee Director, Non-Executive Directors do not participate in any of the Company's incentive arrangements or receive any pension provision.

Non-Executive Directors are reimbursed for expenses and any tax arising on those expenses is settled directly by the Company. To the extent that those are deemed taxable benefits, they will be included in the Annual report on remuneration, as required.

Reasonable costs of travel and accommodation for business purposes are reimbursed to Non-Executive Directors. On the limited occasions when it is appropriate for a Non-Executive Director's spouse or partner to attend, such as to a business event, the Company will meet these costs. The Company will meet any tax liabilities that may arise on such expenses.

Fee levels may be varied (either up or down) during the three-year period that the Remuneration Policy operates to ensure they continue to appropriately recognise the time commitment and responsibilities of the role, increases or decreases to fee levels for Non-Executive Directors in general and fee levels in companies of a similar size and complexity.

Group Employee The Group Employee Director's fee is in line with the basic fee of the Non-Executive Directors and is payable in addition to the

Director's remuneration and pension scheme. The Group Employee Director's fee is in line with the basic fee of the Non-Executive Directors and is payable in addition to the Director's remuneration and pension scheme.

Consideration of shareholder views

The Committee values its continued dialogue with shareholders and engages directly with them and their representative bodies at the earliest opportunity. Shareholder feedback received in relation to the AGM, as well as any additional feedback and guidance received during the year, is taken into account by the Committee. The Committee will also consider any feedback received from shareholders in relation to the AGM, as well as any additional feedback and guidance received during the year, is taken into account by the Committee.

FirstGroup Annual Report and Accounts 2018

Annual report on remuneration

This part of the Directors' remuneration report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and Rule 9.8.6 of the Listing Rules. The Annual report on remuneration and the Statement by the Chair will be put to an advisory shareholder vote at the AGM on 17 July 2018.

Executive Directors' total remuneration (audited)

| | Year | Salary £000s | Benefits' £000s | Cash £000s | Annual bonus | | Long-Term Incentive £000s | Pension £000s | Plan | Pension' Total |
|-----------------|------|-----------------|--------------------|---------------|-----------------|-------------------|---------------------------------|------------------|------|-------------------|
| | | | | | Shares £000s | Deferred £000s | | | | |
| Tim O'Toole | 2018 | 846 | 43 | | - | - | 211 | 1,100 | | |
| | 2017 | 846 | 44 | 180,197,126 | - | - | | | | |
| Matthew Gregory | 2018 | 437 | 14 | 73 | 73 | - | 87 | 684 | | |
| | 2017 | 425 | 14 | 227,859 | 78 | - | | | | |

1 Taxation for tenants in the UK and US. Tim O'Toole - £9,000 for private medical insurance. Matthew Gregory - £12,000 for private medical insurance. The decrease in the Chief Executive's remuneration is due to a change in the way the bonus is calculated.

Executive's statement is on the impact of the change in executive remuneration on the US subsidiary's.

- The financial position of the company was not materially affected by the change in executive remuneration. The company's financial position was not materially affected by the change in executive remuneration.
- No annual bonus has been awarded to Tim O'Toole for the year 2017/18 for the reasons explained in the Statement by the Chair.
- The 2014 LTIP award, which vested on 5 June 2017, had been shown in last year's annual report with an indicative value of £1.35 per share. The actual share price on the date of release was £1.41, as announced to the market on 7 June 2017, and this is the share price used to calculate the value of the award shown in this table.

Annual base salary (audited) ¹.

| | 2018 | 2017 | % increase |
|--------------------------|-------|-------|------------|
| | £000s | £000s | |
| Tim O'Toole ¹ | 846 | 846 | |
| Matthew Gregory | 437 | 425 | Z8 |

- In accordance with the Remuneration Policy approved by shareholders in July 2015, the base salary of Tim O'Toole has not been increased for the duration of the period.

As noted in the Statement by the Chair, in light of the overall challenges faced by the business during the year, Matthew Gregory, CPO, advised the Committee that he did not wish to be considered for a salary increase in 2018. The Committee welcomed and supported this position. However, with the departure of the Chief Executive, and the additional responsibilities that Matthew will take on, the Committee will

1. In accordance with the Remuneration Policy approved by shareholders in July 2015, the base salary of Tim O'Toole has not been increased for the duration of the period.

Chief Executive's Office. Benefits (audited)

The benefits of the Executive Directors include the provision of a company car or car allowance, private medical cover, life assurance and advisory fees (principally relating to taxation) in the UK and US for Tim O'Toole.

Directors' remuneration report continued

Pension (audited)

Tim O'Toole has opted to join the defined benefit pension scheme. He is, therefore, not eligible for the company's defined contribution pension scheme. This provides him with 1/50th accrual for each year of service, based on average pensionable salary for the three tax years prior to retirement. Upon reaching age 60, he amended his normal retirement age from 60 to 66. In future service, he will receive all the benefits of the scheme; at age 60, he will receive a lump sum payment of 3 times his pensionable salary at age 60. This will be increased for deferred payment, and those payable from age 65 are payable unreduced at that time. Pensions normally increase in line with the consumer prices index and provide a dependant's pension on a member's death. There was a scheme earnings cap of £140,705 above which a pension allowance of 20% of base salary was paid. The defined benefit arrangement is closed to accrual with effect from 1 April 2018.

Information in the table below includes the total accrued benefit at 31 March 2016 which represents the pension that is expected to be payable on eventual retirement given the length of service and salary of Tim O'Toole.

Age at 31 Mar 2018

25

62

65

Total accrued benefit at Pension 31 Mar 2018 age' £000s

Increase in accrued annual pension at 31 Mar 2018
£000s

Mm C- un-Md lo accruol;fneritB in the dafnoo btrneit peri.;ui- sdvnc lol'iv.vhxj '.;lr;-uv!Vturb .itxru<ii c-f tnt, lichwrie wirri effect Ironi Apil "(lIS. No additional bnr-.dits are avviJahto cm r;ai ly retivi'cnt.

The allowances paid during the year to Tim O'Toole and Matthew Gregory were 040,984 and E87,400, respectively. Matthew Gregory's allowance inrJurted a defined contribution pension input amount of rift.OOO.

Performance-related pay

The Committee believes it is important for HxeaitveDiructCfs that a sigilicani proportion of the remuneration package is pertrxniance-relateri and the performance conditions applying to incentive arrangements support the delivery of the Company's strategy. The Committee considers performance against a range of metrics, including safety, to ensure that tho assessment is rounded, taking into account both qualitative and quantitative factors.

The table below outlines each of the performance measures used in the Company's performance-related Incentives and how they support the Company's strategy and business objectives as outSned in the Strategic report

| | Business KPIs | objectives | Our Values |
|--|---------------|------------|------------|
| e | | | |
| LTIP ¹ | | | |
| RoadTOCTi TSR | | | |
| EPS | | | |
| Bonus | | | |
| Adjusted Oi Hrrating riirifil | | | |
| Revenue | | | |
| Gas-i- flow Safety | | | |
| Customer satisfaction Individual performance | | | |

1 A3 mentioned on page 36, a review was undertaken in 2017/18 with regards ro the performance metrics used in thel.TIP.

FirstGroup Annual Report and Accounts 2018

i'J ».> jicft 'Sv-so 'fs-.r. ire.--',. cf fvform(<nre ngsbtst et runge of financial Pre fcir.ji.-'.j.ic? of tl iy baus hod rioi cl lanqcd from 2016/17 and wus .M c-oluuuJ on ft u-ncrf i lyrics arid 25% o't tnXH(vsr.'xi rrtetrits. r tru Ci 'iiii n-trire were baser; on 'he G'Oup's approve,! p!ar\ Trie

Executive Annual Bonus Plan

■|'".....'

.<-..r<f;,.l

2017/18 Executive Directors' annual bonus (audited)
ro,-20i//0ti>aCAi.;f

20% tO'V 7.S%

and ncv-tins'K-jal met.-*;.* vVs:yhrad so Sx£ \v<: The l'nnncial largots pel;

7.5% 10%

Committee had also reviewed targets at individual business unit level and had taken into consideration consensus and expectations for 2017/18 at that time.
sail.-, ..>..**

For 2017/18, the EABP comprised the following six elements:

Adjusted operating profit - a KPI used in managing the business.

Revenue - encourages management to deliver sustainable growth through pricing and volume

Cash flow - encourages management to devise operational plans focused on cash generation to create optjens for the Board n i rololion to among other uses, investment in key assets of fleet, systems and people.

Safety - to ensure that risk controls, safety procedures and safety behaviours are constantly improved to reduce long term injuries and avoid safety incidents across aH the divisions. Performance was assessed against a balanced scorecard using a broad range of indicators, including long term injuries, passenger injuries and collisions.

Customer satisfaction - a key focus at aH levels of the Group. Performance was assessed against a balanced scorecard of measures: customer satisfaction surveys, punctuality and cancellations across First Student, First Transit, Greyhound, First Bus and First Rail.

Individual performance - recognises achievement in other gynificirt areas. Porfcrnidnce was assessed against individual objectives for the year, which were aligned with the Group's strategy and transformation plans, and the Executive Directors' core areas of responsibility.

Stretching, relevant and measurable financial ana non-fin?ncia! annual bonus targets were set by the Committee. The Committee assessed each element of the annual bonus separately as part of an overall balanced scorecard of measures. Within each element the Committee considered a number of sub-elements, including the performance of each division and the Company's performance on a rail and non-rail basis, and formed a rounded assessment of performance of the Executive Directors at the end of ihe year.

In line with the practice stated in the previous years, the related bonus for the previous and current year should not have been adjusted to reflect the actual reported

in keeping with the practice adopted in previous years, (the original target ranges for the revenue and operating profit den wnts have been adjusted to reflect the actual reported foreign exchange rates changes experienced «trs year under review.

f-o' i.;0' o IS. the Luanda! and non-fnai >a~i performance outoordes were anfnfiewy

Actual performance

Metncs

Adjusted rv-hvaonij profit¹ £317.0m £329.6m C339.4m E344.6m 45%

Revenue Pfi"3Qft4m raJpfifim Ffi.328.2m <http://Ffi.328.2m> "e6.488.9m 20%

No payout generated.

Group revenue reached 68% of maximum.

I'MH>' WfJULd HJffl KJSUlted ui i a uayuat uf

13.6% under this metric but the Committee exercised its discretion in light of the adjusted operating profit outturn and determined that no payout would occur.

C199.0m Less than E191.6m

n/a £191.6m or greater

10 Group cash generation for the year exceeded the EABP target level and delivered full payout.

Between threshold and target

Between threshold and target

1.5 Group safety performance is an average of the performance for each division.

2.8 Group customer satisfaction is an average of the performance for each division.

Hrs!Group Annual Report and Accounts 2018

Directors' remuneration report continued

For the reasons referred to in the Statement by the Chair, the Committee has decided not to award an annual bonus to Tim O'Toole for the year 2017/18. A review of his individual performance against objectives is therefore not included in this report.

With regard to Matthew Gregory, the Committee carefully reviewed his individual performance against objectives set at the beginning of the year and crxcAided that, ag-tret the* \$ix>a8ockflrfMfi :«t, many ofv^u-htafcrrec to ffe Tie as C'X> Ntartftwrwid -.fefvenrd 'hrrso to a hlyh standard, notwithstanding disappointing overall business results. Therefore the Committee assessed his degree of achievement and decided to award him 8% out of a possible 10%:

Oegreaof achievement

Matthew Gregory Lead continuous improvement in overall safety culture, strategy and governance, encouraging consistently high standards of behaviour on safety, and foresight of potential (wards

- Regularly conducted safety tours in North America and the UK
- Encouraged divisions to adopt data driven approach to safety through the monthly Business Reviews
- Demanded improvement to safety for capital equipment, particularly seeking a technological solution to baggage handling in Greyhound buses
- Significantly increasea time spent by US insurance team with US management to better understand safety trends and drive action plans.

Deliver the cost savings and capital expenditure amounts sot out in the 2017/8 budget

Help to create an environment which allows the divisions to achieve top line growth beyond what can be forecast in the current plan

- Assisted Student with their MSA pipeline set up and process

» Worked with First Bus to improve revenue from

lower-quality businesses ■ Worked with Greyhound to create commercial opportunities (markets and Customer Relationship Management programmes)

Partially achieved

fteliver a Inancwl strategy for uw of f ori caan fow and a communications plan for shareholders

Assess divisional CFOs and lead hiring in the divisions

- Plan prepared, not delivered yet due to competing priorities
- First Rail and Greyhound CFOs appointed and integrated
- Overall strengthening of UK and US finance capability

2017 Long-Term Incentive Awards (audited)

As set out in the 2017 Statement by the Chair, the Committee undertook a review of the Company's LTIP performance metrics. The review included consultations with; map' investors and their leprcsentative bodies on the inclusion of t PS as a metric as wet as the definitions, weightings and target levels of performance of the other LTIP metrics.

IH>I JVIMHIIUUUJIIuim, Ili-Ij ia-tia. mti.1 «<I nnnnnmin-nn-ijranmmnt-Butrtmi-ip-nill-mHn-eh3rphallH-r-oli-■-hy-mroprling-markfit

growth rates, Improving margins and returns, exercising cost discipline and generating cash. The Committee concluded that the performance metrics most relevant to incentrVising delivery of these objectives are EPS, TSR and ROCE. Input from major shareholders was requested In a detailed consultation letter sent in October 2017. We were pleased that the major shareholders who responded to the consultation wore supportive of the overall LTIP approach. The Committee has made a number of amendments to the operation of the LTIP as follows:

- introduction of Adjusted EPS as a metric alongside TSR and ROCE

- » amending the existing ROCE metric to cover Road divisions only

- « vesting at threshold performance has been reduced to 20% rather than 25% (previous awards)

40% of the award is subject to the Company's relative TSR performance, 40% of the award is subject to tho achievement of EPS growth targets and 20% of the award is subject to ROCE targets measured at the end of tho performance period. All metrics will be assessed over a three-year performance period (which commenced on 1 April 2017).

The awards are subject to a two-year holding period following the three-year performance period as well as malus and clawback. In addition, as v-Mh ail '..IIP ;iwards. tVore airwrtrd nn^s the Committee mii-st w>. ■tatslnvi vnt *h« u t.^ fl*< > ijcn -rar«e of the Group is satisfactory. Trio 0ci ni n.'it,-: Otll'jrv;::, tha; hav.no <http://hav.no>. a ori'ten^oncs override ts an urirro^ant feaL ^; o: tbe oho .v. t inicoates the r^ko'unwnriontsd vesting outcomes

FirstGroup Annual Report and Accounts 2018

Directors' remuneration report continued

Details of the performance metrics and targets for the 2017 LTIP awards are set out below. Earnings per

Share ('EPS')

EP_ grwth wfl fcn dote^wed using Adjusted EPS. TI ro Committee ccr«sds>rs Adjusted i to bd a faner rfiSeiJ-on of trading pcr^ornuncn ae it eluripa.es facto/3 which d«tc» t year-or-y*J' comiwnsons ana so is «t more appropriate n teasuft to -ncenrvseltre achievement of underlytna' growth. The Committee noted that differences between adjusted and statutory EPS will need to oe carefully considered and this is consistent with the overs! review process dossnbcd in tho above paragraph.

EPS growth will be assessed at constant currency. The use of constant currency is established practice at the Company to eliminate foreign exchange translation effects only and ensures that management are rewarded for improving the underlying performance of the business.

When assessing performance, the reported Adjusted EPS for 2019/20 will be compared against the reported Adjusted EPS for 2016/17, rpsialect into constant currency based on liie effective fcragn exchange rates m 20ig'20.

Details of the EPS targets for the 2017 LTIP are set out below:

% of award which vests

<4% = 4%

_ 11%

0% 8% 40%

V Between threshold (4%) and maximum (11%), vesting will be on a straight-lino basis.

EPS targets were set taking into consideration the three-year business plan agreed by the Board in May 2017 (after the award of the SWR Rail Franchise) and analyst forecasts at the time of otr consultation letter to shareholders in October 2017.

The 4% CAGR threshcW requires performance of almost double the rate o!^ inflation expected ever the performierce psriod and 11% CAGR for maximum vesting is very stretching given the current economic growth rates in our major markets.

The change to the comoration tax rate in the US was not known at the time the targets were set. Rather than amend the target, the Committee has agreed it will take account of any impact on the EPS outturn at the time vesting is determined.

ROCE ("Return on Capital Employed") '

As the Rail divisions are not heavy users of the Company's capital and the Company will be relying on the Road divisions to drive improved ROCE performance, the Committee concluded that 'Road ROCE' is a more appropriate measure for the LTIP than Group ROCE.

"! ho! -toiid RCX;E metric will be calculated by dividing operating profit less tax by relevant Capital Employed retranslated at constant currency where;

« Operating profit is the reported adjusted operating profit of the Group, as published in the Annual Report, excluding earnings derived from the Rail division

- Capital Employed is net assets, excluding net debt, derivatives and pension balances and also excluding items relating to the Rail division. The exclusion of the pension deficit is considered appropriate as the Committee believes management should not be rewarded for movements in this element. This approach to pensions is identical to the ROCE definition, which did include Rail, used for the 2015 and 2016 LTIP awards.

To ensure consistency with the assessment of EPS targets, when assessing performance, the base year ROCE (5.2%) will be restated on a constant currency basis. The 2016/17 adjusted operating profit will be restated at the effective foreign exchange rate for 2019/20 and the March 2017 Capital Employed will be restated at closing balance sheet rates as at March 2020.

In order to provide transparency for each LTIP award, the Committee will disclose sufficient information to reconcile performance against the ROCE target range at the beginning and the end of the performance period.

At the beginning of the performance period for awards made in 2017 (1 April 2017), LTIP Road ROCE was 5.2%. This was calculated as follows:

| | |
|--|--------|
| Reported ROCE 2016/17 | 7.3% |
| Remove Rare earnings and capital employed balances | (1.6)% |
| Remove pension balances (0.5)% | |
| LTIP Road ROCE (2017 scheme basis) | 5.2% |

The Committee will ensure that the effective allocation of capital across the business and then generating a return from this divestment. The ROCE target range has been set such that no vesting will occur unless the 2019/20 ROCE exceeds the ROCE outturn for 2016/17 (the base year ROCE) by 10 basis points ("bps").

Maximum vesting will occur if the 2019/20 ROCE is 150 bps or more above the base year.

FirstGroup Annual Report and Accounts 2018

Details of the ROCE targets for the 2017 LTIP are set out below:

| | |
|--------------------------------------|-----------|
| ROCE (Growth from end of 2016/17) | |
| % of award which vests | 0% 4% 20% |
| < 10 bps = 10 bps | |
| > 10 bps = 10 bps | |

1 Between threshold (10 bps) and maximum (150 bps), vesting will be on a straight-line basis. Relative TSR ("Total

Shareholding Return")

The relative nature of the metric, with TSR measured against a comparator group of 31 companies, creates an objective measure of long term value delivery to shareholders and rewards executives for delivering performance which is better than that of competitors.

Relative TSR will be determined over a three-year performance period commencing on 1 April 2017 using a three-month average TSR at the beginning and end of the performance period by reference to the Company's positioning amongst a comparator group of companies.

The Committee believes that relative TSR is a suitable value metric, which takes into account performance of the Company's closest peers.

Details of the TSR targets for the 2017 LTIP are set out below:

| | |
|------------------------------------|-----------|
| % of award which vests | |
| Below median Median Upper quartile | 0% 8% 40% |

1 Between median and the upper quartile of the peer group, vesting will be on a straight-knee basis.

The comparator group for the benchmarking of remuneration and the relative TSR metric for awards granted in 2017 comprises:

Aggreko
Babcock International Group
Balfour Beatty
Bunzl
Capita
Carillion
Carnival
DCC
easyJet
Electrocomponents Ferguson (formerly Wolseley) G4S
Galliford Try GKN
Go-Ahead Group Grafton Group
Hays
Interserve

IWG
Kier Group Mitie Group National Express Rentokil Initial Serco Group
SIG
Smith (DS) Stagecoach Group Thomas Cook Group Travis Perkins Wizz Air Holdings Wood Group (John)

The changes to the comparator group are the removal of Wb AtKli in ai id Ai i iul Kislei Wlieelei, following their takeover, and the addition of Wizz Air Holdings.

The comparator group comprises companies in the travel, business services and industrial sectors, which are of comparable scale, complexity and activity to the Company. In the event of one or more of the constituents undergoing a takeover, merger, dissolution, variation in capital or any other event that will materially affect the calculation of a ranking, the Committee shall determine how this should be reflected in the ranking calculation.

On this basis, awards were granted to Executive Directors on 24 November 2017 as follows

Executive Director

Tim O'Toole Matthew Gregory

(% of base salary)

120 175
Share price Face value
at date of grant¹

104.7 pence 104.7 pence
Number of shares awarded

969,197 730,420

Face value of award

£1,014,750 £764,750
% of award which vests at threshold
20% 20%

Performance period

1.4.17-31.3.20 1.4.17-31.3.20

The award granted to Tim O'Toole, Chief Executive, is structured as a conditional award under which, following vesting, the shares are transferred to the participant for nil payment. The award granted to Matthew Gregory, CFO, is structured as a nil-cost option, which may be exercised for up to 12 months following vesting. Both awards are subject to clawback and malus, and a two-year post-vesting holding period, as per the rules of the LTIP.

FirstGroup Annual Report and Accounts 2018

Directors' remuneration report continued

2018 Long-Term Incentive Awards

It is the Committee's intention to make awards under the LTIP this year and it is anticipated that the approach to be adopted regarding metrics will be similar to that of the 2017 LTIP, that is, 20% Road ROCE, 40% EPS and 40% relative TSR. In view of the overall results for the year, the Committee is taking some additional time to review the calibration of the targets, which will be no less demanding than those set for the 2017 LTIP.

Directors' interests in share awards (audited)

The outstanding LTIP, deferred share bonus and SAYE awards of Directors are set out in the table below. There have been no changes to the terms of any share awards granted to Directors.

Number of awards Date of award held as at grant 1.4.17

Face value Awards of awards granted (£)

Awards lapsed Awards during vested year

Number of awards held as at

31 3 18

Exercise price (p)

| Exercise price (p) | | Date on which award vests/ becomes exercisable | |
|---|-------------------------|--|------------------------|
| Tim O'Toole ¹ Deferred | | share bonus | |
| LTIP | | | |
| Matthew Deferred Gregory ⁶ share tv.-im is | | | |
| LTIP | | | |
| Group Employee | | | |
| Droctor | | | |
| Jimmy | | | |
| Groombridge SAYE | | | |
| 14 | 223,554 | | |
| 15 | 230,748 | | |
| 16 | 83,126. 16.6.17 | | |
| 17.12.15 | 972,728 | 2.7.14 | 785,288 |
| 28.06.16 | 1,042,694 | | |
| 24.11.17 | | | |
| 28.6.16 | 81,399 | | |
| 16.06.17 | | | |
| 17.12.15 | 1,222,200 | | |
| 2,782 3,601 5,436 | | | |
| 28.06.16 | 764,231 | | |
| 24.11.17 | | | |
| | | 9.12.14 8.12.15 12.12.16 12.12.17 | |
| | | - | 312,081 284,051 |
| | | | 76,975 516,356 723,415 |
| • 1,013,807 | | | |
| • 1,022,337 | | | |
| • 965,535 969,197 1,014,750 | | | |
| 75,375 162,187 227,225 | | | |
| • 1,284,532 | | | |
| • 707,678 730,420 764,750 | | | |
| 3,469 | 3,021 3,713 5,566 3,747 | | |
| | | 230,748 83,126 516,356 | |
| | | 972,728 1,042,694 969,197 | |
| | | 81,399 162,187 1,222,200 764,231 730,420 | |
| 3.601 5,436 3,469 | | | |
| nil nil nil nil nil nil nil | | | |
| nil nil nil i nil nil | | | |
| 97 85 86 83 | | | |
| 1.4.17 1.4.18 27.6.19 16.6.20 1.4.17 1.4.18 1.4.19 1.4.20 | | | |

27.6.19 16.6.20 1.4.18 1.4.19 1.4.20

1.2.18 1.2.19 1.2.20 1.2.21

9.6.24 14.6.25 27.6.26 15.6.27 31.3.18 1.4.19 1.4.20 1.4.21

27.6.26 15.6.27 1.4.19 1.4.20 1.04.21

31.7.18 31.7.19 31.7.20 31.7.21

- The face value in the table above has been calculated by multiplying the maximum number of shares that could vest (or under option in the case of SAYE) by the closing share price on the date of grant.
- An award vests on the date; the Company determines whether it will exercise its discretion to award further awards if the company's performance after dealing restrictions ceases to apply.
- The table above shows the maximum number of shares that could be released if awards were to vest in full. Participants are entitled to receive dividends or dividend equivalent amounts once the share awards have vested.
- In light of the fraud incident in Croydon in November 2016, and the ongoing investigations, the Committee had decided that it would not be appropriate to award a bonus, cash or stock-based incentive to any employee in this way. Instead, the Committee determined that a conditional award of deferred shares be made, equivalent in value to the bonus of £23,415 that Tim would have received based on his salary. The award was subject to the following conditions:
- Awards made to Tim O'Toole and Matthew Gregory under the EAPF and LTIP are subject to clawback and malus provisions, in line with best practice and investor requirements.

FirstGroup Annual Report and Accounts 2018

Shareholding guidelines (audited)

Under the terms of the Remuneration Policy approved by the 90th AGM, Executive Directors are required to build up a specified shareholding in the Company. This is to create greater alignment of the Executive Directors' interests with those of shareholders. The guidelines require Executive Directors to retain at least 75% of the shares, net of tax, vesting under a Group share incentive plan or otherwise acquire shares in the Company within a five-year period from the date of appointment or 16 July 2015, whichever is later until a shareholding with a new value (calculated by reference to the year end share price) equal to 200% of base salary in the case of the Chief Executive and 150% of base salary in the case of other Executive Directors is achieved. The Committee reserves the right to relax or waive the application of such guidelines in certain circumstances, including the impending retirement of an Executive Director. The table below sets out the Executive Directors' and their connected persons' shareholdings (including beneficial interests; and a summary of outstanding and unvested share awards as at 31 March 2018

Ordinary

beneficially owned at 1.4.17

Ordinary shares beneficially owned at 31.3.18
Unvested oefetTed sliaie bonus awards subject to continued employment

Unvested LTIP awards
subject to performance
conditions

| not exercised share awards | (% of basic salary) | {% of basic salary}' | Vested but Shareholding requirement | Current shareholding |
|-------------------------------|------------------------|-------------------------|---|-------------------------|
| Tim O'Toole | Matthew Gregory' | | | |
| 939,296 | 261,033 | | | |
| 599,482 | 243,586 | | | |
| 2,011,891 | 1,494,651 | | | |
| 200% | 150% | | | |
| 144% ^a | 58% ^a | | | |

- 1 Matthew Gregory has until 1 December 2020 to meet the shareholding requirement.
- 2 Based on the middle market closing price of an ordinary share of the Company of 8210 pence per share on 29 March 2018. The range of the Company's share price for the year was 77 pence to 153 pence.
- 3 The percentage of basic salary shown in the table includes vested but unexercised awards. If unvested deferred share bonus awards subject to continued employment were included in the calculation, Tim O'Toole's current shareholding as a percentage of basic salary would be 202% and Matthew Gregory's would be 104%.
- 4 Tim O'Toole acquired 24,776 shares between 1 April 2018 and the date of approval of this report as a result of his standing instruction to allocate part of his salary to acquire shares in the Company.

Since August 2011, Tim O'Toole has allocated part of his monthly gross base salary to acquire shares in the Company. This is a standing instruction. From August 2011 until May 2015 the monthly allocation was £10,000, rising to £15,000 from June 2015 to October 2017 and then again to £25,000 from November 2017 onwards. Shares are purchased from the post-tax and post-National Insurance (NI) amount

All-Employee share schemes

Executive Directors are eligible to participate in the Company's Save As You Earn (SAYE) and Share Incentive Plan, known as Buy As You Earn (BAYE) on the same terms as other eligible employees.

SAYE

The maximum participation level in the SAYE plan is £500 per calendar month as per HMRC limits with participants granted linked share options, by reference to projected savings, with a 20% discount to the prevailing share price at the time of grant. In line with HMRC requirements, on the maturity of the savings contracts, participants can elect to use the accumulated savings to exercise their options or request the return of their savings.

BAYE

The maximum participation level in the BAYE is £150 per month, as per HMRC limits.

The Company provides two Matching Shares for every three Partnership Shares, subject to a maximum Company contribution of shares to the vesting of the Matching Shares of 30% a month. The shares awarded are free of tax and become available to the participant after three years. The Matching Shares will be forfeited if the corresponding Partnership Shares are removed from the trust within three years from award.

In accordance with the applicable legislation, shares that remain subject to the plan are held on behalf of participants in a UK-based trust.

Directors' remuneration report continued

Dilution

The Company ensures that the level of shares granted under the Company's share plans and the means of satisfying such awards remains within the limits set by the relevant legislation. The Company's share plans are designed to ensure that the level of shares granted under the Company's share plans and the means of satisfying such awards remains within the limits set by the relevant legislation. The Company's share plans are designed to ensure that the level of shares granted under the Company's share plans and the means of satisfying such awards remains within the limits set by the relevant legislation.

Employee Benefit Trust (EBT)

The FirstGroup EBT has been established to acquire ordinary shares in the Company, by subscription or purchase, from funds provided by the Group to satisfy rights to shares arising on the exercise or vesting of awards under the Group's share-based incentive plans. The trustee of the FirstGroup EBT has informed the Company that its intention is to abstain from voting in respect of the FirstGroup shares held in the trust. As at 31 March 2018, the EBT held 27.54% of the outstanding awards.

Performance graphs

The graph below shows the TSR performance of E100 invested in FirstGroup plc shares over the past nine years compared to an equivalent investment in the FTSE 250 and in our comparator group. The FTSE 250 Index has been selected as it provides an established and broad-based index, of which the Company is a constituent.

Total shareholder return

100-

31/03/09 31/03/10 31/03/11 31/03/12 31/03/13 31/03/14 31/03/15 31/03/16 31/03/17 31/03/18

| Shareholder | Shareholder | Shareholder | Shareholder | Shareholder | Shareholder | Shareholder | Shareholder | Shareholder | Shareholder |
|-----------------------------------|-------------|-------------|--------------------------|-------------|-------------|-------------|--------------------------|-------------|-------------|
| - FirstGroup plc | | | FTSE 250 Index | | | | | | |
| | | | Total shareholder return | | | | Total shareholder return | | |
| Sriuco: ttamaon R-jutcisDaUstream | | | | | | | | | |

TSR is measured according to a return index calculated by Datastream on the basis that all the Company's dividends are reinvested in the Company's shares. The return is the percentage increase in the Company's index over the nine-year period.

Remuneration of the Chief Executive

The table below shows the total remuneration figure for the highest paid Executive Director, the Chief Executive, during each of the past nine years. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years. The annual bonus percentages show the payout for each year as a percentage of the maximum.

| | 2010 ¹ | 2011 ¹ | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 ² | 2018 |
|------------------------------------|-------------------|-------------------|-------|-------|-------|-------|-------|-------------------|-------|
| Total remuneration (€000s) | 802 | 503 | 1,055 | 1,068 | 1,986 | 1,647 | 1,243 | 1,267 | 1,100 |
| Annual bonus (% maximum potential) | - | 43.6 | 0 | 59.1 | 57 | 15.9 | - | 103 | - |
| LTIP vesting (%) | - | - | - | - | - | - | - | - | - |

1 Remuneration to the remuneration of Sir Muir Lockhead, who resigned as Chief Executive in November 2010. From 1 November 2010 to 31 March 2011, Tim O'Toole received a remuneration of €357,000.

2 Remuneration to the remuneration of Tim O'Toole who was appointed Chief Executive in November 2010.

3 Tim O'Toole waived his bonus in 2012 and 2013.

4 A bonus was not paid to Tim O'Toole in 2017 and instead he received a conditional deferred share award.

FirstGroup Annual Report and Accounts 2018

Percentage change in remuneration levels

The table below shows the percentage change in the Chief Executive's remuneration, benefits and annual bonus for the current and previous financial years compared to that for the average UK employee (First Bus and First Rail, but excluding Group). The Committee has chosen this comparator as it is considered to provide a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill, which is distorted by movements in the number of employees and variations in wage practices in the US. However, the Committee will re-assess the comparator in 2018/19 to ensure it remains appropriate. For the benefits and annual bonus percentages, the figures are based on those employees eligible to participate in such schemes.

| | Base salary | Annual bonus |
|-----------------|--------------------|-------------------------------------|
| Chief Executive | 0% | (2.3)% ¹ 0% ² |
| UK employees | 2.89% ¹ | 6.86% (4.95)% ⁴ |

1 The Chief Executive did not receive a bonus for 2017/18.

2 The Chief Executive did not receive a bonus for 2017/18.

3 Pay increases for the majority of UK employees in First Bus and First Rail are collectively bargained with trade unions in individual operating companies in First Bus and First Rail. Some of these agreements are multi-year deals. Typical increases for 2017/18 were in the range 1-3%.

4 The figures for the percentage change in the Chief Executive's remuneration, benefits and annual bonus are based on those employees eligible to participate in such schemes.

Relative importance of spend on pay

The table below illustrates the Company's expenditure on pay as a comparison to adjusted operating profit and distributions to shareholders by way of dividend payments.

| | 2018 £m | 2017 £m | % change |
|--|---------|---------|----------|
| Adjusted operating profit ¹ | 317,339 | (6.5) | |
| Distributions to shareholders - - - | | | |
| Total employee pay ² | 3,162 | 2,945 | 7.4 |

1 Group adjusted operating profit has been used as a comparator as it is a key financial measure of the Group's performance.

2 Total employee pay is the total pay for all Group employees, including pension and social security costs. The average monthly number of employees in 2017/18 was 100,046 (2016/17: 100,891).

Wider pay and benefits environment

In addition to competitive pay, FirstGroup offers a wide range of employee benefits to all employees regardless of role. We are committed to helping our colleagues save for retirement through a variety of company pension arrangements and retirement plans, and a further key element of our employee engagement strategy is the opportunity to share in the growth and success of the business through our UK employee share plans.

Other benefits in the UK include discounted travel on public and bus services, and discounts on shopping, entertainment and eating out. We also

Other benefits in the UK include discounted travel on our rail and bus services, and discounts on shopping, entertainment and eating out. We also operate childcare voucher schemes across our UK businesses and our Employee Assistance programme offers all employees access to free, 24/7 confidential telephone, online and face to face advice for problems they may experience at home or work.

Our external specialist advisers to support employees with health problems which may be affecting their performance at work.

In the US we offer a broad spectrum of health and welfare benefits to our employees and their families, including life insurance, health, dental and vision benefits for employees and their dependents. We encourage early pre-arrangement for retirement savings plan, and we also provide disability plans for short and long term illness. Employee and family wellbeing is a focus through our 'Route to Rewards' wellness program, and throughout the year we encourage participation in wellness activities. In Canada, we provide a range of company pension arrangements and retirement plans to support employees in saving for retirement. Our employee's health and dental benefits, and vision coverage for employees and their dependents.

All our employees are eligible for health and welfare benefits. For more information, please see the 'Our People' section on page 27.

More information can be found in the 'Our People' section on page 27.

Directors' (NED) and Chairman's fees (audited)

The Chairman's fee was reviewed and increased from £230,000 to £295,000 with effect from 1 December 2017. His fee had not been increased since the last time it was reviewed. The fee for the Chairman is £295,000 per annum, plus expenses. The fee for the Chairman is £295,000 per annum, plus expenses. The fee for the Chairman is £295,000 per annum, plus expenses.

With Wolfgang Hauser now stepping up to the position of Executive Chairman, the Committee will be considering a temporary increase to his fees to reflect the additional responsibilities of the role.

FirstGroup Annual Report and Accounts 2018

Directors' remuneration report continued

The NEDs' fees, which include the Group Employee Director, were reviewed in August 2017 and increased from £55,000 to £58,000. The fee for the Chairman was reviewed and increased from £230,000 to £295,000 with effect from 1 December 2017. His fee had not been increased since the last time it was reviewed. The fee for the Chairman is £295,000 per annum, plus expenses. The fee for the Chairman is £295,000 per annum, plus expenses. The fee for the Chairman is £295,000 per annum, plus expenses.

Benolits'

Non-Executive Director

Wolfgang Hauser Warwick Brady Jimmy Groombridge¹ Drummond Hall Martha Poulter David Robbie² Imelda Walsh Jim Winestock
2018 EOOOs

285 58 49 70 49 11 70 70

2017 COOOs

£80 54

63

65 64

2018 COOOs

2017 EOOOs

2018 EOOOs

285 58 49 70 51 11 70 75

2017 COOOs

280 54

63

65

1 The Company meets all reasonable travel, subsistence, accommodation and other expenses, including any tax where such expenses are deemed taxable, incurred by the NEDs and the Chairman in the course of performing their duties.

2 In addition to his fee as a Group Employee Director, Jimmy Groombridge received earnings from the Group as an employee amounting to £21,251. As a participant in the RAYF he received 681 shares. Based on the middle market value of a share on 25 October 2018 of 82.10 pence, the value of these shares was £560.

3 David Robbie was appointed on 2 February 2018. Former Non-Executive

Directors

| | | | | |
|---------------------------|----|---|---|------|
| Richard Adam ¹ | 64 | 6 | - | - 64 |
|---------------------------|----|---|---|------|

1 Richard Adam resigned on 2 February 2018.

External board appointments

Where Board approval is given for an Executive Director to accept an outside non-executive directorship, unless the appointment is in connection with the Group business, the individual Director is entitled to retain any fees received.

During the year, Tim O'Toole has not received any remuneration for serving as an Independent Non-Executive Director of Edison International and Southern California Edison, and as a board member of the US National Safety Council.

Payments to past Directors and payments for loss of office (audited)

There have been no payments to past Directors and no payments for loss of office during 2017/8.

Non-Executive Directors' interest in ordinary shares (audited)

The beneficial interests of the Non-Executive Directors and their connected persons who held office at 31 March 2018 in the shares of the Company as at that date and 1 April 2017 are shown below. Shares are held outright with no attaching performance conditions. Jimmy Groombridge holds his shares in the FirstGroup Share Incentive Plan (CSIP) trust.

| | Ordinary shares beneficially owned at 1 April 2017 or date of appointment, if later | Ordinary shares beneficially owned at 31 March 2018 |
|--------------------------------|--|---|
| Wolfhart Hauser | 284,558 | 284,558 |
| Warwick Brady | 108,701 | 108,701 |
| Jimmy Groombridge ¹ | 3,207 | 3,888 |
| Drummond Hall | 30,990 | 30,990 |
| Imelda Walsh | 19,429 | 19,429 |
| Jim Winestock | 64,743 | 64,743 |
| Martha Poulter ² | - | 60,000 |
| David Robbie ³ | - | 30,000 |

1 Jimmy Groombridge participates in the Company's BAYE scheme. His shares are held in the GIF trust. As explained on page 89, if the Partnership Shares were removed from the SIP trust within three years, the corresponding Matching Shares would be forfeited. Jimmy Groombridge acquired 343 shares between 1 April 2018 and the date of approval of this report.

2 Martha Poulter was appointed to the Board on 26 May 2018.

3 David Robbie was appointed to the Board on 2 February 2018.

Non-Executive Directors' dates of appointment

Non-Executive Directors have an agreement for service for an initial three-year term, which can be terminated by either party giving three months' notice. In accordance with the Code, the Non-Executive Directors, including the Chairman, are subject to re-election by shareholders at each AGM. The table below sets out the appointment dates for those Non-Executive Directors who served during the year ending 31 March 2018. 'H.Y. will &:!. except for:-Wind Admri who stopped down on 21 ehru.ny 20i.->. out '!'>.:**r.?^...x: iorwaio fot election or rc-iteciion nl t.o APiM, 17 July 2.C13.

Non-Executive Director

| | | | | | | | | |
|---------------------|--------------|---------------|-------------------|---------------|----------------|--------------|--------------|---------------|
| Wolfhart Hauser | Richard Adam | Warwick Brady | Jimmy Groombridge | Drummond Hall | Martha Poulter | David Robbie | Imelda Walsh | Jim Winestock |
| Date of appointment | | | | | | | | |

| | | | | | | | | |
|-------------|------------------|--------------|-------------|--------------|-------------|-----------------|--------------|---------------|
| 19 May 2015 | 24 February 2017 | 24 June 2014 | 26 May 2017 | 24 June 2014 | 26 May 2017 | 2 February 2018 | 24 June 2014 | 1 August 2012 |
|-------------|------------------|--------------|-------------|--------------|-------------|-----------------|--------------|---------------|

Role of the Remuneration Committee

The Committee is primarily responsible for determining and recommending to the Board the framework for executive remuneration and for determining, on behalf of the Board, the remuneration of Executive Directors and senior managers.

The Committee's full terms of reference are available on the Company's website. The Committee's principal responsibilities are summarised below:

- « determining and agreeing with the Board the framework for executive remuneration that ensures Executive Directors and senior managers are provided with appropriate incentives to encourage enhanced performance and are rewarded in a fair and responsible manner for their individual contribution towards the success of the Company
- « ensuring that the remuneration policy is appropriate and consistent with effective risk management
- » within the agreed framework, setting and determining the total individual remuneration arrangements for Executive Directors and senior managers, giving due regard to individual and Company performance, and remuneration trends across the Group
- approving the design of, and determining the targets for, any performance-related plans and the total annual payments made under such plans to Executive Directors and senior managers; determining the terms of employment and remuneration of each Executive Director and senior

plans to Executive Directors and senior managers • determining the terms of employment and remuneration of each Executive Director and senior executives, including recruitment and termination arrangements

Membership

The current members of the Committee, who are all independent Non-Executive Directors, are: Imelda Walsh, Chair; Drummmond Hall, Marie Sopot independent Director, and David Robbie, who joined the Committee in March 2015

Other attendees at the Committee meetings include the Chairman, the Chief Executive, the CFO, the Group Employee Director, the Group Corporate Services Director, the Group HR Director, the Group Head of Reward and PwC, the Committee's external adviser. The General Counsel & Company Secretary is the secretary to the Committee. Attendees are not involved in any decisions, and are not present for any discussions, regarding their own remuneration.

After each meeting, the Chair of the Committee presents a report on its activities to the Board.

FirstGroup Annual Report and Accounts 2018 93

Directors' remuneration continued

Committee activities

In line with its remit, amongst other matters, the Committee took the following actions during the year:

- assessed the level of achievement against objectives under the EABP and LTIP « reviewed the metrics, definitions, weightings and targets of the EABP and LTIP « confirmed that the LTIP awards granted in 2014 would vest at 16.3% based on EPS performance
- approved individual remuneration arrangements for Executive Directors and senior managers
- approved the granting of awards under the EABP, LTIP and Executive Share Plan
- reviewed and approved the Directors' Remuneration Report and changes to the Remuneration Policy
 - » discussed current trends in remuneration practice and corporate governance, including shareholders' representatives' guidelines and policies
- reviewed its terms of reference
- * reviewed the performance of its advisers and that of the Committee

External adviser

The Committee has authority to obtain the advice of external independent remuneration consultants. It is solely responsible for their appointment, retention and termination and for approval of the basis of their fees and other terms. Over the course of the year, the Committee was supported by PwC, who was appointed by the Committee in 2014. The Chair of the Committee agrees the protocols under which PwC provides advice.

PwC is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

During the year, PwC provided independent advice and commentary on a range of topics including Directors' remuneration reporting, discretionary share plans, corporate governance and executive remuneration trends and shareholders consultation. PwC fees for advice provided to the Committee were £67,950 (2017: £32,200), charged on a time-and-materials basis.

PwC also provided general consultancy services to FirstGroup during the year; however, the Committee is satisfied that this does not compromise the independence and objectivity of the advice it has received from PwC, which has no other connection with the Company.

Shareholder votes on remuneration matters

2017 AGM Annual Report on Remuneration
2016 AGM Annual Report on Remuneration
2015 AGM Remuneration Policy
2015 AGM Annual Report on Remuneration

Votes for
Votes against Total votes cast Votes withheld*

902,019,470(91.32%) 85,771,076 (8.68%) 987,790,546 222,240
799,2035,216(96.53%) 28,761,378(3.47%) 827,996,594 118,668,660
779,923,966 (93%) 60,313,189(7%) 840,237,155 31,366,783
800,928,123(95%) 39,629,664(5%) 840,557,987 31,045,951

Note: A 'Vote withheld' is not a vote in law and is not counted in the calculation of the votes 'For' and 'Against' a resolution.

Imelda Walsh

Chair, Remuneration Committee 31 May 2018

FirstGroup Annual Report and Accounts 2018

Directors' report and additional disclosures

| | |
|---|--|
| Page | |
| Section | |
| The Directors present their report on the ;r'i;i s of tr.p. Gi ouo, together wiil 18's audited 'iila^ciol stiKuro as and tl 101 eport of tl io auditor for the year ended 31 March 2018. Information required to be disclosed in the Directors' report may be found below and in the following sections of the Annual Report and Accounts, in accordance with the Companies Act 2006 (the "2006 Act") and U'sting Rule 9.8.4R of the Financial Conduct Authority (the "FCA"): | |
| Information | |
| Corporate responsibility | |
| 23 | |
| Sustainability governance and greenhouse | |
| Chief | |
| Executive's report | |
| <j>-,r-. emisrjo'ia | |
| Likely future developments | |
| Principal nsks and uncertainties | |
| in lho business | |
| 34 and 44 | |
| Risk factors and principal risks; going concern and viability statements | |
| Corporate | |
| Governance | |
| report | |
| 50 | |
| Directors' | |
| remuneration | |
| report | |
| 85 | |
| Governance' arrangements; human rights and anti-corruption and bribery matters | |

Long term
 i".cei ifivo schemes
 Financial statements
 Financial instruments and related market transactions
 130

Directors

The Directors of the Company who served

during the year and their biographical details are shown on pages 46 and 47. Richard Adam and Tim OToole stood down from the Board on 2 February and 31 May 2018 separately. Details of Directors' interests in shares can be found in the Directors' remuneration report on pages 69 and 92.

During the year, no Director had any interest in any shares or debentures in the Company's subsidiaries, or any material interest in any contract with the Company or a subsidiary in connection with the Company's business.

Powers of the Directors

The Directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to the provisions of the Companies Act and the Company's Articles.

Directors' indemnities and liability insurance

FirstGroup maintains liability insurance for its Directors and Officers. The Company has also granted indemnities to each of the Directors as well as the General Counsel, the Company Secretary, the Group Director of Finance, the Group Financial Controller, the Group Treasury & Tax Director, the Chief Information Officer, the Greyhound President and an Officer of FGI Canada to the extent permitted by law. These indemnities are uncapped in amount, in relation to certain losses and liabilities which they may incur in the course of acting as a Director (or Officer or Company Secretary as the case may be) of the Company or any of its associated companies. In the case of Group Director of Finance, the Group Financial Controller, the Group Treasury & Tax Director, the Chief Information Officer, the Greyhound President and an Officer of FGI Canada the indemnities are limited to their actions as Directors of independent associated companies. Neither the indemnity nor insurance cover provides cover in the event that a Director (or Officer or Company Secretary as the case may be) is proved to have acted fraudulently or dishonestly. The indemnities are categorised as a 'qualifying third-party indemnity' for the purposes of the 2006 Act and will continue in force for the benefit of Directors (or Officers or Company Secretaries) on an ongoing basis.

Share capital

As at 31 March 2018, the Company's issued share capital was 1,210,832,034 ordinary shares of 5 pence, each credited as fully paid. The Company holds 157,229 ordinary shares in treasury. The issued share capital of the Company which carries voting rights of one vote per share comprises 1,210,674,805 ordinary shares. Further details of the Company's issued share capital are shown in the notes to the consolidated financial statements.

The Company's shares are listed on the London Stock Exchange.

Substantial shareholdings

As at 31 March 2018, the Company had been notified under the FCA's Disclosure, Confidentiality and Transparency Rule ("DGTR") 5 of the following interests in its total voting rights of

3% or more:
 Name of holder
 Vldacos Nominees
 Ltd - HSBC
 Custody Nominees
 (Australia) Ltd 71,695,290

64,283,712
 5.33

Number of % of total ordinary voting shares rights

5.95

Schroders plc
 Jupiter Asset Management
 Limited 60,603,024 5.03
 Vldacos
 Nominees Ltd 59,397,756 4.93

There have been no further notifications between 31 March 2018 and the date of this report.

Articles of Association

The description in this section summarises certain provisions of the Company's Articles and applicable Scottish law concerning companies, which is qualified in it; the provisions of the Companies Act and the 2006 Act. The Company's Articles may be amended by a special resolution of the Company's shareholders.

Directors' report and additional disclosures continued

Shares

The rights attached to the ordinary shares of » Company are as set out in the Company's Articles. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Voting rights

Shareholders are entitled to attend and vote at any general meeting of the Company. It is the Company's practice to hold a poll on every resolution at general meetings. Every member present in person or by proxy has, upon a poll, one vote for every share held. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding. The Notice of the 2018 AGM accompanying this document specifies the deadlines for exercising voting rights.

Dividend rights

Shareholders may by ordinary resolution declare dividends but the amount of the dividend may not exceed the amount recommended by the Board. The Directors are not recommending the payment of a final dividend this year.

Transfer of shares

There are no specific restrictions on the issue of a holding nor on the transfer of shares which are both governed by the general provisions of the Company's Articles and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights at any meeting of the Company.

Employee share plans

The Company operates a number of employee share plans, details of which are set out in notes 35 to the consolidated financial statements. Kleinwort Benson (Guernsey) Trustees Limited, as trustee of the FirstGroup plc Employee Benefit Trust (EBT), holds units in the Company in trust in order to satisfy awards made to participants under the Company's employee share plans. The EBT waives its rights to vote and to dividends on the shares it holds which are unallocated.

Under the rules of the FirstGroup plc Share Incentive Plan, also known as BAYE, employees buy Partnership Shares and receive Matching Shares in the Company. In order to preserve certain tax benefits these shares are held in a trust by Computershare for employees. Whilst these shares are held in trust, the voting rights attached to them are exercised by the trustee, but only at the direction of the employees.

All of the Company's employee share plans contain provisions relating to change of control. On a change of control, options and awards granted to employees may vest and become exercisable, subject to the satisfaction of any applicable performance conditions at the time.

Further details on the Company's employee share plans can be found in the Directors' remuneration report on page 68.

Purchase of own shares

At the AGM of the Company in 2017 authority was granted for the Company to purchase up to 10% of its ordinary shares. During the year no ordinary shares were purchased. Under the existing authority the Company may purchase up to 120,791,435 ordinary shares. This authority remains in place until the 2018 AGM, when the company intends to seek a renewal.

Political donations

At the 2017 AGM, shareholders passed a resolution to authorise the Company and its subsidiaries to make political donations to political parties or independent election candidates, to other political organisations, or to incur political expenditure (as such terms are defined in sections 362 to 379 of the 2006 Act), in each case in amounts not exceeding £100,000 in aggregate. As the authority granted at the 2017 AGM will expire, renewal of this authority will be sought at this year's AGM. Further details are available in the Notice of the AGM. As a result of the broad definition used in the 2006 Act of matters constituting political donations, it is possible that normal

- business activities, which might not be thought to be political expenditure in the usual sense, could be caught. Accordingly, authority is being sought as a precaution to ensure that the Company's normal business activities do not infringe the 2006 Act, but it is not the policy of the Company to make donations to EU
- political organisations or to incur other political expenditure in the EU.

In the US it is far more common for businesses to participate in the political process through a variety of methods. During the year the Group's US businesses incurred political expenditure in the US of \$18,948 (2016/17: \$67,748) in the support of their business goals. The Group has fully complied with jurisdictional reporting of these contributions.

No other political donations or expenditure was incurred by the Company and its subsidiaries during 2017/18.

Change of control - significant agreements

Financing agreements

The Group has a £800m multi-currency revolving credit and guarantee facility between, amongst others, the Company and The Royal Bank of Scotland plc dated 22 March 2017. This refinanced the Group's existing revolving credit and guarantee facility. Following any change of control of the Company, individual lenders may negotiate with the Company with a view to resolving any concerns arising from such change of control. If the matter has not been resolved within 30 days, an individual bank may cancel its commitment and the Company must repay the relevant proportion of any drawdown.

The US\$100m 4.17% notes due 2025, US\$175m 4.29% notes due 2028, the £250m 6.125% bonds due 2019, the £350m 8.750% bonds due 2021, the £200m 6.875% bonds due 2024 and the £325m 5.250% bonds due 2022 issued by the Company may also be affected by a change of control of the Company. In respect of the £350m 8.750% bonds due 2021, the £200m 6.875% bonds due 2024 and the £325m 5.250% bonds due 2022 upon a

the Company in respect of the £200m 4.00% bonds due 2021, the £200m 4.00% bonds due 2021 and the £200m 4.00% bonds due 2022, upon a change of control of the Company, provided that certain further thresholds in relation to the credit rating of the bonds are met, the bondholders have the option to require the Company to redeem the bonds. In respect of the US\$100m 4.17% notes due 2025, US\$175m 4.29% notes due 2028, upon a change of control, the Company must make an offer to noteholders to prepay the entire unpaid principal amount of the notes : held by each bondholder (at par) together with interest accrued thereon.

FirstGroup Annual Report and Accounts 2018

First Rail

The Group's franchisee passenger rail operators, First TransPennine Express Limited, First Greater Western Limited, First MTR South Western Trains Limited (jointly owned with MTR Corporation) are each party to a franchise agreement with the Secretary of State for Transport. These franchise agreements are subject to termination clauses which may apply on a change of control. First MTR South Western Trains Limited, First TransPennine Express Limited and First Greater Western Limited and the Group's non-franchised rail operator, Hull Trains Company Limited, each hold railway licences as required by the Railways Act 1993 (as amended); those licences may be revoked on three months' notice if a change of control occurs without the approval of the Office of Rail and Road. All of these operators also require and hold track access agreements with Network Rail Infrastructure Limited under which they are permitted to access railway infrastructure. Failure by any of the operators to maintain its railway licence is a potential termination event under the terms of the track access agreements. The Group's railway operators also lease rolling stock from specialist rolling stock leasing companies such as Eversholt Rail Group, Porterbrook Leasing Company Limited and Angel Trains Limited. A material number of the individual leasing agreements include change of control provisions. The Group is also involved from time to time in bidding processes for UK rail franchises and transport contracts further afield which customarily include change in circumstance provisions which would be triggered in the event of a change of control and could result in termination or rejection from further participation in the relevant competitions.

Significant shareholders' agreements

The Group, through First Rail Holdings Limited, has shareholders' agreements governing its relationship with MTR Corporation in relation to the (VW) and the (VW) with Trenitalia for the purposes of bidding for (and, if successful, the West Coast Partnership and East Midlands franchises. As is customary, these agreements include provisions addressing change of control.

Post-balance sheet events

There have been no material post-balance sheet events as at the date of this report.

Employee involvement and policies concerning disabled employees

Throughout the Group, regular dialogue is maintained with employee representatives, including trade unions. Each division has its own information and consultation arrangements, with employees being represented by more than 30 different unions.

Across the group, full and fair consideration is given to applications for employment by people with disabilities. We are committed to supporting disabled employees, including employees who became disabled during their employment, with regards to training, career development and promotion.

Management report

The Strategic and Directors' reports together are the management report for the purposes of the FCA's DGTR 4.1.5R.

The Strategic report was approved on behalf of the Board on 31 May 2018.

Michael Hampson

General Counsel & Company Secretary

31 May 2018

395 King Street, Aberdeen AB24 5RP

Directors' responsibility statement

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements in accordance with applicable UK Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the parent company financial statement, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- select and apply accounting policies;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the 2006 Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and have adopted a control framework across the Group.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Each Director confirms to the best of their knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report and Governance section include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

The Strategic report comprising pages 4 to 44 and the Governance section comprising pages 46 to 97, and including the sections of the Annual Report and Accounts referred to in these pages, have been approved by the Board and signed on its behalf by:

Matthew Gregory
Chief Financial Officer 31 May 2018
395 King Street, Aberdeen AB24 5RP

Consolidated income statement

For the year ended 31 March

| | | | | | | 2018 | 2017 |
|------------------------------------|-------|----------------|---------|----------------|----------------|------|--------------|
| Continuing Operations | Notes | Cm | | | Em | | |
| Revenue | 3,5 | 6,398.4 | | | 5,653.3 | | |
| Operating costs | | (6,594.6) | | | (5,369.7) | | |
| Operating (loss)/profit | | | 5,6 | (196.2) | 283.6 | | |
| Investment income | 8 | 1.3 | | | 1.2 | | |
| Finance costs | | | | | | 8 | 1177.0 |
| <u>Loss</u> | | <u>(132.2)</u> | | | | | |
| (Loss)/profit before tax | | | (326.9) | | 152.6 | | |
| Tax | | | 9 | 36.0 | (36.5) | | |
| (Loss)/profit for the year (290.9) | | | | | 116.1 | | |
| Attributable to: | | | | | | | |
| Equity holders of the parent | | (296.0) | | | 112.3 | | |
| Non-controlling interests | 5.1 | | | | 3.8 | | |
| | | | | | <u>(290.9)</u> | | <u>116.1</u> |
| Earnings per share | | | | | | | |
| Basic | 10 | (24.6)p | | | 9.3p | | |
| <u>Diluted</u> | | | 10 | <u>(24.2)p</u> | <u>9.2p</u> | | |
| Adjusted results' | | | | | | | |
| Adjusted operating profit | 4 | 317.0 | | | 339.0 | | |
| Adjusted profit before tax | 4 | 197.0 | | | 207.0 | | |
| <u>Adjusted EPS</u> | | | 10 | <u>12.3p</u> | <u>12.4p</u> | | |

1 Adjusted for certain items as set out in note 4

The accompanying notes form an integral part of this consolidated Income statement.

FirstGroup Annual Report and Accounts 2018

Consolidated statement of comprehensive income

Year ended 31 March

(Loss)/profit for the year

Items that will not be reclassified subsequently to profit or loss
 Actuarial gains/(losses) on defined benefit pension schemes
 Ooloi red mr. on act'arialc-^ina'ilo^sosi on do1:tv.<i benefit trens.cn <http://trens.cn> serine?
 ! lorrssrod Vm it rieiiitrd btmc: pension 'x^enitrs duo lo L'S lax roform

Items that may be reclassified subsequently to profit or loss
 Derivative hedging instrument movements Deferred tax on derivative hedging instruments due to US tax
 reform Exchange differences on translation of foreign operations

2018 Cm

(290.9)

26.6 (6.2) (20.4)

45.1 (9.3) (14) (324.9)

(290.5)

2017 Em

Tia~

(89.7) 7.3

(82.4)

69.7 (19.0)

356.2

406.9

Other comprehensive (loss)/income for the year

Total comprehensive (loss)/income for the year

Attributable to:
 Equity holders of the parent Non-controlling interests

(586.5)

5.1

(58114)

436.8 3.8

440.6

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

FirstGroup Annual Report and Accounts 2018

Consolidated balance sheet As at 31 March

| | | | Note | 2018 Em | 2017 Em |
|---|-----------|-------------|-------------|------------|------------|
| Non-current assets | | | | | |
| Goodwill | 11 | 1,496.8 | 1,956.1 | | |
| Other intangible assets | 12 | 89.8 | 150.6 | | |
| Property, plant and equipment | 13 | 2,090.1 | 2,276.5 | | |
| Deferred tax assets | 25 | 37.7 | 25.8 | | |
| Retransfer assets | 36 | 32.5 | 34.0 | | |
| Derivative financial instruments | 24 | 25.0 | 48.6 | | |
| Investments | 14 | 31.0 | 33.3 | | |
| | | 3,802.9 | 4,524.9 | | |
| Current assets | | | | | |
| Inventories | 16 | 56.0 | 64.5 | | |
| Trade and other receivables | 17 | 888.0 | 790.9 | | |
| Current tax assets | | 2.9 | 0.7 | | |
| Cash and cash equivalents | 20 | 555.7 | 400.9 | | |
| Assets held for sale | 18 | 0.9 | 2.9 | | |
| Derivative financial instruments | 24 | 27.3 | 1.7 | | |
| | | 1,261.6 | | | |
| Total assets | | 5,333.7 | 5,786.5 | | |
| Current liabilities | | | | | |
| Trade and other payables | 19 | 1,437.4 | 1,155.3 | | |
| Tax liabilities - Current tax liabilities | | | | | 3.8 |

Balance at 31 March 2018 99.9 99.7 10.9 7.0 (9.9) 99.9 970.0 1,700.0 99 1,700.0

1 On 19 January 2018, the Group completed the acquisition of the remaining 49% share in Miles Square Transportation Inc from the non-controlling interest party at a fixed price of £19.1111. The exercise of this put option resulted in the following net cash flow (iv) through the following.

The accompanying notes form an integral part of this consolidated statement of changes in equity.

FirstGroup Annual Report and Accounts 2018 103

Consolidated cash flow statement

Year ended 31 March

| | Note | Cm | Cm | 2018 | 2017 |
|---|------|---------|---------|------|------|
| Net cash from operating activities 31 | | 636.9 | 520.4 | | |
| Investing activities | | | | | |
| Interest received | | 1.3 | 1.2 | | |
| Proceeds from disposal of property, plant and equipment | | 11.4 | 43.0 | | |
| Purchases of property, plant and equipment | | (395.9) | (374.1) | | |
| Purchases of software | | (26.8) | (30.2) | | |
| Acquisition of businesses | | (2.9) | | | |
| Acquisition of non-controlling interest | | (13.8) | | | |
| Net cash used in investing activities | | (426.7) | (360.1) | | |
| Financing activities | | | | | |
| Dividends paid to non-controlling shareholders | | (1.1) | (11.9) | | |
| Slwf* purchased fry rmpkye* Benefit Trust | | (11-2) | (1.5) | | |
| Shares issued | | 2.1 | 2.1 | | |
| Proceeds from senior unsecured loans | | 193.3 | | | |

| | | | |
|---|---------|---------|-------|
| Repayment of bond | (300.0) | | |
| Repayment of senior unsecured loans | (76.5) | (41.0) | |
| Drawdowns from bank facilities | 197.0 | | |
| Repayment of loan notes | - | (0.1) | |
| Royalties and other income from intellectual property | (62.1) | (75.0) | |
| Fees for financial facilities | (1.0) | (1.8) | |
| Net cash flow used in financing activities | (59.5) | (129.2) | |
| Net Increase In cash and cash equivalents before foreign exchange movements | 150.7 | 31.1 | |
| Cash and cash equivalents at beginning of year | 400.9 | 360.1 | |
| Foreign exchange movements | 4.1 | 9.7 | |
| Cash and cash equivalents at end of year per consolidated balance sheet | 20 | 555.7 | 400.9 |

Cash and cash equivalents are included within current assets on the consolidated balance sheet.

Note to the consolidated cash flow statement -reconciliation of net cash flow to movement in net debt

| | Note | 2018 Cm | 2017 Em |
|---|-----------|------------|------------|
| Net increase in cash and cash equivalents in year | 150.7 | 31.1 | |
| Reversal in debt and financial assets | 48.3 | 116.1 | |
| Net cash flow | 199.0 | 147.2 | |
| Foreign exchange movements | 23.2 | (26.5) | |
| Other non-cash movements | (2.6) | (0.4) | |
| Movement in net debt in year | 219.6 | 120.3 | |
| Net debt at beginning of year | (1,289.9) | (1,410.2) | |
| Net debt at end of year | (1,070.3) | (1,289.9) | 3? |

Net cash flow is sufficient to cover the financial requirements of the company, and the net debt excludes all accrued interest.

The net cash flow is sufficient to cover the financial requirements of the company, and the net debt excludes all accrued interest.

FirstGroup Annual Report and Accounts 2018

Notes to the consolidated financial statements

1 General information

FirstGroup plc is a public limited company incorporated in the United Kingdom. The company is a subsidiary of FirstGroup plc. The company is a subsidiary of FirstGroup plc. The company is a subsidiary of FirstGroup plc.

The financial statements are prepared in accordance with the accounting policies set out in note 1.

2 Significant accounting policies Basis of accounting

The financial statements are prepared in accordance with the accounting policies set out in note 1.

The financial statements are prepared in accordance with the accounting policies set out in note 1.

The financial statements are prepared in accordance with the accounting policies set out in note 1.

Revenue recognition

Revenue principally comprises revenue from train passenger services, road passenger transport, and certain management and maintenance services in the UK and North America. Where appropriate, amounts are shown net of rebates and sales taxes.

Revenue is recognised by reference to the stage of completion of the customers' travel or services provided under contractual arrangements as the proportion of total services to be provided. Receipts for season tickets and travel cards are deferred within 'Season ticket deferred income' and recognised in the income statement over the period covered by the relevant ticket.

Revenue in First Rail includes franchise subsidy receipts from the Department for Transport (DfT) and amounts receivable under franchise arrangements including certain funded operational projects. Franchise premium payments to the DfT for amounts due under the terms of a franchise are included in operating costs. Revenue also includes amounts attributable to the Train Operating Companies (TOCs), predominantly based on models of route usage, by the Railway Settlement Plan in respect of passenger receipts.

First Bus revenue principally comprises amounts receivable from ticket sales and concessionary fare schemes. Concessionary amounts are recognised in the period in which the service is provided. Greyhound coach revenue mainly comprises of amounts receivable from ticket sales. Other Bus, including First Student and First Transit, and services revenue from contracts with government bodies and similar organisations is recognised as the services are provided.

Interest income is recognised on an accruals basis. Leasing

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases and the related charges are charged against the income on the straight-line basis over the life of the lease.

Assets held under finance leases are recognised at the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance liability. Finance charges are apportioned between the periods over which the lease term expires on a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

If the lessor has received more than the fair value of the leased asset, the excess is recognised as income over the term of the lease.

FirstGroup Annual Report and Accounts 2018

2 Significant accounting policies continued Foreign currencies

The functional currency of the Group is the pound sterling (£). The presentation currency of the consolidated financial statements is the pound sterling (£). The functional currency of the Company is the pound sterling (£). The presentation currency of the consolidated financial statements is the pound sterling (£).

In preparing the consolidated financial statements, transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Group holds currency swaps and borrowings in foreign currencies (see note 24 for details of the Group's policies in respect of foreign exchange risks).

On consolidation, the assets and liabilities of the Group's overseas operations are translated at the closing exchange rates on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the average or actual exchange rates used and the period end rate, if any, are classified as equity and transferred to the Group's consolidated reserves. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Non-GAAP

measures and performance

In measuring the Group's performance, the Group uses adjusted operating performance measures, additional financial measures derived from the reported results have been used by management in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance measures are used to explain year-on-year changes when the effect of certain items are significant, including restructuring and reorganisation costs, pension costs, legal and self-insurance claims, onerous contract provisions, impairment charges and pension settlement gains or losses. In addition, management assesses divisional performance before other intangible asset amortisation charges, as these are typically a result of Group decisions and therefore the divisions have little or no control over these charges. Management considers that this overall basis more accurately reflects operating performance and provides a better understanding of the key performance indicators of the business. See note 4 for the reconciliation of the Group's adjusted performance measures to the GAAP measures.

| | |
|-----------------------------|-----------------------------|
| Freehold buildings | 50 years straight-line |
| Long leasehold buildings | 50 years straight-line |
| Short leasehold properties | period of lease |
| Passenger carrying vehicles | 7 to 17 years straight-line |
| Other plant and equipment | 3 to 25 years straight-line |

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets with the exception of the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Capital grants

Capital grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Capital grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

FirstGroup Annual Report and Accounts 2018

2 Significant accounting policies continued

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the carrying amount exceeds the recoverable amount, the carrying amount is reduced to its recoverable amount. For cash generating units, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised as income immediately except in the case of goodwill, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and (financial) liabilities are recognised or, in the Group's balance sheet when the Group becomes a party to the contract provisions of the instrument.

Financial assets

The Group measures financial assets on initial recognition at fair value, and determines the classification of seen assets at initial recognition on any subsequent reclassification event.

Where there is no active market for a financial asset, fair value is determined using valuation techniques including recent comparable transactions and discounted cash flows. Otherwise financial assets are carried at amortised cost.

Financial assets are classified into one of three primary categories: Fair value through profit

3rd loss

This covers any financial asset designated on initial recognition to be measured at fair value with changes to go through profit or loss, and financial assets acquired principally for the purpose of trading, in the short term.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified here when the Group has the intention and ability to hold to maturity. These financial assets are held at amortised cost: using the effective interest method. Gain and loss are recognised in the income statement when the investments are derecognised or impaired as well as through amortisation.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are measured at amortised cost using the effective interest rate method and the carrying value in all cases approximates to the fair value.

The most significant financial assets under this category are trade receivables and bank deposits.

Trade receivables are measured at amortised cost. Appropriate allowance is made in deliverable provisions where there is objective evidence that the asset is impaired.

Bank deposits are included within cash and cash equivalents. Cash and cash equivalents are defined as held cash, cash at bank with immediate access, other short term investments and bank deposits with maturities of three months or less from the date of inception and bank overdrafts. In the consolidated balance sheet, cash and cash equivalents exclude bank overdrafts. Bank overdrafts that have no legal right of set-off against cash and cash equivalents are included within borrowings in current liabilities. All are carried on the balance sheet at cost, less and cash equivalent; includes, in the consolidated balance sheet, cash and cash equivalents. Under the terms of the Rail franchise agreements, cash can only be distributed by the train operating

Dividend distribution

fiiv'di-'iid ristriiutieri lo ine C/vr.;...n/s sii;; erwfcers is lesont'^eo 'is u !>*!..lv e ipi Groups finr."o"ii steleine'ls in << rce.y! - ■...-! \ ' .• dividends are approved by (tie Company's shareholders.

FirstGroup Annual Report and Accounts 2018

2 Significant accounting policies continued New standards and Interpretations

not applied

At the date of authorisation of these Financial Statements, the Group has not applied the following standards that have been issued but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 with effect from accounting periods commencing 1 January 2018. The new standard covers three distinct areas: the classification and measurement of financial assets and liabilities; the impairment of financial assets; and new hedging requirements designed to give increased flexibility in relation to hedge effectiveness.

IFRS 9 requires a new impairment model with impairment provisions based on expected credit losses rather than incurred credit losses under IAS 38. Based on an initial assessment of 2017/18 closing balances, the current expectation is that there will be a transitional increase in impairment allowances of 11%. The impact will be finalised in the financial statements for the year ended 31 March 2019.

In relation to hedge accounting, we do not expect a material impact on the Group's (Branca) statement. It is expected that the Group's financial instruments will remain effective and that current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. There will be some increased disclosures required in the IFRS financial statements and these will be reflected in the financial statements for the year ended 31 March 2019.

The Group is adopting the new rules prospectively from 1 April 2018. It is currently considered that no material restatements will be necessary for the comparative period.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 with effect from accounting periods commencing 1 January 2018. It introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised and is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Group has evaluated a sample of customer contracts from all major revenue streams across the Group to identify the performance obligations, the timing of the revenue recognition and the treatment of variable elements of pricing.

Based on this assessment, Management have concluded that although there are areas of difference, there is not currently expected to be a material impact on the Group's financial statements and that revenues are correctly attached to performance obligations and recognised as the service is transferred to the customer and that variable elements of price such as discounts, rebates and liquidated damages are properly provided.

The Group is adopting IFRS 15 from 1 April 2018 on a prospective basis. It is currently considered that no material restatements will be necessary for the comparative period and that there will not be a material impact on the Group's revenue recognition in future periods.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 with effect from accounting periods commencing 1 January 2019. The new standard eliminates the operating lease classification and therefore on the balance sheet the lessees will be required to recognise an asset (the right to use leased item) and lease liabilities for all leases unless they have a term of less than twelve months or are of low value. On the income statement, the operating lease expense will be replaced by a combination of depreciation and interest.

As at 31 March 2018, the Group holds a significant number of operating leases that are expensed over the lease term. In 2019, management are in the process of assessing the impact of this standard on the financial statements for the year ended 31 March 2020 and it is anticipated that the transition to IFRS 16 will have a material impact on the volume of lease assets and liabilities recognised. In the interim financial statements, the operating lease expense will be replaced by a combination of depreciation and interest. The financial effect will be assessed in the 2019 financial statements.

Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous year except (or the few where amendments exist) Standards which have been adopted in the current year. It is not expected that the adoption of these standards will have a significant impact on the amounts reported in these financial statements.

Amendment to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses, and

Amendment to IAS 1 - Classification of Changes in Financial Instruments

These amendments are effective from 1 January 2019. The amendments to IAS 12 will have a material impact on the Group's financial statements for the year ended 31 March 2020. The amendments to IAS 1 will have a material impact on the Group's financial statements for the year ended 31 March 2020.

1 Financial assets include trade receivables, other receivables, prepayments and accrued income.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with the generally accepted accounting principles requires the use of estimates and assumptions that affect the amounts reported in the financial statements and the accompanying disclosures. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies which are described above, management has made the following judgements and estimates that have the most significant effect on the financial statements.

i) Critical accounting judgements

Defined benefit pension arrangements

The UK schemes retirement benefit obligations are discounted at the rate set by reference to market yields at the end of the reporting period on high-quality corporate bonds. Significant judgements are required when selecting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria for the selection of bonds include the issue size of the bonds, the duration of the bonds and the identification of outliers which are excluded. Management follows actuarial advice from a third party when valuing these judgements. Another key judgement is the longevity of members. We take specialist advice on this from our actuaries which takes into account the likely experience taking into account each scheme's characteristics. Our approach is to review these assumptions following completion of their valuations, and more frequently only if appropriate to do so. The carrying amount of the Group's retirement benefit obligations at 31 March 2018 was a liability of £273.7m (2017: £358.5m). Further details and sensitivities are set out in note 36.

ii) Key sources of estimation uncertainty

Impairment of intangible assets (including goodwill)

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which the goodwill has been allocated. The value in use requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. As detailed in notes 4 and 11, the Directors have concluded that there should be an impairment charge of £277.3m on the Greyhound CGU (£260.6m of goodwill, £16.7m on property, plant and equipment and £A-in on other intangible assets).

The carrying amount of goodwill at the balance sheet date was £1,496.8m (2017: £1,956.1m) as set out in note 11 and the carrying amount of other intangible assets at the balance sheet date was £89.8m (2017: £150.6m) as set out in note 12.

Onerous contracts

The Group has a number of contractual commitments most notably in respect of its rail franchises and First Student and First Transit businesses. IAS 37 requires a provision to be made in an onerous contract where it is probable that the future economic benefits to be derived from the contract are less than the unavoidable costs under the contract. In order to determine the amount of any contract provision it is necessary to forecast future financial performance and then apply an appropriate discount rate to determine a net present value. The onerous contract provision for forecasts and the discount rate involves a significant degree of judgement. Actual results can differ from those assumed in the forecasts and there can be no absolute assurance that the assumptions used will hold true.

The TPE onerous contract provision is sensitive to a change in the assumptions used, most notably to passenger revenue growth. A reduction or increase of 0.5% in the cumulative annual passenger growth rate assumption would increase or decrease the onerous contract provision required of £106.3m by £27.0m.

Self-insurance

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided (including IBNR) is adjusted as required. The self-insurance reserve is most sensitive to favourable or adverse developments on individually assessable claims, the Group's total self-insurance provision, including those classified within unclassified as at the balance sheet date, was £113.3m (2017: £113.3m) as set out in note 26.

2 Significant accounting policies- continued Contract and franchise accounting

Estimates are made on an ongoing basis with regards to the recoverability of amounts due and the carrying value of related assets and liabilities arising from franchises and long term service contracts. Regular forecasts are compiled on the outcome of these types of franchises and contracts, which require the use of estimates and assumptions. The useful economic lives of assets are determined by reference to the length of a franchise and matched to the franchise end date. The residual value of assets is determined by their condition at the franchise end date and by the amount of maintenance that has been carried out during the period of operation.

In particular, First Rail has a number of contractual relationships including those with the DfT and Network Rail which given their complexity and duration can be sensitive to changes in future assumptions. Due to the regulated nature of the rail industry, disputes and claims typically arise with such bodies as well as other TOCs where one or more TOCs have access to common infrastructure such as railway lines. Management is required to estimate the amounts receivable and also payable taking account of the information available at the time.

Uncertain tax positions

Uncertainties exist in relation to differing interpretations of complex tax law in the jurisdictions in which the Group operates. It may take several years to determine the final tax position of certain transactions in some jurisdictions. The tax liabilities, and assets recognised, are based on estimates made by management on the application of tax laws and management's estimate of the future amounts that will be agreed with tax authorities. Further details are on the tax or, part of ordinary activities are set out in Note 9.

There is a risk that the amounts eventually agreed with tax authorities may differ from the amounts recognised by the Group and would lead to future adjustments to tax assets and liabilities currently recognised, impacting future tax charges.

3 Revenue

| | 2018 | 2017 | Em £m |
|---|----------------|----------------|-------|
| Services rendered | 6,398.4 | 5,653.3 | |
| Investment income | 1.3 | 1.2 | |
| Total revenue as defined by IAS 18 | 6,399.7 | 5,654.5 | |

4 Reconciliation to non-GAAP measures and performance

In measuring the Group and divisional adjusted operating performance, additional financial measures derived from the reported results have been used in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items are significant, including restructuring and reorganisation costs, property disposals, leased intangible and self-insurance claims, onerous contract provisions, impairment charges and pension settlement gains or losses, in addition, management assess divisional performance before other intangible asset amortisation charges as these are typically a result of Group decisions and therefore the divisions have little or no control over those charges. Management considers that this overall basis more appropriately reflects operating performance and provides a better understanding of the key performance indicators of the business.

| Year to | | | Year to | 31 March | 31 March |
|--|---|--------|--------------|----------|----------|
| | = | = | 2018/2017 | | |
| Reconciliation of operating (loss)/profit to adjusted operating profit | | | | Em | Em |
| Operating (loss)/profit | | | (196J) | 283.6 | |
| Adjustments for: | | | | | |
| Other intangible asset amortisation charges | | | 70.9 | 60.2 | |
| Greyhound impairment charges | | | 277.3 | | |
| TPE onerous contract provision | | | 106.3 | | |
| Restructuring and reorganisation costs | | | 26.0 | 16.8 | |
| North America insurance reserves | | | 32.7 | | |
| Gain on disposal of property | | | | (21.6) | |
| Adjusted operating profit | | | 513.2 | 55.4 | |
| Adjusted operating profit | | profit | (note | | 5) |
| 317.0 | | | 339.0 | | |

4 Reconciliation to non-GAAP measures and performance continued

| | | Year to 31 March 2018 | Year to 31 March 2017 |
|--|--------------|-----------------------------|-----------------------------|
| Reconciliation of (loss)/profit before tax to adjusted profit before tax and adjusted earnings | - Em | Cm | |
| (Loss)/profit before tax | (326.9) | 152.6 | |
| Operating profit attributable to the Group (513.2) | | 55.4 | |
| Bond make whole interest cost 10.7 | | | |
| Ir reflectiveness on financial derivatives | - | (1.0) | |
| <u>Adjusted profit before tax</u> | | <u>197.0</u> | <u>207.0</u> |
| Adjusted tax charge (see below) | | (44.2) | (53.8) |
| Non-controlling interests | | (5.1) | (3.8) |
| <u>Adjusted earnings</u> | <u>147.7</u> | <u>149.4</u> | |
| | | Year to 31 March 2018 | Year to 31 March 2017 |
| Reconciliation of tax (credit)/charge to adjusted tax charge | Cm | Em | |
| Tax (credit)/charge (note 9) | | (36.0) | 36.5 |
| Tax effect of adjusting items (note 10) | | 55.6 | 17.3 |
| Tax effect of US tax reform (note 9) 24.6 | | | |
| <u>Adjusted tax charge</u> | | <u>44.2</u> | <u>53.8</u> |

The adjusting items are as follows:

Other intangible asset amortisation charges

The amortisation charge for the year was £7.5m (2017: £1.0m). The increase primarily reflects a higher charge in the North America division due to an incremental £7.5m software intangible amortisation this year.

Greyhound impairment

Recognising the difficult trading conditions experienced by the Greyhound business in the 2017/18 financial year, the strategic plans for the business and estimates of future cash flows generated by the Greyhound division were reviewed. The calculated value in use of the Greyhound division resulted in a £277.3m shortfall to the carrying value of assets (2017: £360.4m surplus).

Following their review of these cash flow estimates, the directors concluded that there should be an impairment charge of £277.3m on the Greyhound CGU. This is reflected in the financial statements as an impairment of the carrying value of Greyhound goodwill of £277.3m (see note 11), an impairment charge of £12.3m on Greyhound property, plant and equipment (see note 13), an impairment charge of £2.8m on Greyhound brand and trade name and £1.9m on Greyhound software (see note 12). After these impairments, the carrying value of Greyhound is £313.1m (£438.8m).

TPE onerous contract provision

Management have prepared updated financial forecasts for this franchise until the initial end date of 31 March 2023. The updated forecasts are based on a number of assumptions, most significantly passenger revenue growth. These are based on economic and other exogenous factors as well as changes in timetables, capacity and rolling stock. Although we are a leading industry leader in revenue growth, our forecasts suggest that we will fall short of the growth requirements in the original bid for this franchise. Based on these forecasts the Group considers it has an onerous contract, the value of which is estimated to be £1.3m. Accordingly this amount has been charged to the income statement.

North America insurance reserves

There have been adverse developments on a small number of aged insurance claims in North America which mainly relate to the 2014/15 and 2015/16 financial years. In assessing the adverse developments, the Group has used a cost of sales approach, which is a significant departure from the usual practice of assessing the impact of these adverse developments on a charge of £32.7m comprising First Student £13.4m, First Transit £15.8m and Greyhound £3.5m.

Restructuring and reorganisation costs

There was a charge of £26.0m (2017: £16.8m) in the year for restructuring, impairment of assets and reorganisation costs relating to the business turnarounds in First Bus (£20.6m) and costs related to contract losses and impairment of assets in First Transit (£5.4m).

Bond make whole costs

The early redemption of the £300m bond in March this year resulted in a one-off £107m 'make whole' interest charge.

5 Business segments and geographical information

For management purposes, the Group is organised into five operating divisions: First Student, First Transit, Greyhound, First Bus and First Rail. These divisions are managed separately in line with the differing services that they provide and the geographical markets. The principal activities of these divisions are described in the Strategic report.

The segment results for the year to 31 March 2018 are as follows:

| First Student | First Transit | Greyhound | First Bus | First Rail | Total |
|---------------|---------------|-----------|-----------|------------|-------|
| £m | £m | £m | £m | £m | £m |
| | | | | | |

• irsi i-ius -\ id H's: Kail, which they operate in.

Group items' Cm

Revenue

EBITDA²

Depreciation

Capital grant amortisation

Segment results*

Other intangible asset amortisation charges Other adjustments (note 4) Operating (loss)/profit»

Investment income Finance costs

Loss before tax

Tax

Loss after tax

1.771.1

335.2 (178.7)

15&5

(54.7) (13.4)

88.4

1,072.7

79.8 (21.6)

58.2

(23) (21.1)

34.3

690.2

58.8 (33.3)

25.5

(11.0)

(266.3)

879.4

116.3 (66.1)

50.2

(0.2) (20.7) 29.3

1,868.8

129.4 (87.6) 16.0

673

(2.1) (106.3)

1&2

(28.9) (23)

(31^ (0.1)''

(313)

6,398.4

690.6 (389.6) 16.0

317.0

(70.9)

(442.3)

(196.2)

13 (132.0)

(326.9) 36.0

(290.9)

Rrst Student Cm

| | |
|-------|-------------------------|
| First | 205.1 |
| 28.5 | |
| 44.4 | Transit Greyhound Em Cm |
| 20.9 | First Bus Cm |
| 129.6 | First Rail Cm |
| 5.0 | Group items' Cm |
| 433.5 | Total Cm |

Balance sheet ¹

First Student Rrst Transit Greyhound First Bus First Rail

| Total | Total | Net assets/ |
|---------|---------|-------------------------|
| (376.2) | (140.1) | (326.1) (296.8) (909.0) |

| assets | liabilities (liabilities) |
|---------|---------------------------|
| Cm | Cm Cm |
| 2,167.9 | 399.3 37.6 420.2 (454.2) |

Group items' Net debt Taxation

| | | |
|---------|-----------|--------|
| 7.0 | (1,070.3) | (17.1) |
| 4,621.2 | 12,050.2 | 2571.0 |

116.2 555.7 40.6

(109 Jf) (1,626.0) (57.7)

5333.7 (3,643.1) 1,490.6

1 Group items comprise Tram operations, central management and other items.

2 FB!!! 'Ais s'VistcU C[.vr::ii!!) i»..ilt li^St.tir.iliil ur :n: .miui'S-Soiipiir; Uupm'samm. ■,

3 A!;i..i.j<ih Uifc Sttiui; nt wis.Ils mcuwijtv/ iMb-viusi.tici* lo measurei><.if-j>!ns,v:.j. risas.<!jr% op.i.il ".j iio»?)r»:(it i-v o:X.i.i.in; c,,u:v?-i .r iisn.issji.i \« i-;,mpl;-twr-is

4 Segment assets and liabilities are determined by identifying the assets and liabilities that relate to the business of each segment but excluding intercompany balances, net debt and taxation

Notes to the consolidated financial statements continued

5 Business segments and geographical information continued

The segment results for the year to 31 March 2017 are as follows:

| | Student Em | FirstRrstGroup Transit Em | Greyhound | First Bus Cm | First Rail Cm | items' Total Cm Em |
|------------------------|---------------|---------------------------------|-----------|-----------------|------------------|-----------------------|
| Revenue | | | | 1,780.3 | 1,042.0 | 684.7 |
| [.268.8 . 15.8 5,653.3 | | | | | | 861.7 |
| EBITDA ¹ | | | | 348.7 | 91.9 | 79.4 |
| (36.7) 686.6 | | | | | 104.5 | 98.8 |
| Depreciation | | | | (177.6) | (19.6) | (26.9) |
| | | | | | | (67.6) |

| | | | | | | | | | | |
|---|--------|---------|--------|--------|-------|-------|---------|--------|--------|---------|
| Depreciation | | | | | | | (111.0) | (10.0) | (30.0) | (01.0) |
| (50.3) | (2.1) | (352.9) | | | | | | | | |
| Cap'tal grant amortisation | - | - | | | | | | | - | 5.3 5.3 |
| Segment results' | | | | J71.1 | 73^3 | 42.6 | | | 37.0 | 53.8 |
| 08.8) 339.0 | | | | | | | | | | |
| Other intangible asset amortisation charges | | | (49.6) | (1.8) | (8.5) | | | | - | (0.3) |
| - (60.?) | | | | | | | | | | |
| Other adjustments (note 4) | _(2.5) | (0.2) | | (10.9) | - | (1.2) | 4.B | | | |
| Operating profit' | 119.0 | 7V3 | 537 | 26J | 53^5 | (4Q.q | | | 283.6 | |
| Investment income | | | | | | | | | 1.2 | |
| Finance costs | | | | | | | | | J^1?2) | |
| Profit before tax | | | | | | | | | 152.6 | |
| Tax | | | | | | | | | (36.5) | |
| Profit after tax | | | | | | | | | 116.1 | |

| Other information | Em | RrstRrstGroup | Student | Transit | Grayhound | First Bus | First Rail | items' | Totals |
|-------------------|-------|---------------|---------|---------|-----------|-----------|--------------|-------------------|---------------------------|
| | | | Em | Cm | Cm | Cm | Em | | |
| Capital additions | 165.9 | | 17.8 | 31.7 | 63.9 | 75.4 | 2.9 | 357.6 | |
| Balance sheet* | | | Em | | | | Total assets | Total liabilities | Net assets/ (liabilities) |
| | | | | | | | Cm | Cm | |
| First Student | | | 2,918.4 | | | | (414.9) | 2,503.5 | |
| First Transit | | | 600.6 | | | | (161.1) | 439.5 | |
| Greyhound | | | 694.5 | | | | (363.7) | 330.8 | |
| First Bus | | | 769.5 | | | | (364.6) | 404.9 | |
| Rrst | | | | | | | | | Rail |
| 245.8 | | | | (482.8) | | (237.0) | | | |
| | | | | | | 5,228.8 | | (1,787.1) | 3,441.7 |
| Group items' | | | 130.3 | | | (183.0) | (52.7) | | |
| Net debt | | | 400.9 | | | (1,690.8) | (1,289.9) | | |
| Taxation | | | | | 26.5 | (497) | (23.2) | | |
| Total | | | 5,786.5 | | | (3,710.6) | 2,075.9 | | |

1 Group items comprise Tram operations, central management and oilier items.

2 liliilTUA is a;ljs!nt! cc-oiam iy profil l"-s ;<u.it.:l gr-int ,inortiu?tio< plus ricprw. uitii;... i,

3 Although trio segment u,siills ii.t-j used uymfitviiiieino'if ro n ?;isuri; pttrraTnar!;;!; statutes orx\'?..lPij priori: oy orrnprlrKtrp.-Kc." s ats;- '.liscckisou fo completeness.

A Segment assets and liabilities are determined by identifying the assets and liabilities that rotate to the business of each segment but excluding intercompany balances, net debt and taxation

Geographical information

The Group's operations are located predominantly in the United Kingdom, United States of America and Canada. The following table provides an analysis of the Group's revenue oy geographical market:

| | Em | Em | 2018 | 201 r |
|--------------------------|----|---------|---------|---------|
| Revenue | | | | |
| United Kingdom | | 2,864.4 | | 2,146.3 |
| United States of America | | 3,130.1 | | 3,092.6 |
| Canada | - | 403.9 | | 414.4 |
| | | | 6,398.4 | 5,653 3 |

FirstGroup Annual Report and Accounts 2018

5 Business segments and geographical information continued

ihis following is an widiysis of non e.ieen; .-niseis oxclu-liny it-sandal "'Strume-its. dufaried tax and pensions, ihe cairymp. ameut.t ei segn-eni assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets a'e located:

2018 Em

Non-current assets excluding financial instiuments' deterred lax and pensions

•■2017 Em

2018 Em

Additions to property, plant and equipment and intangible assets

2017 Em

2018 Cm

Carrying amount of segment total assets

2017 Em

United Kingdom United States of America Canada

Unallocated corporate items

795.3 2,620.6 291.8

3,707.7

803.1 3,270.6 342.8

4,416.5

155.5 258.8 21J2

433.5

142,4 208.9 6.3

357.6

1,821.7 3,124.2 347.2 40.6

5,333.7

1,505.6 3,845.2 409.2 26.5

5,786.5

6 Operating (loss)/profit

Operating (loss)/profit as before adjustment after elimination of:

| | 2018 | 2017 | Em | Cm |
|--|--------------|-----------------------|------------|--------|
| Depreciation of property, plant and equipment (note 13) | 389.6 | | 352.9 | |
| Operating lease charges (note 34) | 522.6 | | 300.9 | |
| Other intangible asset amortisation charges (note 12) | 70.9 | | 60.2 | |
| Capital grant amortisation | (16.0) | | (5.3) | |
| Cost of inventories recognised as an expense | 575.1 | | 571.6 | |
| Employee costs (note 7) | 3,162.5 | | 2,944.6 | |
| Loss/(profit) on disposal of property, plant and equipment | 83 | | (18.9) | |
| Impairment charges | 284.8 | | 4.5 | |
| TPE onerous contract provision (note 4) 106.3 | | | | |
| North America insurance reserves (note 4) 32.7 | | | | |
| Auditor's remuneration (see below) | 23 | | 2.0 | |
| Rail franchise payments | 226.9 | | 140.8 | |
| Other | | | | costs' |
| Operating | | 1,016.4 | | |
| | | <u>6,594.65,369.7</u> | | |

1 Includes C63.5m (2017: E66.1m) received or receivable from government bodies in respect of bus service operator grants and fuel duty rebates

Amounts payable to Deloitte LLP and its associates by the Company and its subsidiary undertakings in respect of audit and non-audit services

are shown below:

| | 2018 | 2017 | Em | Em | £UI | £UI |
|--|------|------|-----|-----|-----|-----|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | | | 0.1 | | 0.1 | |
| Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation | | 2.0 | | | 1.7 | |
| Total audit fees | — | — | 2.1 | 1.8 | | |
| Audit-related assurance services | | | 0.2 | | 0.2 | |
| Total non-audit fees | | | 0.2 | | 0.2 | |

Fees payable to Deloitte LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements do not require such fees to be disclosed on a consolidated basis.

Details of the Group's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Corporate governance report on pages 63 to 64. No services were provided pursuant to contingent fee arrangements.

Notes to the consolidated financial statements continued

7 Employee costs

The average monthly number of employees (including Executive Directors) was:

| | | 2018 Number | 2017 Number |
|----------------|--------|----------------|----------------|
| Operational | 94,225 | 95,402 | |
| Administration | 5,821 | 5,489 | |
| | | <u>100,046</u> | <u>100,691</u> |

The aggregate remuneration (including Executive Directors) comprised:

| | | 2018 £m | 2017 £m |
|-------------------------|---------|------------|------------|
| Wages and salaries | 2,768.2 | 2,587.2 | |
| Social security costs | 306.8 | 286.1 | |
| Pension costs (note 36) | 87.5 | 71.3 | |
| | 3,162.5 | 2,944.6 | |

Wages and salaries include a charge in respect of share-based payments of £8.9m (2017: £8.2m).

Disclosures on Directors' remuneration, share options, long term incentive schemes and pension entitlements required by the Companies Act 2006 and those spoofed for audit by trio financial Guider; Authority aie (:ont3innnd ir the tablos/notes within the Direclo's' remuneration renewt on pages 68 to 9-t and torni part of *** audited finitncial stittomunts.

8 Investment income and finance costs

2018 2017 £m £m

Investment Income

Bank interest receivable (1.3) (1.2)

Finance costs

| | | |
|--|-------------|-------|
| Bonds | 64.3 | 83.7 |
| Bank borrowings | 8.8 | 1.4 |
| Senior unsecured loan notes | 1.3 | 4.3 |
| Loan notes | 1.1 | 1.0 |
| Finance charges payable in respect of HP, on the basis of and finance lease* | 4.6 | 6.4 |
| Notional interest on long term provisions | 11.0 | 17.5 |
| Notional interest on pensions | 10.2 | 8.9 |
| Finance costs before adjustments | 121.3 | 133.2 |
| Bona 'make whole' cost | 10.7 | |
| Hedje hefted ivei inss ot; fit :ar-.r-;-l dotivat urs | - | (1.0) |
| Total finance costs | 132.0 | 132.2 |

| | | |
|-------------------------------------|-------|-------|
| Finance costs before adjustments | 121.3 | 133.2 |
| Investment income | (1.3) | (1.2) |
| Net finance cost before adjustments | 120.0 | 132.0 |

1 The early redemption of the £300m bond in March this year resulted in a one-off £10.7m 'make whole' interest charge

Finance costs are stated after charging fee expenses of £2.7m (2017: £2.5m). There was no interest capitalised into qualifying assets in either the year ended 31 March 2018 or 31 March 2017.

9 Tax on (loss)/profit on ordinary activities

| | | | 2018 £m | 2017 £m |
|---|--------|---|---------------|-------------|
| Current tax | 8.9 | | 9.5 | |
| Adjustments with respect to prior years | — | — | — (17.8) | |
| Total current tax charge/(credit) | 8.9 | | (4.3) | |
| Origination and reversal of temporary differences | (14.1) | | 50.4 | |
| Adjustments with respect to prior years (6.2) | | | (9.6) | |
| Adjustments attributable to changes in tax rates and laws (24.6) | | | | |
| Total deferred tax (credit)/charge (note 25) | (44.9) | | 40.8 | |
| <u>Total tax (credit)/charge</u> | | | <u>(36.0)</u> | <u>36.5</u> |

The adjustments with respect to prior years includes the release of tax provisions.

UK corporation tax is calculated at 19% (2017: 20%) of the estimated assessable profit for the year. Tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

As the Group's parent company is domiciled and listed in the UK the Group uses the UK corporation tax rate to reconcile its effective tax rate. The tax (credit)/charge for the year can be reconciled to the UK corporation tax rate as follows:

| | 2018 £m | 2016 % | 2017 £m | 2017 % |
|---|---------------|---------------|--------------|--------------|
| (Loss)/profit before tax | (326.9) | 100.0 | 152.6 | 100.0 |
| Tax at the UK corporation tax rate of 19% (2017: 20%) | (62.1) | 19.0 | 30.5 | 20.0 |
| Recurring items: | | | | |
| Non deductible expenditure | 2.3 | (0.7) | 1.4 | 0.9 |
| Non taxable income | — | — | (0.3) | (0.2) |
| Tax rates outside of the UK | 2.5 | (0.8) | 26.0 | 17.0 |
| Unrecognised losses | 3.2 | (1.0) | 3.1 | 2.0 |
| Financing deductions | — | — | (5.6) | (3.6) |
| Non-recurring items: | | | | |
| Unrecognised losses | — | — | 4.6 | 3.0 |
| Goodwill impairment | 49.5 | (15.1) | | |
| Reduced deferred tax rates on current year temporary differences | (0.6) | 0.2 | 0.2 | 0.1 |
| US tax reform | (24.6) | 7.5 | | |
| Reduction in tax provisions for uncertain tax positions relating to prior years | (3.2) | 1.0 | (20.7) | (13.5) |
| Other adjustments in relation to prior years | (3.0) | 0.9 | (2.7) | (1.8) |
| <u>Tax (credit)/charge effective tax rate for the year</u> | <u>(62.1)</u> | <u>19.0</u> | <u>36.5</u> | <u>23.9</u> |

The goodwill impairment attracts no tax relief. The tax provision for goodwill impairment is £1.7m (2017: £1.7m).

During the year the US Tax Cuts and Jobs Act which included a reduction in the federal corporate income tax rate from 35% to 21% was enacted. As a result of the US tax law changes the brought forward deferred tax balances were remeasured leading to a net tax credit of £24.6m in the income statement and charges to other comprehensive income of £1.7m in respect of pensions and £1.7m in respect of other long-term employee benefits.

The Group recognises provisions for transactions and events in its open tax returns and its ongoing tax audits whose treatment for tax purposes is uncertain, for example, the deductibility of certain expenses. The Group also recognises provisions for the uncertainty of the outcome of tax litigation. When the outcome of the litigation is uncertain, the Group recognises a provision for the expected tax liability. The Group maintains engagement with tax authorities and engagement with other groups that may have similar issues. We engage advisers to obtain opinion on tax legislation and we monitor proposed changes in legislation.

The reduction in tax provisions for uncertain tax positions relating to prior years reduces the deferred tax provision and arises from the closure of the US tax audit.

The amount required to be provided in deferred tax could reduce by up to £5m.

The Group also recognises provisions for the uncertainty of the outcome of tax litigation. The Group also recognises provisions for the uncertainty of the outcome of tax litigation. The Group also recognises provisions for the uncertainty of the outcome of tax litigation.

The Group also recognises provisions for the uncertainty of the outcome of tax litigation. The Group also recognises provisions for the uncertainty of the outcome of tax litigation. The Group also recognises provisions for the uncertainty of the outcome of tax litigation.

Notes to the consolidated financial statements continued

10 Earnings per share (EPS)

EPS is calculated by dividing the loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares of 1,205.1m (2017: 1,204.8m). The number of ordinary shares used for the basic and diluted calculations are shown in the table below.

The difference in the number of shares between the basic calculation and the diluted calculation represents the weighted average number of potentially dilutive ordinary share options.

| | | | 2018 Number m | 2017 Number m |
|--|---|---------|---------------------|---------------------|
| Weighted average number of shares used in basic calculation | * | 1,205.1 | 1,204.8 | |
| Executive share options | | 17.9 | 11.5 | |
| <u>Weighted average number of shares used in the diluted calculation</u> | | | <u>1,223.0</u> | <u>1,216.3</u> |

The adjusted EPS is intended to highlight the Group's operating results of the Group before amortisation charges, intangible assets, financial derivatives and certain other adjustments as set out in note 4. A reconciliation is set out below:

| | | | | 2018 | 2017 |
|---|---|---------------|--------------|--------------|-------------|
| | | | Em | EPS(p) | Em EPS(p) |
| Basic (loss)/profit/EPs | ~ | (296.0) | (24.6) | 112.3 | 9.3 |
| Amortisation charges (note 12) | | 70.9 | 5.9 | 60.2 | 5.0 |
| Ineffectiveness on financial derivatives | | - | - | (1.0) | (0.1) |
| Bond make whole cost | | 10.7 | 0.9 | | |
| Other adjustments (note 4) | | 442.3 | 36.7 | (4.8) | (0.4) |
| Tax effect of above adjustments | | (55.6) | (4.6) | (17.3) | (1.4) |
| Tax effect of change in US tax legislation | | (24.6) | (2.0) | | |
| Adjusted profit/EPs | | 147.7 | 123 | 149.4 | 12.4 |

| | | | | | |
|------------------------|--|--|------|--|-----------|
| Diluted EPS | | | | | 2018 2017 |
| Diluted EPS (24.2) 9.2 | | | | | |
| Adjusted diluted EPS | | | 12.3 | | |

11 Goodwill

Cost

| | | | |
|----------------------------|--|----------------|----------------|
| At 1 April | | 1,960.1 | 1,740.3 |
| Additions (note 30) 1.2 | | | |
| Foreign exchange movements | | (199.9) | 219.8 |
| <u>At 31 March</u> | | <u>1,761.4</u> | <u>1,960.1</u> |

Accumulated Impairment losses

| | | | |
|-------------------------|--|--------------|--------------|
| At 1 April | | 4.0 | 4.0 |
| Impairment 260.6 | | | |
| <u>At 31 March</u> | | <u>264.6</u> | <u><0</u> |
| Carrying amount | | | |
| At 31 March | | 1,496.8 | 1,956.1 |

11 Goodwill continued

Goodwill in the consolidated financial statements is allocated, as indicated in the following table. The carrying amount of goodwill has been allocated as follows:

2018 2017 £m 2m

Carrying amount

| | | | | | | |
|---------------|-----|---|---|----------------|----------------|-----|
| First Student | | | | 1,137.61 | 271.1 | |
| First Transit | | | | 275.4 | 309.5 | |
| Greyhound | | | | - | 291.9 | |
| First Bus | | | | 785 | 78.0 | |
| First Rail | ■ ■ | - | - | | | 5.6 |
| 5.6 | | | | | | |
| | | | | <u>1,496.6</u> | <u>1,956.1</u> | |

Impairment testing

At the year end the carrying value of goodwill was reviewed for impairment in accordance with IAS 36 Impairment of Assets. For the purposes of this impairment review goodwill has been tested for impairment on a basis of discounted future cash flows arising in each reinvent CGU.

The Group prepares cash flow forecasts for the most recent budget for 2018/19 and for 2019/20 (2017: Three-Year Plan up to 2020/21) which take account of the past performance and expectations for future market developments. The projections for First Student assume the incremental benefits of the existing recovery plan, the proposed new contract portfolio pricing together with the recovery. Cash flows are extrapolated using estimated growth rates of 2.5% (2017: 2.5%) for the United Kingdom and 2.8% (2017: 3.0%) for North America. Cash flows are discounted using a pre-tax discount rate of 7.3% (2017: 7.3%) for the United Kingdom and 8.0% (2017: 8.0%) for North America. The discount rates applied are derived from a market participant's weighted average cost of capital. The assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to externally available data.

The Directors consider the assumptions to be reasonable based on the historic performance of each CGU and to be realistic in the light of economic and industry forecasts.

The calculation of value in use for each CGU is most sensitive to the principal assumptions of discount rate, growth rates and margins achievable. Sensitivity analysis has been performed on the calculations and confirms that no reasonably possible changes in the assumptions would cause the carrying amount of the CGUs to exceed their recoverable amount in respect of the First Transit, First Bus and First Rail divisions.

The value in use of the First Student division exceeds its carrying amount by £662.5m (2017: £709.2m). The sensitivity analysis indicates that the First Student margin or growth rates would need to fall in excess of 212 or 181 basis points respectively compared to medium term double digit margin expectations for there to be an impairment to the carrying value of net assets in this business. An increase in the discount rate in excess of 100 basis points would lead to the value in use of the division being less than its carrying amount.

Following the review of goodwill, the Directors have concluded that there is no impairment to First Student, First Transit, First Bus and First Rail.

Recognising the difficult trading conditions experienced by the Greyhound business in the 2017/18 financial year, the strategic plans for the business and estimates of future cash flows generated by the Greyhound division were revised. The calculated value in use of the Greyhound division resulted in a £277.3m shortfall to the carrying value of assets (2017: £360.4m surplus).

Following the review of these cash flow forecasts, the Directors have concluded that there is no impairment to the carrying value of goodwill. An impairment of £12.3m to the carrying value of goodwill has been recognised in the consolidated financial statements. The impairment is allocated to the Greyhound division. The carrying value of goodwill is £313.1m (£438.8m).

The Greyhound business Impairment review is sensitive to a change in the assumptions used, most notably to changes in the discount rate, terminal growth rate or terminal margin. A summary of the movements in the impairment charge from a change in these assumptions is as follows:

- 0.1% movement in the discount rate would increase or decrease the impairment charge by £5.6m
- 0.1% movement in the terminal growth rate would increase or decrease the impairment charge by £5.3m
- 0.1% movement in the terminal margin would increase or decrease the impairment charge by £9.8m.

12 Other intangible assets

| | Customer contracts | Greyhound brand and trade name | Rail franchise agreements | Software | Total | Em | Em | Em |
|--|-----------------------|--------------------------------------|------------------------------|-------------|--------------|----|----|----|
| Cost | | Cm | Em | | | | | |
| At 1 April 2016 | 433.8 | 66.0 | 5.5 | 116 | 516.9 | | | |
| Additions | - | - | - | 30.2 | 30.2 | | | |
| Cessation of franchise | - | - | (5.5) | - | (5.5) | | | |
| Foreign exchange movements | 57.2 | 8.7 | - | 1.1 | 67.0 | | | |
| At 31 March 2017 | 491.0 | 74.7 | - | 42.9 | 608.6 | | | |
| Acquisitions (note 30) | 0.7 | - | - | - | 0.7 | | | |
| Additions | - | - | - | 26.8 | 26.8 | | | |
| Disposals | - | - | - | (1.9) | (1.9) | | | |
| Foreign exchange movements | (52.0) | (7.8) | - | (4.7) | (64.5) | | | |
| At 31 March 2018 | 439.7 | 66.9 | - | 63.1 | 669.7 | | | |
| Accumulated amortisation and impairment | | | | | | | | |
| At 1 April 2016 | 320.9 | 28.3 | 5.5 | - | 354.7 | | | |
| Charge for year | 50.1 | 3.5 | - | 6.6 | 60.2 | | | |
| Cessation of franchise | - | - | (5.5) | - | (5.5) | | | |
| Foreign exchange movements | 44.5 | 3.9 | - | 0.2 | 48.6 | | | |
| At 31 March 2017 | 415.5 | 35.7 | - | 6.8 | 458.0 | | | |
| Charge for year | 53.3 | 3.5 | - | 14.1 | 70.9 | | | |
| Disposals | - | - | - | (1.0) | (1.0) | | | |
| Impairment ¹ | - | 2.5 | - | 1.9 | 4.4 | | | |
| Foreign exchange movements | (47.1) | (0.9) | - | (1.4) | (52.4) | | | |
| At 31 March 2018 | 421.7 | 37.8 | - | 20.4 | 479.9 | | | |
| Carrying amount | | | | | | | | |
| At 31 March 2018 | mo | 29.1 | | 42.1 | 89.8 | | | |
| At 31 March 2017 | 75.5 | 39.0 | - | 36.1 | 150.6 | | | |

1 The Impairment charges of £4.4m in 2018 relates to assets associated with Greyhound (£2.5m of brand and trade name and £1.9m of software).

Intangible assets include customer contracts, the Greyhound brand and trade name which were acquired through the purchases of businesses and subsidiary undertakings and software. These are being amortised over their useful economic lives as shown in note 2 to the consolidated financial statements.

Other plant and equipment Em

Total Em

Cost

At 1 April 2016 Additions in the year

r,,i'l.»ssi(bd as lvidl toi xie Foreign exchange movements

At 31 March 2017 Acquisitions (note 30) Additions in the year Disposals

i teckissi'ied os held fi sate Foreign exchange movements

At 31 March 2018

483.0 13.3 (11.1)

36.9 522.1

11.1 (6.8)

(33.6)

492.8

3,183.9 218.0 (97.4) (148.0) 312.8

3,469.3 1.6 243.5 (42.4) (153.4) (294.0)

3,224.6

674.2 96.1 (33.5)

41.1 777.9

150.5 (113.0)

(36.9) 778.5

4,341.1 327.4 (142.0) (148.0) 390.8

4,769.3 1.6 405.1 (162.2) (153.4) (364.5)

4,495.9**Accumulated depreciation and impairment**

At 1 April 2016

Charge for year 12.8

Disposals

Impairment

Reclassified as held for sale

Foreign exchange movements

At 31 March 2017

Charge for year

Disposals

Impairment

Reclassified as held for sale

Foreign exchange movements

At 31 March 2018

82.2 1,614.8 501.9 2,198.9

249.6 90.5 352.9

(2.8) (97.4) (18.6) (118.8)

- 4.5 - 4.5

- (147.6) - (147.6)

7.9 165.7 29.3 202.9

100.1 1,789.6 603.1 2,492.8

11.8 243.5 134.3 389.6

(2.9) (40.4) (110.7) (154.0)

1.2 17.1 1.5 19.8

- (146.2) - (146.2)

(7.7) (159.3) (29.2) (196.2)

102.5 1,704.3 599.0 2,405.8**Carrying amount****At 31 March 2018**

At 31 March 2017

390.3 1,520.3 179.5 2,090.1

422.0 1,679.7 174.8 2,276.5

1 The impairment charge of £19.8m in 2018 relates to First Transit (£2.6m), Greyhound itizamj ana t-irsi Buy (L4.HIII).

An amount of £0.1m (2017: £0.2m) in respect of assets under construction is included in the carrying amount of land and buildings, plant and equipment.

At 31 March 2018 the Group had entered into contractual capital commitments amounting to £216.8m (2017: £128.8m), principally for the purchase of buses and trucks in the United Kingdom and Ireland, and for the purchase of shares in the GVAH Vosturn Railway and South Western Railway.

Property, plant and equipment is stated at cost less accumulated depreciation and impairment.

| | 2018 £m | 2017 £m |
|--------------------------------------|------------|------------|
| Property, plant and equipment - cost | 291.4 | 456.9 |
| - depreciation | (138.0) | (192.9) |
| Property, plant and equipment - net | 153.4 | 264.0 |
| Other plant and equipment - cost | - | 0.6 |
| Other plant and equipment - net | - | 0.6 |

| | | | |
|-------------------------------|----------------|---|-------|
| | - depreciation | - | (0.5) |
| Net other plant and equipment | | | 0.1 |
| Total not book value | 153.4 | | 264.1 |

FirstGroup Annual Report and Accounts 2018

Notes to the consolidated financial statements continued

14 Investments

| | | 2018 £m | 2017 £m |
|--------------------------------------|------|------------|------------|
| US deferred compensation plan assets | 28.6 | 30.3 | |
| Other investments | 24 | 3.0 | |
| | | 31.0 | 33.3 |

15 Subsidiaries

A list of the significant investments in subsidiaries, including the percentage of ownership interest is given in the table. A full list of subsidiaries, joint ventures and associates is disclosed in note 38.

| | | |
|---|----------------|-------------------------------------|
| UK local bus and coach operators | Rail companies | North American school bus operators |
| First Greater Western Limited | | |
| First TransPennine Express Limited | | |
| Hull Trains Company Limited | | |
| First MTR South Western Trains Limited (70%) | | |
| First Canada ULC* First Student, Inc ³ | | |

Transit contracting and fleet maintenance

First Transit, Inc³

First Vehicle Services, Inc³

North American coach operators

Americanos USA, Inc⁵

Greyhound Lines, Inc⁴

Greyhound Canada Transportation ULC²

First Aberdeen Limited¹ First Beeline Buses Limited First Cymru Buses Limited First Eastern Counties Buses Limited First Essex Buses Limited First Glasgow (No. 1) Limited¹ First Glasgow (No. 2) Limited¹ First Hampshire and Dorset Limited First Manchester Limited First Midland Red Buses Limited First Potteries Limited First Scotland East Unrated¹ First West of England Limited First South West Limited First South Yorkshire Limited First West Yorkshire Limited First York Limited Leicester CityBus Limited (94%) Midland Bluebird Limited¹

All subsidiary undertakings are wholly owned by FirstGroup plc at the end of the year except where percentage of ownership is shown above. All these companies above are incorporated in United Kingdom and registered in England and Wales except those.

1 Registered in Scotland.

2 Registered in Canada.

3 Incorporated in the United States of America.

All shares held in subsidiary undertakings are ordinary shares, with the exception of Leicester CityBus Limited where the Group owns 100% of its redeemable preference shares, as well as 10% of its ordinary shares.

All of these subsidiary undertakings are owned via intermediate holding companies. 16 Inventories

| | 2018 | 2017 | £m | £m |
|-----------------------------|------|------|----|----|
| Spare parts and consumables | 56.0 | 64.5 | | |

In the opinion of the Directors there is no material difference between the balance sheet value of inventories and their replacement cost. There was no material write-down of inventories during the current or prior year.

FirstGroup Annual Report and Accounts 2018

17 Trade and other receivables**Amounts due within one year**

Trade receivables
 Provision for doubtful receivables
 Other receivables
 Prepayments
 Accrued income

| | | Em | Cm |
|--------------|--------------|-------|-------|
| 2018 | 2017 | | |
| 482.2 | 457.3 | | |
| | | (4.3) | (4.2) |
| 106.8 | 74.6 | | |
| 103.7 | 79.0 | | |
| <u>199.6</u> | <u>184.2</u> | | |
| 888.0 | 790.9 | | |

Credit risk

Credit risk is the risk that financial loss arises from failure by a counterparty to meet its obligations under a contract.

Credit risk exists in relation to the Group's financial assets, which comprise: "trade and other receivables of EBR5.0m (2017: \$790.9m). cash and cash equivalents of £1.1m (2017: \$100.9m) and derivative financial instruments of £51.3m (2017: \$1.1m)."

The Group's maximum exposure to credit risk for all financial assets is limited by the credit ratings of the counterparties. The Group's maximum exposure to credit risk for all financial assets is limited by the credit ratings of the counterparties. The Group's maximum exposure to credit risk for all financial assets is limited by the credit ratings of the counterparties.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The provision for doubtful receivables at the balance sheet date was £4.3m (2017: £4.2m).

Most trade receivables are with public or quasi public bodies, principally the DfT, Network Rail and city councils in the UK and school bus boards and city municipal authorities in North America. The Group does not consider any of these counterparties to be a significant risk. Each division within the Group has a policy governing credit risk management on trade receivables.

The counterparties for bank balances and derivative financial instruments are mainly represented by lending banks and large banks with a minimum of 'A' credit ratings assigned by international credit rating agencies. These counterparties are subject to approval by the Board. Group treasury policy limits the maximum exposure with any one counterparty to £75m, and limits the maximum term to twelve months.

An analysis of financial assets which are past due but not impaired and movements in the provision for doubtful receivables are set out below

| | | Em | Cm | 2018 | 2017 |
|--|----|-------------|-------------|------|------|
| Aging past due but not impaired trade receivables | — | | | | |
| Less than 30 days | | 18.2 | 23.0 | | |
| 30 - 90 days | | 5.1 | 11.9 | | |
| 90-180 days | | 5.1 | 4.1 | | |
| 180+ days | | 13.2 | 7.4 | | |
| Total | | 44.7 | 46.4 | | |
| | | | | 2018 | 2017 |
| Movement in the provision for doubtful receivables | Cm | | | | |
| At 1 April | | 4.2 | 4.3 | | |
| Amounts written off during the year | | (4.1) | (3.0) | | |
| Amounts recovered during the year | | (0.6) | (0.7) | | |
| Increase in allowance recognised in the income statement | | 5.4 | 3.2 | | |
| Foreign exchange movements | — | (0.4) | 0.4 | | |
| At 31 March | | 4.3 | 4.2 | | |

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value

Notes to the consolidated financial statements continued

18 Assets held for sale

| | 2018 | 2017 | Em | Cm |
|---|------|-----------|-------|------------|
| <u>Assets held for sale</u> | | <u>OS</u> | | <u>2.9</u> |
| The balances primarily relate to First Student yellow school buses which are surplus to requirements and are being actively marketed on the internet. Gains or losses arising on the disposal of such assets are included in arriving at the profit or loss in the income statement. The Group expects to sell such yellow school buses within 12 months of them going onto the 'for sale' list. The value at each balance sheet date represents management's best estimate of their resale value less cost of disposal. There are no liabilities associated with these held for sale assets at the balance sheet date. | | | | |
| Movement in assets held for sale | | | | |
| At 1 April 2017 | | | 2.9 | |
| Net book value of additions | | | 7.2 | |
| Net book value of disposals | | | (9.0) | |
| Foreign exchange movements | | | (0.2) | |
| At 31 March 2018 | | | | 0.0 |

19 Trade and other payables

| | 2018 | 2017 | Em | Cm |
|-------------------------------------|------|----------------|----------------|------|
| Amounts falling due within one year | | | | |
| Trade payables | | 248.8 | 255.6 | |
| Other payables | | 230.2 | 217.6 | |
| Accruals | | 785.6 | 607.3 | |
| Deferred income | | 83.6 | 49.7 | |
| Season ticket deferred income | | — | 89.2 | 25.1 |
| | | <u>1,437.6</u> | <u>1,155.3</u> | |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Also included within accruals are provisions of £203.7m (2017: £169.6m) as disclosed in note 26.

The average credit period taken for trade purchases is 29 days (2017: 32 days). The Group has controls in place to ensure that all payments are paid within the appropriate credit timeframe.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

20 Cash and cash equivalents

| | 2018 | 2017 | Em | Cm |
|----------------------------------|------|--------------|--------------|----|
| <u>Cash and cash equivalents</u> | | <u>555.7</u> | <u>400.9</u> | |

The fair value of cash and cash equivalents approximates to the carrying value. Cash and cash equivalents includes ring-fenced cash of £192.3m plus (£21.9m). The most significant ring-fenced cash balances are held by the Group's first rail subsidiaries. Under the terms of the rail franchise agreements, cash can only be distributed by those subsidiaries up to the extent of the amount of their retained profits or the amount determined by prescribed liquidity ratios. The ring-fenced cash represents cash which is not available for distribution and any additional amounts required to satisfy the liquidity ratios at the balance sheet date. Ring-fenced cash balances of £0.8m (2017: £4.0m) are held outside the First Rail subsidiaries.

21 Borrowings

| | | | | 2018 Em Cm | 2017 | |
|--|--|--|--|----------------|----------------|-------|
| On demand or within 1 year | | | | | | |
| Finance leases (note 22) | | | | 47.1 | 65.3 | |
| Senior unsecured loan notes | | | | -80.0 | | |
| Bond 8.125% (repayable 2018) ^t | | | | -12.9 | | |
| Bond 6.125% (repayable 2019) | | | | 261.3 | 3.0 | |
| Bond 8.75% (repayable 2021) ^t | | | | 30.1 | 30.2 | |
| Bond 5.25% (repayable 2022) ^t | | | | SJB | 5.8 | |
| Bond 6.875% (repayable 2024) ^t | | | | 7.2 | 7.2 | |
| Total current liabilities | | | | 351.6 | 204.4 | |
| Within 1-2 years | | | | | | |
| Finance leases (note 22) | | | | 39.5 | 53.5 | |
| Loan notes (note 23) | | | | 9.5 | 9.5 | |
| Bond 8.125% (repayable 2018) | | | | -298.8 | | |
| Bond 6.125% (repayable 2019) | | | | | 270.0 | |
| | | | | | 49.0 | 631.8 |
| Within 2-5 years | | | | | | |
| Syndicated loan facilities | | | | | | |
| Finance leases (note 22) | | | | 197.0 | | |
| Bond 8.75% (repayable 2021) | | | | 18.0 | 64.8 | |
| Bond 5.25% (repayable 2022) | | | | 369.0 | | |
| | | | | 321.6 | | |
| | | | | 885.5 | 433.8 | |
| Over 5 years | | | | | | |
| Finance leases (note 22) | | | | 0.1 | 0.1 | |
| Senior unsecured loan notes | | | | 195.2 | | |
| Bond 5.25% (repayable 2022) | | | | -321.1 | | |
| Bond 6.875% (repayable 2024) | | | | | | |
| | | | | | 197.1 | 1996 |
| | | | | | | 520.8 |
| Total non-current liabilities at amortised cost | | | | 1,339.6 | 1,586.4 | |

^t Relates to accrued interest

Fair value of bonds and senior unsecured loan notes issued

| | Par value | Cm | 2016 Interest | ZHIL payable | Fair value Month | Fair value Em Cm |
|------------------------------------|--------------|---------------|--|-----------------------|---------------------|---------------------|
| Bond 8.125% (repayable 2018) | 300.0 | | Annually | September- 342.6 | | |
| Bond 6.125% (repayable 2019) | 250.0 | | Annually | January 262.2 | 274.1 | |
| Bond 8.75% (repayable 2021) | 350.0 | | Annually | April 448.0 | 474.1 | |
| Bond 5.25% (repayable 2022) | 325.0 | | Annually | November 373.4 | 384.9 | |
| Bond 6.875% (repayable 2024) | 200.0 | | Annually | September 255.2 | 266.4 | |
| | | \$m | | | | Em Cm |
| Senior unsecured loan notes | 275.0 | | Semi-annually Match & September | | | 194.8 |
| Senior unsecured loan notes | - | | Semi-annually | April 8 October- 82.0 | | |
| | | (2017: S100m) | | | | |

The fair value of the bonds and senior unsecured loan notes are inclusive of accrued interest. The fair values are calculated by discounting the future cash flows at the market rate of interest.

21 Borrowings continued Effective interest rates

The effective interest rates at the balance sheet dates were as follows:

Bank overdraft Bank borrowings Bond 2018 Bond 2019¹ Bond 2021¹ Bond 2022 Bond 2024
Senior unsecured loan notes

HP contracts and finance losses Loan notes

2018
LIBOR + 1% LIBOR + 0.5%

6.18% 8.87% 5.49% 6.95% 4.37%

LIBOR+ 0.6% up to average fixed rate of 42% LIBOR+ 1.0% up to total fixed rate of 11.0%
Maturity

July 2021

January 2019 April 2021 November 2022 September 2024 March 2025 / March 2028

various

Various

2017

LIBOR +1% LIBOR + 0.6% 8.32% 6.18% 8.87% 5.49% 6.95% 4.39%
LIBOR + 0.6% up to

average flow rate of 4.2% LIBOR + 1.0% up to the "xoo" rate of 1.0%
Maturity

July 2021 September 2018 January 2019 April 2021 November 2022 September 2024 October 2017

Various

Various

1 the 2019¹ and 20V. nendohavfcbtwn swappo Jlo ti: i¹ing r; ios h'lu iiii.; e h.;

Carrying amount of gross borrowings by currency

Pounds Sterling US Dollar Canadian Dollar
2018 Em

1,392.4 291.7 7.0

1,691.1

2017 Cm

1,541.5 239.2
— 10⁻¹ — 1,790.8

Borrowing facilities

The Group had £603.0m (2017: £800.0m) of undrawn committed borrowing facilities as at year end. Total bank borrowing facilities at year end stood at £815.7m (2017: £816.4m) of which £800.0m (2017: £800.0m) was committed and £15.7m (2017: £16.4m) was uncommitted.

Capital management

We aim to maintain an Investment grade credit rating and appropriate balance sheet liquidity headroom. The Group has net debt:EBITDA of 1.5 times f's at March 2018 (2017: 1.9 times).

Liquidity within the Group has remained strong. At year end there was £766.4m (2017: £941.1m) of committed headroom and free cash.

Largely due to seasonality in the North American school bus business, ccmr.ttod hosdroom typically redpeos during the financial year up to October and ,noreasos the'oa'ter. The Group's Treasury policy ivsiuires a minimum of £ihOm of com.mi'.tiid ht-adroom at all times.

The Group's net debt, excluding accrued bond interest at 31 March 2018, was £1,070.3m (2017: f.1,289.9m) as set out on page 43 of the Financial review.

FirstGroup Annual Report and Accounts 2018

<

22 HP contracts and finance leases

The Group has the following obligations under HP contracts: 'HP lease obligations' and 'HP finance leases'

Due in less than one year

Due in more than one year but not more than two years

Due in more than two years but not more than five years Due in more than five years

Loss from disposal of non-current assets

2018 Minimum payments £m

48.3 41.6 19.6 0.1

109.6

(4.9)

104.7

104.7

104.7

2017

Minimum

payments

£m

183.7

183.7

183.7

2018 Present value of payments £m

47.1 39.5 18.0 0.1

66.9 56.4 70.2 0.1

193.6 (9.9)

2017 Present value of payments £m

65.3 53.5 64.8 0.1

HP lease obligations

Pounds Sterling denominated fixed rate leases

Pounds Sterling fixed rate leases Average remaining lives Effective borrowing rate

2018

E1.2m 1 years 3.68%

2017

£11.1m 2 years 2.96%

US Dollar denominated fixed rate leases

US Dollar % of total leases Average remaining lives Effective borrowing rate

£96.5m 2 years 2.50%

£159.2m 2 years 2.57%

| | | 2018 | 2017 |
|-------|----------------|---------------|-------|
| £7.0m | £10.1m 2 years | 2 years 4.27% | 4.13% |

Canadian Dollar denominated fixed rate leases

Canadian Dollar fixed rate leases

Average remaining lives

Effective borrowing rate

The Group considers it likely, to be no material difference between the fair value of its Pounds Sterling and Canadian Dollar finance leases and the carrying amount on the balance sheet. The US Dollar finance leases have a fair value of \$11.1m (2017: £159.2m). The fair value is calculated by discounting future cash flows that will arise under the lease agreements.

23 Loan notes

The Group has fully secured loan notes at the balance sheet date.

2018 2017 Cm £m

Due in more than one year but not more than two years9.5 9.5

The loan notes have been classified by reference to the earliest date on which the loan note holders can require redemption, the loan notes of £8.7m (2017: £8.7m) are secured by unsecured bank covenants.

The loan notes have an average effective borrowing rate of 10.1% (2017: 10.1%) and an average remaining term of 3 years (2017: 4 years) assuming that the holders do not request redemption. The fair value of the loan notes has been determined to be £11.2m (2017: £12.3m). This has been calculated by discounting future cash flows, which will be the same as the loan notes.

)

FirstGroup Annual Report and Accounts 2018

Notes to the consolidated financial statements

continued

24 Financial instruments Derivative financial instruments

| | | 2018 £m | 2017 £m |
|-------------------------------|-------------|-------------|------------|
| Total derivatives | | | |
| Total non-current assets | 25.0 | 48.6 | |
| Total current assets | 27.3 | 1.7 | |
| Total assets | 52.3 | 50.3 | |
| Total current liabilities | 6.7 | 29.5 | |
| Total non-current liabilities | 3.0 | 8.6 | |
| Total liabilities | 9.7 | 38.1 | |

Derivatives designated and effective as hedging instruments carried at fair value Non-current assets

| | | | | | |
|--|---|--------------------|-------------|---------------|---------------|
| Coupon swaps (fair value hedge) | | | | 17.6 | 48.6 |
| Fuel derivatives (cash flow hedge) | | | | 7.4 | |
| " | " | " ~ "" | | <u>48.6</u> | |
| | | | <u>25.0</u> | | |
| Current assets | | | | | |
| Coupon swaps (fair value hedge) | | | | 11.4 | - |
| Fuel derivatives (cash flow hedge) | | | | 15.9 | 0.6 |
| Currency towards (cash flow hedge) | | | | - 0.7 | |
| | | | | 27.3 | li |
| Current liabilities | | | | | |
| Fuel derivatives (cash flow hedge) | | | | 1.4 | 29.4 |
| Currency towards (cash flow hedge) 5.3 | | | | | |
| | | <u>~</u> <u>^2</u> | | <u>H</u> | <u>29.5</u> |
| Non-current liabilities | | | | | |
| Currency forwards (cash flow hedge) | | | | 2.9 | |
| Fuel derivatives (cash flow hedge) | | | | 0.1 | 8.6 |
| ZZr- Z Zr- ~ | | | | r- 8.6 | |
| Derivatives classified as held for trading Current assets | | | | | |
| Currency forwards | | | | - | 0A |
| <p>lota) oast i How hedges aro an asset of t'l'd.6in (-:-0i,'- lyiK,jirn liability). l oral iu» value hedyes art; an asset ci !>3.0m (20':. l/i3.8iTi)</p> <p>During the year £33.7m was credited to the hedging reservo in msped of casn flow hedges [?01i'- CKr.Sm credited).</p> <p>The follow.ng losses transferred from equity into profit o> loss tJunny the yc-ar aio included in lhki lie:.* in ;ho consolidated income statement:</p> | | | | | |
| | | | | 2018 | 2017 Em Cm |
| <u>Operating losses</u> | | | | <u>(11.4)</u> | <u>(56.4)</u> |

FirstGroup Annual Report and Accounts 2018

| | Level 1 | Level 2 | Level 3 | Total Total | | | | 2016 |
|---|---------|---------|---------|-------------|----|----|----|-----------------------------------|
| | | | | | Cm | Cm | Cm | Fair value Carrying - value |
| Financial assets | | | | | | | | Cm Em |
| Cash and cash equivalents Trade and other receivables ffirivative financial instruments | | | | | | | | |
| Financial liabilities and derivatives | | | | | | | | |
| Borrowings | | | | | | | | |
| Trade and other payables Derivative financial Instruments | | | | | | | | |
| 584.7 52.3 | | | | | | | | |
| | | | | | | | | 1,652.1 1,437.4 9.7 |
| | | | | | | | | 1,691.1 1,437.4 9.7 |
| | | | | | | | | 555.7 555.7 584.7 584.7 52.3 52.3 |
| | | | | | | | | 1,849.1 1,437.4 9.7 |

Level 1 Em

| | | | |
|---------------------------------------|----------------------------------|----------------------------------|--------------|
| | | Level 2 £m | |
| | | Level 3 £m | |
| Fair value | | | |
| Total £m | | | |
| 2017 | | | |
| | | Carrying value | Total £m |
| Financial assets | | | |
| Cash and cash equivalents | Trade and other receivables | Derivative financial instruments | |
| Financial liabilities and derivatives | | | |
| Borrowings | | | |
| Trade and other payables | Derivative financial instruments | | |
| 527.7 | 50.3 | | |
| | | 1,958.7 | 1,155.3 38.1 |
| | | 400.9 | 527.7 50.3 |
| | | 1,958.7 | 1,155.3 38.1 |
| | | 400.9 | 527.7 50.3 |
| | | 1,790.8 | 1,155.3 38.1 |

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 3: Inputs for the asset or liability that are not based on observable market data. There were no transfers between Level 1 and Level 2 during the current or prior year.

Financial assets/(liabilities)

Derivative contracts

1) Coupon swaps

2) Fuel derivatives

3) Currency forwards

4) Trade and other receivables

5) Trade and other payables

6) Borrowings

Fair values at 31 March 2018 £m

29.0

21.8

(8.2)

584.7 1,437.4

1,849.1

48.6 (37.4) 1.0

Valuation technique(s) and key inputs

;-nti>rp;ilti>;

DiwiAinxo r.asr.'ow, futr-ro r.;v-A \ ;juvi'> aie estimated Pasrxr cn forward interest rates and contract interest rates and then discounteo at a rote that idtects

Level 2
Level 2

Diivxit.inii:' r.;s>- \u>v: iuturu ' isii ttr.wr. an? estinviol onvsa ur forward fuel prices and contract rates and then discounted at a iuli: ;d?t rpi.o'is 'h:.- or-riS' !'k,<! ■' v: inixiL: (.thisPriprir';*.-. l;isr:pjri.f.-s ax-r v.v: fuuirucasii iis;« i>:-rir> ...:trj i .s-u-c-i fornvad foreign exchange rates and contract rates and then discounted

Level 2 Level 2

527.7 1,155.3

*1 I.IIS "":1 IUIISHS VK Liu- K "«< Of .PO v.VioUS C(luPtOlfV'tftas.

Carried al amortised cost using trie effective interest rate method. Initially measured at fair value, and are subsequently measured

tit rant sir si usuai i> ■'liv* :i IU-voat i:ite nvcl'vxi.

1,958.7 Level 1&2 Measured either on an amortised cost basts or at far value.
Pv>.

ill....

FirstGroup Annual Report and Accounts 2018 131

Notes to the consolidated financial statements continued

24 Financial instruments continued

The following gains and losses on derivatives designated for hedge accounting have been charged through the consolidated income statement in the year:

| | | 2018 Em | 2017 Em |
|---|--------|------------|------------|
| Losses on hedging instruments in fair value hedges | (21.6) | (9.5) | |
| Gains on hedged item attributable to hedged risk fair value hedges | 21.9 | 10.2 | |
| Givwige m tho fair value of derivatives classified r;s held tor trading | (0.4) | 0.3 | |
| | | | '(01) 1.0 |

Financial risk management

Ilio Group is exposed to financial risks including liquidity r;sK. ■ ifidit riSk and <;oda::i marM b;:_od nsks pi: coany t;s.ny thou"or'ts ol ci »: -r.;. -. in foreign exchange rates, interest rates and fuel prices. Tha Group manages these risks within the context of a set of formal policies established by the Board. Certain risk management responsibilities are formally delegated by the Bqard, principally to a sub-committee of the Board and to the Chief Financial Officer and to trio Treasury Oornnnttoa Trip Treasury Commit te^ r -nnipf'ses the Chief Financial Officer find es.i fain senior liri;mce employees and is responsible for approving hedging transactions permitted under Board approved policies, monitoring compliance against policy and recommending changes to existing policies.

Liquidity risk

Liquidity risk is the risk that lne Group may encounter diftiuky in muotitig obliciai oris assoc'fttd with financial i-ibili&s. ilio objective ol tiio Group's liquidity risk management is to ensure suficiun; aimwiit d liquidity nisoicu.; <.:< :t. l nt; iioup has p divo-siferi dec: st'uvrtur.; laigoly represented by medium term unsecured syndicated committed bunk fyctttras. medium to long term tinsi -cutod bond debr and finance l»*asc«. It is a policy requirement that debt obliyations must bu addressed well <n «jv<<ice or their dur; dator..

Group treasury policy requires a minimum of £150m of committed liquidity headroom at all times within medium term bank facilities and such facilities must be renewed or replaced well before their expiry dates. At year end, the total amount of these facilities stood at EROO.Om (2017: £800.0m), and committed headroom was £603.0m (2017: £800.0m), in addition to free cash balances of £163.4m (2017: £141.1m). The next material contractual expiry of revolver bank facilities is in July 2021. Largely due to the seasonality of the Rrst Student school bus business, headroom tends to reduce from March to October arid increases again by the following March.

The average duration of net debt (excluding ring-fenced cash) at 31 March 2018 was 4.1 years (2017: 3.6 years).

The following tables detail the Group's expected maturity of payablos/frecoivnbkis) for it? derivative 'manct'-sl instruments and trade and other payables. The amounts in those tables ary different to the balance street ris ti n-: table is prepared on an undiscountnd cash flow basis

| | | | <1yeer Cm | 1-2 years Em | 2-5 years Em | > 5 years Em | 2018 Total Cm Cm |
|--------------------------|----------------|--------------|---------------|-----------------|-----------------|-----------------|------------------------|
| Coupon swaps | (15.3) | - | (30.9) | - | (46.2) | | |
| Coupon swaps | 3.8 | - | 12.9 | - | 16.7 | | |
| Fuel derivatives | , | | (14.5) | (6.3) | (1.0) | - | (21.8) |
| Currency forwards | 5.3 | 2.4 | 0.5 | - | 8.2 | | |
| Trade and other payables | 1,437.4 | - | - | - | 1,437.4 | | |
| | <u>1,416.7</u> | <u>(3.9)</u> | <u>(18.5)</u> | <u>1,394.3</u> | | | |

2017

| | | | | < 1 year | 1 -2 years | 2-5 years | > 5 years | Total |
|--------------------------|---------|--------|---------|----------|------------|-----------|-----------|---------|
| | | | Em | | Em | Cm | | Cm Cm |
| Coupon swaps | - | (30.6) | (38.7) | - | | (69.3) | | |
| Coupon swaps | - | 9.4 | 10.4 | - | | 19.8 | | |
| Fuel derivatives | 28.8 | 7.8 | 0.8 | - | | 37.4 | | |
| Currency forwards | (1.0) | - | - | - | | (1.0) | | |
| Trade and other payables | 1,155.3 | - | - | - | | 1,155.3 | | |
| | " | " | 1.183.1 | - | (13.4) | (2/5) | - | 1,142.2 |

Total amounts payable per the tables are £1,462.3m (2017: £1,212.5m). Total amounts receivable per the tables are £68.0m (2017: £70.3m).

'-id -K-r.-. si.-. tilt-iiii al instrument- had coibvi"! "■ c,,il'..iv;;;K o. w-.-'.- dv '-a d" ";;itd in ,i,>y p; Vv ■ v.

FirstGroup Annual Report and Accounts 2018

i-iaii.;!■(!): and cash lews reported iri pounds Stoilmo. duo ic movements a;"i. with tr-o LS bi;nig trio ncs" Significant. Consequently, the principal 24 Financial instruments continued

Currency risk

Currency risk is thr» nsl< of financial loss to fcciqr currency not v, [■; exchange rates.

The Group's principal epilations outside lhn UK aro in the US ann Cora currency risk relates to movements in the US Dollar to pounds Sterling.

'Certain' and 'highly probable' foreign currency transaction exposures may be hedged at the time the exposure arises for up to two years at specified If vols, or longer if there is a very high dodreu oi ccdan'tv. 11 ie. Group coos not hedge the *.raiv.lslion of earnings lnto the Group input lino cur'oncy (pounds SlerBng). but accepts lhat'reooitod Group uairiinus v.ili *k-otu.ste us oxchdriiii 'ales a-iairis! pounds Steiling fuciunto fat the currencies in which the Company does business. During tlie year, the net cash generated in each currency may be converted by Group Treasury into pounds Sterling by way of spot transactions in order to keep the currency composition of net debt broadly constant. 2018 Cm

IFRS ? requires tho Group to stow the impact on profit aff.-r fe< and bodging reswv> on financial instruments, from movement in exchange rates. The following analysis details the Group's sensitivity to a 10% strengthening in pounds Sterling against the US Dollar. The analysis has been prepared based on ihe chat-go taking place at the bc-dinriinu, of lnn financial yiar and bnng held constati1 throughout ihe reporting period. A positive number indicates an increase in earnings or equity where pounds Sterling strengthens against the US Dollar.

2017

0.7 (0.8)

Em

4.8 2.2

Impact on profit after tax Impact on hedging reserve

Interest rate risk

The Group has variable rate debt and cash and therefore net income is exposed to the effects of changes to interest rates. The Group treasury oolcy objective is to maintain fixed Interest rates at a minim..m of 50% oi m-balance sheet pu del* ovar the nwrr&wi ten., so that volatility is substantially reduced year-on-year to EPS. l'he policy objoclive is primarily acrnoved tmnugh fixed rate debt. The mam floating r ate benchmarks on variable rate debt are US Dollar LIBOR and pounds Sterling LIBOR.

At 31 March 2018, 78% (2011. 84%) of net debt was fixed. This fixed rstr, protection had an average duration of 6.7 years (2017: 3.7 years).

Interest raw risk within operating leases is hedged 100% by ap/eeifg fixed rentals with the lessors prior to iocoptior! of tiio loose contracts.

Fair value changes in the £250.0m 2019 and the £350.0m 2021 Sterling bonds relating to the UBOR element are hedged with coupon swaps. These swaps offset the fair value movements in the bond in the income statement and have the same term as the bonds.

The following sensitivity analysis details the Group's sensitivity to a 100 basis points (1%) increase in interest rates throughout the reporting period With all other variables held constant.

2018 Em

2017 Em

Impact on profit after tax

Interest rate hedges

The following table entails tho notional amounts ol .ntr.rosr rat,= swap uonuncts dosigrWfGV'I us a Cvli: (U. iv ui ',u vjlou lir'tlLjU winch lmjiu outstanding at the repoi ting date, the avorage fixed rate payable or recc-ivjolo urtcyr irwse swaps l*-er> loir value. T'ie average interest rate s based on the outstaiidig balances at the reporting oats. T'ie fa'rwiltiB of .merest rate swaps is Determined oy discci intii to ih? tuture cash flows.

file .merest tato swaps spdle on s quarterly oi so'-i .mnti'il basis, i ne "ji(tf.-ft<ic«s bnueier t-r- fixed red litxiinr; rains aro sriUled on a nut basis

| | | | Average fixed rate | Notional principal amount | | Fair value asset |
|--------------------------------------|------|------|--------------------|---------------------------|-----------|------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 2017 | Em Em_ |
| Fair value hedges | | | % | % | Em Cm | Em Em_ |
| Less than one year | 6.13 | - | 250 | - 8.4 | | |
| One to two years - 6.13 - 250 - 20.1 | | | | | | |
| 1 vw to ftvovears | 2.21 | 221 | 350 | 350 | 105 20.4 | |

FirstGroup Annual Report and Accounts 2018

Notes to the consolidated financial statements continued

24 Financial instruments continued Fuel price risk

The Group purchases diesel fuel on a fixed price basis in US dollars. The Group's primary objective is to maintain a low level of fixed price protection in the short term with lower levels of price risk. The Group's policy is to use derivatives to protect against the risk of increases in diesel prices, but not to speculate on price movements. The Group primarily uses fixed price swaps to protect against the risk of increases in diesel prices. During the year to 31 March 2018, the Group was hedged 78% on fuel price risk.

The Group has also entered into swaps for periods from April 2018 to March 2021 with the majority of these swaps relating to the year to 31 March 2019. The swaps give rise to monthly cash flow exchanges in order to offset the underlying floating price costs except where they have a deferred start date. Gains or losses on fuel derivatives are recycled from equity to the income statement on qualifying hedges to achieve a fixed cost within operating results.

The following analysis details the Group's sensitivity on profit after tax and equity if the price of crude oil had risen or fallen by 10% at the year end:

| | 2018 £m | 2017 £m |
|--|------------|------------|
| Impact on profit after tax (3.4) (3.2) | | |
| Impact on hedging reserve | 21.1 | 23.7 |

Volume at risk for the year to 31 March 2019 is 3.2m (year to 31 March 2018: 3.2m) barrels for which 69% is hedged to diesel price risk. 25 Deferred tax

The major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior reporting periods are as follows:

| | Accelerated depreciation £m | Retirement schemes £m | Temporary differences £m | Tax losses £m | Total £m |
|---|--------------------------------|--------------------------|-----------------------------|------------------|----------------|
| At 1 April 2016 | 174.2 | | (78.3) | 70.7 | (212.3) (45.7) |
| Charge/(credit) to income statement | 22.6 | | 8.5 | (19.2) | 28.9 40.8 |
| Charge/(credit) to other comprehensive income | - | | (7.3) | 19.0 | - 11.7 |
| Foreign exchange and other movements | 21.2 | | (8.8) | 11.7 | (32.4) (8.3) |
| At 31 March 2017 | 218.0 | | (85.9) | 82.2 | (15.5) (1.5) |
| Charge/(credit) to income statement | (19.9) | | (1.0) | 2.7 | (26.7) (44.9) |
| Charge to other comprehensive income | - | | 26.6 | 10.7 | - 37.3 |
| Foreign exchange and other movements | (23.7) | | 6.5 | (9.7) | 20.5 (6.4) |
| At 31 March 2018 | 174.4 | | (518) | 85.9 | (222.0) (15.5) |

Certain deferred tax assets and liabilities have been offset in the consolidated balance sheet where they relate to the same entity and are expected to be recovered or settled together.

| | 2018 £m | 2017 £m |
|--------------------------|------------|------------|
| Deferred tax assets | (37.7) | (25.8) |
| Deferred tax liabilities | 22.2 | 24.3 |
| | (15.5) | (1.5) |

The deferred tax asset relates to the UK and is recognised despite there being a loss in the current year caused by the non recurring TPF. onerous contract provision. It is appropriate to recognise this deferred tax asset as the remainder of the Group in the UK is profitable.

No deferred tax has been recognised on deductible temporary differences of £52.5m (2017: £62.1 m) and tax losses of £141.9m (2017: £141.1m). The earliest period in which some of the unrecognised assets will expire is year ended 31 March 2027.

No deferred tax asset has been recognised in respect of £2.4m (2017: £2.4m) of capital losses.

26 Provisions

| | | | | | | 2018 £m | 2017 £m |
|---------------------------------|---------|-----------|-------|-------------|-------|------------|------------|
| Insurance claims | | 231.7 | | | | 236.1 | |
| Legal and other 2811 | | | | | | 45.7 | |
| TPE onerous contract 79.2 | | | | | | | |
| Pensions | | 2.0 | | | | 2.4 | |
| Non-current liabilities | | 341.0 | | | | 284.2 | |
| | | Insurance | Legal | TPE onerous | | anci other | |
| | | | | claims | | | |
| | | | | £m | | £m | |
| At 1 April 2017 | 391.0 | | | 60.4 | - | 2.4 | 453.8 |
| Charged to the income statement | 196.5 | | | 27.4 | 106.3 | - | 330.2 |
| Utilised in the year | (192.7) | | | (17.3) | - | (0.4) | (210.4) |
| Notional interest | 11.0 | | | - | - | - | 11.0 |
| Foreign exchange movements | (37.0) | | | _(2.9) | - | - | (39.9) |
| At 31 March 2018 | 368.8 | | | 67.6 | 106.3 | 2.0 | 644.7 |
| Current liabilities | | 137.1 | | 39.5 | 27.1 | - 203.7 | |
| Non-current liabilities | | 231.7 | | 28.1 | 79.2 | 2.0 | 341.0 |
| At 31 March 2018 | | 368.8 | | 67.6 | 106.3 | 2.0 | 644.7 |
| Current liabilities | | 154.9 | | 14.7 | - | - 169.6 | |
| Non-current liabilities | | 236.3 | | 45.7 | - | 2.4 | 284.2 |
| At 31 March 2017 | | 391.0 | | 60.4 | - | 2.4 | 453.8 |

The current liabilities above are included within accruals in note 19.

The insurance claims provision arises from estimated exposures for incidents occurring prior to the balance sheet date. It is anticipated that the majority of such claims will be settled within the next six years although certain liabilities in respect of lifetime obligations of £22.2m (2017: £21.7m) can extend for up to 30 years. The utilisation of £192.7m (2017: £194.3m) represents payments made largely against the current liability of the preceding year.

The insurance claims provisions contains £15.5m (2017: £27.7m) which is recoverable from insurance companies and is included within other receivables in note 17.

Legal and other provisions relate to estimated exposures for cases filed or thought highly likely to be filed by incidents that occurred prior to the balance sheet date. It is anticipated that most of these items will be settled within 10 years. Also included are provisions in respect of costs anticipated on the fulfilment of the obligations of the company in respect of the remaining term of the respective leases and dilapidation, other provisions in respect of contractual obligations under rail franchises and restructuring costs. The dilapidation provisions are expected to be settled at the end of the respective franchise.

The onerous contract provision in respect of TPE has been calculated based on updated PricewaterhouseCoopers' forecasts for this franchise until the initial end date, of 31 March 2023. The updated forecasts are based on a number of assumptions, including: most significantly passenger volume growth, which is based on economic and other exogenous factors as well as changes in market conditions, capacity and competition. Whilst the onerous contract provision is based upon management's current best estimate, there can be no certainty that actual results will be consistent with those forecasts. The TPE onerous contract provision is sensitive to a change in the assumptions used, most notably to passenger revenue growth. A reduction or increase of 0.5% in the cumulative annual passenger growth rate assumption would increase or decrease the onerous contract provision required by £27.0m. TPE provisions are expected to be fully utilised within five years.

The pension's provision relates to unfunded obligations that arose on the acquisition of certain First Bus companies, it is anticipated that this will be utilized over approximately 1've 'curs.

Notes to the consolidated financial statements continued

27 Called up share capital

| | 2018 Em | 2017 Em |
|--|------------|------------|
| Allotted, called up and fully paid | | |
| 1,210.8m (2017: 1,207.7m) ordinary shares of 5p each | 60.5 | 130.4 |

The Company has one class of ordinary shares which are entitled to one vote per share. During the year 3.1m shares were issued to satisfy principally SAYE exercises.

28 Reserves

The hedging reserve records the movement on designated hedging items.

The share premium account represents the premium on shares issued since 1999 and arose principally on the rights issue on the Ryder acquisition in 1999 and the share placings in 2007 and 2008. The reserve is non-distributable.

The own shares reserve represents the cost of shares in FirstGroup plc purchased in the market and either held as treasury shares or held in trust to satisfy the exercise of share options.

Hedging reserve

The movements in the hedging reserve were as follows:

| | 2018 Em | 2017 Em |
|--|---------------|---------------|
| Balance at 1 April | (17.9) | (68.6) |
| Gains/(losses) recognised: | | |
| Fuel derivatives | 46.5 | 12.7 |
| Currency forwards | (12.8) | 0.6 |
| Charged/(credited) to Income statement: | | |
| Fuel derivatives | 7.4 | 56.4 |
| Currency forwards | 4.0 | |
| Tax on derivative hedging instrument movements | (10.7) | (19.0) |
| Balance at 31 March | 16.5 | (17.9) |

Own shares

The number of own shares held by the Group at the end of the year was 7,653,968 (2017: 437,005) FirstGroup plc ordinary shares of 5p each. Of those, 7,404,210 (2017: 7,404,210) were held by the FirstGroup plc Employee Share Ownership Trust, 249,758 (2017: 32,520) by the FirstGroup plc Qualifying Employee Share Ownership Trust and 157,229 (2017: 157,229) were held as treasury shares. Both trusts and treasury shares have waived the rights to dividend income from the FirstGroup plc ordinary shares. The market value of the shares at 31 March 2018 was £6.3m (2017: £0.6m).

| | Capital redemption reserve | Capital reserve | Other reserves |
|------------------------------------|----------------------------|-----------------|----------------|
| At 31 March 2018 and 31 March 2017 | 2.7 | 4.6 | 1.9 |

There have been no movements on the capital redemption reserve or capital reserve during the year ended 31 March 2018. The capital redemption reserve represents the cumulative par value of all shares bought back and cancelled. The capital reserve arose on acquisitions in 2009. Neither reserve is distributable.

29 Translation reserve

At 1 April 2017 708.4

At 31 March 2018 324.9

At 31 March 2017 383.5

The translation reserve records exchange differences arising from the translation of the balance sheets of foreign currency denominated subsidiaries offset by movements on loans used to hedge the net investment in those foreign subsidiaries.

30 Acquisition of businesses and subsidiary undertakings

| | 2018 | 2017 | Cm | Em |
|---|------|------|------------|----|
| Provisional fair value of net assets acquired: | | | | |
| Property, plant and equipment | | | 1.6 | |
| Other intangible assets | | | 0.7 | |
| Other liabilities | | | (0.3) | |
| | | | 2.0 | |
| <i>Goodwill</i> | | | 12 | |
| Ka'isfed l y nash paid and payable | — | — | 3£ | |

On 11 August 2017, the Group completed the acquisition of Falcon Transportation, a Chicago-based provider of school and charter transportation services. The £3.2m consideration represents £2.9m cash paid in the period and £0.3m of deferred consideration.

The business acquired during the year contributed £3.2m (2017: £nil) to Group revenue and £0.3m (2017: £nil) to Group operating loss from date of acquisition to 31 March 2018.

If the acquisitions of the business acquired during the year had taken place on the first day of the financial year, the Group's revenue from this acquisition for the year would have been £3.2m (2017: £nil) and the Group operating profit for the year would have been £0.3m (2017: £nil).

31 Net cash from operating activities

| | 2018 | 2017 | Em | Em |
|---|------|--------------|----|--------------|
| Operating loss/profit | | (196.2) | | 283.6 |
| Adjustments for: | | | | |
| Depreciation charges | | 389.6 | | 352.9 |
| Capital grant amortisation | | (16.0) | | (6.3) |
| Amortisation charges | | 70.9 | | 60.2 |
| Impairment charges | | 284.8 | | 4.5 |
| Share-based payments | | 8.9 | | 8.2 |
| Loss/(profit) on disposal of property, plant and equipment | | 8.3 | | (18.9) |
| Operating cash flows before working capital and prepayments | | 550.3 | | 685.2 |
| Decrease in inventories | | 4.6 | | 1.3 |
| Increase in receivables | | (168.7) | | (36.7) |
| Increase in payables | | 341.7 | | 56.3 |
| TPE onerous contract provision | | 106.3 | | |
| Decrease in other provisions | | (10.5) | | (30.6) |
| Defined benefit pension payments in excess of income statement charge | | (47.9) | | 337.6 |
| Cash generated by operations | | 773.3 | | 1,037.9 |
| Tax paid | | (1£2) | | (10.2) |
| Interest paid | | (122.1) | | (100.9) |
| Interest element of HP contracts and finance leases | | (4.6) | | (6.4) |
| <u>Net cash from operating activities</u> | | <u>636.9</u> | | <u>520.4</u> |

32 Analysis of changes in net debt

| | At 1 April 2017 Em | |
|--|---------------------------------|--|
| | Cash Exchange flow Movements Em | Em |
| | Other Em | At |
| | 31 March 2018 Em | |
| Components of financing activities: | | |
| Bank loans | | |
| Bonds | | |
| Fair value of interest rate coupon swaps | | |
| Senior unsecured loan notes | | |
| Finance lease obligations | | |
| Other debt | | |
| Total components of financing activities | | |
| Cash | | |
| Ring-fenced cash | | |
| Cash and Cash equivalents | | |
| | (1,458.5) | 40.9 (80.0) (183.7) (9.5) |
| (1,690.8) | | |
| 141.1 | 259.8 | |
| 400.9 | | |
| (197.0) | 300.0 | |
| (116.8) | 63.1 | |
| 48.3 | | |
| 18.2 | 132.5 | |
| 150.7 | | |
| | | |
| | | 0.6 15.5 3.0 |
| 19.1 | 4.1 | |
| 4.1 | | |
| | | (197.0) (1,138.6) 19.0 (195.2) (104.7) (9.5) |
| (2.6) (1,626.0) | | |
| 163.4 | 392.3 | |
| 555.7 | | |
| (2.6) (1,070.3) | | |

| | At 1 April 2016 Em | |
|--|-----------------------|----|
| | Cash flow Em | |
| | Exchange Movements Em | |
| | Other Em | At |
| | 31 March 2017 Em | |
| Components of financing activities: | | |
| Bank loans | | |
| Bonds | | |
| Fair value of interest rate coupon swaps | | |
| Senior unsecured loan notes | | |
| Finance lease obligations | | |
| Other debt | | |
| Total components of financing activities | | |
| Cash | | |
| Ring-fenced cash | | |
| Cash and Cash equivalents | | |

| | | | |
|--|-----------|-------|--------------------------------------|
| | | | (1,467.5) 51.1 (105.9) (238.3) (9.7) |
| (1,770.3) | | | |
| 140.2 | 219.9 | | |
| 360.1 | | | |
| | | | |
| | | | 41.0 75.0 0.1 |
| 116.1 | | | |
| (8.8) | 39.9 | | |
| 31.1 | | | |
| | | | |
| | | | (15.1) (23.9) 2.8 |
| | | | (36.2) 9.7 |
| 9.7 | | | |
| | | | |
| | | | (1,458.5) 40.9 (80.0) (183.7) (9.5) |
| (0.4) | (1,690.8) | | |
| | 141.1 | 259.8 | |
| | 400.9 | | |
| (0.4) | (1,289.£ | | |
| All values above exclude accrued interest. | | | |

FirstGroup Annual Report and Accounts 2018

33 Contingent liabilities

Investigations into the Croydon tram incident are ongoing and it is uncertain when they will be concluded. The tram was operated by Tram Operations United (TOL), a subsidiary of the Company, under a contract with a TfL subsidiary. TOL provides the drivers and management to operate the tram services, whereas the infrastructure and trams are owned and maintained by a TfL subsidiary. No proceedings have been commenced and, as such, it is not possible to assess whether any financial provision is required.

To support its various undertakings in their normal course of business the Company and certain subsidiaries have indemnified car rental companies and insurance companies who have issued performance bonds for £783.1m (2011: £710.4m) and letters of credit for £327.7m (2017: £369.0m). The performance bonds relate to the North American businesses of £544.6m (2017: £570.1m) and the First Hail franchise operations of £238.5m (2017: £140.3m). The letters of credit relate substantially to insurance arrangements in the UK and North America. The parent company has committed further support facilities of up to £145.2m to First Flail Train Operating Companies.

The Company is party to certain unsecured guarantees granted to banks for overdraft and cash management facilities provided to itself and subsidiary undertakings. The Company has given certain unsecured guarantees for the liabilities of its subsidiary undertakings arising under certain loan notes, HP contracts, finance leases, operation

teases and cortan pension sclrcm* amnrjsnients If also pKWd^ unsfx-urt^ moss .rjuararrioo in ctttrah subsidiary undertakings as required by VAT legislation. First Bus subsidiaries have provided unsecured guarantees on a joint and several basis to the Trustees of the First Bus Pension Scheme.

The Group is party to legal proceedings and claims which arise in the normal course of business, including but not limited to employment and safety claims. The Group takes legal advice as to the likelihood of success of claims and counterclaims. No provision is made where due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings can be determined.

In its normal course of business First Rail has ongoing contractual negotiations with government and other organisations.

On 14 November 2017, Reading Borough Council served First Greater Western Limited (GWR), a subsidiary of the Group, and Network Rail Infrastructure Limited (a third party) with a noise abatement notice in respect of the operations at the Reading railway depot. The serving of the notice has been appealed and the dated court hearing is currently scheduled to take place in the first quarter of 2018 (its date is subject to the court's order). It is not possible at this stage to quantify the implications for the GWR operations, if any, if they are not ultimately successful with respect to the appeal.

34 Operating lease arrangements

2018 2017 Cm Em

Minimum lease payments made under operating leases recognised in the income statement for the year:

| | | | | |
|--------------------------|---------|-------|------|-------------|
| Plant and machinery | | 23.7 | 22.0 | |
| Track and station access | | 154.4 | | f 10.1 |
| Hire of rolling stock | | 255.3 | 89.8 | |
| Other assets | — — 8^2 | 7ao | | |
| | | | | 522.6 300.9 |

At the balance sheet dates, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Em | Cm | 2018 2017 |
|----------------------------|---------|-------|-----------------|
| Within one year | 955.6 | 405.1 | |
| Between one and five years | 2,158.7 | 995.6 | |
| After five years | — | — | 3,622.1 1,471.1 |

Included in the above commitments are contracts held by the First Rail businesses with Network Rail for access to the railway infrastructure track, stations and depots of £1,027.6m (2017: £348.5m). They also have contracts under which they lease rolling stock of £2,223.6m (2017: £845.4m).

Notes to the consolidated financial statements continued

35 Share-based payments Equity-settled share option plans

The Group recognised total expenses of £8.9m (2017: £8.2m) related to equity-settled share-based payment transactions, (a) Save as you

eam (SAYE)

The Group operates an HMRC approved savings related share option scheme. Grants were made as set out below. The scheme is based on eligible employees being granted options and their agreement to opening a savings account with a nominated savings carrier and to save monthly over a specified period. The savings accounts are held with Computershare. The right to exercise the option is at the option holder's discretion at the end of the period previously chosen for a period of six months.

| | SAYE | SAYE | SAYE | SAYE | SAYE |
|--|-----------|-----------|-----------|-----------|------|
| Dec2013 | Dec2014 | Dec2015 | Dec2016 | Dec2017 | |
| Options | Options | Options | Options | Options | |
| Number | Number | Number | Number | Number | |
| Outstanding at the beginning of the year | 1,774,135 | 5,671,340 | 6,709,681 | 7,595,520 | |

| | | | | | |
|--|-------------|-------------|-----------|----------|---------------------|
| Awarded during the year | - | | | | 9,954,274 |
| Exercised during the year | (759,602) | (1,299,179) | (55,341) | (15,375) | |
| Lapsed during the year | (1,015,052) | (396,939) | (774,931) | | (873,816) (199,161) |
| Outstanding at the end of the year | - | 3,975,222 | 5,879,409 | | 6,706,329 9,755,113 |
| Exercisable at the end of the year | - | 3,975,222 | - | | |
| Weighted average exercise price (pence) | 94.1 | 97.0 | 85.0 | 86.0 | 83.0 |
| Weighted average share price at date of exercise (pence) | 126.9 | 102.8 | 113.5 | 112.8 | N/A |

(b) Deferred bonus shares (DBS)

| | | DBS 2007 | | | | | DBS 2008 | DBS 2009 | DBS 2010 | DBS 2011 |
|--|----------|------------------|------------------|-----------------|-----------------|-----------------|------------------|----------------|----------------|----------------|
| | | Options Number | Options Number | Options Number | Options Number | Options Number | | | | |
| Outstanding at the beginning of the year | 18,831 | | | 46,761 | 31,109 | 63,150 | | 117,835 | | |
| Exercised during the year | | (17,257) | | (18,765) | 6,616 | (8,028) | | (29,345) | | |
| Outstanding at the end of the year | | | 1,574 | 27,996 | 27,493 | 55,122 | | 86,490 | | 88,490 |
| Exercisable at the end of the year | 1,574 | | | 27,996 | 27,493 | 55,122 | | 86,490 | | |
| Weighted average exercise price (pence) | Nil | | | Nil | Nil | Nil | | Nil | | |
| Weighted average share price at date of exercise (pence) | | 134.6 | 98.8 | 140.2 | 140.9 | 122.9 | | | | |
| | | DBS 2012 Options | DBS 2013 Options | DBS 2014 Number | DBS 2016 Number | DBS 2016 Number | DBS 2011 Options | Options Number | Options Number | Options Number |
| Outstanding at the beginning of the year | 164,972 | 708,331 | 1,960,690 | 2,503,615 | 1,586,348 | | | | | |
| Granted during the year | - | | (79,639) | (46,909) | | | | 2,144,862 | | |
| Forfeited during the year | | | | | (8,876) | (2,096) | | (43,862) | | |
| Lapsed during the year | | | | | | | | | | |
| Exercised during the year | (45,980) | (301,773) | (1,598,475) | (116,921) | (2,765) | | | | | |
| Outstanding at the end of the year | | 118,992 | 406,558 | 362,215 | 2,298,179 | 1,534,578 | | 2,099,093 | | |
| Exercisable at the end of the year | 118,992 | 406,558 | 362,215 | 31,397 | 2,312 | | | 1,673 | | |
| Weighted average exercise price (pence) | Nil | Nil | Nil | Nil | Nil | | | Nil | | |
| Weighted average share price at date of exercise (pence) | 115.3 | 108.2 | 130.4 | 133.4 | 112.1 | 112.1 | | | | |

140 FirstGroup Annual Report and Accounts 2018

35 Share-based payments continued (c) Buy As You Earn (BAYE)

BAYE enables eligible employees to purchase shares from their gross income. The Company provides two matching shares (or every three shares bought by employees, subject to a maximum Company contribution of shares' to the value of £20 per employee per month. If the shares >vd held in tlyst for five years oi moie, no income tax and national insurance will be payable. Too many sharps will be provided if the corresponding partnership shares are removed from trust within three years of award.

At 31 March 2018 there were 6,263 (2017: 4,275) participants in the BAYE scheme who have cumulatively purchased 18,817,893 (2017: 16,702,455) shares with the Company contributing 6,218,455 (2017: 5,535,678) matching shares on a cumulative basis.

LTIP 2014 Options Number

LTIP 2015 Options Number

LTIP 2016 Options Number

LTIP 2017 Options Number

Outstanding at the beginning of the year Granted during the year Forfeited during the year Lapsed during the year Exercised during the year

Outstanding at the end of the year

Exercisable at the end of the year

9,145,375 3,367,906 3,584,210

6,965,893

(35,438)

(38,405)

(132,253) (7,594,201) (1,414,875)

4,046 3,332,468 3,545,805 6,965,893

4,046 - - -

Weighted average share price at date of exercise (pence)

(e) Divisional Incentive Plan (DIP)

Outstanding at the beginning of the year Granted during the year Forfeited during the year Lapsed during the year Exercised during the year

Outstanding at the end of the year

7,781,248 1,125,912 (18,952) (7,781,248) (6,316)

1,100,644

Exercisable at the end of the year

Weighted average exercise price (pence)

Weighted average share price at date of exercise (pence)

Nil 112.1

ESP 201b Options Number

ESP 2016 Options Number

ESP 2017 Options Number

Outstanding at the beginning of the year Granted during the year Forfeited during the year Lapsed during the year Exercised during the year

Outstanding at the end of the year

Exercisable at the end of the year

Weighted average exercise price (pence)

Weighted average share price at date of exercise (pence)

(40,505)

(311,372)

659,240

296,716 Nil 121.0

1,011,117 1,746,770

(115,622) (15,061) (376,499)

1,239,588

203,934 Nil 121.8

3,432,146 (181,847)

(6,176)

3,244,123

11,163 Nil 112.1

FirstGroup Annual Report and Accounts 2018

Notes to the consolidated financial statements continued

35 Share-based payments continued

The fair values of the options granted during the last two years were measured using a Black-Scholes or other appropriate valuation models. The inputs into the models were 8S follows:

2018 2017

Weighted average share price at grant date (pence)

| | |
|--|-------------------|
| -DBS | 140.1 92.6 |
| -SAYE December 2016 | - 107.6 |
| -SAYE December 2017 108.0 | |
| • LTIP | 104.7 92.6 |
| • -ESP | 104.7 92.6 |
| • Weighted average exercise price at grant date (pence) | |
| -DBS | |
| -SAYE December 2016 | - 86.1 |
| • SAYE December 2017 83.0 | |
| • LTIP | |
| • ESP | |
| Expected volatility (%) | |
| -DBS | N/A N/A |
| -SAYE December 2016 | - 35 |
| -SAYE December 2017 35 | |
| -LTIP | 32 37 |
| • ESP | N/A N/A |
| • Expected life (years) | |
| -DBS | 3.0 2.75 |
| -SAYE schemes | 3.0 3.0 |
| • LTIP | 2.35 2.75 |
| • -ESP | 3.0 3.0 |
| • Rate of interest (%) | |
| -DBS | N/A N/A |
| • SAYE December 2016 | - 0.3 |
| • SAYE December 2017 0.5 | |
| • LTIP -ESP | |
| Expected dividend yield (%) | |
| • <i>DBS</i> - | |
| • SAYE December 2016 | |
| • SAYE December 2017 --LTIP | |
| -ESP | |

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five years. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Allowances have been made for the SAYE schemes for the fact that, amongst a group of recipients some are expected to leave before an entitlement vests. The accounting charge is then adjusted over the vesting period to take account of actual forfeitures, so although the total charge is unaffected by the pre-vesting forfeiture assumption, the timing of the recognition of the expense will be sensitive to it. Fair values for the SAYE include a 10% per annum pre-vesting leaver assumption whereas the Executive, LTIP and deferred share plans exclude any allowance for pre-vesting forfeitures.

The Group used the Inputs noted above to measure the fair value of the new share options.

2018 2017 pence pence

Weighted average fair value of options at grant date

- DBS
- SAYE December 2016
- SAYE December 2017
- LTIP -ESP

140.1 92.6 36.0

38.0
70.7 80.6 104.7 92.6

FirstGroup Annual Report and Accounts 2018

36 Retirement benefit schemes Non-Rail

Defined contribution plans

Payments for defined contribution plans are recognised as an expense as they fall due. No or -instructive obligation to pay additional contributions into a defined contribution plan if the fund has insufficient assets to pay all employees benefits retiring to the relevant scheme; in the current and prior periods.

UK
The Group operates defined contribution plans for all Group and first retirees' for 11 years: has a pension agreement in place April 2011. They receive a company match to their contributions, which varies by salary and/or service.

North America

Employees in the US have been able to join a defined contribution arrangement for many years. They have a company match which varies by employment status.

All new employees in Canada join a defined contribution arrangement. Under the plan, 11% of salary is contributed to the plan, with a maximum of \$5,000 per year. Eastern and Western plan, with a maximum of \$5,000 per year. They receive a company contribution dependent on their personal contribution and the plan they are in.

The total expense recognised in the consolidated income statement of £23.9m (2017: £23.0m) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

Defined benefit plans

The Group sponsors 10 funded defined benefit plans across its non-rail operations covering approximately 11,000 former and current employees. UK The majority of defined benefit provision is through trust-based schemes. How arrangements are closed to new entrants.

The assets of the trust-based schemes are invested separately from those of the Group, and the schemes are run independently of the Group by trustee boards. There is a requirement for the trustee boards to have some member representation, with other trustee directors being company appointed. The Trustee is responsible for the investment policy in respect of the assets of the fund, although the Company must be consulted on this, and typically has some input into the investment decisions.

Triennial valuations assess the cost of future service and the funding position. The Company and Trustee are required to agree on assumptions for the valuations and to agree the contributions that result from these. Deficit recovery contributions may be required in addition to future service contributions. In agreeing contribution rates, reference must be made to the affordability of contributions by the employer.

For most arrangements, any surplus after benefits have been paid/Secured, can be repaid to the employer.

Pension Scheme

This provides pension benefits to employees in First Bus. Historically it provided salary related benefits on a salary cost basis, but from April 2013, all new members have been enrolled in the defined contribution section.

The funding level of the scheme on 5 April 2017 failed to reach a pre-agreed funding target, and as a result, the scheme was used to (wind) down the plan.

A smaller Group scheme provides defined benefit pensions to Group employees. This scheme is closed to defined benefit accrual. <http://ac.crii.ti> on 1 April

2018. Local Government Pension Schemes

The Group participates in three Local Government Pension Schemes (LGPS), one in England and two in Scotland, which provide salary related benefits, those differ from trust-based schemes in that they are funded by contributions levied on employers and they are administered by local authorities.

Contribution rates are agreed for the three-year period until the next valuation. The Group only recognises existing surpluses relating to the LGPS when determining the balance sheet position, to the extent that the surplus is not expected to be used by the Group in the future for contributions.

Notes to the consolidated financial statements continued

36 Retirement benefit schemes continued

North America

US

The Group operates two defined benefit schemes in the US although both are now closed to new entrants. The US schemes are funded by contributions levied on employers and they are administered by local authorities.

Greyhound Canada

There are two plans, Eastern, Western and Supervisory. All the plans are now closed to new entrants; however, contributions continue to be paid for existing members.

For the plans the value of future service and the funding position are reviewed annually. The cost of future service and the funding position are reviewed annually. The cost of future service and the funding position are reviewed annually.

Valuations

At the last valuations, the defined benefit schemes had funding levels between 100% and 103.3% (2017: 74.4% to 105.4%). The value of the assets at 31 March 2018 for all non-rail operation defined benefit schemes totalled £3,077m (2017: £3,133m).

Rail

The Railways Pension Scheme (RPS)

The Group currently sponsors five sections of the HPS, relating to its franchising obligations to its franchisees and a further section, its Open Access operator.

The RPS is governed by the Railways Pension Trustee Company Limited, and is subject to regulation from the Pensions Regulator and relevant UK legislation.

The RPS is a shared cost arrangement. All costs, and any deficit or surplus, are shared 60% by the employer and 40% by the members.

For the TOC sections, under the franchising obligations, the employer's responsibility is to pay the contributions requested by the Trustee, whilst it operates the franchise. There is no residual liability or asset for any deficit, or surplus, which remains at the end of the franchise period.

Since the contributions being paid to each TOC section are lower than the share of the service cost that would normally be calculated under IAS 19, the Group does not make any contribution towards the sections' deficits. Therefore, the Group does not need to reflect any deficit on its balance sheet. A franchise adjustment (asset) exists that exactly offsets any section deficit that would otherwise arise after reflecting the cost sharing with the members.

Valuation assumptions

The valuation assumptions used for accounting purposes have been made uniform to Group standards, as appropriate, when each scheme is actuarially valued.

| | First Bus 2018 % | First Rail 2018 % | America 2018 % | North 2018 % | 2018/2017 | First Bus 2017 % | First Rail 2017 % | America 2017 % |
|--|------------------------|-------------------------|----------------------|--------------------|-----------|------------------------|-------------------------|----------------------|
| Key assumptions used: | | | | | | | | |
| Discount rate | 2.70 | 2.70 | 330 | 2.80 | 2.80 | 3.65 | | |
| Expected rate of salary increases | 2.05 | 3.30 | 2.50 | 2.00 | 3.35 | 2.50 | | |
| Inflation - CPI | 2.05 | 2.05 | 2.00 | 2.00 | 2.00 | 2.00 | | |
| Future pension increases | 2.05 | 2.05 | - | 2.00 | 2.00 | | | |
| Post-retirement mortality (life expectancy in years) | | | | | | | | |
| Current pensioners at 65: | 19.8 | 20.6 | 18.1 | 20.1 | 20.6 | 18.9 | | |
| Future pensioners at 65 aged 45 now: | 20.3 | 21.1 | 19.3 | 20.3 | 21.5 | 20.1 | | |

A 0.1% increase in the discount rate would impact the 2017/18 position by £1.1m and £1.1m respectively. A 0.1% increase in the inflation rate would impact the 2017/18 position by £1.1m and £1.1m respectively. A 0.1% increase in the salary increase rate would impact the 2017/18 position by £1.1m and £1.1m respectively.

1. The Group's pension plans are subject to actuarial valuations by independent actuaries.

36 Retirement benefit schemes continued (a) Income statement

Amounts are in £m unless otherwise stated. Figures are rounded to the nearest £m.

| | First Bus | America | non-rail | First Rail | Total |
|--|-----------|-----------|-----------|------------|-----------|
| Year to 31 March 2018 | £m | £m | £m | £m | £m |
| Current service cost | (21.5) | (10.0) | (31.5) | (72.5) | (104.0) |
| Impact of franchise adjustment on operating cost | - | - | - | 40.7 | 40.7 |
| Past service loss including curtailments and settlements | (0.3) | (0.3) | - | (0.3) | (0.3) |
| Net interest cost | (3.0) | (7.1) | (10.1) | (11.4) | (21.5) |
| Impact of franchise adjustment on net interest cost | - | - | - | 11.4 | 11.4 |
| | (24.5) | (17.4) | (41.9) | (31.1) | (73.7) |
| Year to 31 March 2017 | £m | £m | £m | £m | £m |
| Current service cost | (16.7) | (9.9) | (26.6) | (37.1) | (63.7) |
| Impact of franchise adjustment on operating cost | - | - | - | 11.3 | 11.3 |
| Past service gain on TOC schemes | - | - | - | 4.1 | 4.1 |
| Net interest cost | (1.1) | (7.7) | (8.8) | (5.8) | (14.6) |
| Impact of franchise adjustment on net interest cost | - | - | - | 5.8 | 5.8 |
| | (17.8) | (17.6) | (35.4) | (21.7) | (57.1) |
| Net interest comprises: | | | | | |
| Interest cost (table (c)) | | | (131.6) | (130.1) | |
| Interest income on assets (table (d)) | | | 114.3 | 120.3 | |
| Interest on irrecoverable surplus (table (h)) | | (4.7) | (4.3) | ^ | |
| | | | (21.5) | (14.6) | |

| | | | | | |
|---|---|--------|--------|-------|-----------------|
| | | | | | 2018 2017 Cm Cm |
| First Bus | | **4 | 413? | | |
| First Rail | | (6.7) | 146.0 | | |
| North America | | (4.6)^ | 106.0 | | |
| | ~ | | | | |
| | | | | 44.1 | 665.2 |
| Reconciliation of the actual return on scheme assets: | | | | | |
| | | | | | 201B 2017 Em Cm |
| Interest income on assets | | | 114.8 | 120.3 | |
| Employee share of return on assets (First Rail) | | | (2.7) | 58.4 | |
| Actuarial (k>ss)/gain on assets | | | (19.6) | 428.0 | |
| Currency (lossVgain | | (48.4) | 5&S | | |
| Actual return on scheme assets | | | 44.1 | 665.2 | |

Notes to the consolidated financial statements
continued

36 Retirement benefit schemes continued (b) Balance sheet

| | | NorthTotal | | | | | | | |
|---|---------|------------|---------|-----------|-----------|------------|-----------|--|--|
| | | First Bus | | America | non-rail | First Rail | Total | | |
| | Em | Cm | Cm | Cm | Cm | | | | |
| At 31 March 2018 | | | | | | | | | |
| Fair value of schemes'assets | 2,622.6 | 4543 | 3,077.4 | 1,866.04 | 943.4 | | | | |
| Present value of rJcfmco benefit oblitjat,oi is | | (2,570.6) | (617.5) | (3,188.1) | | J2^51;1)_ | (6,139.2) | | |
| ir)effi:ii)/surpius before adiiiiifitnents | 52.0 | (162.7) | (110.7) | (1,085.1) | (1,195.8) | | | | |
| Adjustment for irrecoverable surplus' (table (h)) | (160.4) | - | (160.4) | - | (160.4) | | | | |
| First Rail franchise adjustment (table (f)) (60%) | - | | | 648.4 | 648.4 | | | | |
| Adjustment for employee share of RPS deficits (40%) | - | | | 434.1 | 434.1 | | | | |
| Deficit .n schemes | 12?*.4L | (1627) | (271.1) | (2.6) | (273.7) | | | | |
| Liability recognised in the balance shoot | <108_4+ | 0*2.7) | (271.1) | (2.6) | (273.7) | | | | |
| The amount is presented in the consolidated balance sheet as follows: | | | | | | | | | |
| Non-current assets | 32.5 | - | 32.5 | - | 325 | | | | |
| Non-current liabilities | (140.9) | (162.7) | J303,6) | j2,6) | (308.2) | | | | |
| | (108.4) | (162.7) | (271.1) | ' | (2.6)~ | (273.7) | | | |
| | | | | | | | | | |
| | | NorthTotal | | | | | | | |
| | | First Bus | | America | non rail | First Rail | Total | | |
| | Cm | Em | Cm | Cm | Em | | | | |
| At 31 March 2017 | | | | | | | | | |
| Fair value of schemes'assets | 2,614.5 | 508.7 | 3,123.2 | 1,018.0 | 4,141.2 | | | | |
| Resent value of defined benefit obligations | | (2,586.6) | (725.4) | J2,312.0) | (1,519.9) | (4,831.9) | | | |
| ii1efici;i;/surf)/usfjetoieadjslnrents | 27.9 | (216.7) | (188.8) | (501.9) | (690.7) | | | | |
| Adjustment for irrecoverable surplus' (table (h)) | (167.7) | - | (167.7) | - | (167.7) | | | | |
| First Rail franchise adjustment (table (f)) (60%) | - | | | 299.1 | 299.1 | | | | |
| Adjustment for employee sharo of RPS deficits (40%) | - | - | - | 200.8 | 200.8 | | | | |
| Deficit in scnemes | | | | | | 039.8) | (216.7) | | |
| (356.5) | | (2.0) | (358.5) | | | | | | |
| Liability recognised in the balance sheet | (139.8) | (216.7) | (356.5) | (2.0) | (358.5) | | | | |

The amount is presented in the consolidated balance sheet as follows:

| | | | | | |
|-------------------------|---------|---------|---------|---------|---------------|
| Non-current assets | 34.0 | - | 34.0 | - | 34.0 |
| Non-current liabilities | | (173.8) | (216.7) | (390.5) | (2-0) (392.5) |
| | (139.8) | (216.7) | (356.5) | (2.0) | (358.5) |

1 The irrecoverable surplus represents the amount of the surplus that the Group could not recover through reducing future Company contributions to LGPS.

FirstGroup Annual Report and Accounts 2018

36 Retirement benefit schemes continued c) Defined benefit obligations

(OBO)

Movements in the present value of DBG were as follows:

At 1 April 2017 New SWR franchise Current service cost Effect of settlements interest cost

Employee share of change in DBO (not attributable to franchise adjustment)

Experience (gain/loss on DBO

Gain on change of assumptions (demographic)

Loss/(gain) on change of assumptions (financial) Benefit payments Currency gain

At 31 March 2018

2,566.6

21.5

70.8 10.8 (33.8) (17.1) 52.2 (120.4)

2,570.6

First Bus Em

North America Em

725.4

10.0 (4.5)

24.1 1.1 (3.0) (3.0) (0.5)

(63.3)

617.5

3,312.0

31.5 (4.5) 94.9 11.9 (363) (20.1) 51.7 (183.7) (683)

3,188.1

First Rail Em

1,519.9 1,246.4 72.5

36.7 683 27.3

313 (52.3)

2,951.1

[illegible]

| | | | | | |
|---------------------------|---------|-------|---------|---------|---------|
| Cash and cash equivalents | 10.6 | 15.2 | 24.8 | - | 24.8 |
| | 2,622.6 | 454.8 | 3,077.4 | 1,866.0 | 4,943.4 |

The table above includes a cash holding of £80m that is a component of an investment designed to provide exposure to the equity market. The portfolio will therefore benefit from equity market investment. Ural is ERM higher than shown in the table above.

| | North Total | | | | |
|-------------------------------|-------------|-----------------|---------------|----------------|------------------|
| | Em | First Bus Em | America Em | non-rail Em | First Rail Total |
| At 31 March 2017 | | | | | |
| Global equity | 851.8 | 190.3 | 1,042.1 | - | 1,042.1 |
| Private equity | 99.3 | 29.7 | 129.0 | 111.7 | 240.7 |
| Fixed income/liability driven | 1,239.6 | 232.5 | 1,472.1 | - | 1,472.1 |
| Other return seeking assets | 275.2 | 6.3 | 281.5 | 871.8 | 1,153.3 |
| Real estate | 92.7 | 37.2 | 129.9 | 32.5 | 162.4 |
| Cash and cash equivalents | | | 55.9 | 12.7 | 68.6 |
| | 2,614.5 | 508.7 | 3,123.2 | 1,018.0 | 4,141.2 |

tf) Accounting for First Rail pension arrangements

In relation to the defined benefit pension arrangements it sponsors for employees of the rail franchise it operates, FirstGroup's obligations differ from its obligations to its other pension schemes. These are shared cost arrangements. All the costs, and any deficit or surplus, are shared 60% by the employer and 40% by the members. In addition, at the end of the franchise, any deficit or surplus in the scheme passes to the subsequent franchisee with no compensating payments from or to the outgoing franchise holder. FirstGroup's obligations are thus limited to its contributions payable to the schemes during the period over which it operates the franchise.

The disclosed information has been set out to illustrate the effect of this on the costs borne by FirstGroup. In particular, 40% of the costs, gains or losses and any deficit are attributed to the members. In addition, the total surplus or deficit is adjusted by way of a 'franchise adjustment' which 'Deludes an assessment of the changes that will arise from contracted future contributions and which 'stems' portion of the net 'ic' of surplus or deficit, which the Group will not be required to fund or honour from, 'the remaining, calendar street items and gains or losses relate to Hull Trains which is operated under direct access, rather than franchise. ■

Notes to the consolidated financial statements continued

36 Retirement benefit schemes continued Reconciliation of Rail franchises:

At 1 April 2017 New SWR franchise Income statement

- Operating
- Service cost
 - Admin cost

Assess Em'
1,018.0 654.7

2003 156.7

Cm
(1,519.9) (1,246.4)
44.3

Em

Adjustment for employee share of RPS Liabilities deficits (40%)

(1103) (6.0)

Franchise adjustment Em

299.1 235.0

40.7

Net _Cm
"(23)

(253) (6.0)

44.3

7.6 51.0

40.7

11.4 52.1

Amounts paid to/(from) scheme

Employer contributions Employee contributions

Pe'iofii paid

Total

Expected closing position

Chertge in financial assumptions

Return on assets in excess of discount rate

Experience

31.5 203 (52.3)

1,914.9 (48.9)

52.3

52.3

(2,8920) (31.8)

(27.3)

(12.6) (8.3)

(20-9)

388.5 12.7 19.6 13.3

123 (12.3)

0.2

586.4 183 29.2 14.0

31.4 0.2

31.6

(2.2) (0.3) (0.1)

(48.9)

1,866.0 (2,951.1)

t

FirstGroup Annual Report and Accounts 2018

36 Retirement benefit schemes continued

Assets Cni

Liabilities Em
Adjstment for employee sham ol FPS deficits (40%) Cm

Franchise adjust monl Em

Net
Em

At 1 April 2016 Income statement

Operating

- Service cost -Admin cost
- Past service gain including curtailments
- Settlements

Total Operating

Financing

Total Income statement

(1,168.5)

(60.2) (1.0) 0.5

18.2

(42.5)

(42.2)

(84.7)

117.2

24.1

(0.2) (2.6)

21.3

| | | | |
|---|------------------------|--------------|--------------------------|
| 3.8 | | | |
| 25.1 | | | |
| 174.9 | | | |
| 15.1 | | | |
| (3.8) 11.3 | | | |
| 5.8 17.1 | | | |
| (0.9) | | | |
| (21.0) (1.0) 0.3 | | | |
| (21.7) | | | |
| (21.7) | | | |
| Amounts paid to/(from) scheme | | | |
| Employer contributions | Employee contributions | Benefit paid | |
| Total | | | 21.9 14.6 _(2a2) 8.3 |
| Expected closing position | | | |
| Change in financial assumptions | | | |
| Return on assets in excess of discount rate | | | |
| Experience | | | |
| Total | | | |
| At 31 March 2017 | | | |
| 904.6 | | | |
| 113.4 | | | (1,225.0) (315.9) |
| 113.4 | | | |
| | | | 21.0 |
| (294.9) | | | |
| 1,018.0 (1,519.9) | | | |
| | | | 127.7 126.5 (45.4) (8.0) |
| 73.1 | | | |
| 200.8 | | | |
| 192.0 188.0 (68.0) (12.9) | | | |
| K)7.1_ 299.1 | | | |
| (0.7) (1.4) | | | |
| 0.1 | | | |
| C-3) (2.0) | | | |

FirstGroup Annual Report and Accounts 2018

Notes to the consolidated financial statements continued.

36 Retirement benefit schemes continued

(g) Consolidated statement of comprehensive income

Amounts presented in the consolidated statement of comprehensive income comprise:

| | | 2018 £m | 2017 Cm |
|---|--------|------------|------------|
| Actuarial loss on DBO | (53.9) | (710.3) | |
| Actuarial (loss)/gain on assets | (39.2) | 473.4 | |
| Actuarial gain on franchise adjustment | 107.7 | 180.2 | |
| Adjustment for irrecoverable surplus | 12.0 | (33.0) | |
| Uains/iiosscsi on defined bero'it schemes | | 26.6 | (89.7) |

(h) Adjustment for First UK Bus irrecoverable surplus

Movements in the adjustment for the First UK Bus irrecoverable surplus were as follows:

| | | 2018 Cm | 2017 Cm |
|--|---------|------------|------------|
| At 1 April | (167.7) | (129.9) | |
| Interest on irrecoverable surplus | (4.7) | (4.8) | |
| Actuarial gain/(loss) on irrecoverable surplus | 12.0 | (33.0) | |
| At 31 March | (160.4) | (167.7) | |

Cash contributions

At 31 March 2018 the Group is committed to make deficit recovery payments with a net present value of £20.7m (2017: £131.1m) over the period to 6 April 2029, in respect of the First UK Bus Pension Scheme. The net present value reflects the amount of deficit recovery payments that would be required to meet the actuarial deficit in full, discounted at 5.3% per annum. The IAS 19 deficit of the scheme at 31 March 2018 is £27.0m (2017: £152.8m). Management consider that, were a pension asset to arise in respect of this scheme, this would be fully recoverable through actions within the Group's control, in line with the rules of the scheme.

The estimated amounts of future contributions expected to be paid to the defined benefit schemes during the financial year to 31 March 2019 is £96.0m (year to 31 March 2018: £111.5m).

Risks associated with defined benefit plans:

Generally the number of employees in defined benefit plans is reducing rapidly, as these plans are largely closed to new entrants, and the number of future accruals. Consequently, the number of defined contribution members is increasing.

The First UK Bus Pension Scheme and the FirstGroup Pension Scheme both closed to future accrual on 5 April 2018. This change will serve to limit the risks associated with defined benefit pension provision by the Group.

Despite remaining open to new entrants and future accrual, the risks posed by the RPS are limited, as under the franchise arrangements, the First Rail VOCs are not responsible for any residual deficit at the end of a franchise. As such there is only short term cash flow risk with the First Bus RPS.

FirstGroup Annual Report and Accounts 2018

36 Retirement benefit schemes continued

The key risks relating to defined benefit pension arrangements and the steps taken by the Group to manage these are:

Risk**Asset volatility****Description**

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, the Group will create a deficit. Most of the defined benefit schemes hold a substantial proportion of return-seeking assets (such as growth funds and absolute return funds) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term.

Mitigation

Asset liability modelling has been undertaken to ensure that any risks taken are expected to be rewarded.

A substantial proportion of the Group's obligations are linked to inflation and higher inflation will lead to higher liabilities.

The Group has certain inflation-linked investments that help to offset this risk. In addition, the investment strategy reviews have led to more-inflation-focused investments.

Uncertainty over contributions to defined benefit schemes can be unpredictable level of future contributions and volatile as a result of changes in the funding level revealed at each valuation.

The Group engages with the Trustees and Administering Authorities to consider how contribution requirements can be made more stable. The level of volatility and the Group's ability to control contribution levels varies between arrangements.

Life expectancy The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Linking retirement age to State Pension Age (as in The First UK Bus Pension Scheme and LGPS) has mitigated this risk to some extent.

Trapped surplus At termination of LGPS arrangements there is no right for the Company to receive any surplus that exists within the scheme. Therefore there is a risk of overfunding the schemes.

This issue is discussed with the Administering Authorities when contribution rates are set, and the Company receives professional advice on potential ways of mitigating some of this risk.

Legislative risk Future legislative changes are uncertain. In the past these have led to increases in obligations, through increasing pension increases, and vesting of deferred pensions, or reduced investment return through the ability to reclaim Advance Corporation Tax.

The Group receives professional advice on the impact of legislative changes.

37 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the Directors, which comprise the Board who are the key management personnel of the Group, is set out below in the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on pages 98 to 104.

| | Year to 31 March 2018 £m | Year to 31 March 2017 £m |
|-----------------------------|-----------------------------------|-----------------------------------|
| Basic salaries | 1.6 | 1.6 |
| Performance-related bonuses | 0.1 | 0.5 |
| Dividends | 0.1 | 0.0 |
| Fees | 0.7 | 0.6 |
| Share-based payment | 1.1 | 0.8 |
| | 3.6 | 3.5 |

1. The above figures are in £m and are based on the remuneration of the Directors as disclosed in the Directors' remuneration report on pages 98 to 104.

Notes to the consolidated financial statements continued

38 Information about related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and equity accounted investments as at 31 December 2018 is set out below.

Subsidiaries - wholly owned and incorporated in the United Kingdom

AE&FR Brewer Limited, Heol Gwyrsoydd, Penlan, Swansea, SA5 7BN Airport Buses Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AB
Airport Coaches Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Badgerline Group Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
Bolton Coachways and Travel Limited, Wallshaw Street, Oldham, OL1 3TR
Bristol Bus Station Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF Butler Woodhouse Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Cawlett Limited, Enterprise House, Easton Road, Bristol, BS5 0DZ
CCB Holdings Limited, 8th Floor The Point, 37 North Wharf Road, London, W21AF
CCB TV Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
CentreWest Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
CentreWest London Buses Limited, Bin Floor The Point, 37 North Wharf Road, London, W2 1AF
CentreWest ESOP Trustee (UK) Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
Chester City Transport Limited, Bus Depot, Wallshaw Street, Oldham, OL1 3TR
Crosville Limited, Bus Depot, Wallshaw Street, Oldham, OL1 3TR
Don Valley Buses Limited, Otrvo Oroya, Staffield, South Yorkshire, S2 3GA
East Coast Trains Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
East West Rail Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
Eastern Scottish Omnibuses Limited, Carmuir House, 300 Stirling Road, Larbert, Stirlingshire, FK5 3NJ
ECOC (Holdings) Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
FB Canada Holdings Limited, 395 King Street, Aberdeen, AB24 5RP
FG Canada Investments Limited, 395 King Street, Aberdeen, AB24 5RP
FG Learning & Development Limited¹, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
FG Properties Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
FGI Canada Holdings Limited, 395 King Street, Aberdeen, AB24 5RP
First Aberdeen Limited, 395 King Street, Aberdeen, AB24 5RP
First Ashton Limited, Wallshaw Street, Oldham, OL1 3TR
First Beeline Buses Limited, Bus Depot, Empress Road Southampton, Hampshire, SO14 0JW
First Bristol Limited¹, 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Caledonian Sleeper Limited, 395 King Street, Aberdeen, AB24 5RP
First Capital Connect Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
First Capital East Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
First Capital North Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
First CentreWest Buses Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
First Coaches Limited, Enterprise House, Easton Road, Bristol, BS5 0DZ
First Croes Country Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
First Cymru Buses Limited, Heol Gwyrsoydd, Penlan, Swansea, West Glamorgan, SA5 7BN
First Dublin Metro Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
First East Anglia Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
First East Midlands Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
First Eastern Counties Buses Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
First Essex Buses Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR First European Holdings Limited¹, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF First Games Transport Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF First Glasgow Limited¹, 100 Cathcart Road, Glasgow, G42 7BH
First Glasgow (No.1) Limited, 100 Cathcart Road, Glasgow, G42 7BH
First Glasgow (No.2) Limited, 100 Cathcart Road, Glasgow, G42 7BH
First Great Northern Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
First Great Western Limited¹, 15 Canada Square, Canary Wharf, London, E14 5GL First Great Western Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH First Great Western Trains Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 5DH First Greater Western Limited, Milford House, 100 Cathcart Road, Glasgow, G42 7BH First Hampshire & Dorset Limited, Bus Depot, Empress Road, Southampton, Hampshire, SO14 0JW
First Information Services Limited¹, 395 King Street, Aberdeen, AB24 5RP
First International (Holdings) Limited¹, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF First International No.1 Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF

! First Manchester Limited, Wallshaw Street, Oldham, OL1 3TR
' First Merging Pension Schemes Umited, 8th
Floor The Point, 37 North Wharf Road, London. W2 1AF
First Metro Limited, 4th Floor Capital House, 25 Chapel Street, London, NW1 SDH
First Midland Red Buses Limited. Bus Dcpoi, Westway, Chelmsford, Essex CM 1 3AR
Rrst North West (Schools) Limited. Wallshaw Street, Oldham, 011 3TR
First North West Limited, Wallshaw Street. Oldham, Old 3TR
1 Rrst Northern Ireland Limited, ?r Anhur Street, Belfast, BT1 4GA
First Northern Railway Limited.
4th Roor Capital House, 25 Chapel Street, London, NW1 SDH
Rrst Pioneer Bus Limited. Wallshaw Street Oldham, OL1 3TR
Rrst Potteries Limited. Bus Depot, Westway,
Chelmsford, Essex, CM1 3AR
Rrst Provincial Buses Limited, Empress Road.
Southampton, Hampshire, S014 OJW
Rrst Rail Holdings Limited¹, 4th Floor Capital
House. 25 Chapel Sireel, Loxjon, NW1 SDH
Rrst Rail Support Umited, 8th Floor The Point, 3/
North Wharf Road, London, W2 1 AF
Rrst Scotland East Umited, Carmuir House, 300 Stirling Road, Larbert, Slirtngshire, FK5 3NJ First ScotRail Limited, 305 King Stroot, Aberdeen, AB24 5RP
Rrst ScotRailRailways Umited, 395 King Street, Aberdeen, AB24 5RP
Rrst Shared Services Umited. 395 King Street. Aberdeen, AB24 5RP
Rrst South West Limited, Union Street, Camborne, Cornwall. TRM 8HF
Rrst South Yorkshire Umited, Olive Grove, SMtafd, Scute «iksr*ti, St IGA
Rrst Student UK Umited, 8th Roor The Point, 37 North Wharf Road, London, W2 1AF
Rrst Thameslnk Umited. 4th Floor Capital House 25 Chapel Street, London, NWt SDH First Trains Umited, 4th Boor Capital House, 25 Chapel Sireel, London, NWt 5DH
First TransPennine Express Limited, 4th Floor Capital House, 25 Chapel Street. London, NW1 5DH
First Travel Solutions Umited, Unit 20 Time Technology Park, Blackburn Road, Burnley. BB12 7TG
First Wessex National Limited, Enterprise House, Easton Road, Bristol, BS5 ODZ
Rrst West of England Limited, Enterprise House.
Easton Road, Bristol, BS5 00Z
First West Coast Umited, 4th Floor Capital House,
25 Chapel Street, London, NW1 5DH
Rrst West Yorkshire Umited, Hunslet Park Depot,
Donisthorpe Street, Leeds, Yorkshire, LS10 1PL
Rrst York Umited, Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS10 1PL
FirstBua (North) Limited¹, 8th Floor The Point. 37 North Wharf Road, London, W2 1 AF
FirstBus (South) Limited¹, 8th Roor The Point, 37 North Wharf Road, London, W? 1AF
FirstBua Group Limited, 8th Roor The Point, 37 North Wharf Road, London, W21AF
FirstBus Investments Limited¹, 8th Floor The Point, 37 North Wharf Road, London, W? 1AF
FirstGroup American Investments, 3S5 King Street, Aberdeen, AB24 5RP
FirstGroup Canadian Rnace UmitedV &th Floor The Point, 37 North Wharf Road, London, W2 1AF FirstGroup CIF Trustee Limited¹, 8th Floor Thfi Point, 37 North Wharf Road, London, W2 1AF
FirstGroup Construction Limited, 8th Floor The : Pcmr, 37 North Wharf Road, London, W2 1AF
. FirstGroup Holdings Umited¹. 3th Floor Tho Poinr, ■ 37 North Wharf Road, London W2 1AF
FirstGroup (QUEST) Trustees Limited¹ 8th Flooi The Point, 3/ North Wharf Road. London, W2 1AF

FirstGroup Annual Report and Accounts 2018

38 Information about related undertakings continued

FirstGroup US Finance Limited¹.395 Krhg Street. Aberdeen, AB24 5RP
FirstGroup US Holdings, 395 King Street, Aberdeen, AB24 5RP
Fleetrisk Management Limited, Olive Grove,
SntfM. Souise Yortel*o, S2 30A
Q.E. Mair Hire Services Limited, 395 King Street,
Aberdeen, AB24 5RP
G.A.G. Limited¹, Enterprise House, Easton Road, Bristol. BST» ODZ
GB Extended Ventures Limited, 4th Floor Capital Houso, 25 Chapel Street, London, NW1 SDH
GB Railways Group Limited¹,4th Floor Capital House, 25 Chapel Street, London, NW1 5DH
GB Railways Limited, 4th Roor Capital House, 25 Chape/ Street, London, NW1 5DH
GMBN Employees' Share Scheme Trustee Limited, Bus Depot, Wallshaw Street, Oldham, i'ncBshire. OL1 3TR
Great Western Holdings Umited¹, Milford House, 1 Milford Street, Swindon, SN1 1HL
Great Western Trains Company Umited¹,
16 Oanaoa, Square, Canaiy Wharf. London, C14 5GI Great Western Trustees Limited, Milford House, 1 Milford Street, Swindon, SN1 1HL
Grenville Motors Umited, 8th Floor The Point,
37 N'-vih Wharf Road, London. W2 1 AF
Greyhound Umited, 8th Roor The Po:nt, 37 North Wharf Road, London, W2 1AF
Greyhound UK Limited, 8th Roor The Point,
3/ Mi? tn Wharf Road, London, W2 1 AF
GRT Bus Group Limited¹,395 King Street, Aberdeen, AB24 5RP
Guma Umited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Halesworth Transit Umited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR Hampshire Books Limited, Empress Road, Southampton, Hampshire, SO 14 OJW
Horizon Trains Umited, 4th Roor Capital House,
25 Chapel Street, London. NW1 5DH

Hull Trains Company Limited, 4th Floor Europa
Indexbegin Limited, Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS10 1PL
KCB Limited, 100 Calhcart Road, Glasgow, G42 7BH
Kelvin Central Buses Limited, 100 Cathhead Road, Glasgow, G42 7BH
Kelvin Scottish Omnibuses Limited, 100 Cathcart noae, Glasgow, G42 7BH
Kirkpatrick of Deoside Limited, 395 King Street, Aberdeen, AB24 5RP
Lynton Bus & Coach Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Lynton Company Services Limited, Bus Depot, Westway, Chelmsford. Essex. CM1 3AR Mainline ESOP Trustees (No 1) Limited, Olive
Mainline ESOP Trustees (No 2) Limited, Obve
Mainline Partnership Limited¹, Olrvg Grove,
Mainline Partnership Pension Trustees Limited,
Mainline Employees' Shareholding Trustees
Limited
Midland Bluebird Limited, Carmuir House, 300 Stirling Road Larbert, Stirlingshire, FK5 3NJ Midland Travellers Limited, Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS10 1PL North
Devon Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF North Western Trains Company Limited*, 15 Canada Square Canary Wharf. London, £14 5GL Northampton Transport
Limited, Bus Depot, Westway, Chelmsford, Essex, CM1 3AR Portsmouth Transit Limited, Empress Road, Soutliampton, Hampshire, S014 0JW Quickstep Travel Limited, I lunslet Park Depot,
Donisthorpe Sreet, Leeds, Yorkshire, LS10 1PL Reiver Ventures Properties Limited, Carmuir House, 300 Stirling Road, Larbert, Stirlingshire, FK5 3NJ
Reiver Ventures Limited, Carmuir House, 300 Stirling Road. Larberf, Stirlingshire, FK5 3NJ Reynard Buses Limited, Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS101PL Rider Holdings
Limited, Hunslet Park Depot, IDonisthorpe Street, Leeds, Yorkshire, LS10 1PL Rider Travel Limited, Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS10 1PL
S Turner & Sons Limited, Bus Depot. Westway, Chelmsford. Essex, CM1 3AR Scott's Hospitality Limited, 8th Floor The Point, 37 Math Whnrf Road, I ondon W2 1AT Sheaffino (S.U.T.) Limited, Clve
Grove. She'Vld. South Yorkshire, S2 3GA
Sheffield a District Traction Company Limited, Ofive Giove. Sheffield. South Yorkshire, S2 SGA
Sheffield United Transport Limited.Olive Grove, Sheffield, South Yorkshire, S? 3GA SkWplace Training Limited, Heol Gwyrosydd, Penlan, Swansea, West Glamorgan, SA5 7BN
Smiths of Portland Limited, Enterprise House, Easton Road, Bristol, BS5 ODZ SMT Omnibuses Limited, Carmuir House, 300 Stirling Hosd. I arbfrt, Stirlingshire. FK5 3MJ
Southampton CityBus Limited, Empress Road, Southampton, Hampshire, S014 0JW Southampton City Transport Company Limited,
Empress Road, Southamoton. Hampshire,
S014 0JW
Sovereign Quay Limited, 8th Floor The Point, 37 North Wharf Road, London. WP IAF
Strathclyde Buses Limited, 100 Cathcart Road. Glasgow, G42 7BH
Streamline Buses (Bath) Limited¹, Enterprise House, Easton Road, Bristol, BS5 0OZ Taylors Coaches Limited, Enterpnse House, , Easton Road, Bristol, BS5 ODZ
I The First Group Scottish Pension Scheme Trustee
Limited, 8th Floor The Point, 37 North Wharf Road,
London, W2 1AF
I The FirstGroup Scottish Pension Schema I Trustee Limited, 6th Roor The Point, 37 North
Wharf Road, London, W2 1AF
The First South & Wales Pension Scheme
Trustee Lmited, 8th Roor The Point, 37 North
Wharf Road, London, W2 1AF I The First UK Bus Pension Scheme Trustee I Limited, 8th Floor The Point, 37 North Wharf Road, . London, W2 1AF
The New Great Eastern Railway Company
Limited¹. 4th Floor Capital House. 25 Chapel Street,
London, NW1 5DH
TotalJourney Limited¹, 4th Floor Capiral House. 25 Chapel Street. London, NW1 5011
Tram Operations Limited, Trainlink Depot, Coomber Way, Croydon, CR0 4TQ
Transportation Claims Limited, 8th Roor The Point, 37 North Wharf Road, London, W? 1AF
Truronian Limited, 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
Wessex of Bristol Limited, Enterprise House, Fasten Road. Bristol, BS5 ODZ
West Dorset Coaches Limited. Enterprise House, Easton Road, Bristol, BS5 ODZ
Western National Holdings Limited, 8th Floor The Point, 37 North Wharf Road. London, W2 1AF

**Subsidiaries - wholly owned
and incorporated in the United States
of America**
Americanos USA, LLC, 350 N St Paul Street. Dallas, TX 75201
ATE Management of Duluth, 600 Vine Street, Suite 1400, Cincinnati, Ono 45202
Atlantic Greyhound Lines of Virginia, Inc.
350 N. St. Paul Street. Dallas, TX 75201 Berkshire Transit Management, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Central Mass Transit Management Co, Inc.
237 Grow St, Worcester, MA u iiiiUu
Central Virginia Transit Management, Inc.
COO V'ins Street, iiii'to 1400, Cincinnati. Ohio -15202
Champion City Transit Management, Inc.
600 Vi.-n Street. Sute 1400, Cineirratl. Ohio 4f<202
Durham City Transit Company, 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Rrst DO, Inc. BOO Vine Street, Suite 1400, Cincinnati, Ohio 45202
FirstGroup Investment Corporation, 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
First Management Services LLC, 600 Vine Street, Suite 1400. Qncinnati, Ohio 46202
Rrst Mile Square LLC, 600 Vine Sreet, Suite 1400. Cincinnati, Ohio 45202
Rrst Student Management Services LLC,
500 Vine Str-ne.t. Suite 1400, Cincinnati. Ohio AC.ZQ?
Rrst Student, Inc. 600 Vine Street, Suite 1400, Qncinnati, Ohio 45202
Rrst Transit. Inc. 600 Vine Street, Suite 1400,
Uinctnnoli, Ohio
Rrst Transit Rail Services of MD, LLC. 600 Vine Street, Suite 1400, Cmcinnati, Ohio 45202
Rrst Transit Rail Services of TX, LLC. 600 Vine Street. Suite 1400. Cincinnati, Ohio 45202 Rrst Vehicle Services, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
FirstGroup America Holdings, tne. 600 Vine Street. Suite 1400, Cincinnati, Ohio 46202
FirstGroup America, Inc. GOO Vine Street, Strife 1400, Cincinnati, Ohio 45202
FirstGroup International. Inc. 2221 E Lamar Blvd. Suite 500. Arlington. TX. 76007

Franklin Transit Management, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
GLI Corporate Risk Solutions, Inc. 350 N. St Paul Street, Dallas, TX 75201
Greyhound Unas, Inc. 350 N. St. Paul Street, Dallas, TX 75201
H.N.S. Management Company, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Laidlaw International Finance, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202

FirstGroup Annual Report and Accounts 2018 155

Notes to the consolidated financial statements continued

38 Information about related undertakings continued

Laidlaw Medical Holdings, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Laidlaw Transportation Holdings, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Laidlaw Transportation Management, Inc.
1400 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Laidlaw Transportation, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Laidlaw Two, Inc. Corporation Trust Center,
1400 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Laredo Transit Management, Inc. 2221 E Lamar Blvd. Suite 500, Arlington, TX, 76007 LSX Delivery, LLC, 350 N. St. Paul Street, Dallas, TX 75201
Merrimack Valley Area Transportation, Inc.
500 Vine Street, Suite 1400, Cincinnati, Ohio 45202 MidSouth Transportation Management, Inc.
1400 Vine Street, Suite 1400, Cincinnati, Ohio 45202
National Insurance and Indemnity Corporation,
30 Main Street, Suite 330, Burlington, VT 05401
On Time Delivery Service, Inc. 350 N. St. Paul Street, Dallas, TX 75201
Paratransit Brokerage Services TM, Inc. 287
Grove Street, Worcester, MA 01606
Paratransit Management of Berkshire, Inc.
600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Safe Ride Services, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Shuttle Services M.I.A., Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
South Coast Transit Management, Inc.
600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Southwestern Virginia Transit Management, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Special Transportation Services, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Springfield Area Transit Company, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 SuTran, Inc. 600
Vine Street, Suite 1400, Cincinnati, Ohio 45202
Transit Management of Abilene, Inc.
600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of Ada County, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of Alexandria, Inc. 600 Vine Street,
Suite 1400, Cincinnati, Ohio 45202 Transit Management of Ashville, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of Canyon County, Inc. 600 Vine Street, Suite 1400,
Cincinnati, Ohio 45202 Transit Management of Central Maryland, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of Denton, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio
45202 Transit Management of Dutchess County, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of Montgomery, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Transit Management of Racine, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of Richland, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of
Rocky Mount, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of Sherman, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Transit Management of Spartanburg, Inc. 600
Vine Street, Suite 1400, Cincinnati, Ohio 45202 Transit Management of St Joseph, Inc. 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Transit Management of Wilmington, Inc.
600 Vine Street, Suite 1400, Cincinnati, Ohio 45202 Valley Area Transit Company, Inc. 350 N. St Paul Street, Dallas, TX 75201
Valley Garage Co. 350 N. St. Paul Street, Dallas, TX 75201
Valley Transit Co, Inc. 350 N. St. Paul Street, Dallas, TX 75201
Subsidiaries - not wholly owned but incorporated in the United States of America
DG 21 LLC (51%), 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
SYPS LLC (87.5%), 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202
Transportation Realty Income Partners Limited Partnership (50%), 600 Vine Street, Suite 1400, Cincinnati, Ohio 45202

Subsidiary - wholly owned and incorporated in US Virgin Islands
Prima, Inc. 1 Estate Hope, St. Croix, Virgin Islands

**Subsidiaries - wholly owned
and incorporated in Ireland**
Aeroporto Limited, 25-28 North Wall Quay, Dublin
FirstGroup Treasury Finance (Ireland) DAC,
Airport Business Park, Dublin Airport, Dublin
Last Passive Limited, 25-28 North Wall Quay, Dublin

**Subsidiary - wholly owned
and incorporated in India**
Transit Operations India Private Limited, Lentin
Chambers, 2nd Floor, Dalai Street, Fort Mumbai

"Reduced Disclosure Framework"; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of FirstGroup plc (the 'Parent Company') and its subsidiaries (the 'Group') which comprise

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated and Parent Company balance sheets;
- the Consolidated cash flow statement;
- the Consolidated and Parent Company statements of changes in equity; and
- the related notes 1 to 38 of the Consolidated results and 1 to 10 of the Parent Company results.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited in the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of FirstGroup plc continued

Summary of our audit approach

Key audit matters that we identified in the current year were.

- « Accounting for rail franchise contracts, including the forecast profitability of the TransPennine Express ("TPEx") and the Western "feifvay" ("GWR") franchises; and the recognition of the provision for the Western "feifvay" ("GWR") franchises.

- The assessment of the carrying value of First Student and Greyhound goodwill;

- » Valuation and completeness of individually material and incurred but not reported claims forming part of the self-insurance provision in North America;
- Valuation of pension scheme liabilities; and
- Accuracy of material manual adjustments to revenue recognition at First Student and First Transit.

Materiality

Scoping

Significant changes in our approach

T1 to materiality. We used the U.S. Group's financial statements as the basis of M% of loss based on the carrying amount of intangible amortisation, bond make whole costs, and K's onerous contract provisioning.

We performed a full scope audit of each of the following operating divisions as they are the core of the Group's business. The seven components account for over 95% of the Group's net assets, revenue, and operating profit.

Our audit approach for the current year included the following changes, as compared to our audit of the prior year:

- The inclusion of SWR within the scope of our audit following the commencement of the franchise in August 2017.
- « The key audit matter relating to the carrying value of goodwill was expanded at the planning stage of our audit to include Greyhound due to reduced forecast performance. This key audit matter was also expanded to include forecast cash flows in the current year.
- « The key audit matter relating to the self-insurance provision in North America was focused on the valuation of individually material claims, and the incurred but not reported claims as well as the discount rate applied.
- « The revenue recognition key audit matter in the current year is specific to the accuracy of material manual adjustments to revenue in First Student and First Transit, as opposed to the whole group as in the prior year.
- « In the current year we have revisited our materiality calculation as the forecast results of the Group were revised. We have also updated our approach to exclude the impact of bond make whole costs, impairments and TPE onerous contract provisioning.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement on page 44 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

- the disclosures on pages 34-39 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 44 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Independent auditor's report to the members of FirstGroup plc
continued

Key audit matters

Tin,,,,, mutters were addressoO in the context of our audit of the financial statements as a whole, and in fern unit ol,- opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for rail franchise contracts -•

Key audit matter description

How the scope of our audit responded to the key audit matter

1 The Group operates a number of complex rail franchise contracts. Judgement is required in the evaluation of the overall profitability of the franchise contracts and whether they are onerous and at, such inquire provision for future losses

GWR and IPE franchise profitability

This judgement includes consideration of the key assumptions regarding passenger revenue growth, costs, the impact of major infrastructure work, electrification and resignalling, introduction of new trains and negotiations with industry partners.

GWR and SWR Performance related amounts

Judgement is also required in relation to the timing of recognition of certain performance related amounts the Group is entitled to receive under franchise contracts but the valuation of which was not finalised as at the year end.

Management has highlighted contract and franchise accounting as a key source of estimation uncertainty in note 2 to the consolidated financial statements and the Audit Committee has identified this as a Significant Issue or Judgement in their report.

The audit procedures we performed in respect of the key audit matter included: GWR and TPE franchise profitability

- Walking through the process undertaken by Management in estimating the forecast profitability and the design and implementation of key controls;
- Challenging Management to understand the key drivers forming the basis of the franchise profitability forecasts;
- » Reviewing and challenging Management's key assumptions by reference to independent industry sources and relevant supporting evidence and sensitising the impact these have on management's assessment of the profitability of the two contracts;
- Recalculating the relevant forecasts;
- Assessing and challenging Management's expected range of possible outcomes; and
- Reviewing the related financial statement disclosures.

Performance related amounts in GWR and SWR

« Gaining an understanding of Management's process for recognising performance related amounts and the calculation of any amount to be deferred and assessing the design and implementation of key control;

- Reviewing the calculations performed by Management and the correspondence with industry partners;
- Assessing the appropriateness of the treatment of performance regime compensation recognised in the income statement and deferred on the balance sheet.

The results of our procedures were satisfactory and we concur with the judgements made and the resulting accounting for rail franchise contracts, noting the following observations:

GWR and TPE franchise profitability

We concluded based on the available evidence that:

- « Management's assessment that the GWR franchise contract will remain profitable, and that no onerous contract provision is required is reasonable;
- The onerous contract provision of £106.3 million recorded by Management in respect of TPE is reasonable.

Performance related amounts in GWR and SWR

We concluded that performance related amounts recognised in the income statement during the year and deferred on the balance sheet at year end are reasonable.

FirstGroup Annual Report and Accounts 2018

Forecast margin used in Re valuation of First Student and Greyhound "goodwill" (£1,138 million);

Key audit matter description

@

How the scope of our audit responded to the key audit matter

«The carrying value of goodwill»

The assessment of the carrying value of goodwill, as described in note 7, involves judgement in relation to forecasting future cash flows. At the planning stage of our audit we identified the Carrying Value of Goodwill Units as a key audit matter. The carrying value of goodwill is the difference between the carrying amount of the First Student CGU (C1,336 million at 31 March 2017) and the fair value of the CGU (£291.9 million), as disclosed in note 11 to the financial statements.

In the current year we focused on the forecast margin within Management's discounted cash flow model given that this is where the most significant judgement is required.

Headroom for First Student has decreased in reported sterling from £709.2 million at 31 March 2017 to £662.5 million at 31 March 2018.

An impairment loss of £277.3 million has been recognised as the recoverable amount calculated by Management was less than the carrying value of the Greyhound CGU. The impairment loss of £260.6 million was first allocated to goodwill, which has been fully written down, and the remaining impairment loss of £16.7 million was allocated to the other tangible and intangible assets of the CGU on a pro rata basis according to the carrying amount of each asset in the CGU.

Management has highlighted Impairment of Intangible assets (including goodwill) as a key source of estimation uncertainty in note 2.

The Audit Committee report on page 65 refers to the carrying value of First Student and Greyhound goodwill as one of the significant issues and judgements considered by the Audit Committee.

The audit procedures we performed in respect of this key audit matter included:

- gaining an understanding of Management's process for developing their impairment models and assessing the design and implementation of key controls;
- agreeing the underlying forecasts to the Board approved three year plan;
- meeting with Divisional Management teams to understand and challenge forecasts in detail;
- testing the underlying assumptions within the cash flow projections impacting the forecast margin including estimates around contract retention at First Student and passenger revenue growth and cost assumptions at Greyhound by reference to third party data;
- challenging the terminal growth and discount rate assumptions used within the impairment models by reference to market data;
- assessing cash flow projections with reference to historical trading performance and forecasting accuracy; « considering the reasonableness of, and recalculating, the sensitivity assessment applied by Management;
- performing further independent sensitivity analysis on the impairment model; and

« considering the appropriateness of the disclosure on reasonably possible changes. »

We conclude that taken together the assumptions applied in the final impairment models are reasonable. We note that the disclosure around the sensitivity to be proportionate to the level of judgement.

Independent auditor's report to the members of FirstGroup plc continued

Valuation of the self-insurance provision in North America (£311 million)

Key audit matter description

The underlying calculation of the North American self-insurance reserves is subject to judgement based on the volume and severity of claims. We have identified a key audit matter relating to the valuation of the individually unwound claims within the North American self-insurance provision and the estimated value of incurred but not reported ("IBNR") claims as well as the discount rate applied.

Management has highlighted self-insurance provisioning as a key source of estimation uncertainty in note 2 to the consolidated financial statements.

Our Audit Committee report on page 65 refers to North America self-insurance provisions as one of the significant issues and judgements considered by the Audit Committee. The provision is disclosed in note 25 to the consolidated financial statements.

How the scope of our audit responded to the key audit matter

The audit procedures we performed in respect of this key audit matter included:

- gaining an understanding of Management's process for developing the North American self-insurance reserves, including how Management ensures the completeness of IBNR claims, and assessing the design and implementation of key controls;
- meeting with the Management and their external actuary to challenge key assumptions;
- working with our actuarial specialists in North America to independently develop an actuarial calculation and comparing the provision recorded to the actuarial range calculated by Management and their external actuary, considering the methodologies employed and comparing assumptions used to the Group's historical experience; and
- challenging the appropriateness of the discount rate used through comparison to market rates.

We are satisfied that the assumptions used are reasonable and that the valuation of the North American self-insurance reserve is reasonable.

Valuation of pension scheme liabilities (£6,139 million)

Key audit matter The Group operates, in a labour intensive industry with large membership, a number of defined benefit pension

schemes. The valuation of gross pension liabilities, as disclosed in note 36 is materially sensitive to changes in the underlying assumptions adopted in respect of the discount, inflation, and mortality rates.

Management has highlighted defined benefit pension arrangements as a key source of estimation uncertainty in note 6 to the consolidated financial statements.

How the scope of our audit responded to the key audit matter

Our Audit Committee report on page 65 refers to Pensions as one of the significant issues and judgements considered by the Audit Committee.

The audit procedures we performed in respect of this key audit matter included:

- gaining an understanding of Management's process for determining the underlying assumptions and assessing the design and implementation of key controls;
 - working with our actuarial specialists to test the estimates determined by Management and its external actuary considering the methodologies employed and comparing assumptions used to the Group's historical experience and to listed and industry benchmarks; and
 - challenging the appropriateness of the discount, inflation and mortality rates used through comparison to those used by similar entities.

Key observations We are satisfied that the assumptions applied in the valuation of the pension scheme liabilities are reasonable. We consider the disclosure around the sensitivity of the valuation to be appropriate.

Accuracy; of material manual to revenue recognition processes

Key audit matter description

As disclosed in the Group's accounting policies in note 1, revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably. In some instances, revenue recorded may be subject to manual adjustments to revenue recognised, for example where amounts are unbilled at the year end.

The accuracy of recording any such material manual adjustments to revenue represents a key risk of material misstatement to revenue due to fraud. This includes manual adjustments to accrued or deferred income balance sheet items that impact revenue in the income statement.

The key audit matter applies to the First Student and First Transit divisions, due to the judgement required in assessing the level of unbilled revenue accrued on contracts in those divisions at year end. We focus on these divisions as we have identified such, unrecognised balances in the other divisions of the Group.

The Audit Committee's report on page 66 refers to Revenue recognition as one of the significant risks and judgements considered by the Audit Committee.

How the scope of our audit responded to the key audit matter

The audit procedures we performed in respect of this risk included:

- gaining an understanding of Management's process for ensuring the accuracy of manual adjustments to revenue and assessing the design and implementation of key controls;
- understanding the judgements taken by Management in determining material manual adjustments at First Student and First Transit, their accuracy and the associated deferred and accrued income;
- recalculating the accuracy of material accrued income balances and reviewing supporting documentation on a sample basis; and
- auditing revenue related journal entries by selecting items that demonstrated characteristics of being manual in nature

by agreeing the supporting documentation to determine the rationale for the entries

The results of our procedures were satisfactory and we did not identify inappropriate manual adjustments to revenue.

Our application of materiality

While the materiality of misstatements in the financial statements that makes it probable that the economic decisions of a reasonable person will be influenced. We have evaluated both in planning the audit and in evaluating the results of our work.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows.

. Parent Company financial statements

Materiality

Basis for determining materiality

E7.5 million (2017: £9.0 million)

We determined materiality for the Group to be E7.5 million (2017: £9.0 million), which is 5.4% (2017: 4.3%) of loss before tax of £326.9 million adjusted for intangible amortisation of £70.9 million, bond make-whole payments of £10.7 million, impairment of £277.3 million and TPE onerous contract provision of £106.3 million.

£8.0 million (2017: £8.0 million)

Parent Company materiality represents less than 1% of net assets (2017: loss than 1%).

Rationale for the benchmark applied

We consider a profit measure to be the most appropriate basis for determining materiality as this is the measure on which business performance is analysed. The exclusion of amortisation, bond make-whole costs, Impairments and the TPE onerous contract provision is consistent with the key measure used by the Group for internal and external reporting.

The Parent Company is a holding company which

does not produce revenue and therefore a profit benchmark would not be relevant. Not asserts was considered the most relevant benchmark for the nature of the Parent Company

- Financial statements
- Interim financial statements

£138.3m

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £375,000 (2017: £300,000) for the Group. If differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls over key audit areas, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the FirstGroup America component (First Student, First Transit, Greyhound and the North American self-insurance captive entity).

FirstGroup America (GWR, TP and SWR), the First Bus Division as well as certain Group central functions.

The locations subject to full audit procedures represent the principal business units and account for over 95% of the Group's net assets, revenue and profit. The locations subject to limited audit procedures are those that are not considered to be a local entity.

Our audit scope was based on the Group's financial statements and the consolidated financial statements of the Group. Our audit scope was based on the Group's financial statements and the consolidated financial statements of the Group.

The Group audit team have directed and supervised the work of the component audit teams during the course of the year. We included all relevant component audit teams in the audit process. We included all relevant component audit teams in the audit process.

March 2018 and May 2018. Other senior members of the Group audit team also visited the FirstGroup America component in October 2017.

FirstGroup Annual Report and Accounts 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon.

(iii) -> the other information is the information that is not included in the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing

so, to identify any material inconsistencies between the other information and the financial statements or our knowledge obtained in the audit or otherwise.

appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether the financial statements or a material misstatement of the other information. If, in the course of the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements in the financial statements include where we conclude that:

- Fair, balanced and understandable - the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

■ *Audit committee reporting - the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or*

» Directors' statement of compliance with the UK Corporate Governance Code - the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditors in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement,

but we do not provide a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A full description of the scope of our audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in our report. It is not for any other purpose, and we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report to the members of FirstGroup plc continued

Report on other legal and regulatory requirements' Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception Adequacy of explanations received

and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters Auditor tenure

Following the recommendation of the audit committee, we were appointed on 7 March 2009 to audit the financial statements for the year ending 31 March 2010 and subsequent financial periods. The period of total uninterrupted engagement including previous tenure and reappointments of the firm is five years, moving the years ending 31 March 2009 to 31 March 2018.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Mark Mullins, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
31 May 2018

FirstGroup Annual Report and Accounts 2018

Group financial summary - 'Unaudited'

Consolidated income statement

Group revenue

Operating profit before amortisation and other adjustments

Operating profit (loss) for the period

2018 £m

(196.2)

283.6

6,398.4 317.0 (70.9) (442.3)

2017 £m

5,653.3 339.0 (60.2) 4.8

2016 £m

| | |
|---|----------------------------|
| | 5,218.1 300.7 (51.9) (2.5) |
| 246.3 | |
| | 2015 Cm |
| 6,050.7 303.6 (54.3) | |
| 245.8 | |
| | 2014 Cm |
| | 6,717.4 |
| | 268.0 |
| | (53.4) |
| | 17.6 |
| | 232.2 |
| *Jel limpet: cost | |
| ip-eiteolivo-less on tmaricirJ depv-itivss | |
| ,1 ;j,si/iM >I! b-i.'.it: i'yx | |
| lax | |
| (l ossi/pr-jit '<tr the yfer EBITDA | |
| | (132.0) 1.0 |
| 152.6 | |
| (36.5) | |
| 116.1 | |
| 686.6 | |
| | (132.4) (0-4) |
| 113.5 | |
| (17.1) | |
| 96.4 | |
| 615.9 | |
| | (139.7) (0.3) |
| 1058 | |
| (20.3) | |
| 85.5 | |
| 624.4 | |
| (156.1) (17.6) | |
| 58.5 | |
| 5.7 | |
| _64,2 579.8 | |
| Earnings per share | |
| Adjusted Basic | |
| pence | |
| 123 (24.6) | |
| pence | |
| | 12.4 9.3 |
| pence | |
| 10.3 7.5 | |
| pence | |
| 9.8 6.2 | |
| pence | |
| 7.5 5.1 | |
| Consolidated balance sheet | |
| Non-current assets Net current liabilities Non-current liabilities Provisions | |
| Net assets | |
| Em | |
| 3,802.9 (3003) | |
| (1,671.0) (341.0) | |
| 1,490.6 | |
| Cm | |
| 4,524.9 (153.0) | |
| (2,011.8) (284.2) | |
| 2.075.9 | |

4,201.3 (239.3)
(2,066.5) (262.3)
1,633.2

Cm

4,025.1 (160.9)
(2,141.3) (236.7)
1,486.2

Cm

3,686.7 (78.4) (2,123.7)

1,223.0

Share data

Number of shares in issue (excluding treasury shares and shares in trusts)

At year end Average

millions

1,210.8 1,205.1

millions

1,207.7 1,204.8

millions

1,204.3 1,204.0

millions

1,203.7 1,204.0

millions

1,204.2 1,059.3

Share price

At year end

High

Low

pence

82 153 77

pence

132 133

pence

97 128 81

pence

91 140 91

pence

146 224 92

Market capitalisation

At year end

Em 993

Cm 1,594

Cm 1,168

Cm 1,095

Cm 1,757

rirsIGroup Annual Report and Accounts 2018

Company balance sheet

As at 31 March

| | Note | 2018 £m | 2017 £m |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Investments | | 3 | 2,099.62.011.6 |
| Current assets | | | |
| Cash and cash equivalents | 63.9 | 18.9 | |
| Derivative financial instruments - due within one year | 4 | 17.7 | 1.7 |
| • due after more than one year | 4 | 20.748.6 | |
| • Debtors - due within one year | 5 | 2,120.02,468.7 | |
| • due after more than one year | 5 | 1.02.5 | |
| | | 2,223.3 | 2,540.4 |
| Current liabilities | | | |
| Creditors - amounts falling due within one year | 7 | (550.0) | (471.3) |
| On balance sheet | 4 | (5.4) | (29.5) |
| | | (555.4) | (500.8) |
| Net current assets | | 1,667.9 | 2,039.6 |
| Total assets less current liabilities | | 3,767.5 | 4,051.2 |
| Non-current liabilities | | | |
| Creditors - amounts falling due after more than one year | 7 | (1,272.5) | (1,458.5) |
| Derivative financial instruments | 4 | (29) (8.6) | |
| Net assets | | 2,492.1 | 2,584.1 |
| Capital and reserves | | | |
| Called up share capital | 8 | 60.5 | 80.4 |
| Share premium | 681.4 | | 678.9 |
| Other reserves | 2621 | | 269.6 |
| Own shares | 9 | (6.3) | (1'.5) |
| Shareholders' funds | | 1,576.7 | |
| <u>2,492.1</u> | | <u>2,584.1</u> | |

The Company reported a loss for the financial year ended 31 March 2018 of £83.4m (2017: £229.7m profit).

Tim O'Toole
31 May 2018

Matthew Gregory
31 May 2018

Company number SC157176

Statement of changes in equity As at 31 March

Balance at 1 April 2016

Total comprehensive income for the year Shares issued
Movement in EBT and treasury shares Share-based payments

Balance at 31 March 2017

Total comprehensive loss for the year Shares issued
Movement in EBT and treasury shares Share-based payments

Balance at 31 March 2018

60.2

0.2

Share Share capital premium Cm Cm

676.4

2.5

60.4 678.9

0.1 2.5

60.5 681.4

Own shares Em

(1.6)

0.1

(1.5)

(4.8)

(6.3)

Hedging reserve Em

6.7

| | | |
|-----------------------------------|--|----------------------|
| 0.8 | | |
| 7.5 (A5) | | |
| 166.4 | | Merger reserve Em |
| 166.4 | | |
| 166.4 | | |
| 933 | | Capital reserve Em |
| 933 | | |
| 93.8 Total Em | | |
| 1341.0 2,344.6 | | Retained earnings Em |
| 1.9 <u>(2.2) (2.1) 8.2 8.2</u> | | 229.7 230.5 2.7 |
| 1,576.7 2584.1 | | (83.4) (90.9) 2.6 |
| (7.8) (12.6) 8.9 8.9 | | |
| 1.9 1,494.4 2,492.1 | | |

FirstGroup Annual Report and Accounts 2018

Notes to the Company financial statements

1 Significant accounting policies Basis of accounting

The repata'o fianr;-:;! ::;itt;juori;. oi lh.-: Coep^: / ;pro preprinted as ieguneri by the Companies Act 2006 The financial stitit-.i-iuents i'.'w;- been prepared on ;> historical out outt'S. cxcclpl 'or lthe rcvalu.it.or' <http://rcvalu.it.or> of certain financial instruments and on a tiing ecnesm bass a;; desc-iis^d \, ihe going concern statement within the Directors' report and additional disclosures on pages 95 to 97.

The Cori-oany riio.-ls tiic ■ju.'.n "tor of a quaWy.ng «sntity under Francal Rfeportino Standard (FRS 101) 'ReuVcwJ Disclosure fVainewoik' issued by the Hirancial Ftepoitin<: <1o.i:v:ii. Acoonlingiv, those f'naicial' statements have been prepared in accordance with I'HS 101.

As permitted by FRS 101, the Company has taken advantage ofthe disclosure exemptions available under that standard in relation to share-basrsd'pnyrnehf, financial insirun-erits. osp,t.;:l manaporren', presentation of a cash-flow statement arid certain related parly iians.-iotioris.

The finaic;;;il sti*em.,f'!<t for fiio year ended 'it Mainl' i'U18 include the results and financial position of iho Company for the f.ij weeks endx; 31 Muron :.,,\" \ in f : :?il'; ' :i ^,tal'imcnis for this year ernted 31 iVlarch 2017 include the results arid financial pos.lior 'if tho Company roi ;pp o? weeks oprkvl ?& Mai rn i'1 ■; /

Where riHevant, equivalent disclosures have been given m the consolidated financial statements. The principal accounting policies adopted a'o the same as those sr>i out in note t to the consolidated financial statements except as noted below.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment. For investments In subsidiaries acquired for consideration, including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

Dividend distribution

Dividend distribution to iuo Company's sharonulders ts recognised as a liability in the Company's financial statements 'tt lthe period in wpch the dividends are approved by the Company's shareholders.

Dividends receivable from the Company's subsidiaries are recognised only when they are approved by shareholders.

2 Profit for the year

As permitted ny section '08 of Ir;o Companies Act 2006, tho Company has elected not to present its own profit and loss account for the year. lthe profit attnouiable :<> the Compoy is disclosed in the footnote to ll w Company's balance sheet.

Pees payable to tho Company s auditors foi the audit of the Company's annual financial statements are disclosed in note (i of the Group accounts.

The Company iukli'o erpJoyees in trie current or preceding financial year

3 Investments in subsidiary undertakings

Unlisted subsidiary undertakings Em

Cost

At 1 April 2017 Additions

At 31 March 2018

Provision for impairment

At 1 April 2017 and 31 March 2018

Carrying amount At 31 March 2018

At 31 March 2017

2,099.6

2,011.6

ihe additions in tho year principally relate to investment in FirstGoup US Finance Limited. A full list of subsidiar ies and investments can oe found in note 38 to the Group accounts.

FirstGroup Annual Report and Accounts 2018

4 Derivative financial instruments

| | | | | 2016 Em | 2017 Em |
|---|------|------|------|------------|------------|
| Total derivatives | | | | | |
| Total assets - due after more than one year | | 20.7 | | 48.6 | |
| Total assets - due within one year | | | | | - |
| 17.7 | 1.7 | | | | |
| Total assets | | | 384 | 50.3 | |
| Total creditors - amounts falling due within one year | | 5.4 | | 29.5 | |
| Total creditors - amounts falling due after more than one year | | - | 29 | 8.6 | |
| Total creditors | | 8.3 | | 38.1 | |
| Derivatives designated and effective as hedging instruments carried at fair value Non-current assets | | | | | |
| Coupon swaps (fair value hedge) | | | 17.6 | 48.6 | |
| <i>Current assets</i> | | | | | |
| Coupon swaps (fair value hedge) | 11.4 | | | | |
| Total assets | | | 29.0 | 48.6 | |
| Derivatives classified as held for trading Non-current assets | | | | | |
| Fuel derivatives | | | JM | | |
| Current assets | | | | | |
| Currency forwards | | | | - 1.1 | |
| Fuel derivatives | | | | 6.3 | 0.6 |
| | | | | | 6.3 |
| Total assets | | | | 9.4 | 1.7 |
| Current liabilities | | | | | |
| Currency forwards | | 5.3 | | 0.1 | |
| Fuel derivatives | | | 0.1 | - 29.4 | |
| | | | 5.4 | | - 29.5 |
| Non-current liabilities | | | | | |
| Fuel derivatives | | - | | 8.6 | |
| Currency forwards | | | 29 | - | |
| | | | | | 29 |
| Total liabilities | | | 8.3 | 38.1 | 8.6 |

The objectives and procedures can be found in note 24 of Iba Group accounts. As the holding company for the Group, the Company faces similar risks over foreign currency and Interest rate movements.

5 Trade and other receivables

| | | | | 2019 Em | 2017 Em |
|---|--|--------|-----|----------------|----------------|
| Amounts due within one year | | | | | |
| Amounts due from subsidiary undertakings | | 2120.0 | | 2,468.6 | |
| Other debtors | | - | | 0.1 | |
| | | | | <u>2,120.0</u> | <u>2,468.7</u> |
| Amounts due after more than one year | | | | | |
| Deferred tax asset (note 6) | | | 1.0 | 2.5 | |

Notes to the Company financial statements continued

6 Deferred tax

The major deferred tax assets recognised by the Company and the movements thereon during the current and prior reporting periods are as follows:

| | 2018 Em | 2017 Em |
|----------------------------|--------------|------------|
| At 1 April 2017 (2.5) | | |
| Charge to income statement | 2.9 | |
| Credit to equity | (1.4) | |
| At 31 March 2018 | (1.0) | |

The following table shows the movement in the deferred tax assets and liabilities during the reporting periods:

| | 2018 Em | 2017 Em |
|---|--------------|--------------|
| <u>Deferred tax assets due after more than one year</u> | <u>(1.0)</u> | <u>(2.5)</u> |

7 Creditors

| | 2018 Em | 2017 Em |
|---|--------------|--------------|
| Amounts falling due within one year | | |
| Bank loans and overdrafts | - | 54.3 |
| Senior unsecured loan notes | - | 80.0 |
| £300.0m Sterling bond - 6.125% 2018 | - | 12.9 |
| £250.0m Sterling bond - 6.125% 2019 | 261.3 | 3.0 |
| £350.0m Sterling bond - 8.750% 2021 | 30.1 | 30.2 |
| £325.0m Sterling bond - 5.750% 2022 | 5.8 | 5.8 |
| £200.0m Sterling bond - 6.875% 2024 | 7.2 | 7.2 |
| Corporation tax | - | 1.7 |
| Amounts due to subsidiary undertakings | 237.1 | 269.6 |
| Accruals and deferred income | 8.5 | 6.6 |
| | 550.0 | 471.3 |
| Amounts falling due after more than one year | | |
| Syndicated loan facilities | 197.0 | |
| £300.0m Sterling bond - 8.125% 2018 | - | 298.8 |
| £250.0m Sterling bond - 6.125% 2019 | - | 270.0 |
| £350.0m Sterling bond - 8.750% 2021 | 358.9 | 369.0 |
| £325.0m Sterling bond - 5.750% 2022 | 321.6 | 321.1 |
| £200.0m Sterling bond - 6.875% 2024 | 199.8 | 199.6 |
| Senior unsecured loan notes | 195.2 | |
| | 1,272.5 | 1,458.5 |

Borrowing facilities

The maturity profile of the Company's undrawn committed borrowing facilities is as follows:

| | 2018 Em | 2017 Em |
|-----------------------------------|--------------|--------------|
| Facilities maturing: | | |
| <u>Due in more than two years</u> | <u>603.0</u> | <u>800.0</u> |

Details of the Company's borrowing facilities are given in note 21 to the Group accounts.

8 Called up share capital

2018 20 U
Em Cm

Allotted, called up and fully paid

1,210.8m (2017: 1,207.7m) ordinary shares of 5p each

60.5 60.4

The number of ordinary shares of 5p in issue, excluding treasury shares held in trust for employees, at the end of the period was 1,203.1m (2017: 1,203.3m). At the end of the period 0.7m shares (2017: 0.7m shares) were being held as treasury shares and own shares held in trust, for employees.

9 Own shares

Cm Own shares

At 1 April 2017 (1.5m) Movement in EBT, QUEST and treasury shares during the year (4.8)

At 31 March 2018

(6.3)

The number of own shares held by the Group at the end of the year was 7,653,968 (2017: 437,005) FirstGroup plc ordinary shares of 5p each. Of these, 7,464,219 (2017: 2,172,516) were held by the FirstGroup plc Employee Benefit Trust, 32,520 (2017: 32,520) by the FirstGroup plc Qtrawyer Employee Share Ownership Trust and 157,229 (2017: 157,229) were held as treasury shares. Both trusts and treasury shares have waived the rights to dividend income from the FirstGroup plc ordinary shares. The market value of the shares at 31 March 2018 was £6.3m (2017: £0.6m).

10 Contingent liabilities

Investigations into the Croydon tram incident are ongoing and it is uncertain when they will be concluded. The tram was operated by Tram Operations Limited (TOL), a subsidiary of the Company, under a contract with a TfL subsidiary. TOL provides the drivers and management to operate the tram services, whereas the infrastructure and trams are owned and maintained by a TfL subsidiary. No proceedings have been commenced and, as such, it is not possible to assess whether any financial penalties or related costs could be incurred.

To support subsidiary undertakings in the normal course of business, the Company and certain subsidiaries have indemnified certain banks and insurance companies who have issued performance bonds for £783.7m (2017: £710.4m) and letters of credit for £327.7m (2017: £369.0m). The performance bonds relate to the North American businesses of £544.6m (2017: £570.1m) and the First Rail franchise operations of £238.5m (2017: £140.3m). The letters of credit relate substantially to insurance arrangements in the UK and North America. The parent company has committed further support facilities of up to £145.2m to First Rail Train Operating Companies.

The Company is party to certain unsecured guarantees granted to banks for overdraft and cash management facilities provided to itself and subsidiary undertakings. The Company has given certain unsecured guarantees for the liabilities of its subsidiary undertakings arising under certain loan notes, hire purchase contracts, finance leases, operating leases, supply contracts and certain pension scheme arrangements.

11 The Company also provides unsecured cross guarantees to certain subsidiary undertakings as required by VAT legislation. First Bus subsidiaries have provided unsecured guarantees on a joint and several basis to the Trustees of the First Bus Pension Scheme.

In its normal course of business First Rail has ongoing contractual negotiations with governmental and other organisations.

On 14 November 2017, Reading Borough Council served First Greater Western Limited (GWR), a subsidiary of the Group, and Network Rail Infrastructure Limited (a third party) with a noise abatement notice in respect of the operations at the Reading railway depot. The serving of the notice has been appealed, and the related court hearing is currently scheduled to take place in the first quarter of 2019 (unless the matter is settled between the parties before that date), it is not possible at this stage to quantify the implications for the GWR operations, if any, if they are not ultimately successful with respect to this appeal.

Shareholder information

Annual General Meeting (AGM) and electronic voting

The AGM of the Company will be held at 1.30pm on Tuesday 17 July 2018 at the Aberdeen Exhibition and Conference Centre, Exhibition Avenue, Bridge of Don, Aberdeen, AB238BL.

The Notice of AGM (Notice) and Form of Proxy are enclosed with this Annual Report and Accounts, if you have chosen to receive hard copy communications from the Company. The Notice can also be found on the Company's website

Shareholders can submit proxies for the 2018 AGM electronically by logging on to www.sharevote.co.uk <<http://www.sharevote.co.uk>>. Electronic proxy appointments must be received by the Company's Registrar, Equiniti, no later than 1.30pm on Friday 13 July 2018 (or in total less than 48 hours, excluding non-business days, before the time fixed for any adjourned meeting).

Website and shareholder communications

A wide range of information on FirstGroup is available at the Company's website including:

- financial information - annual and half-yearly reports as well as trading updates
- share price information - current trading details and historical charts
- shareholder information - AGM results, details of the Company's advisers and frequently asked questions
- news releases - current and historical.

FirstGroup uses its website as its primary means of communication with its shareholders provided that the shareholder has agreed or is deemed to have agreed that communications may be sent or supplied in that manner. Electronic communications allow shareholders to access information instantly as well as helping FirstGroup to reduce its costs and its 'carbon footprint'. "In order to do this, we need your consent to receive electronic communications from us." If you do not wish to receive electronic communications, please contact Equiniti.

If shareholders can sign up for electronic communications online by registering with Shareview, the internet based platform

provided by Equiniti. In addition to enabling shareholders to register to receive communications by email, Shareview provides a facility for shareholders to manage their shareholding online by allowing them to:

- receive trading updates by email
- view their shareholdings
- update their records, including change of address
- view payment and tax information
- vote in advance of company general meetings.

To find out more information about the services offered by Shareview, please visit www.shareview.co.uk <<http://www.shareview.co.uk>>.

Shareholder enquiries

The Company's share register is maintained by Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed below.

Registrar

Equiniti Limited

Aspect House

Spencer Road

Lancing, West Sussex

BN996DA

Tel: 0371 384 2046*

(or from overseas on Tel: +44 (0)121 415 7050) Online: help.shareview.co.uk <<http://help.shareview.co.uk>> (from here, you will be able to securely email Equiniti with your enquiry).

* Telephone lines are open from 8.30am to 5.30pm, Monday to Friday.

If you receive more than one copy of the Company's mailings this may indicate that more than one account is held in your name on the register. This happens when the registration details of separate transactions differ slightly. If you believe more than one account exists in your name, please contact Equiniti to request that the accounts are combined. There is no charge for this service.

Equiniti also offer a postal dealing facility for buying and selling FirstGroup plc ordinary shares; please write to them at the address quoted or telephone 0371 384 2248.

FirstGroup also offer a telephone dealing service which provides a simple

method of buying and selling shares. For telephone dealing call 0345 300 0000. For internet dealing call 0345 300 0000. Monday to Friday, and for internet dealing

ShareGift

If shareholders have a small number of shares and the dealing costs or the small number of shares make it uneconomical to sell them, it is possible to donate these to ShareGift, a registered charity, who provides a free service to enable you to dispose charitably of such shares. More information on this service can be found at www.sharegift.org <<http://www.sharegift.org>> or by calling +44 (0)20 7930 3737. A ShareGift transfer form can also be obtained from Equiniti.

Policy on discounts for shareholders

It is not the Group's policy to offer travel or other discounts to shareholders. FirstGroup is focused on overall returns which are of benefit to all shareholders.

Unsolicited telephone calls and correspondence

Shareholders should be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. These are typically from overseas based 'brokers' who target US or UK shareholders, offering to sell them what often turns out to be worthless or high risk shares. These operations are commonly known as 'boiler rooms' and the 'brokers' can be very persistent and extremely persuasive.

Shareholders are advised to deal only with financial services firms that are authorised by the Financial Conduct Authority (FCA). You can check if a firm is properly authorised by the FCA by visiting www.fca.org.uk/register. If you do deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if anything goes wrong. For more detailed information on how you can protect yourself from an investment scam, or to report a scam, go to www.fca.org.uk/consumers/scams/ or call 0800111 6768.

Half-yearly results

The half-yearly results, normally announced to the market in November, will continue to be available on the Company's website in the form of a press release and not issued to shareholders in hard copy

FirstGroup Annual Report and Accounts 2018

Analysis of shareholders at 31 March 2018

| Number of accounts | % of total accounts | Number of ordinary shares | % of ordinary share capital |
|--------------------|---------------------|---------------------------|-----------------------------|
|--------------------|---------------------|---------------------------|-----------------------------|

By category of shareholders

Individual Institutional

Total

| | | |
|--------|--------|-----|
| 31,356 | 31,017 | 939 |
|--------|--------|-----|

| | | |
|--------|-------|------|
| 100.00 | 97.06 | 2.94 |
|--------|-------|------|

| | |
|---------------|---------------|
| 48,546,002 | 1,162,286,032 |
| 1,210,832,034 | |

| | |
|--------|-------|
| 4.01 | 95.99 |
| 100.00 | |

By size of holding

1-1,000 1,001-5,000 5,001-10,000 10,001-100,000 Over 100,000

Total

| | | | | | |
|--------|--------|-------|-------|-----|-----|
| 31,966 | 22,955 | 6,479 | 1,412 | 822 | 288 |
|--------|--------|-------|-------|-----|-----|

| | | | | | |
|--|-------|-------|------|------|------|
| | 71.83 | 20.27 | 4.42 | 2.57 | 0.91 |
|--|-------|-------|------|------|------|

| | |
|---------------|------------|
| 5,612,995 | 15,503,972 |
| 9,881,569 | 19,278,628 |
| 1,160,554,870 | |

| | |
|--------|---------------|
| 100.00 | 1,210,632,034 |
|--------|---------------|

| | | | | |
|------|------|------|------|-------|
| 0.46 | 1.28 | 0.82 | 1.59 | 95.85 |
|------|------|------|------|-------|

| |
|--------|
| 100.00 |
|--------|

Financial calendar

AGM

Half-yearly results

Contact information 17 July 2018 General Counsel & Company Secretary

November 2018

Michael Hampson
Tel: +44 (0)20 7291 0505

Tel: +44 (0)20 7291 0505

Registered office

FirstGroup plc 395 King Street Aberdeen AB24 5RP Tel: +44 (0)1224 650 100 Registered in Scotland Registered number: SC157176

London corporate office

FirstGroup plc 8th Floor The Point
37 North Wharf Road
London W2 1AF
Tel: +44 (0)20 7291 0505

Joint corporate brokers

Goldman Sachs Peterborough Court 133 Reet Street London EC4A2BB

J.P Morgan Cazenove Umtea 25 Bank Street Canary Wharf London E14 5JP

Auditor

Deloitte LLP
2 New Street Square
London EC4A3BZ

Cautionary comment concerning forward-looking statements

This Annual Report and Accounts includes forward-looking statements with respect to the business, strategy and plans of FirstGroup and its subsidiaries. As far as is known, these statements are based on the information available to the Company at the time they are made. Forward-looking statements are statements that relate to future events or financial performance. Such statements are often identified by the use of words such as 'may', 'could', 'will', 'expect', 'intend', 'anticipate', 'aim', 'outlook', 'believe', 'plan', 'seek', 'continue', 'potential', 'reasonably possible' or similar expressions. Forward-looking statements are intended to identify forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause actual results, performance or achievements of FirstGroup to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Forward-looking statements are not guarantees of future performance and shareholders are cautioned not to place undue reliance on them. Forward-looking statements speak only as of the date they are made and except as required by the UK Listing Rules and applicable law, the Company does not intend to update or revise these statements. In addition, the Company does not intend to be bound by any results or forecasts that may be published by the Company or its subsidiaries in the future.

FirstGroup Annual Report and Accounts 2018

Glossary

Set out below is a guide to commonly used financial, industry and Group related terms in the Annual Report and Accounts. These are not precise definitions and are included to provide readers with a guide to the general meaning of the terms.

AGM

Annual General Meeting APB

Auditing Practices Board, part of the Financial Reporting Council

BAYE

Buy As You Earn The Board

The Board of Directors of the Company CGU

Cash Generating Unit CO₂(e)

Carbon dioxide equivalent, allowing other greenhouse gas emissions to be expressed in terms of carbon dioxide based on their relative global warming potential. Usually expressed as per kilowatt hour or per passenger kilometre

Company

FirstGroup plc, a company registered in Scotland with number SC157176 whose

FirstGroup plc, a company registered in Scotland with number SC167110 whose registered office is at 395 King Street, Aberdeen AB24 5RP

CPI

Consumer price index, an inflation measure that excludes certain housing related costs

Defra

Department for Environment, Food and Rural Affairs (UK Government)

DfT

Department for Transport Dividend

Amount payable per ordinary share on final merger and final basis

EABP

Executive Annual Bonus Plan EBITDA

Earnings before interest, tax, depreciation and amortisation

Opportunity Cost of Capital

attribution: <Jaw-CiVi EBT

EPA

United States Environmental Protection Agency

EPS

■ Earnings per share

; Greenhouse gas emissions

Global positioning system

FirstGroup plc and its subsidiaries

Great Western Railway franchise

International Accounting Standards

International Financial Reporting Standards

Key performance indicators, financial and non-financial metrics used to define and measure progress towards our strategic objectives

LBG

London Benchmarking Group, an organisation that has created a framework for measuring community impact

LGPS

Local Government Pension Scheme

Like-for-like revenue

Revenue adjusted for changes in the composition of a divisional portfolio, holiday timing, 53rd week, severe weather and other factors, for example engineering possessions in the First Rail, that distort the year-on-year trends in our passenger revenue businesses

Local authority

Local government organisations in the UK, including unitary, metropolitan, district and city councils

LTIP

Long term Incentive Plan Net debt

The value of Group external borrowings excluding the fair value adjustment for interest rate swaps, excluding accrued interest, less

Network Rail

Owner and operator of Britain's

Financial Key Performance Indicators

NOx

A generic term for the nitrogen oxides that are most relevant for air pollution

Ordinary shares

FirstGroup plc ordinary shares of 5p each

Public limited company

The rail industry's Public Performance Measure reflects punctuality and reliability. Trains are deemed punctual if they arrive at their destination, having made all timetabled stops, within five minutes of scheduled time for London and South East and regional/commuter services and ten minutes for long distance trains

Road divisions

References to the 'Road' divisions combine First Student, First Transit, Greyhound, First Bus and Group items

ROCE

Return on capital employed is a measure of capital efficiency and is calculated by dividing adjusted operating profit after tax by all assets and liabilities excluding debt items

SAYE

Save As You Earn

Save As You Earn CMA

South Western Ftaillway franchise TfL

Transport for London, the local government organisation responsible for most aspects of London's transport system

TOC

Train operating company TPE

TransPennine Express rail franchise TSR

Total shareholder return, the growth in value of a share held/ the growth in value of a share held over a specified period assuming that dividends are reinvested to purchase additional shares

WRI/WBCSD

The Greenhouse Gas Protocol was developed

try VvOiKi Rejourns Ir'S'J'.i to an:l Wo io Bus'r'ssa Ctxinijl o; Sustar.&tjfc* DavMtYJ'iier:

FirstGroup Annual Report and Accounts 2016

Principal and registered office FirstGroup plc 395 King Street Aberdeen AB24 5RP Tel. +44(0)1224 650100 Fax. +44 (0)1224 650140

Registered in Scotland number SC157176

London corporate office

FirstGroup plc

11th floor, 11th Floor

37 North Wharf Road

Paddington

London W2 1AF

Tel. +44(0)20 7291 0505

Fax. +44 (0)20 7636 1338

www.firstgroupplc.com <<http://www.firstgroupplc.com>>