

**THIS CIRCULAR AND ANY ACCOMPANYING TENDER FORM AND FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you sell or have sold or otherwise transferred all of your Ordinary Shares before 1.00 p.m. on 29 November 2021, please forward this Circular (but not any personalised Form of Proxy or Tender Form) as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, no documents should be forwarded or sent in or into any Restricted Jurisdiction. If you sell or have sold or otherwise transferred part only of your holding of Ordinary Shares, you should retain this Circular and any Form of Proxy and Tender Form and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.



## **FIRSTGROUP PLC**

*(Incorporated and registered in Scotland with registered number SC157176)*

**Proposed return of £500 million to shareholders by way of tender offer for up to 476,190,476 ordinary shares**

**Potential share buyback and share consolidation authority**

**Notice of General Meeting**

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**Please read the whole of this Circular. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I (*Letter from the Chairman*) of this Circular and which contains the recommendation from the Board that you vote in favour of the resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn in particular to the risk factors set out in Part III (*Risk Factors*) of this Circular. A summary of the action to be taken by Shareholders is set out in paragraph 11 of Part I (*Letter from the Chairman*) of this Circular and in the accompanying Notice of General Meeting.**

**None of the Company, its Directors, officers, employees or advisers or their respective affiliates makes any recommendation to any Qualifying Shareholder whether to tender or refrain from tendering any or all of its, his or her Ordinary Shares in the Tender Offer and none of them has authorised any person to make any such recommendation. Shareholders are urged to evaluate carefully all information in this Circular and the Tender Form, consult their own investment and tax advisers and make their own decisions as to whether to tender Ordinary Shares, and, if so, the number of Ordinary Shares to tender.**

**The Tender Offer will open on 28 October 2021 and will close at 1.00 p.m. on 29 November 2021, unless such dates are altered by means of an announcement through a Regulatory Information Service, and will only be available to Qualifying Shareholders on the Register at the Record Date. The procedure for participating in the Tender Offer is set out in Part IV (*Details of the Tender Offer*) of this Circular. If you hold your Ordinary Shares in certificated form and wish to tender any such Ordinary Shares for purchase by Goldman Sachs under the Tender Offer, the Tender Form must be completed, signed, witnessed and returned, together with your share certificate(s) and/or other document(s) of title, in accordance with the instructions printed thereon, on or after 28 October 2021 and so as to be received by post or (during normal business hours only) by hand by the Receiving Agent at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by not later than 1.00 p.m. on 29 November 2021. If you hold your Ordinary Shares in uncertificated form and wish to tender any such Ordinary Shares for purchase by Goldman Sachs under the Tender Offer, you must make your tender**

electronically through CREST on or after 28 October 2021 and so that the relevant TTE Instruction settles by not later than 1.00 p.m. on 29 November 2021.

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Shareholders who are not resident in the United Kingdom should read paragraph 6 of Part IV (*Details of the Tender Offer*) of this Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements. In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 3 of this Circular.

The Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, unless otherwise determined by the Company and permitted by applicable law and regulation, neither this Circular nor the Tender Form nor any related document is being, nor may it be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving this Circular, the Tender Form and/or any related document (including, without limitation, trustees, nominees or custodians) must not mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward this Circular, the Tender Form and/or any related document to any jurisdiction outside the United Kingdom, should seek appropriate advice before taking any action.

**The Tender Offer is conditional on approval from Shareholders of certain matters, which is being sought at the General Meeting. The Notice of General Meeting to be held at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London, SW1P 3EE at 11:00 a.m. on 18 November 2021 is set out at the end of this Circular. The Company is intending to hold the General Meeting as a physical meeting. However, the Company will be closely monitoring the restrictions over public gatherings and the UK Government's safety guidance in light of the COVID-19 pandemic. Any changes to the General Meeting arrangements will be communicated to Shareholders before the meeting through the Company's website ([www.firstgroupplc.com](http://www.firstgroupplc.com)) and, where appropriate, by RIS announcement. The Company will also be making arrangements to enable Shareholders to watch a live stream of the proceedings of the General Meeting. Further details on these arrangements are set out in the Notice of General Meeting at the end of this Circular.** Save where Shareholders have opted to register proxy appointments electronically, a Form of Proxy to be used in connection with the General Meeting is enclosed with this Circular. Whether or not you intend to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible by post or (during normal business hours only) by hand but, in any event, so as to be received by the Registrar at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by not later than 11:00 a.m. on 16 November 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar, Equiniti (CREST Participant RA19), so that it is received by not later than 11:00 a.m. on 16 November 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). Proxy appointments may also be submitted electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) or [www.shareview.co.uk](http://www.shareview.co.uk) so that the appointment is received by not later than 11:00 a.m. on 16 November 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy, electronic proxy application or the submission of a CREST Proxy Instruction, will not preclude you from attending and voting in person (in substitution for your proxy vote) at the General Meeting, or any adjournment thereof, or following the General Meeting via the live videocast (as detailed in the Notice of General Meeting at the end of this Circular), if you wish to do so and are so entitled.

This Circular is a circular relating to the proposed Return of Value which has been prepared in accordance with the Listing Rules made under section 73A of the Financial Services and Markets Act 2000 and approved by the Financial Conduct Authority.

J.P. Morgan Securities plc (which conducts its U.K. investment banking activities as J.P. Morgan Cazenove) (“**J.P. Morgan**”), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as lead joint sponsor, joint financial adviser and joint corporate broker exclusively for FirstGroup and for no one else in connection with the Return of Value and will not be responsible to anyone other than FirstGroup for providing the protections afforded to clients of J.P. Morgan or for providing advice in relation to the Return of Value, the contents of this document or any transaction, arrangement or other matter referred to in this document.

Goldman Sachs International (“**Goldman Sachs**”), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as joint sponsor, joint financial adviser and joint corporate broker exclusively for FirstGroup and for no one else in connection with the Return of Value and will not be responsible to anyone other than FirstGroup for providing the protections afforded to clients of Goldman Sachs or for providing advice in relation to the Return of Value, the contents of this document or any transaction, arrangement or other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan and Goldman Sachs (the “**Financial Advisers**”) under FSMA or the regulatory regime established thereunder: (i) neither of the Financial Advisers or any persons associated or affiliated with either of them accepts any responsibility whatsoever or makes any warranty or representation, express or implied, in relation to the contents of this Circular, including its accuracy, completeness or verification or for any other statement made or purported to be made by, or on behalf of it, FirstGroup or the Directors, in connection with FirstGroup and/or the Tender Offer; and (ii) each of the Financial Advisers accordingly disclaims, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Circular or any such statement.

This Circular includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms anticipates, believes, could, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Circular reflect FirstGroup’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group and its operations, results of operations and growth strategy. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the rules of the London Stock Exchange), FirstGroup is not under any obligation and FirstGroup expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Shareholders should note that the contents of paragraphs related to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in paragraph 7 (*Working Capital*) of Part VII (*Additional Information*) of this Circular.

## **NOTICE FOR US SHAREHOLDERS**

The Tender Offer relates to securities in a non-US company which is registered in the UK and is subject to the disclosure requirements, rules and practices applicable to companies listed in the UK, which differ from those of the US in certain material respects. This Circular has been prepared in accordance with UK style and practice for the purpose of complying with English law and the Listing Rules, and US Shareholders should read this entire Circular, including Part IV (*Details of the Tender Offer*) and Part V (*Taxation*) of this Circular. The financial information relating to the Company, which is available for review on the Company’s website, has not been prepared in accordance with generally accepted

accounting principles in the US and thus may not be comparable to financial information relating to US companies.

The Tender Offer is not subject to the disclosure and other procedural requirements of Rule 13e-4 or Regulation 14D under the US Securities Exchange Act of 1934 (the "**US Exchange Act**"). The Tender Offer will be made in the US in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(d) under the US Exchange Act. Goldman Sachs will act as US dealer manager with respect to the Tender Offer in the United States to the extent required. US Shareholders should note that the Ordinary Shares are not listed on a US securities exchange and the Company is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission thereunder.

It may be difficult for US Shareholders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since the Company is located outside the US and most of its officers and directors may reside outside the US. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US federal securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.

The receipt of cash pursuant to the Tender Offer by a Shareholder who is a US person will be a taxable transaction for US federal income tax purposes. Paragraph 2 of Part V (*Taxation*) of this Circular sets out a guide to certain US tax consequences of the Tender Offer for Shareholders under current US law. However, each such Shareholder should consult and seek individual advice from an appropriate professional adviser.

To the extent permitted by applicable law and in accordance with normal UK practice, the Company, Goldman Sachs or any of their respective affiliates, may make certain purchases of, or arrangements to purchase, Ordinary Shares outside the United States during the period in which the Tender Offer remains open for participation, including sales and purchases of Ordinary Shares effected by Goldman Sachs acting as market maker in the Ordinary Shares. These purchases, or other arrangements, may occur outside the United States either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e-5 under the US Exchange Act by virtue of Rule 14e-5(b)(12) thereunder, such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the Listing Rules, and the relevant provisions of the US Exchange Act. Any information about such purchases will be disclosed as required in the UK and the US and, if required, will be reported via a Regulatory Information Service and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com>.

While the Tender Offer is being made available to Shareholders in the US, the right to tender Ordinary Shares is not being made available in any jurisdiction in the US in which the making of the Tender Offer or the right to tender such Ordinary Shares would not be in compliance with the laws of such jurisdiction.

This Circular has not been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any US state securities commission and such authorities have not confirmed the accuracy or determined the adequacy of this Circular. Any representation to the contrary is a criminal offence in the US.

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### WHERE TO FIND HELP

You will find answers to some of the questions most often asked by shareholders about tender offers and the procedure for participating in the Tender Offer in Part II (*Questions and Answers on the Return of Value*) of this Circular. If you have further questions on the Tender Offer or the Return of Value more generally, there is a Shareholder Helpline available between the hours of 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays).

The Shareholder Helpline number is 0333 207 6537 or +44 333 207 6537 (if calling from outside the UK). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls from outside the UK will be charged at the applicable international rate. Please note that calls to the Shareholder Helpline numbers may be monitored or recorded.

**Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this Circular and the Tender Form and will be unable to give advice on the merits of the Return of Value or to provide financial, legal, investment or taxation advice.**

## EXPECTED TIMETABLE FOR TENDER OFFER

Each of the times and dates in the table below is indicative only and may be subject to change by FirstGroup, in which event details of the new times and dates will be notified to Shareholders by announcement through a Regulatory Information Service.

Tender Offer opens	28 October 2021
Latest time and date for receipt of Forms of Proxy for the General Meeting	11:00 a.m. on 16 November 2021
General Meeting	11:00 a.m. on 18 November 2021
Latest time and date for receipt of Tender Forms and share certificates or other documents of title for tendered certificated Ordinary Shares (i.e. close of the Tender Offer)	1:00 p.m. on 29 November 2021
Latest time and date for settlement of TTE Instructions for tendered uncertificated Ordinary Shares (i.e. close of the Tender Offer)	1:00 p.m. on 29 November 2021
Record Date for the Tender Offer	6:00 p.m. on 29 November 2021
Announcement of the results of the Tender Offer	2 December 2021
Unconditional Date for the Tender Offer and purchase of Ordinary Shares under the Tender Offer	2 December 2021
CREST accounts credited for revised uncertificated shareholdings of Ordinary Shares (or, in the case of unsuccessful tenders, for entire holdings of Ordinary Shares)	7 December 2021
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Ordinary Shares	7 December 2021
Cheques despatched in respect of Tender Offer proceeds for certificated Ordinary Shares	16 December 2021
Return of share certificates in respect of unsuccessful tenders of certificated Ordinary Shares	16 December 2021
Despatch of balance share certificates in respect of unsold Ordinary Shares in certificated form	16 December 2021

**Notes:**

1. All references to times in the timetable above are to London times.

## PART I

### LETTER FROM THE CHAIRMAN

FirstGroup plc  
(Incorporated and registered in Scotland with No SC157176)

*Directors*

David Martin  
Ryan Mangold  
Peter Lynas  
Warwick Brady  
Sally Cabrini  
Anthony Green  
Jane Lodge  
Julia Steyn

*Registered Office*

395 King Street,  
Aberdeen,  
AB24 5RP  
United Kingdom

27 October 2021

Dear Shareholder,

#### PROPOSED RETURN OF £500 MILLION BY WAY OF TENDER OFFER

#### AT 105 PENCE PER ORDINARY SHARE

#### AND

#### NOTICE OF GENERAL MEETING

### 1. INTRODUCTION

On 22 July 2021, FirstGroup announced the successful completion of the disposal of its First Student and First Transit businesses and its intention to return an increased amount of £500 million to Shareholders. FirstGroup subsequently announced today that, following consultation with Shareholders, it is proceeding with the return of value by way of a Tender Offer pursuant to which Qualifying Shareholders are invited to tender some or all of their Ordinary Shares (with a Guaranteed Entitlement to tender 38.9 per cent. of the Ordinary Shares held by them at the Record Date, rounded down to the nearest whole number) at a price of 105 pence per Ordinary Share. If the full £500 million is not returned to Shareholders through the Tender Offer, the Board intends to undertake a second phase of the Return of Value to return any remaining surplus cash by way of a share buyback of approximately £50 million and, for any meaningful surplus above that amount, a Special Dividend (with accompanying Share Consolidation).

The Tender Price of **105 pence per Ordinary Share** represents:

- a premium of 12.4 per cent. to the closing price of 93.4 pence per Ordinary Share on the Latest Practicable Date; and
- a premium of 16.9 per cent. to the volume weighted average price per Ordinary Share over the one month to the Latest Practicable Date.

Qualifying Shareholders are not required to tender any or all of their Ordinary Shares if they do not wish to do so. The purpose of the Circular is to provide you with information about the background to, and reasons for, the Tender Offer and why the Board considers that the Tender Offer is in the best interests of the Company and Shareholders as a whole.

As the maximum number of Ordinary Shares that may be acquired under the Tender Offer exceeds 25 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date, the implementation of the Tender Offer requires Shareholder approval by way of a resolution under the requirements of the Listing Rules (the "**Tender Offer Resolution**"). The Tender Offer Resolution will be proposed at the General Meeting of the Company to be held at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London, SW1P 3EE on 18 November 2021 at 11:00am (the "**General Meeting**").

The Circular also contains details of the other Resolutions to be proposed at the General Meeting, which (along with the Tender Offer Resolution) the Directors consider to be in the best interests of Shareholders as a whole and are recommending for your approval. The Notice of General Meeting, including the Tender Offer Resolution and Resolutions in respect of the New Buyback Authority and the Share Consolidation, is set out at the end of this Circular.

The Circular also contains further details on the procedure that should be followed by those Qualifying Shareholders wishing to participate in the Tender Offer.

The purpose of this letter is to provide details of the Tender Offer and the Return of Value and to explain why the Board considers these proposals to be in the best interests of the Company and the Shareholders as a whole. The Directors' recommendation and voting intention is set out at paragraph 13 (*Recommendation*) of this letter.

## **2. BACKGROUND TO AND BENEFITS OF THE TENDER OFFER**

### **2.1 *Background to the Tender Offer***

On 21 July 2021, FirstGroup completed the disposal of First Student and First Transit to EQT Infrastructure (the "**Transaction**"). As announced on 22 July 2021, the net disposal proceeds from the Transaction were \$3,123 million (the "**Net Disposal Proceeds**"), an increase of \$58 million over the base amount previously announced by the Company due to the final adjustments for working capital and debt and debt-like items as described in the circular in relation to the Transaction published by the Company on 10 May 2021 (the "**Transaction Circular**"). On the same date, FirstGroup announced its intention to increase the proposed return of value to £500 million (equivalent to approximately 41 pence per share at the time of announcement) from £365 million (the "**Return of Value**"). Such increase is due to the increase in Net Disposal Proceeds (as set out above), the increased clarity for First Rail resulting from agreement of South Western Railway and TransPennine Express National Rail Contracts and final rail franchise termination sums, and a more positive cashflow outlook for the Group than had been previously anticipated.

As well as enabling the Return of Value, the Transaction allows the Group to make a £337 million contribution to the UK DB Pension Schemes (of which up to £117 million will be held in escrow and may be released back to the Group on conclusion of subsequent triennial valuations from 2024 onwards, depending on scheme performance) and to address other longstanding liabilities (including those relating to the Greyhound business) while ensuring the business is appropriately capitalised to continue investing for the future.

Following consultation with Shareholders, the Board has decided that the appropriate first step is to conduct the Return of Value by way of a Tender Offer. Shareholders are therefore being invited to tender some or all of their Ordinary Shares for purchase on the terms and subject to the Conditions set out in this Circular.

Shareholders may decide not to participate fully or partially in the Tender Offer for a number of reasons, including their view of the potential for the value of the Company to increase in the future. If the full £500 million is not returned to Shareholders through the Tender Offer, the Board intends to undertake a second phase of the Return of Value to return any remaining surplus cash following completion of the Tender to Shareholders. This second phase of the Return of Value will be influenced by the size of any amount that has not been returned via the Tender Offer. In such circumstances, if there is sufficient surplus, the Board intends to return approximately £50 million of it by way of a share buyback, with any meaningful surplus above this amount being returned by way of a Special Dividend (with accompanying Share Consolidation). The role of the Share Consolidation is to seek to ensure that the price per Ordinary Share remains materially unaffected by any Special Dividend, all other things being considered.

Shareholders should read the whole of this Circular and not rely solely on the information in this letter.

## 2.2 **Why is FirstGroup pursuing the Tender Offer?**

In line with the Company's announcements of its intention to return up to £500 million of cash to Shareholders, the Board has considered the different ways of returning these funds, and has consulted with Shareholders on the different methods which are typically used to do so. Following that consideration and consultation, the Board concluded that a Tender Offer made at an appropriate premium to the price per share of Ordinary Shares on the Latest Practicable Date, is the best way to return a significant amount of capital to Shareholders in a short space of time, taking account of the relative costs, complexity and timeframes of the various possible methods, as well as the likely tax treatment for Shareholders. The Board recognises that the Tender Offer may not return the full £500 million so has set out a clear route to effectively return any amount not returned via the Tender Offer.

## 2.3 **Benefits of the Tender Offer for Shareholders**

The benefits of the Tender Offer for Shareholders as a whole are that:

- it is available to all Qualifying Shareholders regardless of the size of their holdings;
- it means Qualifying Shareholders who participate will receive, for Ordinary Shares successfully tendered, a Tender Price that represents a premium of 12.4 per cent. to the closing price of 93.4 pence per Ordinary Share on the Latest Practicable Date and a premium of 16.9 per cent. to the volume weighted average price per Ordinary Share over the one month to the Latest Practicable Date;
- it provides Qualifying Shareholders who wish to reduce their holdings of Ordinary Shares with an opportunity to do so at a market-driven price with an appropriate premium; and
- it permits Shareholders who wish to retain their current investment in FirstGroup and their Ordinary Shares to do so and no Shareholder is required to participate in the Tender Offer.

The Tender Offer will reduce the number of Ordinary Shares in issue, and so should, assuming earnings stay the same, have a positive impact on the Group's earnings per share (as the Company intends to cancel all of the Ordinary Shares acquired in connection with the Tender Offer).

## 2.4 **Coast Capital Management participation in the Tender Offer**

Coast Capital Management currently controls, in aggregate, 156,749,809 Ordinary Shares, representing approximately 12.82 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date. Coast Capital Management intends to participate in the Tender Offer, and has irrevocably undertaken to vote in favour of the Resolutions and to tender, in aggregate, 156,749,809 Ordinary Shares under the Tender Offer at the Tender Price. Further details of this irrevocable undertaking are set out in paragraph 11 of Part VII (*Additional Information*) of this Circular.

## 2.5 **General Meeting to approve the Tender Offer and the potential further phase of the Return of Value**

The Tender Offer will require the approval of Shareholders at a general meeting of the Company, which will be held at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London, SW1P 3EE on 18 November 2021 at 11:00am. A notice convening the General Meeting is set out at the end of this Circular.

There is no guarantee that the Tender Offer will return the full sum of £500 million to Qualifying Shareholders. If the full £500 million is not returned through the Tender Offer, as set out in paragraph 2.1 (*Background to the Tender Offer*), if there is sufficient surplus, the Board intends to return approximately £50 million of the surplus by way of a share buyback, with any meaningful surplus above this amount being returned by way of a special dividend (the "**Special Dividend**") (with accompanying Share Consolidation). The Company is therefore also taking the opportunity at the General Meeting to consider certain matters in addition to the Tender Offer Resolution

which would require Shareholder approval if, to complete the Return of Value, the New Buyback Authority were to be used or a Special Dividend were to be paid, including:

- a resolution authorising the Company to purchase up to a maximum of 122,281,244 Ordinary Shares, representing approximately 10 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date, which would be used to return to Shareholders approximately £50 million of the Net Disposal Proceeds not returned through the Tender Offer (the “**New Buyback Authority**”). This New Buyback Authority would replace the Existing Buyback Authority, described in paragraph 4 below, which was approved at the Company’s AGM on 13 September 2021; and
- a resolution authorising the Board to effect a consolidation and sub-division of the Company’s share capital (the “**Share Consolidation**”), which may be appropriate if a Special Dividend is paid to ensure that the market price per New Ordinary Share immediately after the payment of the Special Dividend would be approximately equal to the market price per Ordinary Share immediately before such payment.

By requesting these authorities now, the Board is seeking to ensure that the Company will be able to act quickly and without the delay and cost of convening a further general meeting if the Board does subsequently decide to return a portion of the £500 million not returned by the Tender Offer by way of a repurchase of Ordinary Shares and, if applicable, payment of a Special Dividend (with accompanying Share Consolidation). Further information about the New Buyback Authority and the Share Consolidation is set out in Part VI (*Potential further stage of the Return of Value*) of this Circular.

It is noted that there is no guarantee that, if the full £500 million is not returned through the Tender Offer, any repurchase of Ordinary Shares or Special Dividend for any surplus not returned will be paid, as such matters will be subject to the determination of the Board at the relevant time, including an assessment of prevailing equity market conditions, the capital needs of the Group, the sufficiency of distributable reserves and other factors, and the Board reserves the right to pursue alternative uses of the available funds, including for alternative share buybacks or dividends, or investment purposes.

### **3. THE TENDER OFFER**

#### **3.1 Overview of the Tender Offer**

Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in Part III (*Details of the Tender Offer*) of this Circular and in the Tender Form. Shareholders do not have to tender any Ordinary Shares.

All Qualifying Shareholders who are on the Register at 6.00 p.m. on 29 November 2021 are entitled, but not required, to tender some or all of their Ordinary Shares for purchase by Goldman Sachs, acting as principal, pursuant to the requirements set out in this Circular.

Tenders will only be accepted at the Tender Price. The Tender Price represents a premium of 12.4 per cent. to the closing price of 93.4 pence per Ordinary Share on the Latest Practicable Date and represents a premium of 16.9 per cent. to the volume weighted average price per Ordinary Share over the one month to the Latest Practicable Date.

Subject to satisfaction of the Conditions to the Tender Offer, Ordinary Shares which are successfully tendered under the Tender Offer will be purchased at a price of 105 pence per Ordinary Share.

The Issued Ordinary Share Capital on the Latest Practicable Date was 1,222,812,448. If the Tender Offer is implemented in full, this will result in the purchase of 476,190,476 Ordinary Shares (representing approximately 38.9 per cent. of the Issued Ordinary Share Capital of FirstGroup on the Latest Practicable Date). The Issued Ordinary Share Capital of FirstGroup following the cancellation of the Ordinary Shares (after FirstGroup has acquired all validly tendered and purchased Ordinary Shares from Goldman Sachs) will be 746,621,972, assuming no further options are exercised for newly issued shares in the interim. Shareholders should note that the Issued Ordinary Share Capital numbers referred to in this paragraph take no account of

any further dilution which may be caused by the Share Plans, which is explained in further detail in paragraph 7 (*Share Plans*) of this Part I.

The Tender Offer is to be effected by Goldman Sachs (acting as principal and not as agent, nominee or trustee) purchasing Ordinary Shares from Shareholders. Goldman Sachs, in turn, has the right to require the Company to purchase from it, and can be required by the Company to sell to it, such Ordinary Shares at the Tender Price under an option agreement (the “**Option Agreement**”), details of which are set out in paragraph 6 of Part VII (*Additional Information*) of this Circular. All Ordinary Shares purchased by the Company from Goldman Sachs pursuant to the Option Agreement will be cancelled.

### 3.2 **Options available to Shareholders in respect of the Tender Offer**

Qualifying Shareholders are not obliged to tender any Ordinary Shares if they do not wish to do so. If no action is taken by Qualifying Shareholders, there will be no change to the number of Ordinary Shares that they hold and they will receive no cash as a result of the Tender Offer.

Each Qualifying Shareholder who wishes to participate in the Tender Offer is entitled to submit a tender to sell some or all of their Ordinary Shares.

The total number of Ordinary Shares tendered by any Qualifying Shareholder should not exceed the total number of Ordinary Shares registered in the name of that Qualifying Shareholder at the Record Date. For example, a Qualifying Shareholder may decide to tender 50 per cent. of their Ordinary Shares, but if a Qualifying Shareholder returned a tender purporting to offer for sale more than 100 per cent. of their Ordinary Shares, they would be deemed to have tendered only the number of Ordinary Shares actually owned by that Shareholder on the Record Date, with the tender in respect of any additional shares being deemed invalid.

Once made, any tender of Ordinary Shares will be irrevocable.

**The Tender Offer will open on 28 October 2021 (unless such date is altered by the Company in accordance with the Tender Offer). The Tender Offer will close at 1.00 p.m. on 29 November 2021 and tenders received after that time will not be accepted (unless the Closing Date is extended by the Company in accordance with the Tender Offer).**

Shareholders should note that the Tender Offer is conditional on, among other things, the passing at the General Meeting of the Tender Offer Resolution as set out in the Notice of General Meeting.

### 3.3 **Number of Ordinary Shares that will be purchased pursuant to the Tender Offer**

All Shareholders who tender Ordinary Shares will receive the Tender Price, subject, where applicable, to the scaling-down arrangements described in paragraphs 2.13 to 2.15 of Part IV (*Details of the Tender Offer*) of this Circular. Accordingly, where scaling-down applies there is no guarantee that all of the Ordinary Shares which are tendered by Qualifying Shareholders will be accepted for purchase.

If more than 476,190,476 Ordinary Shares are validly tendered by Shareholders, acceptances of validly tendered Ordinary Shares will be scaled-down to determine the extent to which individual tenders are accepted.

These scaling-down arrangements are set out in full in paragraphs 2.13 to 2.15 of Part IV (*Details of the Tender Offer*) of this Circular.

### 3.4 **Guaranteed Entitlement**

The Guaranteed Entitlement is only relevant if the Tender Offer is oversubscribed. Tenders in respect of approximately 38.9 per cent. of each holding of Ordinary Shares of every Qualifying Shareholder on the Record Date will be accepted in full at the Tender Price and will not be scaled down. This percentage is known as the “**Guaranteed Entitlement**”. Qualifying Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, if the Tender Offer is oversubscribed, the tender of such excess Ordinary Shares will only be successful to the extent that other Shareholders have tendered less than their Guaranteed Entitlement.

These Guaranteed Entitlement arrangements are set out in full in paragraphs 2.13 to 2.15 of Part IV (*Details of the Tender Offer*) of this Circular.

### 3.5 ***Circumstances in which the Tender Offer may not proceed***

There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on the passing of the Tender Offer Resolution set out in the Notice of General Meeting. The Tender Offer is also conditional on the other matters specified in paragraph 2.1 of Part IV (*Details of the Tender Offer*) of this Circular, including:

- (A) receipt of valid tenders in respect of at least 12,228,124 Ordinary Shares (representing approximately 1 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date) by 1.00 p.m. on the Closing Date and there continuing to be valid tenders in respect of at least such number of Ordinary Shares; and
- (B) the Tender Offer not having been terminated in accordance with its terms and the Company having confirmed to Goldman Sachs that it will not exercise its right to require Goldman Sachs not to proceed with the Tender Offer.

The Board has reserved the right, at any time prior to the Tender Offer becoming unconditional, to require Goldman Sachs not to proceed with the Tender Offer if the Board concludes that the implementation of the Tender Offer is no longer in the best interests of the Company and/or Shareholders as a whole. The Board has also reserved the right, at any time prior to the announcement of the results of the Tender Offer, with the prior consent of Goldman Sachs, to revise the aggregate value of the Tender Offer, or to extend the period during which the Tender Offer is open, based on market conditions and/or other factors, subject to compliance with applicable legal and regulatory requirements.

If the Tender Offer does not occur, the Group will have on its balance sheet the £500 million of cash that is proposed to be returned pursuant to the Return of Value. Holding this amount of cash means that the Group is likely to receive a reduced return on capital while the Board considers how best to deploy or return these funds to Shareholders. The Board is of the opinion that, subject to any value-creating alternatives, this cash is surplus to the requirements of the Group and that it would be in the best interests of the Company and Shareholders as a whole not to retain this cash on the Group's balance sheet but to return it to Shareholders by other means, such as a special dividend, for example.

### 3.6 ***Results announcement and Unconditional Date***

As set out in the expected timetable on page 6 of this Circular, it is expected that the results of the Tender Offer will be announced on 2 December 2021, at which time the Tender Offer is expected to become unconditional subject to the Conditions described in 2.1 of Part IV (*Details of the Tender Offer*) of this Circular having been satisfied. Until such time as the Tender Offer becomes unconditional, the Tender Offer will be subject to the Conditions described in paragraph 2.1 of Part IV (*Details of the Tender Offer*) of this Circular. Settlement is then expected to take place as set out in the timetable on page 6 of this Circular and as provided for in Part IV (*Details of the Tender Offer*) of this Circular.

### 3.7 ***Full terms and conditions of the Tender Offer***

Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in Part IV (*Details of the Tender Offer*) of this Circular.

Some questions and answers related to the Return of Value are set out in Part II (*Questions and Answers on the Return of Value*) of this Circular.

### 3.8 ***Action to be taken***

**Qualifying Shareholders are not obliged to tender any of their Ordinary Shares if they do not wish to do so. If no action is taken by Qualifying Shareholders, there will be no change to the number of Ordinary Shares they hold and they will receive no cash as a result of the Tender Offer.**

You should read the whole of this Circular and not rely solely on the information in this letter. Shareholders should refer to paragraph 11 (*Action to be taken*) below, and to the full details of the applicable procedures and related timings set out in Part IV (*Details of the Tender Offer*) of this Circular, for the action to be taken in respect of the Tender Offer.

The Board is making no recommendation to Shareholders in relation to their participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend on, among other things, their view of FirstGroup's prospects and their own individual circumstances, including their tax position. Shareholders need to make their own decision and are recommended to consult a duly authorised independent adviser. Shareholders' attention is drawn in particular to the risk factors set out in Part III (*Risk Factors*) of this Circular.

#### **4. AUTHORITIES TO BUY BACK ORDINARY SHARES**

##### **4.1 Existing Buyback Authority**

At the Company's AGM held on 13 September 2021, a general authority to buy back up to a maximum of 122,246,788 Ordinary Shares, representing approximately 10 per cent. of the Issued Ordinary Share Capital at that time was approved by Shareholders (the "**Existing Buyback Authority**"). The Board does not intend to undertake any buybacks of Ordinary Shares between publication of this Circular and the announcement of the results of the Tender Offer, which is expected to be on 2 December 2021.

If the Tender Offer is successfully implemented, the Issued Ordinary Share Capital will be reduced. Given that the Existing Buyback Authority was sought in respect of the Company's current Issued Ordinary Share Capital (on a pre-Tender Offer and pre-Share Consolidation basis), the Company is seeking approval of the New Buyback Authority at the General Meeting which will, as further detailed below, replace the Existing Buyback Authority.

##### **4.2 New Buyback Authority**

At the General Meeting, approval will be sought for authority to buy back up to a maximum of 122,281,244 Ordinary Shares, representing approximately 10 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date. No nominal price of an Ordinary Share is stated in the New Buyback Authority resolution, Resolution 4, such that the Company may use such New Buyback Authority notwithstanding whether the Share Consolidation is implemented or not.

If the Tender Offer is successfully implemented, the Issued Ordinary Share Capital will be reduced. Further, if a Share Consolidation is implemented, the aggregate number of the Company's issued Ordinary Shares will be reduced as further detailed in paragraph 2.1 (*Share Consolidation*) of Part VI (*Potential further stage of the Return of Value*). Market purchases of Ordinary Shares comprised in a share buyback of approximately £50 million as part of the Return of Value will be made under the New Buyback Authority.

The New Buyback Authority will replace the Existing Buyback Authority and will, in addition to giving authority for the share buyback of approximately £50 million as part of the Return of Value, provide the Company with a general authority to buy back Ordinary Shares. However, in respect of any further market purchases of Ordinary Shares made in the relevant period of the New Buyback Authority, the Board intends to restrict its further use of the New Buyback Authority (excluding the Ordinary Shares bought back under such authority as part of the Return of Value (i.e. approximately £50 million)) to market purchases of Ordinary Shares up to a maximum of 10 per cent. of the Issued Ordinary Share Capital as it is after completion of the Tender Offer.

Further information on the New Buyback Authority is contained in paragraph 1 of Part VI (*Potential further stage of the Return of Value*) of this Circular.

## 5. FIRSTGROUP'S CURRENT TRADING AND PROSPECTS AND STRATEGIC PLANS FOLLOWING THE RETURN OF VALUE

### 5.1 *Current trading and prospects of the Group*

On 27 July 2021, FirstGroup announced its results statement for the year ended 27 March 2021 which included the following summary of the significant trends in the recent financial performance of the Group:

*“Overall we expect our financial performance in the current financial year to provide a strong foundation for delivering the Group’s previously announced financial policy framework, including commencing regular dividend payments during FY23.”*

*“First Bus’ contribution to adjusted operating profit in FY22 will be dependant on the pace at which passenger volumes build back. First Rail earnings in FY22 will be driven by the contractual arrangements now in place. Greyhound expected to exceed its FY21 contribution in light of encouraging recent volume trajectory. Central costs are expected to be c.£5m lower in FY22, reflecting half a year of progress towards the £10m per annum reduction target following completion of the First Student and First Transit sale.”*

*“Further ahead, the Group has committed to commencing paying a regular dividend during FY23, supported by our expectations for a 10% margin in First Bus on increasing revenues, as passenger volumes return to between 80-90% of pre-pandemic levels over the first year after restrictions on public transport are lifted. First Rail’s profitability will be driven by our delivery against performance targets under the new National Rail Contracts whilst we expect to add further earnings from opportunities adjacent to our core rail operations.”*

On 13 September 2021, the Company published a statement ahead of its 2021 AGM which included the following comments on recent trading of the Group:

*“Ahead of the AGM, FirstGroup notes that overall trading performance year to date has been in line, and there is no change to management’s expectations for the current financial year as outlined in the full year results announcement on 27 July 2021.*

*First Bus passenger volumes have reached 65% of pre-pandemic levels on average in recent weeks, and we expect this to increase further as the autumn terms for schools and then universities get fully underway. The COVID-19 Bus Service Support Grant (‘CBSSG’) programme formally came to end on 1 September and since that time delivery of local bus services across England has been reinforced by the Department for Transport (‘DfT’)s £226.5m bus recovery funding package for the industry announced in early July. The grant scheme, which is allocated to regional bus operators based on mileage and volumes, is in place through to April 2022.*

*Since the year end, the DfT have formally approved the management and performance-based fees to First Rail’s contracted rail operations for the year to 31 March 2021, which were in line with the amounts accrued. The DfT have extended the current GWR and West Coast Partnership (incorporating Avanti) agreements by six months to June and October 2022 respectively. The DfT have also recently published Prior Information Notices which indicated that the West Coast Partnership’s National Rail Contract which will follow the current agreement could last up to ten years to October 2032, and that GWR’s could last up to six years to June 2028. The Group continues to work with the DfT toward signing these contracts, which will be more customer-centric and with an appropriate balance of risk and reward for all parties, including no passenger volume risk for operators.*

*Passenger mileage in our non-core Greyhound operation has been just over half of pre-pandemic levels in recent weeks, supported in part by further awards under federal schemes including the American Rescue Plan.*

*On 31 August 2021, the Group announced it had signed a new multi-year £300m sustainability-linked Revolving Credit Facility (‘RCF’) with a group of its relationship banks. The new RCF replaced all the Group’s former committed syndicated and bilateral banking facilities, which have been repaid and cancelled. The Group has also repaid the UK Government’s Covid Corporate Financing Facility (‘CCFF’) commercial paper as well as all of its Private Placement debt, and given notice to the holders of its £325m 5.25% bonds due November 2022 that it will exercise its*

*right to repay them early, completing the reorganisation of the Group's debt arrangements following the sale of the North American contract businesses."*

The Company announced on 30 September 2021 that Greyhound has been awarded an initial funding grant of approximately \$84.6 million from the first tranche of the US Department of the Treasury's Coronavirus Economic Relief for Transportation Services ("**CERTS**") scheme and had been advised by the US Treasury that Greyhound would be eligible for a further award under the second tranche of CERTS funding. Greyhound was subsequently awarded \$23.5 million of additional CERTS funding under the second tranche and so has received an aggregate amount of funding of \$108.2 million under the CERTS scheme.

Subsequent to the completion of the Transaction, First Student has also been awarded a funding grant under the CERTS scheme. The Company is engaging with EQT Infrastructure, the purchaser of First Student and First Transit, in respect of the appropriate treatment of such funding under the terms of the Transaction.

On 21 October 2021, FirstGroup announced the sale of Greyhound Lines, Inc. (the US Greyhound operating business) to a wholly-owned subsidiary of FlixBus GmbH ('**FlixBus**'), completing the Company's stated strategy to focus on its leading UK public transport businesses. The sale was not subject to any closing conditions and completed on the same day. The announcement noted that the sale resulted in cash consideration to the Group of \$172m (comprising \$140m paid initially, with \$32m in unconditional deferred consideration to be paid in instalments over eighteen months from the sale), that certain Greyhound properties have been retained by FirstGroup (initially being leased back to Greyhound at market rates but expected to be sold over the next three to five years) and that FirstGroup retains certain legacy Greyhound net liabilities (including pension, self-insurance, finance leases settled at closing of the sale, grant receivables, buyout premia and certain other items).

In the 21 October, 2021 announcement, FirstGroup included the following comments on recent trading of the Group:

*"Following today's announcement and with certain First Bus capital expenditure payments now falling after the period end and better than expected working capital flows, the Group estimates that adjusted net debt<sup>1</sup> at the end of the current financial year will be c.£80-90m lower than previously expected, in the range of £10-20m.*

*Trading in the Group's continuing businesses year to date has been in line and there is no change to management's expectations for the current financial year as outlined in the full year results announcement on 27 July 2021. FirstGroup intends to publish results for the first half of the financial year on Thursday 9 December 2021."*

There has been no significant change to the current trading of the Group since these statements were made.

## **5.2 Strategic plans of the Group following the Return of Value**

As previously announced, following the successful completion of the disposal of its First Student and First Transit businesses in North America, and also of Greyhound as described above, FirstGroup is a leader in public transport in the UK, with a clear social purpose through its vision to provide easy and convenient mobility, improving quality of life by connecting people and communities. At the core of the ongoing Group are the First Bus and First Rail divisions, which are both leaders in their respective sectors of the UK public transport industry.

### **(A) The future of the Group**

FirstGroup has a clear purpose to provide vital transport services that connect communities – taking customers where they need to go for business, education, health, social or recreational purposes. FirstGroup's public transport services offer efficient, cost effective and convenient travel options for passengers, both within and between the UK's congested towns and cities. Public transport services are also critical long-term green

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<sup>1</sup> 'Adjusted net debt' excludes First Rail ring-fenced cash and IFRS 16 lease liabilities from net debt, as defined in the Company's FY21 results.

infrastructure, as demonstrated during the COVID-19 pandemic, and are fundamental to achieving the goals of the communities they serve, the economy and wider society. The connections offered by the Group's services are a critical enabler of vibrant local economies and can play an important role in the UK's regional 'levelling up' agenda. Westminster and the devolved governments in other parts of the UK have also recognised that transitioning more travellers to low- and then zero-carbon transport services is also critical to meeting the challenge of climate change, and have put in place substantial funding and strategies which will enhance the Group's investments in its business in the years to come.

In addition to the Group's services being a critical enabler for society meeting its broader environmental, social and governance (ESG) objectives, the Group's own Mobility Beyond Today sustainability framework commits to making progress across a number of key areas. As a transport operator, the most important element is the Group's commitments to a zero-emission trajectory for its vehicle fleets, which will increase its EU Green Taxonomy eligibility year by year. Taken together, the Board believes that the increasingly supportive UK policy backdrop and the growing focus on innovating to enhance passenger convenience and the sustainability of the Group's business points to a potential inflection point for the ongoing Group's growth potential.

(B) *Investment case of the Group*

Following the Return of Value, the Board believes that the Group will be a sustainable and cash generative business with a well-capitalised balance sheet and an operating model that will support an attractive dividend for Shareholders. The Board expects FirstGroup to be a strong platform for further value creation based on the following:

- **Leading positions in bus and rail transportation in the UK:** First Bus is a leader in regional bus operations outside London with approximately 20 per cent. of market share and strong positions in most of its local areas of operation. First Rail is the largest passenger rail operator in the UK by revenue with approximately 27 per cent. of the national passenger rail sector;
- **Inflection point for growth, underpinned by supportive government and social policies:** public transport operators play a vital role in meeting local and national objectives, including net zero carbon, green jobs, reduced congestion, improved air quality, and the "levelling up" agenda, particularly in "left behind" towns and regions, as well as the recovery in economic and social activity following the COVID-19 pandemic;
- **Digital innovation to attract more customers, enhance business efficiency and flexibility:** Enhancements to stimulate passenger growth, by delivering FirstGroup's vision to provide easy and convenient mobility, improving quality of life by connecting people and communities;
- **First Bus: ready to complete trajectory to delivering a 10 per cent. margin in the first full financial year after pandemic-related social distancing restrictions on public transport end (currently expected to be FY23 on the basis of the UK Government's current plans):** With network realignment, service delivery efficiencies, data-driven pricing and other actions to drive passenger revenue growth and margin improvement;
- **First Rail:** well-placed for lower risk, long term and cash generative rail operations: As the largest incumbent operator with four UK passenger rail contracts expected to at least 2023, First Rail will benefit from the government's transition of the passenger rail industry's commercial structure to a lower-risk and more predictable model, with a more appropriate balance of risk and reward;
- **Opportunities from adjacent markets in UK bus and rail and in new geographies over time:** Leveraging the Group's considerable industry knowledge, skills and experience; and

- **Critical enabler of society's ESG goals, accelerating the transition to a zero-carbon world:** Principally through facilitating modal shift from cars and through FirstGroup's commitments to transition to a zero emission bus fleet by 2035, to cease purchasing further diesel buses after December 2022 and to support the UK Government's goal to remove all diesel-only trains from service by 2040.

## 6. DIVIDENDS

It is not expected that the Tender Offer will have any impact on FirstGroup's intention in respect of dividends as stated in the financial policy framework set out in the Transaction Circular and in the results announcement of 27 July 2021, which is to commence payment of a regular dividend during the financial year ending March 2023. The Group is targeting the annual dividend amount to be around three times covered by a new Rail-adjusted Profit After Tax measure, assuming normalisation of trading conditions post-pandemic.

In addition to the Return of Value described in this Circular, the Board reiterates its commitment to keeping the balance sheet position of the ongoing Group under review and will consider the prospects for making further additional distributions to Shareholders in due course, following crystallisation of the First Transit Earnout (as defined in the Transaction Circular and fair valued in the Group's recent full year results at \$140 million for accounting purposes), realisation of value from the sale of the properties retained and consideration deferred in the recent sale of Greyhound Lines, Inc. to FlixBus GmbH, and the potential release of monies from pension escrow (of up to £117 million). The Board also notes the capacity to increase gearing over time, as end market conditions and hence business performance improves.

## 7. SHARE PLANS

As at the Latest Practicable Date, a FirstGroup executive Director held awards under the Long Term Incentive Plan and the Group Employee Director held options under the Save-as-you-earn (SAYE) Plan (collectively with the Long Term Incentive Plan and the Executive Annual Bonus Plan, the "**Share Plans**") as further detailed at paragraph 3.2 of Part VII (*Additional Information*) of this Circular of a total of 3,663,265 Ordinary Shares.

As at the Latest Practicable Date, other eligible employees hold awards or options under the Share Plans over a total of 32,136,057 Ordinary Shares. The proportion of Issued Ordinary Share Capital that all awards or options represent as at the Latest Practicable Date is 2.93 per cent. The proportion of Issued Ordinary Share Capital that all awards or option holders would represent if the maximum number of Ordinary Shares that may be purchased under the Tender Offer are acquired by FirstGroup and cancelled is 4.79 per cent.

Additional information on the Share Plans is contained in paragraph 3.2 (*Interests in Ordinary Shares under the Share Plans*) of Part VII (*Additional Information*) of this Circular.

As at the Latest Practicable Date there are no outstanding warrants to subscribe for Ordinary Shares.

## 8. TAX

A guide to certain UK tax consequences of the Tender Offer for Shareholders under current UK law and HM Revenue & Customs practice is set out in paragraph 1 of Part V (*Taxation*) of this Circular and a guide to certain US tax consequences of the Tender Offer for Shareholders under current US law is set out in paragraph 2 of Part V (*Taxation*) of this Circular.

Shareholders who are subject to tax in a jurisdiction other than the UK or the US, or who are in any doubt as to the potential tax consequences of tendering their Ordinary Shares under the Tender Offer, are strongly recommended to consult their own independent professional advisers before tendering their Ordinary Shares under the Tender Offer.

Any Shareholder who is intending to accept the Tender Offer from the US, who has provided a US address or whose sale proceeds would be paid to an account maintained in the US is referred to the guide to certain aspects of the US information reporting and backup withholding rules set out under the heading "US information reporting and backup withholding" in paragraph 2 of Part V (*Taxation*) of this Circular.

## 9. OVERSEAS SHAREHOLDERS

The attention of Overseas Shareholders is drawn to paragraph 6 of Part IV (*Details of the Tender Offer*) of this Circular. In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 3 of this Circular.

## 10. GENERAL MEETING

Implementation of the Tender Offer requires the approval of certain matters by Shareholders at a general meeting of the Company. Accordingly a notice is set out at the end of this Circular convening the General Meeting to be held at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London, SW1P 3EE at 11:00am on 18 November 2021.

Four resolutions will be proposed at the General Meeting. Three of the Resolutions are special resolutions, the passing of which requires at least 75 per cent. of the votes cast (whether in person or by proxy) to be in favour. One of the Resolutions is an ordinary resolution, the passing of which requires more than 50 per cent. of the votes cast (whether in person or by proxy) to be in favour.

The Tender Offer Resolution (Resolution 1), which is a special resolution, seeks authority to make market purchases of Ordinary Shares in connection with the Tender Offer. The Resolution specifies the maximum number of Ordinary Shares which may be acquired, and the maximum and minimum prices at which Ordinary Shares may be acquired, pursuant to this authority. The authority sought will expire on 31 March 2022.

Resolution 2, which is an ordinary resolution, seeks Shareholder approval of the Share Consolidation which may be implemented in the event that all or part of any further stage of the Return of Value is undertaken by payment of a Special Dividend (with accompanying Share Consolidation), as described in paragraph 2 of Part VI (*Potential further stage of the Return of Value*) of this Circular.

Resolution 3, which is a special resolution, proposes that, conditional on the Share Consolidation taking effect, the articles of association of the Company be amended by substituting the nominal value of the New Ordinary Shares.

Resolution 4, which is a special resolution, seeks authority to make market purchases of Ordinary Shares, as described in paragraph 1 of Part VI (*Potential further stage of the Return of Value*) of this Circular. The Resolution specifies the maximum number of ordinary shares in the Company that may be acquired, and the maximum and minimum prices at which such ordinary shares may be acquired, pursuant to this authority. The authority limits the number of ordinary shares that could be purchased to a maximum of 122,281,244 ordinary shares in the Company (representing approximately 10 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date). The authority sought will expire at the conclusion of the AGM of the Company to be held in 2022 or, if earlier, 12 December 2022.

## 11. ACTION TO BE TAKEN

### 11.1 *Action Shareholders should take in relation to the General Meeting*

Your support is important to us. You can appoint a proxy (and are strongly encouraged to appoint the Chairman of the General Meeting) and submit voting instructions in any of the following ways:

- logging on to [www.shareview.co.uk](http://www.shareview.co.uk) or [www.sharevote.co.uk](http://www.sharevote.co.uk);
- via CREST; or
- by completing and returning the paper Form of Proxy.

Please read the notes to the Notice of General Meeting at the end of this Circular for further details of the General Meeting, including the appointment of proxies and how to join the General Meeting on the Lumi webportal.

### 11.2 *Action Shareholders should take in relation to the Tender Offer*

Those Shareholders who wish to tender Ordinary Shares should note that the procedure for doing so depends on whether your Ordinary Shares are held in certificated or uncertificated form.

The relevant procedures are summarised below. Full details of applicable procedures and related timings are set out in Part IV (*Details of the Tender Offer*) of this Circular.

**Shareholders who do not wish to sell any Ordinary Shares under the Tender Offer should take no action in relation to the Tender Form and should not make any TTE Instruction.**

**If you are in doubt about completion of the Tender Form or sending a TTE Instruction, please contact the Shareholder Helpline on 0333 207 6537 or +44 333 207 6537 (if calling from outside the UK). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Please note that calls to the Shareholder Helpline numbers may be monitored or recorded.**

**Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this Circular and the Tender Form and will be unable to give advice on the merits of the Return of Value or to provide financial, investment or taxation advice.**

(A) *Ordinary Shares held in certificated form*

Qualifying Shareholders who hold Ordinary Shares in certificated form and who wish to tender all or any of their Ordinary Shares should complete a Tender Form, in accordance with the instructions printed thereon (including a witnessed signature) and set out in Part IV (*Details of the Tender Offer*) of this Circular, and return it, together with their share certificate(s) and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof in respect of the tendered Ordinary Shares, on or after 28 October 2021 and so as to be received by post or (during normal business hours only) by hand by the Receiving Agent at Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by not later than 1.00 p.m. on 29 November 2021. **Tender Forms submitted after the Tender Offer closes will be treated as invalid.**

(B) *Ordinary Shares held in uncertificated form*

Qualifying Shareholders who hold their Ordinary Shares in uncertificated form and who wish to tender all or any of their Ordinary Shares should tender electronically through CREST on or after 28 October 2021 so that the TTE Instruction settles by not later than 1.00 p.m. on 29 November 2021.

The CREST Manual may also assist you in making a TTE Instruction.

## 12. FINANCIAL ADVICE

The Board has received financial advice from Goldman Sachs and J.P. Morgan in relation to the Return of Value. In providing their financial advice, Goldman Sachs and J.P. Morgan have relied upon the Board's commercial assessments of the Return of Value.

## 13. RECOMMENDATION

The Board considers the Return of Value and the Resolutions to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do for their respective individual beneficial holdings of, in aggregate, 751,483 Ordinary Shares, representing approximately 0.06 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date.

The Board makes no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend on, among other things, their view of FirstGroup's prospects and their own individual circumstances, including their tax position. Shareholders need to take their own decision and are recommended to consult their duly authorised independent advisers.

#### **14. DIRECTORS' INTENTIONS**

Each of the Directors has confirmed that they do not intend to tender through the Tender Offer any of their current individual beneficial holding of Ordinary Shares.

Yours faithfully,

**David Martin**

*Interim Executive Chairman*

## PART II

### QUESTIONS AND ANSWERS ON THE RETURN OF VALUE

*To help you understand what is involved in the Return of Value, we have prepared some questions and answers. You should read the whole of this Circular and not rely solely on the summary information in this Part II (Questions and Answers on the Return of Value). Part I (Letter from the Chairman) of this Circular contains a letter from the Chairman of the Company in relation to the Return of Value and Part IV (Details of the Tender Offer) of this Circular sets out the detailed terms and conditions of the Tender Offer. In the event of any inconsistency between the contents of this Part II (Questions and Answers on the Return of Value) and the terms and conditions set out in Part IV (Details of the Tender Offer) of this Circular, the terms and conditions set out in Part IV (Details of the Tender Offer) of this Circular shall prevail.*

#### **1. IS THERE A MEETING TO APPROVE THE TENDER OFFER? HOW DO I VOTE?**

As the Tender Offer requires the approval of Shareholders, a General Meeting of the Company has been convened for 11:00am on 18 November 2021 at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London, SW1P 3EE. The Tender Offer Resolution requires a majority of 75 per cent. or more of the votes cast in order to be passed.

All Shareholders are entitled to attend and vote at the General Meeting. However, you should note that though we are intending to hold the General Meeting as a physical meeting, we will be closely monitoring the restrictions over public gatherings and the UK Government's safety guidance in light of the COVID-19 pandemic. Any Shareholders and proxies attending the General Meeting in person will be asked to provide a proof of identity and either (i) a NHS Covid Pass using the NHS app on their mobile phone; or (ii) written evidence of a negative lateral flow test taken within 24 hours of the time of the General Meeting or a PCR test taken within 48 hours of the time of the General Meeting. Any changes to the General Meeting arrangements will be communicated to Shareholders before the meeting through the Company's website ([www.firstgroupplc.com](http://www.firstgroupplc.com)) and, where appropriate, by RIS announcement. The Company will also be making arrangements to enable Shareholders to watch a live stream of the proceedings of the General Meeting. Further details on these arrangements are set out in the Notice of General Meeting at the end of this Circular.

Whether you wish or you choose not to attend, we would therefore encourage you to exercise your right to vote at the General Meeting either (if applicable) in advance by either signing and returning the enclosed Form of Proxy, submitting a proxy appointment electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) or [www.shareview.co.uk](http://www.shareview.co.uk), or (if you hold your Ordinary Shares in uncertificated form) by completing and transmitting a CREST Proxy Instruction to the Registrar, Equiniti (CREST Participant ID RA19). In each case, the proxy appointment must be received by not later than 11:00 a.m. on 16 November 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). Shareholders are strongly encouraged to submit a proxy appointment in favour of the Chairman of the meeting in order to ensure their votes are counted.

#### **2. SHOULD I TENDER MY ORDINARY SHARES?**

You should make your own decision as to whether or not you participate in the Tender Offer and are recommended to consult an appropriate independent adviser. The Board makes no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not you decide to tender all or any of your Ordinary Shares will depend on, among other things, your view of FirstGroup's prospects and your own individual circumstances, including your tax position.

#### **3. WHAT DO I NEED TO DO NEXT?**

First, we would encourage you either (if applicable) to sign and return the enclosed Form of Proxy or (if you hold your Ordinary Shares in uncertificated form) to take the necessary steps within CREST to vote at the General Meeting.

Secondly, you should consider whether you want to participate in the Tender Offer in respect of all or any of your Ordinary Shares.

If you do decide to tender Ordinary Shares and you hold those Ordinary Shares in certificated form, you will need to return the Tender Form, completed, signed and witnessed, together with your FirstGroup share certificate(s) and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof in respect of the tendered Ordinary Shares, on or after 28 October 2021. Completed Tender Forms (along with your share certificate(s) and/or other document(s) of title) should be submitted to the Receiving Agent at Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA on or after 28 October 2021 and so as to be received by not later than 1.00 p.m. on 29 November 2021, as set out in paragraph 3.2 of Part IV (*Details of the Tender Offer*) of this Circular.

If you decide to tender Ordinary Shares and you hold those shares in uncertificated form, you should read paragraph 3.3 of Part IV (*Details of the Tender Offer*) of this Circular which details specific procedures applicable to the holders of uncertificated Ordinary Shares.

#### **4. AM I OBLIGED TO TENDER MY ORDINARY SHARES? WHAT HAPPENS IF I DON'T TENDER?**

No, you are not obliged to tender any of your Ordinary Shares. If you choose not to tender your Ordinary Shares under the Tender Offer, your shareholding in FirstGroup will be unaffected, save for the fact that the cancellation of the Ordinary Shares which are bought by the Company under the Tender Offer will mean that, subsequent to that cancellation, you will own a greater percentage of the Company than you did before the Tender Offer, as there will be fewer Ordinary Shares in issue. The same would apply if you were to tender Ordinary Shares unsuccessfully.

Non-participation in the Tender Offer will not stop you from participating in any further stage of the Return of Value. There may not, however, be a further stage of the Return of Value in certain circumstances, including where the Tender Offer is fully subscribed, where any requisite Shareholder approval is not obtained or where the decision is made not to undertake any further stage. In these circumstances, those Shareholders who do not successfully tender any of their Ordinary Shares under the Tender Offer will not participate in the Return of Value. The Board has reserved the right not to proceed with, or to modify, any further stage of the Return of Value if it determines that it would be in the interests of Shareholders as a whole to do so.

#### **5. WILL I BE ENTITLED TO TRADE MY ORDINARY SHARES DURING THE TENDER OFFER PERIOD?**

- (A) ***If you do not tender any of your Ordinary Shares:*** You will be free to trade your Ordinary Shares in the normal way during the Tender Offer period.
- (B) ***If you tender all of your Ordinary Shares (whether in certificated or uncertificated form):*** Once you have submitted your tender, you should not trade any of your Ordinary Shares during the Tender Offer period.
- (C) ***If you tender some but not all of your Ordinary Shares held in certificated form:***
  - (i) ***If you have one share certificate in respect of your entire holding of Ordinary Shares:*** Once you have submitted your tender, you should not trade any of your Ordinary Shares in the normal way during the Tender Offer period as your certificate, required to support a trade, will be held by Equiniti as the Receiving Agent under the Tender Offer.
  - (ii) ***If you have more than one share certificate in respect of your holding of Ordinary Shares:*** Once you have submitted your tender, you should only trade in the normal way during the Tender Offer period those Ordinary Shares which are not represented by the share certificate(s) relating to the Ordinary Shares that you have tendered pursuant to the Tender Offer.
- (D) ***If you tender some but not all of your Ordinary Shares held in uncertificated form:*** Once you have submitted your tender, you should only trade in the normal way during the Tender Offer period those Ordinary Shares which have not been tendered pursuant to the Tender Offer.

## **6. WHO IS ELIGIBLE TO PARTICIPATE IN THE TENDER OFFER?**

The Tender Offer is open to both private and institutional Shareholders alike who are on the Register at the Record Date. For legal and regulatory reasons we are unable to make the opportunity to participate in the Tender Offer available to Shareholders who are resident in the Restricted Jurisdictions.

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the information set out in paragraph 6 of Part IV (*Details of the Tender Offer*) of this Circular.

In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 3 of this Circular.

## **7. IF I TENDER MY ORDINARY SHARES, WHAT PRICE WILL I RECEIVE FOR EACH ORDINARY SHARE THAT I SELL?**

If you decide to participate in the Tender Offer and some or all of your Ordinary Shares are successfully tendered, you will sell the successfully tendered Ordinary Shares and will receive the Tender Price of 105 pence in respect of each such Ordinary Share. Additional information about the pricing of the Tender Offer is set out in paragraph 1 of Part I (*Letter from the Chairman*) and in Part IV (*Details of the Tender Offer*) of this Circular.

## **8. HOW MANY ORDINARY SHARES CAN I TENDER?**

There is no limit on how many Ordinary Shares you can tender, save that any Qualifying Shareholder should not seek to tender more than the total number of Ordinary Shares registered in the name of that Qualifying Shareholder at the Record Date. If you tender more Ordinary Shares than you hold at the Record Date, you will be deemed to have tendered the number of Ordinary Shares you actually own on the Record Date.

Each Qualifying Shareholder who wishes to participate in the Tender Offer is entitled to submit a tender of either some or all of their Ordinary Shares (with a Guaranteed Entitlement to tender 38.9% of the Ordinary Shares held by them at the Tender Offer Record Date, rounded down to the nearest whole number) at a price of 105 pence per Ordinary Share. In addition, Qualifying Shareholders may offer to tender more than their Guaranteed Entitlement to the extent that other Qualifying Shareholders tender less than their Guaranteed Entitlement.

There can, however, be no certainty that all of the Ordinary Shares that you tender will be accepted for purchase in the Tender Offer. The scaling-down provisions of the Tender Offer are set out in paragraphs 2.13 to 2.15 of Part IV (*Details of the Tender Offer*) of this Circular.

## **9. WHAT IS MY GUARANTEED ENTITLEMENT?**

The Guaranteed Entitlement is relevant in certain situations where the Tender Offer is over-subscribed.

As noted above at paragraph 8 of this Part II, each Qualifying Shareholder who wishes to participate in the Tender Offer is entitled to submit a tender of either some or all of their Ordinary Shares (with a Guaranteed Entitlement to tender 38.9% of the Ordinary Shares held by them at the Tender Offer Record Date, rounded down to the nearest whole number) at a price of 105 pence per Ordinary Share. In addition, Qualifying Shareholders may offer to purchase more than their Guaranteed Entitlement to the extent that other Qualifying Shareholders tender less than their Guaranteed Entitlement.

If the aggregate number of all validly tendered Ordinary Shares exceeds 476,190,476, not all the Ordinary Shares validly tendered will be accepted and purchased. In these circumstances, the number of Ordinary Shares tendered by a Shareholder which will be accepted and purchased will be calculated in accordance with the terms and conditions of the Tender Offer (as set out in paragraphs 2.13 to 2.15 of Part IV (*Details of the Tender Offer*) of this Circular.

## **10. WHEN WILL I RECEIVE PAYMENT?**

Under the expected timetable of events set out in this Circular, it is anticipated that a cheque would be despatched to certificated Qualifying Shareholders on 16 December 2021. CREST account holders would have their CREST accounts credited on 7 December 2021.

Certain payments made in connection with the Tender Offer may be subject to US backup withholding. All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules and the relevant forms required to be completed, if any, set out under the heading "US information reporting and backup withholding" in paragraph 2 of Part V (*Taxation*) of this Circular.

**11. WHAT DO I DO IF I HAVE SOLD OR TRANSFERRED ALL OF MY ORDINARY SHARES?**

Please forward this Circular, together with the accompanying documents (but not any personalised Form of Proxy or Tender Form), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Those documents should not, however, be forwarded to or sent in or into any Restricted Jurisdiction.

**12. WHAT IS THE IMPACT ON EMPLOYEE SHARE OPTION SCHEMES AND SHARE PLANS?**

Share options and awards which remain outstanding at the Record Date do not entitle the holders of such options and awards to participate in the Tender Offer. The Tender Offer will not affect the legal rights of the holders of such options and awards.

**13. WHAT HAPPENS IF I HAVE LOST MY SHARE CERTIFICATE(S) AND/OR OTHER DOCUMENT(S) OF TITLE AND WISH TO PARTICIPATE IN THE TENDER OFFER?**

If you hold Ordinary Shares in certificated form at the Record Date and you have lost the share certificate(s) in relation to any or all of your tendered Ordinary Shares, you will need to provide a letter of indemnity to the Company, a template for which can be obtained by writing to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by contacting the Shareholder Helpline, details of which are set out at the front of this Circular. You will then need to return the letter of indemnity, duly completed, to Equiniti with your Tender Form, on or after 28 October 2021 and so as to be received by Equiniti not later than 1.00 p.m. on 29 November 2021.

**14. WHAT IF I AM RESIDENT OUTSIDE THE UK OR AM NOT A UK CITIZEN?**

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the additional information set out in paragraph 6 of Part IV (*Details of the Tender Offer*) of this Circular as there may be legal and regulatory restrictions on such Shareholders participating in the Tender Offer.

For legal and regulatory reasons we are unable to offer Shareholders who are resident in a Restricted Jurisdiction the ability to participate in the Tender Offer.

Shareholders in the United States should read the information in the Notice for US Shareholders on page 3 of this Circular and the information in paragraph 6 of Part IV (*Details of the Tender Offer*) and paragraph 2 of Part V (*Taxation*) of this Circular.

**15. WHAT HAPPENS IF THE TENDER OFFER DOES NOT RETURN THE FULL AMOUNT OF CASH?**

If the full £500 million is not returned to Shareholders through the Tender Offer, the Board intends to undertake a second phase of the Return of Value to return any remaining surplus cash to Shareholders. This second phase of the Return of Value will be influenced by the size of any amount that has not been returned via the Tender Offer. In such circumstances, if there is sufficient surplus, the Board intends to return approximately £50 million by way of a share buyback, with any meaningful surplus above this amount being returned by way of a Special Dividend (with accompanying Share Consolidation). The role of the Share Consolidation is to seek to ensure that the price per Ordinary Share remains materially unaffected by any Special Dividend, all other things being considered.

**16. WHY ARE WE BEING ASKED TO APPROVE A NEW BUYBACK AUTHORITY AND SHARE CONSOLIDATION?**

If the full £500 million is not returned through the Tender Offer, as noted above the Board intends to undertake a second phase of the Return of Value to return any remaining surplus cash to Shareholders by way of a repurchase of Ordinary Shares to return approximately £50 million to Shareholders and, for

any meaningful surplus above that amount, a Special Dividend (with accompanying Share Consolidation). The Company is therefore also taking the opportunity at the General Meeting to consider certain matters in addition to the Tender Offer Resolution which would require Shareholder approval if, to complete the Return of Value, the New Buyback Authority were to be used or a Special Dividend were to be paid, including the New Buyback Authority and Share Consolidation each as further detailed in paragraph 2.5 (*General Meeting to approve the Tender Offer and the potential further phase of the Return of Value*) of Part I (*Letter from the Chairman*).

The purpose of the New Buyback Authority is to provide a general buyback authority for the Company which will replace the Existing Buyback Authority and may be used for the return to Shareholders approximately £50 million by way of a share buyback to the extent the full £500 million is not returned to Shareholders through the Tender Offer and there is sufficient surplus.

The purpose of the Share Consolidation is to seek to ensure that, to the extent reasonably practicable and subject to market fluctuations, the market price of one New Ordinary Share immediately after the payment of the Special Dividend would be approximately equal to the market price of one Ordinary Share immediately before such payment. The terms of the relevant resolution only allow the Board to use the authority to effect a Share Consolidation in connection with any Special Dividend paid for the purposes of any further stage of the Return of Value.

By requesting these authorities now, the Board is seeking to ensure that the Company will be able to act quickly and without the delay and cost of convening a further general meeting at a later stage if the Board does subsequently decide to return a portion of the £500 million not returned by the Tender Offer by way of a repurchase of Ordinary Shares and, if applicable, payment of a Special Dividend (with accompanying Share Consolidation).

Further information about the New Buyback Authority and Share Consolidation is set out in Part VI (*Potential further stage of the Return of Value*) of this Circular.

#### **17. WHAT IS UNITED STATES INFORMATION REPORTING AND BACKUP WITHHOLDING? DO I NEED TO FILL OUT ANY FORMS?**

As set out under the heading “US information reporting and backup withholding” in paragraph 2 of Part V (*Taxation*) of this Circular, US information reporting and backup withholding may apply to payments made in respect of sales of Ordinary Shares pursuant to the Tender Offer. Backup withholding at a rate of 24 per cent. may apply to the gross proceeds unless the relevant Shareholder provides a properly completed IRS Form W-9 (in the case of a US Shareholder) or an appropriate IRS Form W-8 (in the case of a Shareholder other than a US Shareholder), or otherwise establishes an exemption from information reporting and backup withholding. Shareholders should return the appropriate IRS Form W-9 or Form W-8 with the acceptance of the Tender Offer. Copies of IRS Form W-9 and Form W-8 are available on the IRS’s website at <https://www.irs.gov/forms-instructions>.

Certain Shareholders that own their Ordinary Shares through a custodian, nominee or trustee may be required by their custodian, nominee or trustee to provide, and may be able to avoid the imposition of backup withholding by providing, an appropriate IRS Form W-9 or Form W-8 to the applicable custodian, nominee or trustee.

Shareholders are strongly advised to consult with their tax advisers as to the application of the information reporting and backup withholding rules to their individual situations.

#### **18. WHAT IF I HAVE ANY MORE QUESTIONS?**

If you have read this Circular and still have questions, please telephone the Shareholder Helpline, details of which are set out at the front of this Circular.

## PART III

### RISK FACTORS

Shareholders should consider carefully all of the information set out in this Circular, including in particular the risks described below, as well as their personal circumstances, prior to making any decision as to whether or not to tender Ordinary Shares in the Tender Offer. The Group's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources could be materially adversely affected by any of the risks described below. In such case, the market price of the Ordinary Shares may decline and investors could lose all or part of their investment. Additional risks and uncertainties in relation to the Group that are not currently known to it, or that it currently deems immaterial, may also have a material adverse effect on the Group's business, financial condition and operating results.

#### **1. THE TENDER OFFER IS CONDITIONAL AND MAY BE TERMINATED OR WITHDRAWN**

There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on, amongst other things, the approval of Shareholders and will not proceed if any of the Tender Conditions are not satisfied or if it is withdrawn by the Company at any point prior to the announcement of the results of the Tender Offer.

The approval of the Tender Offer Resolution requires not less than 75 per cent. of those voting at the General Meeting in person or by proxy to vote in favour of the Tender Offer Resolution. It is possible that Shareholders may not approve the Tender Offer. If the Tender Offer does not occur, the Group will continue to hold the Net Disposal Proceeds as a result of the Transaction. The Board is of the opinion that this cash is surplus to the requirements of the Group and that it is in the best interests of the Company and its Shareholders as a whole not to retain this cash on the Group's balance sheet.

If Shareholders do not approve the Tender Offer, the Board will have to consider an alternative method to return value to Shareholders which may not be as beneficial for the Company or the Shareholders as a whole in respect of, among other things, relative costs, complexity and timeframes, as well as tax treatment for Shareholders.

#### **2. THE MARKET PRICE OF THE ORDINARY SHARES MAY BE AFFECTED DURING OR AFTER THE TENDER OFFER**

The market price of the Ordinary Shares is likely to change during the course of the period that the Tender Offer is open. Therefore, it cannot be certain whether the Tender Price will be greater or less than the price at which the Ordinary Shares could be sold in the market at any time.

The impact on the market price of the Ordinary Shares as a result of the implementation of the Tender Offer cannot be predicted.

#### **3. IF THE FULL RETURN OF VALUE OF £500 MILLION IS NOT UTILISED IN THE TENDER OFFER THERE IS NO GUARANTEE THAT THE REMAINDER WILL BE RETURNED TO SHAREHOLDERS**

Should the number of Ordinary Shares validly tendered under the Tender Offer be less than the maximum permitted under the terms of the Tender Offer, and subject to circumstances prevailing following completion of the Tender Offer (including the level of take up of the Tender Offer), the Board intends to undertake a second phase of the Return of Value to return any remaining surplus cash to Shareholders. In such circumstances, if there is sufficient surplus, the Board intends to return approximately £50 million by way of a share buyback, with any meaningful surplus above this amount being returned by way of a Special Dividend (with accompanying Share Consolidation). However, the Board retains the discretion not to carry out such repurchase or declare such a Special Dividend and, if it does choose to do so, to determine the size of such buyback programme or such Special Dividend. There is no guarantee that, if the full £500 million is not returned through the Tender Offer, any repurchase of Ordinary Shares or Special Dividend for any surplus not returned will be paid as such matters will be subject to the determination of the Board at the relevant time, including an assessment of prevailing equity market conditions, the capital needs of the Group, the sufficiency of distributable

reserves and other factors, and the Board reserves the right to pursue alternative uses of the available funds, including for alternative share buybacks or dividends, or investment purposes.

In addition, there is no guarantee that the acquisition of Ordinary Shares to return approximately £50 million by way of a share buyback or otherwise, will be at a price equal to, or higher, than the Tender Price, as the maximum price for market purchases is linked to the market value of an Ordinary Share at the relevant time.

**4. THE TENDER OFFER MAY ADVERSELY AFFECT THE MARKET VALUE OF THE ORDINARY SHARES AND REDUCE THE LIQUIDITY IN TRADING OF THE ORDINARY SHARES**

All Ordinary Shares validly tendered and accepted for purchase in the Tender Offer will be cancelled. To the extent that Ordinary Shares are tendered and accepted in the Tender Offer, the total volume of Ordinary Shares available for trading will be reduced by a corresponding amount. An equity security with a smaller volume of securities available for trading may command a lower price than would a comparable security with a greater trading volume. The reduced volume may also make the trading price of the Ordinary Shares more volatile. Consequently, the liquidity, market value and price volatility of Ordinary Shares not tendered in the Tender Offer could be adversely affected. There can be no assurance that the volumes of trading in the Ordinary Shares following the completion of the Tender Offer will match or exceed those prior to the Tender Offer, and may be lower. In addition, a market expectation of a reduction in the total number of Ordinary Shares can itself give rise to one or more of the foregoing adverse consequences even prior to the completion of the Tender Offer and/or the announcement of the level of tendering into the Tender Offer.

**5. IF IMPLEMENTED, THE TENDER OFFER COULD RESULT IN QUALIFYING SHAREHOLDERS THAT TENDER INTO THE TENDER OFFER HAVING THEIR PROPORTIONATE HOLDING IN THE COMPANY DILUTED**

Qualifying Shareholders that tender into the Tender Offer who either (a) tender in excess of their Guaranteed Entitlement and part or all of such excess is accepted, or (b) tender any Ordinary Shares (including less than their Guaranteed Entitlement) in circumstances where the maximum aggregate number of Ordinary Shares permitted to be tendered into the Tender Offer by all Qualifying Shareholders is not reached, will have their proportionate holding in the Company diluted.

**6. IF IMPLEMENTED, THE TENDER OFFER COULD RESULT IN EXISTING SHAREHOLDERS WITH SIGNIFICANT HOLDINGS OF ORDINARY SHARES THAT DO NOT PARTICIPATE IN THE TENDER OFFER HAVING THEIR PROPORTIONATE HOLDING IN THE COMPANY INCREASED**

Shareholders with significant holdings of Ordinary Shares that do not tender into the Tender Offer in circumstances where other Qualifying Shareholders do participate in the Tender Offer will see their proportionate holding in the Company increased, with a corresponding increase in the voting power of the Ordinary Shares held by such Shareholders. Such holders of significant holdings of Ordinary Shares could exercise their voting rights in a manner that is not aligned with the interests of other Shareholders. In addition, a decision to sell the Ordinary Shares by such a significant Shareholder could have a materially greater adverse effect on the price for Ordinary Shares (due to greater proportionate supply) following the completion of the Tender Offer.

Shareholders with a significant holding of Ordinary Shares should have regard to their obligations under Rule 9 of the Takeover Code (as described in paragraph 12 of Part VII (*Additional information*) of this Circular). Having regard to the maximum number of Ordinary Shares that may be acquired and cancelled by the Company under the Tender Offer and the Option Agreement and having regard to the interest in Ordinary Shares disclosed to the Company as at the Latest Practicable Date, and notwithstanding the impact of the irrevocable undertaking given by Coast Capital Management to tender in the Tender Offer, the Board does not believe the provisions of Rule 9 will be triggered if Shareholders with existing material holdings in the Company do not participate in the Tender Offer (assuming they maintain their level of shareholding as at the Latest Practicable Date). Shareholders who acquire further Ordinary Shares could potentially trigger obligations under Rule 9 and should therefore, before making such an acquisition, be aware of the potential maximum increase in their proportionate holding as a result of such an acquisition following the completion of the Tender Offer and the cancellation of the Ordinary Shares tendered.

## PART IV

### DETAILS OF THE TENDER OFFER

#### 1. INTRODUCTION

Subject to the passing at the General Meeting of the Tender Offer Resolution (Resolution 1) set out in the Notice of General Meeting, Qualifying Shareholders on the Register at the Record Date are hereby invited to tender Ordinary Shares for purchase by Goldman Sachs on or after 28 October 2021 on the terms and subject to the conditions set out in this Circular and, in the case of Qualifying Shareholders holding certificated Ordinary Shares, the accompanying Tender Form.

Qualifying Shareholders are not obliged to tender any Ordinary Shares if they do not wish to do so. The rights of Qualifying Shareholders who choose not to tender their Ordinary Shares will be unaffected.

Under the Option Agreement, the Company has granted a put option to Goldman Sachs which, on exercise by Goldman Sachs, obliges the Company to purchase from Goldman Sachs, at the Tender Price, the Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer. Also under the Option Agreement, Goldman Sachs has granted the Company a call option which, on exercise by the Company, obliges Goldman Sachs to sell to the Company, at the Tender Price, the Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer.

Under the Option Agreement and pursuant to the Tender Offer generally, Goldman Sachs will act as principal and not as agent, nominee or trustee.

#### 2. TERMS AND CONDITIONS OF THE TENDER OFFER

2.1 The Tender Offer is conditional on the following (the “**Conditions**”):

- (A) the passing, as a special resolution, at the General Meeting of Resolution 1 set out in the Notice of General Meeting at the end of this Circular;
- (B) receipt of valid tenders in respect of at least 12,228,124 Ordinary Shares (representing approximately 1 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date) by 1.00 p.m. on the Closing Date and there continuing to be valid tenders in respect of at least such number of Ordinary Shares;
- (C) the Tender Offer not having been terminated in accordance with paragraph 2.20 of this Part IV (*Details of the Tender Offer*) of this Circular and the Company confirming to Goldman Sachs that it will not exercise its right under that paragraph to require Goldman Sachs not to proceed with the Tender Offer; and
- (D) Goldman Sachs being satisfied at all times up to immediately prior to the Unconditional Date that the Company has complied with its obligations, and is not in breach of any of the representations and warranties given by it, under the Option Agreement.

Goldman Sachs will not purchase the Ordinary Shares pursuant to the Tender Offer unless the Conditions have been satisfied. The Conditions may not be waived by Goldman Sachs. Upon the Tender Offer becoming unconditional, Goldman Sachs will be obliged to acquire the relevant Ordinary Shares in accordance with the terms of the Tender Offer. Subject to paragraph 2.22 below, if the Conditions are not satisfied by 7 a.m. on 2 December 2021 (or such later time and/or date as the Company may, with the consent of Goldman Sachs, determine and announce via a Regulatory Information Service), the Tender Offer will lapse.

2.2 The Tender Offer is only available to Qualifying Shareholders on the Register at the Record Date and in respect of the number of Ordinary Shares registered in their names at the Record Date.

2.3 Subject to paragraph 2.22 below, the Tender Offer will close at 1.00 p.m. on 29 November 2021 and no tenders received after that time will be accepted.

2.4 All or any part of a holding of Ordinary Shares may be tendered. Ordinary Shares successfully tendered will be sold to Goldman Sachs fully paid and free from all liens, charges, equitable

interests and encumbrances and with all rights attaching to the same. Under the Option Agreement, the Company has granted a put option to Goldman Sachs which, on exercise by Goldman Sachs, obliges the Company to purchase from Goldman Sachs, the Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer. Also under the Option Agreement, Goldman Sachs has granted the Company a call option which, on exercise by the Company, obliges Goldman Sachs to sell to the Company the Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer. The Company intends to cancel such Ordinary Shares as are acquired by it under the Option Agreement. Ordinary Shares cancelled following purchase by FirstGroup from Goldman Sachs pursuant to the Option Agreement will not rank for any future dividends.

- 2.5 (A) Tenders in respect of Ordinary Shares held in certificated form must be (i) made on the Tender Form, duly completed in accordance with the instructions set out in this Part IV (*Details of the Tender Offer*) and the instructions in the Tender Form itself, which together constitute part of the terms of the Tender Offer, and (ii) accompanied by the relevant share certificates and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof. Such tenders will only be valid if the procedures contained in this Circular and in the Tender Form are followed in full.
- (B) Tenders in respect of Ordinary Shares held in uncertificated form must be made by the input and settlement of a TTE Instruction in CREST in accordance with the instructions set out in this Part IV (*Details of the Tender Offer*) and the relevant procedures in the CREST Manual, which together constitute part of the terms of the Tender Offer. Such tenders will only be valid if the procedures contained in this Circular and in the relevant parts of the CREST Manual are followed in full.
- (C) The Tender Offer and all tenders will be governed by and construed in accordance with English law. Delivery of a Tender Form or the input of a TTE Instruction in CREST, as applicable, will constitute submission to the jurisdiction of the courts of England and Wales in respect of all matters arising out of or in connection with the Tender Offer (including the Tender Form).
- 2.6 Subject to paragraph 2.22 below, the results of the Tender Offer and, if applicable, the extent to which tenders will be scaled down, will be announced on 2 December 2021 and, subject to the Conditions described in paragraph 2.1 above having been satisfied, it is expected that the Tender Offer will become unconditional at such time. Until such time as the Tender Offer becomes unconditional, the Tender Offer will be subject to the Conditions described in paragraph 2.1.
- 2.7 All documents and remittances sent by or to Qualifying Shareholders and all instructions made by or on behalf of a Qualifying Shareholder in CREST will be sent or made (as the case may be) at the risk of the Qualifying Shareholder concerned. If the Tender Offer does not become unconditional and lapses or is withdrawn:
- (A) in respect of Ordinary Shares held in certificated form, Tender Forms, share certificates and other documents of title will be returned by post not later than ten Business Days after the date of such lapse or withdrawal; and
- (B) in respect of Ordinary Shares held in uncertificated form, the Escrow Agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow balances by TFE Instruction to the original available balances to which those Ordinary Shares relate as soon as practicable after the date of such lapse or withdrawal.
- 2.8 If only part of a holding of Ordinary Shares is successfully tendered pursuant to the Tender Offer, the relevant Qualifying Shareholder will be entitled to receive the following:
- (A) for Ordinary Shares held in certificated form, a certificate in respect of the unsold Ordinary Shares, where the share certificate(s) submitted pursuant to the Tender Offer relate(s) to more Ordinary Shares than those successfully tendered by such Qualifying Shareholder under the Tender Offer; or
- (B) for Ordinary Shares held in uncertificated form, the transfer by the Escrow Agent by TFE Instruction of the unsold Ordinary Shares to the original available balances.

- 2.9 Further copies of the Tender Form may be obtained on request from the Shareholder Helpline 0333 207 6537 or +44 333 207 6537 (if calling from outside the UK) or from the Receiving Agent at Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Please note that calls to the helpline number may be monitored or recorded. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate.
- 2.10 A single price per Ordinary Share will be paid in respect of all Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer, that price being the Tender Price (being 105 pence per Ordinary Share).
- 2.11 All Shareholders who tender Ordinary Shares will receive the Tender Price for all successful tenders accepted subject, where applicable, to the scaling-down arrangements set out in paragraphs 2.13 to 2.15 below.
- 2.12 If the aggregate value at the Tender Price of all Ordinary Shares validly tendered by Shareholders is £500 million or less, then all Ordinary Shares validly tendered will be accepted and purchased at the Tender Price.
- 2.13 If the aggregate value at the Tender Price of all Ordinary Shares validly tendered by Shareholders exceeds £500 million, then not all of the Ordinary Shares validly tendered will be accepted and purchased and, in these circumstances, tenders will be accepted (or, as the case may be, rejected) as follows:
- (A) all Ordinary Shares validly tendered up to the Guaranteed Entitlement, for each relevant holding of Ordinary Shares, will be accepted and purchased in full; and
  - (B) all Ordinary Shares validly tendered in excess of the Guaranteed Entitlement, for each relevant holding of Ordinary Shares, will be scaled down pro rata to the total number of such Ordinary Shares tendered in excess of the Guaranteed Entitlement such that the total cost of Ordinary Shares to be purchased pursuant to the Tender Offer does not exceed £500 million.
- 2.14 The Guaranteed Entitlement is only relevant if the Tender Offer is oversubscribed. Tenders in respect of up to approximately 38.9 per cent. of each holding of Ordinary Shares of every Qualifying Shareholder on the Record Date will be accepted in full at the Tender Price and will not be scaled down. This percentage is known as the “**Guaranteed Entitlement**”. Qualifying Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, if the Tender Offer is oversubscribed, the tender of such excess Ordinary Shares will only be successful to the extent that other Shareholders have tendered less than their Guaranteed Entitlement.
- 2.15 Should any fractions arise from any scaling-down or Guaranteed Entitlement arrangements under paragraphs 2.13 and 2.14, the number of Ordinary Shares accepted shall be rounded down to the nearest whole Ordinary Share (or to nil, as the case may be).
- 2.16 All Ordinary Shares successfully tendered and accepted will be purchased by Goldman Sachs pursuant to the Tender Offer, as principal and not as agent, nominee or trustee, at the Tender Price.
- 2.17 The decisions of Goldman Sachs and/or the Company as to the results of the Tender Offer shall be final and binding on all Shareholders (except as otherwise required under applicable law). All questions as to the number of Ordinary Shares tendered and/or accepted (including the application of the scaling-down and Guaranteed Entitlement arrangements under paragraphs 2.13 to 2.15, the price to be paid therefor and the validity, form, eligibility (including the time of receipt) and acceptance of payment of any tender of Ordinary Shares will be determined by Goldman Sachs in its sole discretion, which determination shall be final and binding on all of the parties (except as otherwise required under applicable law). Goldman Sachs reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment which may, in the opinion of Goldman Sachs, be unlawful. Goldman Sachs also reserves the absolute right to waive any defect or irregularity in the tender of any particular

Ordinary Share or by any particular holder thereof. No tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be paid to the Qualifying Shareholder until after (in the case of certificated Ordinary Shares) the Tender Form is complete in all respects and the share certificates and/or other document(s) of title satisfactory to Goldman Sachs have been received or (in the case of uncertificated Ordinary Shares) the relevant TTE Instruction has settled. None of FirstGroup, Goldman Sachs, the Receiving Agent, or any other person is or will be obliged to give notice of any defects or irregularities in any tender, and none of them will incur any liability for failure to give any such notice.

- 2.18 Shareholders will not be obliged to pay any fees, commission or dealing charges to the Company or Goldman Sachs in connection with the Tender Offer. Certain payments made in connection with the Tender Offer may be subject to US backup withholding. All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules and the relevant forms required to be completed, if any, set out under the heading “US information reporting and backup withholding” in paragraph 2 of Part V (*Taxation*) of this Circular.
- 2.19 The failure of any person to receive a copy of this Circular or the Tender Form shall not invalidate any aspect of the Tender Offer. None of the Company, Goldman Sachs, the Receiving Agent or any other person will incur any liability in respect of any Qualifying Shareholder failing to receive this Circular and/or, in respect of a Qualifying Shareholder who holds Ordinary Shares in certificated form, the Tender Form. Qualifying Shareholders may obtain additional copies of this Circular and the Tender Form from the Receiving Agent by calling the Shareholder Helpline, details of which are set out at the front of this Circular.
- 2.20 The Company reserves the right to require that Goldman Sachs does not proceed with the Tender Offer if the Directors conclude, at any time prior to the Unconditional Date, that its implementation is no longer in the best interests of the Company and/or the Shareholders as a whole.
- 2.21 The Company reserves the right, at any time prior to the announcement of the results of the Tender Offer, subject to compliance with applicable legal and regulatory requirements and with the prior consent of Goldman Sachs, to revise the aggregate value of the Tender Offer, based on market conditions and/or other factors. The Company shall notify Shareholders of any such revision without delay by announcement through a Regulatory Information Service.
- 2.22 The Company reserves the right, at any time prior to the announcement of the results of the Tender Offer, with the prior consent of Goldman Sachs, to extend the period during which the Tender Offer is open, in which event the term “**Closing Date**” shall mean the latest time and date at which the Tender Offer, as so extended, shall close. The Company shall promptly notify Shareholders of any extension by announcement through a Regulatory Information Service.
- 2.23 Goldman Sachs reserves the right to treat any Tender Forms and/or TTE Instructions not strictly complying with the terms and conditions of the Tender Offer as nevertheless valid.
- 2.24 The terms of the Tender Offer shall have effect subject to such non-material modifications as the Company and Goldman Sachs may from time to time approve in writing. The times and dates referred to in this Circular may (subject to any applicable requirements of the Listing Rules or applicable law or regulation) be changed by the Company, in which event details of the new times and dates will be notified to Shareholders by announcement through a Regulatory Information Service.
- 2.25 No acknowledgment of receipt of any Tender Form, share certificate(s), other document(s) of title and/or TTE Instructions (as appropriate) will be given.

### **3. PROCEDURE FOR TENDERING**

#### **3.1 *Different procedures for Ordinary Shares in certificated and uncertificated form***

If you hold Ordinary Shares in certificated form, you may only tender such Ordinary Shares by completing and returning the Tender Form in accordance with the instructions set out in paragraph 3.2 below and the instructions printed on the form itself.

If you hold Ordinary Shares in certificated form, but under different designations, you should complete a separate Tender Form in respect of each designation. Additional Tender Forms are available from Equiniti by calling the Shareholder Helpline, details of which are set out at the front of this Circular.

If you hold Ordinary Shares in uncertificated form (that is, in CREST), you may only tender such Ordinary Shares by TTE Instruction in accordance with the procedures set out in paragraph 3.3 below and, if those Ordinary Shares are held under different Member Account IDs, you should send a separate TTE Instruction for each Member Account ID.

If you hold Ordinary Shares in both certificated and uncertificated forms, and you wish to tender Ordinary Shares in both forms, you should complete a Tender Form for the certificated holding(s) in accordance with paragraph 3.2 below and tender your Ordinary Shares held in uncertificated form by TTE Instruction in accordance with the procedure set out in paragraph 3.3 below.

All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules set out in paragraph 2 of Part V (*Taxation*) of this Circular.

### 3.2 **Ordinary Shares held in certificated form**

To tender your Ordinary Shares held in certificated form you must complete, sign and have witnessed the Tender Form as appropriate.

The completed, signed and witnessed Tender Form should be sent either by post in the accompanying pre-paid envelope (for use in the UK only) or by hand (during normal business hours only) to the Receiving Agent at Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA **so as to be received not later than 1.00 p.m. on 29 November 2021. No tenders received after that time will be accepted (unless the Closing Date is extended)**. No acknowledgement of receipt of documents will be given. Any Tender Form received in an envelope postmarked in any Restricted Jurisdiction or otherwise appearing to Goldman Sachs or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid tender. For further information on Overseas Shareholders, see paragraph 6 below of this Part IV. In addition, the attention of Qualifying Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 3 of this Circular.

A Tender Form, once received by the Receiving Agent, will be irrevocable.

The completed, signed and witnessed Tender Form should be accompanied, where possible, by the relevant share certificate(s) and/or other document(s) of title in respect of the tendered Ordinary Shares.

Where your share certificate(s) and/or other document(s) of title is/are with your bank, stockbroker or other agent:

- if the share certificate(s) and/or other document(s) of title is/are readily available, arrange for the Tender Form to be lodged by such agent at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA on or after 28 October 2021 and so as to be received by Equiniti by not later than 1.00 p.m. on 29 November 2021; or
- if the share certificate(s) and/or other document(s) of title is/are not readily available, lodge the duly completed Tender Form with Equiniti at the address above on or after 28 October 2021, together with a note saying “share certificate(s) and/or other document(s) of title to follow” and arrange for the share certificate(s) and/or other document(s) of title to be forwarded to Equiniti as soon as possible thereafter and, in any event, so as to be received by Equiniti by not later than 1.00 p.m. on 29 November 2021.

If you hold Ordinary Shares in certificated form at the Record Date and you have lost the share certificate(s) in relation to any or all of your tendered Ordinary Shares, you will need to provide a letter of indemnity to the Company, a template for which can be obtained by writing to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by contacting the Shareholder Helpline, details of which are set out at the front of this Circular. You will then need to return the letter of indemnity, duly completed, to Equiniti with your Tender Form, on or after

28 October 2021 and so as to be received by Equiniti not later than 1.00 p.m. on 29 November 2021.

Where you have completed and returned a letter of indemnity in respect of unavailable share certificate(s) and/or other document(s) of title and you subsequently find or obtain the relevant share certificate(s) and/or other document(s) of title, you should immediately send it/them by post or (during normal business hours only) by hand to the Receiving Agent at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

### 3.3 **Ordinary Shares held in uncertificated form**

If your Ordinary Shares are held in uncertificated form, to tender such Ordinary Shares you should take (or procure the taking of) the action set out below to transfer (by means of a TTE Instruction) the number of Ordinary Shares which you wish to tender under the Tender Offer to the appropriate escrow account, specifying Equiniti (in its capacity as a CREST Participant under the relevant Participant ID(s) and Member Account ID(s) referred to below) as the escrow agent, **so that the TTE Instruction settles by not later than 1.00 p.m. on 29 November 2021. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE Instructions accordingly.**

The input and settlement of a TTE Instruction in accordance with this paragraph 3.3 shall constitute an offer to sell the number of Ordinary Shares at the price(s) indicated on the terms of the Tender Offer, by transferring such Ordinary Shares to the relevant escrow account as detailed in paragraph 3.3(vi) below (an “**Electronic Tender**”).

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the Member Account ID under which your Ordinary Shares are held. In addition, only your CREST Sponsor will be able to send the TTE Instruction to Euroclear in relation to the Ordinary Shares that you wish to tender.

To tender Ordinary Shares in uncertificated form, you should send (or if you are a CREST Sponsored Member, procure your CREST Sponsor sends) to Euroclear a TTE Instruction in relation to such Ordinary Shares to settle in the Equiniti escrow account not later than 1.00 p.m. on 29 November 2021.

A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear’s specifications for transfers to escrow and must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- (i) the ISIN for the Ordinary Shares which is GB0003452173;
- (ii) the number of Ordinary Shares which you wish to tender and transfer to an escrow account;
- (iii) your Member Account ID;
- (iv) your Participant ID;
- (v) the Participant ID of Equiniti, in its capacity as a CREST receiving agent, which is 6RA97;
- (vi) the Member Account ID of Equiniti, in its capacity as a CREST receiving agent, which is RA273201;
- (vii) the intended settlement date for the transfer to escrow. This should be on or after 28 October 2021 and not later than 1.00 p.m. on 29 November 2021;
- (viii) the standard delivery instruction with priority 80; and
- (ix) the contact name and telephone number inserted in the shared note field.

After settlement of a TTE Instruction, you will not be able to access in CREST for any transaction or charging purposes the Ordinary Shares the subject of such TTE Instruction, notwithstanding

that they will be held by Equiniti, in its capacity as the escrow agent, until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, Equiniti, in its capacity as the escrow agent, will transfer the successfully tendered Ordinary Shares to Goldman Sachs, returning any Ordinary Shares not successfully tendered in the Tender Offer to you.

You are recommended to refer to the CREST Manual for further information on the CREST procedures outlined above.

**You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE Instruction relating to your Ordinary Shares to settle prior to 1.00 p.m. on 29 November 2021. In this regard, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

Withdrawals of tenders submitted via CREST are not permitted once submitted.

### 3.4 ***Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST***

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares or otherwise). Qualifying Shareholders who are proposing to convert any such Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 29 November 2021.

### 3.5 ***Validity of tenders***

#### (A) *Validity of Tender Forms*

Notwithstanding the powers in paragraph 2.17 of this Part IV (*Details of the Tender Offer*), Goldman Sachs reserves the right to treat as valid only Tender Forms which are received entirely in order on or after 28 October 2021 and not later than 1.00 p.m. on 29 November 2021 and which are accompanied by the relevant share certificate(s) and/or other document(s) of title or (where applicable) a satisfactory indemnity in lieu thereof in respect of all the Ordinary Shares tendered.

An appropriate announcement will be made if any of the details contained in this paragraph 3.5(A) are altered.

#### (B) *Validity of Electronic Tenders*

A Tender Form which is received in respect of Ordinary Shares held in uncertificated form will not constitute a valid tender and will be disregarded. Qualifying Shareholders who hold Ordinary Shares in uncertificated form and who wish to tender such Ordinary Shares should note that a TTE Instruction will only be a valid tender as at 29 November 2021 if it has settled on or before 1.00 p.m. on that date.

An appropriate announcement will be made if any of the details contained in this paragraph 3.5(B) are altered.

#### (C) *General*

Notwithstanding the completion of a valid Tender Form or settlement of a TTE Instruction, as applicable, the Tender Offer may lapse in accordance with the Conditions set out in this Part IV (*Details of the Tender Offer*) or be withdrawn.

Goldman Sachs reserves the absolute right to inspect (either itself or through its agents) all Tender Forms. The decision of Goldman Sachs as to which Ordinary Shares have been validly tendered shall be conclusive and binding on all Shareholders.

**If you are in any doubt as to how to complete the Tender Form or as to the procedure for making an Electronic Tender, please telephone the Shareholder Helpline, details of which are set out at the front of this Circular. You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST Sponsor before taking any action.**

**Shareholders should note that, once their Ordinary Shares are tendered, they may not be sold, transferred, charged or otherwise disposed of.**

### 3.6 **Settlement**

Subject to and following the Tender Offer becoming unconditional, settlement of the consideration to which any Qualifying Shareholder is entitled pursuant to valid tenders accepted by Goldman Sachs will be made as follows.

#### (A) *Ordinary Shares held in certificated form*

Where an accepted tender relates to Ordinary Shares held in certificated form, cheques for the consideration due will be despatched on 16 December 2021 by the Receiving Agent by first class post to the Qualifying Shareholder at the address set out in Box 1 of the Tender Form. All payments will be made in Sterling by cheque drawn on a branch of a UK clearing bank made payable to the registered holders in Box 1 of the Tender Form.

The Receiving Agent will act for tendering Qualifying Shareholders for the purpose of receiving the monies from Goldman Sachs and transmitting such monies to tendering Qualifying Shareholders. The receipt of the consideration by the Receiving Agent shall be deemed to be receipt, for the purposes of the Tender Offer, by the Qualifying Shareholders. Under no circumstances will interest be paid on the monies to be paid by Goldman Sachs or the Receiving Agent regardless of any delay in making such payment.

#### (B) *Ordinary Shares held in uncertificated form*

Where an accepted tender relates to Ordinary Shares held in uncertificated form, the consideration due will be paid on 7 December 2021 by means of CREST by the Receiving Agent (acting on behalf of Goldman Sachs) procuring that a CREST payment is made in favour of the tendering Qualifying Shareholder's payment bank in accordance with the CREST payment arrangements.

Goldman Sachs reserves the right to settle all or any part of the consideration referred to in this paragraph 3.6(B), for all or any accepted tenders, in the manner referred to in paragraph 3.6(A) (Ordinary Shares in certificated form) above, if, for any reason, it wishes to do so.

The Receiving Agent will act for tendering Qualifying Shareholders for the purpose of receiving the monies from Goldman Sachs and transmitting such monies to tendering Qualifying Shareholders. The receipt of the consideration by the Receiving Agent shall be deemed to be receipt, for the purposes of the Tender Offer, by the Qualifying Shareholders. Under no circumstances will interest be paid on the monies to be paid by Goldman Sachs or the Receiving Agent regardless of any delay in making such payment.

#### (C) *US backup withholding*

Certain payments made in connection with the Tender Offer may be subject to US backup withholding. All Qualifying Shareholders who choose to participate in the Tender Offer are referred to the guide to certain aspects of the US information reporting and backup withholding rules and the relevant forms required to be completed, if any, set out under the heading "US information reporting and backup withholding" in paragraph 2 of Part V (*Taxation*) of this Circular.

#### 4. TENDER FORMS

Each Shareholder by whom, or on whose behalf, a Tender Form is executed irrevocably undertakes, represents, warrants and agrees to and with Goldman Sachs (for itself and on behalf of FirstGroup), so as to bind himself, herself or itself and its, his or her personal representatives, heirs, successors and assigns, that:

- (A) the execution of the Tender Form will constitute an offer to sell to Goldman Sachs such number of Ordinary Shares as are inserted in either Box 1A or 1B of the Tender Form, on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form, as applicable, and that, once lodged, such tender shall be irrevocable;
- (B) such Shareholder is the legal and beneficial owner and has full power and authority to tender, sell, assign or transfer any or all of the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Goldman Sachs, Goldman Sachs will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (C) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of Goldman Sachs as such Shareholder's attorney and/or agent ("**Attorney**"), and an irrevocable instruction to the Attorney to complete and execute all or any instruments of transfer and/or other documents at the Attorney's discretion in relation to the Ordinary Shares referred to in paragraph (A) above in favour of Goldman Sachs or such other person or persons as Goldman Sachs may direct, and to deliver such instrument(s) of transfer and/or other documents at the discretion of the Attorney, together with the share certificate(s) and/or other document(s) relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional, and to do all such other acts and things as may in the opinion of such Attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Goldman Sachs or its nominee(s) or such other person(s) as Goldman Sachs may direct such Ordinary Shares;
- (D) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Goldman Sachs or any of its directors or officers or any person nominated by Goldman Sachs in the proper exercise of its or his or her powers and/or authorities hereunder;
- (E) in respect of tendered Ordinary Shares held in certificated form, such Shareholder will deliver to the Receiving Agent its, his or her share certificate(s) and/or other document(s) of title, or (where applicable) an indemnity acceptable to Goldman Sachs in lieu thereof, or will procure the delivery of such document(s) to the Receiving Agent as soon as possible thereafter and, in any event, not later than the Closing Date;
- (F) the terms of this Part IV (*Details of the Tender Offer*) shall be deemed to be incorporated in, and form part of, the Tender Form which shall be read and construed accordingly;
- (G) if so required by Goldman Sachs, such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Goldman Sachs to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (H) such Shareholder, if an Overseas Shareholder, is a Qualifying Shareholder and has fully observed any applicable legal requirements, obtained any requisite consents and complied with all applicable formalities and that the invitation under the Tender Offer may be made to such Shareholder under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would result in Goldman Sachs or FirstGroup acting in breach of any applicable legal or regulatory requirement in respect of the purchase by Goldman Sachs of the Ordinary Shares tendered by such Shareholder under the Tender Offer;
- (I) such Shareholder's offer to sell Ordinary Shares to Goldman Sachs, and any acceptance thereof, shall not be unlawful under the laws of any jurisdiction;

- (J) such Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction and that the Tender Form has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside a Restricted Jurisdiction;
- (K) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as such Shareholder's agent for the purposes of receipt of the consideration owed to such Shareholder pursuant to the Tender Offer and that the receipt by the Receiving Agent of such consideration will discharge fully any obligation of Goldman Sachs to pay such Shareholder the consideration to which it, he or she is entitled under the Tender Offer;
- (L) the despatch of a cheque to a Shareholder in accordance with the details given on such Shareholder's Tender Form (in either case as referred to in paragraph 3.6 (headed "Settlement") above) will discharge fully any obligation of the Receiving Agent to pay such Shareholder the consideration to which it, he or she is entitled under the Tender Offer;
- (M) on execution the Tender Form takes effect as a deed;
- (N) the execution of the Tender Form will constitute such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form; and
- (O) if the appointment of Attorney provision under paragraph (C) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of Goldman Sachs the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Goldman Sachs to secure the full benefits of paragraph (C) above.

Each Shareholder to which this paragraph 4 applies hereby consents to the assignment by Goldman Sachs of all such benefit as Goldman Sachs may have in any covenants, representations and warranties in respect of the Ordinary Shares which are successfully tendered under the Tender Offer.

A reference in this paragraph to a Shareholder includes a reference to the person or persons executing the Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

## **5. ELECTRONIC TENDERS**

Each Shareholder by whom, or on whose behalf, an Electronic Tender is made irrevocably undertakes, represents, warrants and agrees to and with Goldman Sachs (for itself and on behalf of FirstGroup), so as to bind such Shareholder and its, his or her personal representatives, heirs, successors and assigns, that:

- (A) the input of the TTE Instruction will constitute an offer to sell to Goldman Sachs such number of Ordinary Shares as are specified in the TTE Instruction, on and subject to the terms and conditions set out or referred to in this Circular and that, once the TTE Instruction has settled, such tender shall be irrevocable;
- (B) such Shareholder is the legal and beneficial owner and has full power and authority to tender, sell, assign or transfer any or all of the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Goldman Sachs, Goldman Sachs will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (C) the input of the TTE instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of Goldman Sachs as such

Shareholder's attorney and/or agent ("**Agent**"), and an irrevocable instruction to the Agent to complete and execute all or any documents or input any instruction into CREST at the Agent's discretion in relation to the Ordinary Shares referred to in paragraph (A) above in favour of Goldman Sachs or such other person or persons as Goldman Sachs may direct, and to deliver any documents or input any instruction into CREST at the discretion of the Agent relating to such Ordinary Shares, and to do all such other acts and things as may in the opinion of such Agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Goldman Sachs or its nominee(s) or such other person(s) as Goldman Sachs may direct such Ordinary Shares;

- (D) the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of Equiniti as such Shareholder's escrow agent and an irrevocable instruction and authority to the Escrow Agent: (i) subject to the Tender Offer becoming unconditional, to transfer to Goldman Sachs by means of CREST (or to such person or persons as Goldman Sachs may direct) all of the Ordinary Shares referred to in paragraph (A) above; and (ii) if the Tender Offer does not become unconditional and lapses or is terminated, or such Ordinary Shares include Ordinary Shares which have not been successfully tendered under the Tender Offer, as promptly as practicable after the lapsing or termination of the Tender Offer, or after the unsuccessful tender, to transfer the said Ordinary Shares back to the original available balances from which those Ordinary Shares came;
- (E) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Goldman Sachs or any of its directors or officers or any person nominated by Goldman Sachs in the proper exercise of its or his or her powers and/or authorities hereunder;
- (F) if so required by Goldman Sachs, such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Goldman Sachs to be desirable, in each case to complete the purchase of the Ordinary Shares referred to in paragraph (A) and/or to perfect any of the authorities expressed to be given hereunder;
- (G) such Shareholder, if an Overseas Shareholder, is a Qualifying Shareholder and has fully observed any applicable legal requirements, obtained any requisite consents and complied with all applicable formalities and that the invitation under the Tender Offer may be made to such Shareholder under the laws of the relevant jurisdiction;
- (H) such Shareholder's offer to sell Ordinary Shares to Goldman Sachs, including the input of the TTE Instruction, and any acceptance thereof, shall not be unlawful under the laws of any jurisdiction;
- (I) such Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction at the time of the input of and settlement of the relevant TTE Instruction and that the TTE Instruction has not been sent from a Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;
- (J) the input of the TTE Instruction constitutes the irrevocable appointment of the Receiving Agent as such Shareholder's agent for the purposes of receipt of the consideration owed to such Shareholder pursuant to the Tender Offer and the receipt by the Receiving Agent of such consideration will discharge fully any obligation of Goldman Sachs to pay such Shareholder the consideration to which it, he or she is entitled under the Tender Offer;
- (K) the input of a CREST payment in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 3.6 (headed "Settlement") above will discharge fully any obligation of the Receiving Agent to pay to such Shareholder the consideration to which it, he or she is entitled under the Tender Offer;
- (L) the input of the TTE Instruction will constitute such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer;

- (M) if, for any reason, any Ordinary Shares in respect of which a TTE Instruction has been made are, prior to the Closing Date, converted into certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part IV (*Details of the Tender Offer*) in respect of the Ordinary Shares so converted, if it, he or she wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer; and
- (N) if the appointment of Agent provision under paragraph (C) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of Goldman Sachs the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Goldman Sachs to secure the full benefits of paragraph (C) above.

Each Shareholder to which this paragraph 5 applies hereby consents to the assignment by Goldman Sachs of all such benefit as Goldman Sachs may have in any covenants, representations and warranties in respect of the Ordinary Shares which are successfully tendered under the Tender Offer.

## **6. OVERSEAS SHAREHOLDERS**

- 6.1 Overseas Shareholders should inform themselves about and observe any applicable legal and regulatory requirements. In addition, the attention of Shareholders who are resident in the United States is drawn to the Notice for US Shareholders on page 3 of this Circular. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.
- 6.2 The making of the Tender Offer in, or to persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom or to custodians, nominees or trustees for citizens, nationals or residents of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to tender Ordinary Shares to satisfy itself, himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and Goldman Sachs and FirstGroup and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of this Circular or any Tender Form in any territory outside the United Kingdom.
- 6.3 In particular, the Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, copies of this Circular, the Tender Forms and any related documents must not be mailed or otherwise distributed or sent in, into or from any Restricted Jurisdiction, including to Shareholders with registered addresses in any Restricted Jurisdiction other than the mailing by the Company of this Circular for the purposes of giving notice of the General Meeting. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from any Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and so doing will render invalid any related purported acceptance of the Tender Offer. Persons wishing to tender pursuant to the Tender Offer must not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to any tender pursuant to the Tender Offer. Envelopes containing Tender Forms should not be postmarked in any Restricted Jurisdiction or otherwise despatched from any Restricted Jurisdiction and all Shareholders who wish to participate in the Tender Offer must provide addresses outside any

Restricted Jurisdiction for the remittance of cash or for the return of Tender Forms, share certificates and/or other documents of title.

- 6.4 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, any personalised Tender Form or any related documents in, into or from any Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction in connection with such forwarding, such persons should (a) inform the recipient of such fact; (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (c) draw the attention of the recipient to this paragraph 6 (headed "**Overseas Shareholders**").
- 6.5 The provisions of this paragraph 6 (headed "**Overseas Shareholders**") and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by Goldman Sachs in its absolute discretion, but only if Goldman Sachs is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other laws. Subject to this, the provisions of this paragraph 6 (headed "**Overseas Shareholders**") supersede any terms of the Tender Offer inconsistent herewith.

## PART V

### TAXATION

#### 1. UNITED KINGDOM

THE FOLLOWING COMMENTS DO NOT CONSTITUTE TAX ADVICE AND ARE INTENDED ONLY AS A GUIDE TO CURRENT UNITED KINGDOM LAW AND H.M. REVENUE & CUSTOMS' PUBLISHED PRACTICE (WHICH ARE BOTH SUBJECT TO CHANGE AT ANY TIME, POSSIBLY WITH RETROSPECTIVE EFFECT). THEY RELATE ONLY TO CERTAIN LIMITED ASPECTS OF THE UNITED KINGDOM TAXATION TREATMENT OF SHAREHOLDERS WHO ARE RESIDENT IN THE UNITED KINGDOM FOR UNITED KINGDOM TAX PURPOSES (AND, IF INDIVIDUALS, DOMICILED IN AND ONLY IN THE UNITED KINGDOM FOR UNITED KINGDOM TAX PURPOSES), WHO HOLD, AND WILL HOLD, THEIR ORDINARY SHARES AS INVESTMENTS (AND NOT AS ASSETS TO BE REALISED IN THE COURSE OF A TRADE, PROFESSION OR VOCATION). THEY MAY NOT RELATE TO CERTAIN SHAREHOLDERS, SUCH AS DEALERS IN SECURITIES OR SHAREHOLDERS WHO HAVE (OR ARE DEEMED TO HAVE) ACQUIRED THEIR ORDINARY SHARES BY VIRTUE OF AN OFFICE OR EMPLOYMENT OR SHAREHOLDERS WHO ARE TREATED AS HOLDING THEIR ORDINARY SHARES AS CARRIED INTEREST. SHAREHOLDERS ARE ADVISED TO TAKE INDEPENDENT ADVICE IN RELATION TO THE TAX IMPLICATIONS FOR THEM OF SELLING ORDINARY SHARES PURSUANT TO THE TENDER OFFER.

#### **Taxation of chargeable gains**

The sale of Ordinary Shares by a Shareholder to Goldman Sachs pursuant to the Tender Offer should be treated as a disposal of those shares for United Kingdom tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom taxation of chargeable gains ("**CGT**").

The amount of CGT payable by a Shareholder who is an individual as a consequence of the sale of Ordinary Shares, if any, will depend on his or her own personal tax position. Broadly, a Shareholder whose total taxable gains and income in a given year, including any gains made on the sale of the Ordinary Shares ("**Total Taxable Gains and Income**"), are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") (£37,700 for 2021/2022) will normally be subject to CGT at a rate of 10 per cent. in respect of any gain arising on the sale of his or her Ordinary Shares. A Shareholder whose Total Taxable Gains and Income are more than the Band Limit will normally be subject to CGT at a rate of 10 per cent. in respect of any gain arising on the sale of his or her Ordinary Shares (to the extent that, when added to the Shareholder's other taxable gains and income, the gain is less than or equal to the Band Limit) and at a rate of 20 per cent. in respect of the remainder of the gain arising on the sale of his or her Ordinary Shares. However, no tax will be payable on any gain arising on the sale of Ordinary Shares if the amount of the chargeable gain realised by a Shareholder in respect of the sale, when aggregated with other chargeable gains realised by that Shareholder in the year of assessment (and after taking into account aggregate losses), does not exceed the annual exemption (£12,570 for 2021/2022).

A corporate Shareholder is normally subject to corporation tax on all of its chargeable gains, subject to any relief and exemptions. Corporate Shareholders should be entitled to indexation allowance, calculated only up to and including December 2017.

#### **Transactions in securities**

Under the provisions of Part 15 of the Corporation Tax Act 2010, H.M. Revenue & Customs can in certain circumstances counteract corporation tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by H.M. Revenue & Customs to the Tender Offer, Shareholders who are subject to corporation tax might be liable to corporation tax as if they had received an income amount rather than a capital amount.

No application has been made to H.M. Revenue & Customs for the clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 to the Tender Offer.

Shareholders who are within the charge to corporation tax are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.

#### **Stamp duty and stamp duty reserve tax (“SDRT”)**

The sale of Ordinary Shares pursuant to the Tender Offer will not give rise to any liability to stamp duty or SDRT for the selling Shareholder.

Stamp duty at a rate of 0.5 per cent. on the Ordinary Shares repurchased, rounded up to the nearest £5.00 if necessary, will be payable by the Company on its purchase of Ordinary Shares from Goldman Sachs.

## **2. UNITED STATES**

THE FOLLOWING IS A DESCRIPTION OF THE MATERIAL US FEDERAL INCOME TAX CONSEQUENCES OF DISPOSING OF THE ORDINARY SHARES PURSUANT TO THE TENDER OFFER. EXCEPT FOR THE DISCUSSION THAT APPEARS UNDER THE HEADING “US INFORMATION REPORTING AND BACKUP WITHHOLDING”, IT APPLIES ONLY TO US SHAREHOLDERS, AS DEFINED BELOW, THAT HOLD ORDINARY SHARES AS CAPITAL ASSETS (GENERALLY, ASSETS HELD FOR INVESTMENT) AND DOES NOT DESCRIBE ALL TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A PARTICULAR SHAREHOLDER’S DECISION TO DISPOSE OF THE ORDINARY SHARES.

Except as described under the heading “US information reporting and backup withholding,” this discussion applies only to a US Shareholder that holds Ordinary Shares as a capital asset for US federal income tax purposes. In addition, it does not describe all of the US federal income tax consequences that may be relevant in light of each Shareholder’s particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Code known as the “Medicare contribution tax” and tax consequences applicable to US Shareholders subject to special rules, such as (i) certain financial institutions, (ii) dealers or traders in securities who use a mark-to-market method of tax accounting, (iii) persons holding Ordinary Shares as part of a hedging transaction, straddle, wash sale, conversion transaction or other integrated transaction or persons entering into a constructive sale with respect to the Ordinary Shares, (iv) persons whose functional currency for US federal income tax purposes is not the US dollar, (v) entities classified as partnerships for US federal income tax purposes, (vi) tax-exempt entities, including an “individual retirement account” or “Roth IRA”, (vii) persons that own or are deemed to own ten per cent. or more of the Company’s shares, by vote or value, or (viii) persons holding Ordinary Shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for US federal income tax purposes holds Ordinary Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Ordinary Shares and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of disposing of the Ordinary Shares.

This discussion is based on the United States Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change or differing interpretations, possibly with retroactive effect.

A “US Shareholder” is a Shareholder who, for US federal income tax purposes, is a beneficial owner of Ordinary Shares and who is: (i) an individual that is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia, or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source.

All US Shareholders should consult with their tax advisers concerning the US federal, state, local and non-US tax consequences of disposing of Ordinary Shares in their particular circumstances.

**The tax treatment of the Tender Offer will depend in part on whether or not the Company is classified as a passive foreign investment company, or “PFIC”, for US federal income tax purposes. Except as discussed below under “Passive foreign investment company rules”, this discussion assumes that the Company is not classified as a PFIC for US federal income tax purposes.**

### **Passive foreign investment company rules**

Under the Code, the Company will be a PFIC for any taxable year in which, after the application of certain “look-through” rules with respect to subsidiaries, either (i) 75 per cent. or more of its gross income consists of “passive income,” or (ii) 50 per cent. or more of the average quarterly value of its assets consist of assets that produce, or are held for the production of, “passive income.”

Based on the Company’s current operations, income, assets and certain estimates and projections, including as to the relative values of the Company’s assets and expectations of future business operations, the Company believes that it was not a PFIC for its taxable year end 27 March 2021 and it does not expect to become a PFIC in the foreseeable future. However, because PFIC status depends on the composition of a company’s income and assets and the market value of its assets from time to time, there can be no assurance that the Company will not be a PFIC for any taxable year. While we would not expect to be a PFIC or years prior to 2021 in light of the nature of our operations and assets, we have not undertaken a PFIC analysis with respect to such years and, therefore, no assurance can be given in this regard. If the Company were a PFIC for any year during which a US Shareholder held Ordinary Shares, the Company generally would continue to be treated as a PFIC with respect to that US Shareholder for all succeeding years during which the US Shareholder holds the Ordinary Shares, even if it ceased to meet the threshold requirements for PFIC status.

If the Company were a PFIC for any taxable year during which a US Shareholder held Ordinary Shares (assuming such US Shareholder has not made a timely election described below), gain recognised by a US Shareholder on the disposition of Ordinary Shares pursuant to the Tender Offer would be allocated ratably over the US Shareholder’s holding period for those Ordinary Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amount. Further, to the extent that any distribution received by a US Shareholder on its Ordinary Shares exceeds 125 per cent. of the average of the annual distributions on the Ordinary Shares received during the preceding three years or the US Shareholder’s holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above.

If the Company were a PFIC, certain elections may be available that would result in alternative tax consequences (such as mark-to-market treatment) of owning and disposing of the Ordinary Shares. US Shareholders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

In addition, if the Company were a PFIC or, with respect to a particular US Shareholder, were treated as a PFIC for the taxable year in which the Company paid a dividend or for the prior taxable year, the preferential dividend rates discussed below with respect to dividends paid to certain non-corporate US Shareholders would not apply.

### **Tax consequences of Tender Offer – distribution vs. sale treatment**

The Company’s purchase of Ordinary Shares from a US Shareholder pursuant to the Tender Offer will be treated either as a sale of the Ordinary Shares or as a distribution by the Company. The purchase will be treated as a sale if the US Shareholder meets any of the three tests discussed below. It will be treated as a distribution if the US Shareholder satisfies none of those tests.

If the purchase of Ordinary Shares from a US Shareholder is treated as a sale, the US Shareholder will recognise gain or loss equal to the difference between the amount of cash received by the US Shareholder and the US Shareholder’s tax basis in the Ordinary Shares sold. The gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Ordinary Shares were held for more

than one year. A US Shareholder must calculate gain or loss separately for each block of Ordinary Shares that he or she owns. A US Shareholder may be able to designate which blocks and the order of such blocks of Ordinary Shares to be tendered pursuant to the Tender Offer. The gain or loss will be US source for foreign tax credit purposes.

If the purchase of Ordinary Shares from a US Shareholder is treated as a distribution by the Company, the full amount of cash received by the US Shareholder for the Ordinary Shares (without any offset for the US Shareholder's tax basis in the purchased Ordinary Shares) will be treated as a dividend to the extent of the Company's current and accumulated earnings and profits allocable to the distribution. The tax basis of the US Shareholder's redeemed Ordinary Shares will be added to the tax basis of his or her remaining shares of the Company. Because the Company does not currently maintain calculations of earnings and profits for US federal income tax purposes, it is expected that the distributions with respect to the Ordinary Shares will generally be reported as dividends. For non-corporate US Shareholders, such dividends may be "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that certain conditions are satisfied, including certain holding period requirements. The dividend will generally be income from sources outside the United States and will generally be "passive" income, in each case for purposes of computing the foreign tax credit allowable to a US Shareholder. The dividend will not be eligible for the dividends-received deduction generally allowed to US corporations under the Code. US Shareholders should consult their own tax advisers concerning the rules discussed in this paragraph in their particular circumstances.

To the extent, if any, that payments made by the Company exceed a US Shareholder's allocable share of the Company's current and accumulated earnings and profits, the distribution will first be treated as a non-taxable return of capital, causing a reduction in the US Shareholder's adjusted basis in his or her Ordinary Shares, and any amounts in excess of the US Shareholder's adjusted basis will be treated as capital gain.

In the event that a US Shareholder has received qualified dividend income from dividends that are "extraordinary dividends" (as defined in the Code), then any loss on the sale or exchange of the Ordinary Shares in respect of which such dividends were received shall, to the extent of such dividends, be treated as long-term capital loss. The amount of dividend income or the amount received in respect of a sale will be the US dollar amount calculated by reference to the US dollar-Sterling exchange rate in effect on the date of receipt of the Sterling, regardless of whether the payment is in fact converted into US dollars. If the payments are converted into US dollars on the date of receipt, a US Shareholder should not be required to recognise foreign currency gain or loss in respect of the payment. A US Shareholder may have foreign currency gain or loss if the payment is converted into US dollars after the date of receipt.

#### **Determination of sale or distribution treatment**

The Company's purchase of Ordinary Shares pursuant to the Tender Offer will be treated as a sale of the Ordinary Shares by a US Shareholder if: (i) the purchase completely terminates the US Shareholder's equity interest in the Company, (ii) the receipt of cash by the US Shareholder is "not essentially equivalent to a dividend", or (iii) as a result of the purchase there is a "substantially disproportionate" reduction in the US Shareholder's equity interest in the Company.

If none of these tests are met with respect to a particular US Shareholder, then the Company's purchase of Ordinary Shares from that US Shareholder pursuant to the Tender Offer will be treated as a distribution.

In applying these tests, the constructive ownership rules of Section 318 of the Code apply. A US Shareholder is treated as owning not only shares of the Company actually owned by the US Shareholder but also such shares actually (and in some cases constructively) owned by others. Under the constructive ownership rules, a US Shareholder will be considered to own shares of the Company owned, directly or indirectly, by certain members of the US Shareholder's family and certain entities (such as corporations, partnerships, trusts and estates) in which the US Shareholder has an equity interest, as well as shares of the Company that the US Shareholder has an option to purchase.

It may be possible for a tendering US Shareholder to satisfy one of these three tests by contemporaneously selling or otherwise disposing of all or some of the shares that such US Shareholder actually or constructively owns that are not purchased pursuant to the offer.

Correspondingly, a tendering US Shareholder may not be able to satisfy one of these three tests because of contemporaneous acquisitions of shares of the Company by such US Shareholder or a related party whose shares are attributed to such US Shareholder. Shareholders should consult their own tax advisers regarding the tax consequences of such sales or acquisitions in their particular circumstances.

*Complete termination.* A purchase of shares pursuant to the Tender Offer will result in a “complete termination” of the US Shareholder’s interest in the Company if, immediately after the sale, either: (a) the US Shareholder owns, actually and constructively, no shares of the Company; or (b) the US Shareholder actually owns no shares of the Company and effectively waives constructive ownership of any constructively owned shares of the Company under the procedures described in Section 302(c)(2) of the Code. If a US Shareholder desires to file such a waiver, the US Shareholder should consult his or her own tax adviser.

*Not essentially equivalent to a dividend.* A purchase of Ordinary Shares pursuant to the Tender Offer will be treated as “not essentially equivalent to a dividend” if it results in a “meaningful reduction” in the selling US Shareholder’s proportionate interest in the Company. Whether a US Shareholder meets this test will depend on relevant facts and circumstances. In measuring the change, if any, in a US Shareholder’s proportionate interest in the Company, the meaningful reduction test is applied by taking into account all Ordinary Shares that the Company purchases pursuant to the Tender Offer, including Ordinary Shares purchased from other US Shareholders.

The IRS has indicated in published guidance that even a small reduction in proportionate interest of a small minority shareholder in a publicly and widely held corporation who exercises no control over corporate affairs may constitute a “meaningful reduction”. Shareholders should consult their own tax advisers regarding the application of this test to their particular circumstances.

*Substantially disproportionate.* A purchase of Ordinary Shares pursuant to the Tender Offer will be “substantially disproportionate” as to a US Shareholder if the percentage of the then outstanding Ordinary Shares actually and constructively owned by such US Shareholder immediately after the purchase is less than 80 per cent. of the percentage of the outstanding Ordinary Shares actually and constructively owned by such US Shareholder immediately before the purchase. Shareholders should consult their own tax advisers with respect to the application of the “substantially disproportionate” test in their particular circumstances.

*The Company cannot predict whether there will be sale or distribution treatment.* The Company cannot predict whether or the extent to which the Tender Offer will be undersubscribed or oversubscribed. If the Tender Offer is oversubscribed, proration of tenders pursuant to the Tender Offer will cause the Company to accept fewer Ordinary Shares than are tendered. Consequently, the Company can give no assurance that a sufficient number of any US Shareholder’s Ordinary Shares will be purchased pursuant to the Tender Offer to ensure that such purchase will be treated as a sale, rather than as a distribution, for US federal income tax purposes under the rules discussed above.

### **Consequences to US Shareholders who do not sell shares pursuant to the Tender Offer**

US Shareholders who do not sell Ordinary Shares pursuant to the Tender Offer will not incur any US federal income tax liability as a result of the consummation of the Tender Offer.

### **US information reporting and backup withholding**

Payments made in respect of sales of Ordinary Shares pursuant to the Tender Offer which are not considered to be effected at an office outside the US under US Treasury Regulations may be reported to the IRS and the relevant Shareholder as may be required under applicable regulations. Backup withholding at a rate of 24 per cent. may be deducted from payments described in the preceding sentence if the relevant Shareholder fails to certify under penalties of perjury: (i) in the case of a Shareholder that is a US Shareholder, that such Shareholder is a US Shareholder, that the taxpayer identification number provided is correct (or that such Shareholder is awaiting a taxpayer identification number) and that such Shareholder is not subject to backup withholding, or (ii) in the case of a Shareholder that is not a US Shareholder, that such Shareholder is an exempt foreign person.

A sale of Ordinary Shares pursuant to the Tender Offer should be considered to be effected at an office outside the US for these purposes (and consequently payments in respect of them not be subject to US

information reporting and backup withholding) unless: (i) the proceeds of sale by the relevant Shareholder are paid to an account maintained in the United States, (ii) the proceeds of sale are despatched to the relevant Shareholder at an address in the United States, (iii) the relevant Shareholder has accepted the Tender Offer from within the United States (by, for example, mailing the completed, signed and witnessed Tender Form from within the United States), or (iv) a confirmation of sale is sent to the relevant Shareholder at an address within the United States.

To prevent the imposition of the backup withholding tax, Shareholders whose sale of their Ordinary Shares would not be considered to be effected at an office outside the United States should return the appropriate IRS Form W-9 or Form W-8 with the acceptance of the Tender Offer. If such a Shareholder is a US Shareholder, the Shareholder should submit a duly executed IRS Form W-9. If such a Shareholder is not a US Shareholder, the Shareholder should submit a duly executed IRS Form W-8BEN or other IRS Form W-8, as appropriate. Copies of IRS Form W-9 and Form W-8 are available on the IRS's website at <https://www.irs.gov/forms-instructions>.

Certain Shareholders that own their Ordinary Shares through a custodian, nominee or trustee may be required by their custodian, nominee or trustee to provide, and may be able to avoid the imposition of backup withholding by providing, an appropriate IRS Form W-9 or Form W-8 to the applicable custodian, nominee or trustee. Shareholders should consult their tax advisers as to their qualification for these exemptions.

Copies of the information returns filed with the IRS may be made available to the tax authorities in the country in which the relevant Shareholder resides.

The backup withholding tax is not an additional tax. A Shareholder may generally obtain a refund or credit of any amounts withheld under the backup withholding rules that exceed its US federal income tax liability, if any, provided any claim for refund or credit is timely filed with the IRS.

## PART VI

### POTENTIAL FURTHER STAGE OF THE RETURN OF VALUE

If the full £500 million is not returned to Shareholders through the Tender Offer, the Board intends to undertake a second phase of the Return of Value to return any remaining surplus cash to Shareholders. This second phase of the Return of Value will be influenced by the size of any amount that has not been returned via the Tender Offer. In such circumstances, if there is sufficient surplus, the Board intends to return approximately £50 million by way of a share buyback, with any meaningful surplus above this amount being returned by way of a special dividend (with accompanying Share Consolidation).

#### 1. ON-MARKET BUYBACK OF ORDINARY SHARES OF APPROXIMATELY £50 MILLION

The second phase of the Return of Value is expected to be by way of a repurchase of Ordinary Shares to return approximately £50 million to Shareholders.

As explained in paragraph 3 of Part I (*Letter from the Chairman*) of this Circular, the Company is seeking authority at the General Meeting to buy back up to a maximum of 122,281,244 Ordinary Shares, representing approximately 10 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date. Ordinary Shares purchased by the Company as part of this second phase of the Return of Value will be cancelled. The maximum and minimum prices to be paid under the New Buyback Authority are set out in Resolution 4 in the Notice of General Meeting.

As set out at paragraph 2.1 of Part I (*Letter from the Chairman*), the New Buyback Authority will be used for the purposes of returning approximately £50 million to Shareholders if the full £500 million is not returned to Shareholders through the Tender Offer and there is sufficient surplus.

#### 2. SPECIAL DIVIDEND

Following the Tender Offer and any subsequent share buyback as set out above, a Special Dividend would return any meaningful surplus of the £500 million to all Shareholders pro rata to the size of their shareholdings.

##### 2.1 *Share Consolidation*

In the event that all or part of any further stage of the Return of Value were to be undertaken by payment of the Special Dividend, it may be appropriate for such Special Dividend to be accompanied by a Share Consolidation. As any Share Consolidation requires Shareholder approval, that authority is being sought now so that, if the Board does subsequently decide to pay a Special Dividend to return all or part of any amount not returned by the Tender Offer, the Company would be in a position to do so quickly and without the delay and cost of convening a separate general meeting at that time. The terms of the relevant resolution only allow the Board to use the authority to effect a Share Consolidation in connection with the payment of any Special Dividend made to return any part of the Return of Value that is not returned through the Tender Offer.

The purpose of any Share Consolidation would be to seek to ensure that, to the extent reasonably practicable and subject to market fluctuations, the market price of one New Ordinary Share immediately after the payment of a Special Dividend would be approximately equal to the market price of one Ordinary Share immediately before such payment. The Share Consolidation should also assist the comparability of financial information in relation to the Company that is expressed on a per-share basis before and after any Special Dividend.

Accordingly, under any Share Consolidation, the number of Ordinary Shares in issue would be reduced by a percentage broadly equivalent to the quantum of the Special Dividend as a proportion of the Company's market capitalisation at that time.

Following any Share Consolidation, Shareholders would own the same proportion of the Company as they did immediately prior to the Share Consolidation taking effect (subject to the treatment of fractional entitlements) but would hold a smaller number of new Ordinary Shares

(the “**New Ordinary Shares**”) than the number of Ordinary Shares held immediately prior to the Share Consolidation.

Application would be made for the New Ordinary Shares resulting from the Share Consolidation to be admitted to the Official List and to trading on the Main Market. Subject to their admission, the New Ordinary Shares would be traded on the Main Market in the same way as Ordinary Shares and would be equivalent in all respects to Ordinary Shares (including as to dividend, voting and other rights), with the exception of the difference in nominal value. General market transactions would continue to be settled within the CREST system.

## 2.2 **Consolidation ratio**

The consolidation ratio cannot be set at this time as it will depend on various matters, including the level of take-up under the Tender Offer and any subsequent share buyback, the quantum of any proposed Special Dividend and the future price of an Ordinary Share at the time of any proposed Special Dividend. As provided in Resolution 2 set out in the Notice of Meeting, the consolidation ratio would be set by the Directors at the relevant time. The ratio, once set, would be notified to Shareholders via a Regulatory Information Service. The consolidation ratio would be expected to be calculated by dividing: (i) the Company’s market capitalisation at the Distribution Record Date less the quantum of the Special Dividend; by (ii) the Company’s market capitalisation at the Distribution Record Date, subject to such amendments as the Directors may determine to deal with fractions, rounding or other practical problems or matters which may result from such division and/or to achieve a ratio which in their judgment is the most appropriate to seek to maintain comparability of the Company’s share price and/or earnings per share before and after the Special Dividend.

In order to ensure that a whole number of New Ordinary Shares is created following the implementation of the Share Consolidation, it is proposed that the Company may issue a small number of Ordinary Shares to one of the Company’s employee benefit trusts or may repurchase a small number of Ordinary Shares under an existing authority, immediately prior to the Distribution Record Date. The number of Ordinary Shares to be issued or repurchased would be such as will result in the total number of Ordinary Shares (including any held in treasury) being exactly divisible in accordance with the consolidation ratio.

## 2.3 **Fractional entitlements to New Ordinary Shares following the Share Consolidation**

A Shareholder may have a fractional entitlement to a New Ordinary Share following the Share Consolidation. For example, if the consolidation ratio were 3:4 (New Ordinary Shares: existing Ordinary Shares), a Shareholder holding 11 Ordinary Shares would, after such a Share Consolidation, be entitled to 8 New Ordinary Shares and a fractional entitlement of one-quarter of a New Ordinary Share. By contrast, a Shareholder holding 12 Ordinary Shares would, after such a Share Consolidation, be entitled to 9 New Ordinary Shares and no fractional entitlement.

Under a Share Consolidation, no fractions of New Ordinary Shares would be received by any Shareholder. The number of New Ordinary Shares to which a Shareholder is entitled will be rounded down to the nearest whole New Ordinary Share. Fractional entitlements to New Ordinary Shares would be aggregated and sold as soon as practicable by instructing a broker to sell them in the open market at the then-available prices. The net proceeds of the sale (after deduction of all expenses and commissions incurred) will be distributed to the Shareholders entitled to them, save that, where the net proceeds from the sale of any such fractional entitlement are less than £5.00, Shareholders would have no entitlement or right to the proceeds of sale but instead any such proceeds would be retained by the Company.

## 3. **IMPORTANT NOTE ON THE POTENTIAL FURTHER STAGE OF THE RETURN OF VALUE**

In order to return the £500 million to Shareholders, the Board may combine its use of the New Buyback Authority with a Special Dividend.

Alternatively, if the Board concludes that an on-market buyback of Ordinary Shares or a Special Dividend is not the appropriate means to return any or all of the balance of cash to be returned at the relevant time, or if Shareholder approval for the Share Consolidation or the New Buyback Authority is not obtained at the General Meeting, the Board may decide to implement the whole or part of any

further stage of the Return of Value by another method or other methods, including enhancements of regular dividends.

The Board intends to confirm its intention in respect of the most appropriate method for implementing the further stage of the Return of Value (if required) as soon as practicable and appropriate following completion of the Tender Offer.

There may be circumstances in which there would be no further stage of the Return of Value, including where the Tender Offer is fully subscribed. In these circumstances, Shareholders who do not tender any of their Ordinary Shares under the Tender Offer will not participate in the Return of Value.

The Board reserves the right not to proceed with, or to modify, any further stage of the Return of Value if it determines at any time that it would be in the best interests of Shareholders as a whole to do so.

## PART VII

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

FirstGroup and the Directors, whose names are set out in paragraph 2 of this Part VII (*Additional information*) below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of FirstGroup and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. DIRECTORS AND REGISTERED OFFICE

Name	Position	Appointed
David Martin	Interim Executive Chairman	15 August 2019 <sup>(1)</sup>
Ryan Mangold	Chief Financial Officer	31 May 2019
Peter Lynas	Senior Independent Non-Executive Director	30 June 2021
Warwick Brady	Independent Non-Executive Director	24 June 2014
Sally Cabrini	Independent Non-Executive Director, Chair of the Remuneration Committee	24 January 2020
Anthony Green	Group Employee Director	15 September 2020
Jane Lodge	Independent Non-Executive Director, Chair of the Audit Committee	30 June 2021
Julia Steyn	Independent Non-Executive Director	2 May 2019

(1) David Martin was first appointed to the Board on 15 August 2019 as Chairman and became Interim Executive Chairman on 13 September 2021.

The Company is the parent company of a UK-focused surface based passenger transport group with headquarters in the UK. The Company's current legal and commercial name is FirstGroup plc and it is a public limited company quoted on the London Stock Exchange. The Company was incorporated and registered in Scotland on 31 March 1995 as a public company limited by shares. The Company's registered office is at 395 King Street, Aberdeen, AB24 5RP (telephone number +44 (0)1224 650100). The Directors are based at the Company's London corporate office at 8th Floor, The Point, 37 North Wharf Road, London, United Kingdom, W2 1AF.

The principal legislation under which the Company operates is the Companies Act 2006 and the applicable regulations made thereunder.

#### 3. DIRECTORS' INTERESTS

##### 3.1 *Interests in Ordinary Shares*

None of the FirstGroup Directors beneficially hold more than 0.02 per cent. of the share capital of FirstGroup on an individual basis. FirstGroup Directors beneficially own approximately 0.06 per cent. of the share capital of FirstGroup in the aggregate as a group.

The beneficial interests of the FirstGroup Directors in Ordinary Shares (excluding their holdings of options and awards under the Share Plans) as at the Latest Practicable Date are:

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
David Martin	300,000	0.02%
Ryan Mangold	280,282	0.02%
Peter Lynas	60,000	0.00%
Warwick Brady	96,201	0.01%
Sally Cabrini	Nil	0.00%
Anthony Green	Nil	0.00%
Jane Lodge	15,000	0.00%
Julia Steyn	Nil	0.00%
Total	751,483	0.06%

Save as disclosed above, no other person involved in the Tender Offer has an interest, including a conflicting interest, which is material to the Tender Offer.

### 3.2 *Interests in Ordinary Shares under the Share Plans*

As at the Latest Practicable Date, the FirstGroup executive Directors and Group Employee Director held options or awards under the Share Plans, further details of which are set out below, over a total of 3,663,265 Ordinary Shares, representing 0.3% of the Ordinary Shares in issue as at that date.

#### *Long Term Incentive Plan*

Director	Date of grant	Award granted	Vesting date	Expiry date
Ryan Mangold	19 August 2019	765,175	1 April 2022	1 April 2023
	24 September 2020	1,962,274	1 April 2023	1 April 2024
	2 August 2021	934,274	1 April 2024	1 April 2025

#### *Save-as-you-earn (SAYE) Plan*

Director	Date of Grant	Award granted	Vesting date	Release date
Anthony Green	6 December 2018	1,542	1 February 2022	31 July 2022

## 4. MAJOR SHAREHOLDERS OF FIRSTGROUP

As at the Latest Practicable Date, FirstGroup had been notified (in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules) of the following underlying investors with a notifiable interest in the Issued Ordinary Share Capital:

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
Schroders Plc	160,640,685	13.14%
Coast Capital Management, LLC	156,749,908	12.82%
Ameriprise Financial Inc.	120,808,808	9.88%
Aberforth Partners LLP	65,498,978	5.36%
Aberdeen Standard Investments	56,777,893	4.64%

As detailed in paragraph 11 of this Part VII (*Additional information*), Coast Capital Management has given an irrevocable undertaking pursuant to which it has committed to validly tender, or to procure the valid tender of, 156,749,809 Ordinary Shares in the Tender Offer.

## 5. WARRANTS AND OPTIONS

As at the Latest Practicable Date, the total number of outstanding options to subscribe for Ordinary Shares, and the proportions of the Issued Ordinary Share Capital that they currently represent and that they will represent if the full authority to buy back shares is used pursuant to the Tender Offer and the New Buyback Authority or the Existing Buyback Authority (as applicable), are set out in the table below:

	Percentage of Issued Ordinary Share Capital if both the maximum permitted number of Ordinary Shares is purchased pursuant to the Existing Buyback Authority and the maximum permitted number of Ordinary Shares is purchased pursuant to the Tender Offer	Percentage of Issued Ordinary Share Capital if the maximum permitted number of Ordinary Shares is purchased pursuant to the Tender Offer (see note)	Percentage of Issued Ordinary Share Capital if both the maximum permitted number of Ordinary Shares is purchased pursuant to the Existing Buyback Authority and the maximum permitted number of Ordinary Shares is purchased pursuant to the Tender Offer
Number of options			
35,799,322	2.9%	4.8%	5.7%

Note: No Ordinary Shares can be acquired under the New Buyback Authority in circumstances where the maximum permitted number of Ordinary Shares has been purchased pursuant to the Tender Offer.

As at the Latest Practicable Date, there are no outstanding warrants to subscribe for Ordinary Shares.

## 6. OPTION AGREEMENT

On 27 October 2021, the Company entered into the Option Agreement with Goldman Sachs. Pursuant to the terms of the Option Agreement, and conditional on the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms and on Goldman Sachs being registered as the holder of the Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer, the Company has granted a put option to Goldman Sachs which, on exercise, obliges the Company to purchase from Goldman Sachs at a price equal to the Tender Price the Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer. Also under the Option Agreement, Goldman Sachs has granted the Company a call option which, on exercise, obliges Goldman Sachs to sell to the Company, at the Tender Price, the Ordinary Shares purchased by Goldman Sachs pursuant to the Tender Offer.

## 7. WORKING CAPITAL

FirstGroup is of the opinion that, on the assumption that the authority sought by Resolution 1 will be used in full at the Tender Price and taking into account the bank facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Circular.

## 8. NO SIGNIFICANT CHANGE

There has been no significant change to the financial position or financial performance of the Group since 27 March 2021, the date to which the last audited financial statements of the Company were prepared.

## 9. TREND INFORMATION

The Directors believe that the trends and developments described in paragraph 5 (*FirstGroup's Current Trading and Prospects and Strategic Plans Following the Return of Value*) of Part I (*Letter from the Chairman*) of this Circular have continued to affect, or be considerations relevant to, the Group between 27 March 2021 and the date of this Circular. The Directors also believe that these trends are reasonably

likely to continue to have a potentially material effect on FirstGroup's prospects for the current financial year.

## **10. CONSENTS**

J.P. Morgan, who has acted as lead joint sponsor, joint financial adviser and joint corporate broker to FirstGroup in connection with the Return of Value, has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

Goldman Sachs, who has acted as joint sponsor, joint financial adviser and joint corporate broker to FirstGroup in connection with the Return of Value, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

## **11. IRREVOCABLE UNDERTAKING**

The Company has received an irrevocable undertaking from Coast Capital Management in its capacity as a controller of Ordinary Shares in the Company and, as such, a major shareholder in the Company, to support the Tender Offer. Pursuant to that irrevocable undertaking Coast Capital Management has committed to validly tender, or to procure the valid tender of, 156,749,809 Ordinary Shares (representing approximately 12.82% per cent of the total issued share capital of the Company) in accordance with the procedure specified in this Circular. The Ordinary Shares which are the subject of the undertaking will be tendered as soon as possible and in any event within ten days of the publication of this Circular. Coast Capital Management has also undertaken to vote in favour of the Resolutions and not to sell, or otherwise dispose of, the Ordinary Shares which are the subject of the undertaking or to acquire any additional Ordinary Shares or interest in the Company.

## **12. TAKEOVER CODE**

Rule 9 of the Takeover Code applies to any person who acquires an interest in shares which, when taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code. Any such person is required to make a general offer to all shareholders of that company to acquire their shares in cash at not less than the highest price paid by such person, or by any person acting in concert with him, for any interest in shares within the 12 months prior to the offer. Such an offer under Rule 9 of the Takeover Code must also be made where any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights in the company and such person, or any person acting in concert with him, acquires an interest in any other shares which increase the percentage of shares carrying voting rights in which he is interested.

When a company purchases its own voting shares, any resulting increase in the percentage of voting rights held by a shareholder, or group of shareholders acting in concert, will be treated as an acquisition for the purpose of Rule 9.

Goldman Sachs may purchase, as principal and not as agent, nominee or trustee, Ordinary Shares under the Tender Offer, which could result in Goldman Sachs owning 30 per cent. or more of the Issued Ordinary Share Capital. It is also possible that entities within the group of which Goldman Sachs is part hold or come to hold other interests in the Issued Ordinary Share Capital and that, in certain cases, those interests could be subject to aggregation with any Ordinary Shares acquired under the Tender Offer for the purposes of Rule 9 of the Takeover Code. As such, it is possible that the aggregated holdings of Goldman Sachs and persons in concert with it could result in a requirement to make a general offer under Rule 9.

Goldman Sachs has indicated its intention that, shortly after the purchase of Ordinary Shares under the Tender Offer, it will sell all those Ordinary Shares to the Company for cancellation. Accordingly, a waiver has been obtained from the Panel on Takeovers and Mergers in respect of the application of Rule 9 to the purchase by Goldman Sachs of Ordinary Shares under the Tender Offer.

## PART VIII

### DEFINITIONS

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

<b>Agent</b>	has the meaning given to that term in paragraph 5(C) of Part IV ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>AGM</b>	annual general meeting;
<b>Attorney</b>	has the meaning given to that term in paragraph 4(C) of Part IV ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Board or Directors</b>	the board of directors of FirstGroup;
<b>Business Day</b>	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
<b>certificated or in certificated form</b>	recorded on the Register as being held in certificated form (that is, not in CREST);
<b>CERTS</b>	the US Department of the Treasury's Coronavirus Economic Relief for Transportation Services scheme;
<b>Circular</b>	this document;
<b>Closing Date</b>	29 November 2021 or such other date as may be determined in accordance with paragraph 2.22 of Part IV in relation to the Tender Offer ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Coast Capital Management</b>	Coast Capital Management LP;
<b>Company or FirstGroup</b>	FirstGroup PLC, a public limited company incorporated in Scotland with registered number SC157176, whose registered office is at 395 King Street, Aberdeen, AB24 5RP;
<b>Conditions</b>	has the meaning given to that term in paragraph 2.1 of Part IV ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>CREST</b>	the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;
<b>CREST Manual</b>	the rules governing the operation of CREST as published by Euroclear and as amended from time to time;
<b>CREST Member</b>	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
<b>CREST Participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
<b>CREST Proxy Instruction</b>	a proxy appointment or instruction made via CREST authenticated in accordance with Euroclear's specifications and containing the information set out in the CREST Manual;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time;
<b>CREST Sponsor</b>	a CREST Participant admitted to CREST as a CREST sponsor, being a sponsoring system participant (as defined in the CREST Regulations);

<b>CREST Sponsored Member</b>	a CREST Member admitted to CREST as a sponsored member;
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made under Part VI of FSMA (and contained in the FCA's publication of the same name), as amended from time to time;
<b>Distribution Record Date</b>	means the record date for a Special Dividend;
<b>Electronic Tender</b>	has the meaning given to that term in paragraph 3.3 of Part IV ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Escrow Agent</b>	Equiniti;
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>Existing Buyback Authority</b>	has the meaning given to that term in paragraph 4 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom;
<b>Financial Advisers</b>	J.P. Morgan and Goldman Sachs together;
<b>Form of Proxy</b>	the form of proxy enclosed with this Circular (where applicable) for use by Shareholders in connection with the General Meeting;
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended from time to time;
<b>General Meeting</b>	has the meaning given to that term in paragraph 1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Goldman Sachs</b>	Goldman Sachs International;
<b>Group</b>	FirstGroup together with its subsidiaries and subsidiary undertakings;
<b>Guaranteed Entitlement</b>	has the meaning given to that term in paragraph 3.4 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Issued Ordinary Share Capital</b>	the Company's issued ordinary share capital, excluding any treasury shares from time to time;
<b>J.P. Morgan or J.P. Morgan Cazenove</b>	J.P. Morgan Securities plc;
<b>Latest Practicable Date</b>	25 October 2021, being the latest practicable date prior to the publication of this Circular;
<b>Equiniti</b>	Equiniti Limited, a limited company incorporated in England and Wales with registered number 6226088, whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;
<b>Listing Rules</b>	the listing rules made under Part VI of FSMA (and contained in the FCA's publication of the same name), as amended from time to time;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Main Market</b>	the main market for listed securities maintained by the London Stock Exchange;
<b>Market Abuse Regulation</b>	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and any

	implementing legislation, in each case as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018;
<b>Member Account ID</b>	the identification code or number attached to any member account in CREST;
<b>Net Disposal Proceeds</b>	has the meaning given to that term in paragraph 2.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>New Buyback Authority</b>	has the meaning given to that term in paragraph 2.5 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>New Ordinary Shares</b>	has the meaning given to that term in paragraph 2.1 of Part VI ( <i>Potential Further Stage of the Return of Value</i> );
<b>Notice of General Meeting</b>	the notice of the General Meeting which is set out at the end of this Circular;
<b>Official List</b>	the list maintained by the FCA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
<b>Option Agreement</b>	the option agreement described in paragraph 6 of Part VII ( <i>Additional Information</i> ) of this Circular;
<b>Ordinary Shares</b>	ordinary shares with a nominal value of 5 pence each in the capital of FirstGroup (or, where the context requires, with such other nominal value as an ordinary share in the Company may have following any Share Consolidation);
<b>Overseas Shareholder</b>	a Shareholder who is resident in, or a citizen of, a jurisdiction outside the United Kingdom;
<b>Participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;
<b>Qualifying Shareholders</b>	Shareholders other than those with a registered address in any of the Restricted Jurisdictions;
<b>Receiving Agent</b>	Equiniti;
<b>Record Date</b>	6.00 p.m. on 29 November 2021 or such other time and date as may be determined by the Company in its sole discretion in the event that the Closing Date is altered in accordance with paragraph 2.22 of Part IV ( <i>Details of the Tender Offer</i> ) of this Circular;
<b>Register</b>	the register of members of FirstGroup;
<b>Registrar</b>	Equiniti;
<b>Regulatory Information Service or RIS</b>	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
<b>Restricted Jurisdictions</b>	Australia and New Zealand;
<b>Return of Value</b>	has the meaning given to that term in paragraph 2.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Share Consolidation</b>	has the meaning given to that term in paragraph 2.5 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;

<b>Shareholder Helpline</b>	the shareholder telephone helpline being made available in relation to the Tender Offer, details of which are set out on page 5 of this Circular;
<b>Shareholders</b>	holders of Ordinary Shares from time to time;
<b>Special Dividend</b>	has the meaning given to that term in paragraph 2.5 of Part I ( <i>Letter from the Chairman</i> ) of this Circular, and such term shall, if a series of such dividends are to be paid, mean each such dividend;
<b>subsidiary</b>	has the meaning given to that term in section 1159 of the Companies Act 2006;
<b>subsidiary undertaking</b>	has the meaning given to that term in section 1162 of the Companies Act 2006;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers;
<b>Tender Form</b>	the tender form issued with this Circular to Qualifying Shareholders who hold their Ordinary Shares in certificated form;
<b>Tender Offer</b>	the invitation by Goldman Sachs to Shareholders to tender Ordinary Shares for purchase by Goldman Sachs on the terms and subject to the conditions set out in this Circular and also, in the case of certificated Ordinary Shares only, the Tender Form (and, where the context so requires, the associated repurchase of such Ordinary Shares by the Company from Goldman Sachs);
<b>Tender Offer Resolution</b>	has the meaning given to that term in paragraph 1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Tender Price</b>	105 pence, being the price per Ordinary Share at which Ordinary Shares will be purchased pursuant to the Tender Offer;
<b>TFE Instruction</b>	a transfer from escrow instruction (as defined by the CREST Manual);
<b>Transaction</b>	has the meaning given to that term in paragraph 2.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>Transaction Circular</b>	has the meaning given to that term in paragraph 2.1 of Part I ( <i>Letter from the Chairman</i> ) of this Circular;
<b>TTE Instruction</b>	a transfer to escrow instruction (as defined by the CREST Manual);
<b>UK DB Pension Schemes</b>	the First UK Bus Pension Scheme and the FirstGroup Pension Scheme;
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>uncertificated or in uncertificated form</b>	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>Unconditional Date</b>	the date on and time at which the Tender Offer becomes unconditional, which is expected to be on 2 December 2021;
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction;

**US Exchange Act**

the US Securities Exchange Act of 1934, as amended from time to time; and

**US Shareholder**

has the meaning given to that term in paragraph 2 of Part V (*Taxation*) of this Circular.

# FIRSTGROUP PLC

(registered in Scotland with registered number SC157176)

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of FirstGroup plc (the “**Company**”) will be held at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London, SW1P 3EE at 11:00 am on 18 November 2021 for the purposes of considering and, if thought fit, passing the following resolutions, the first of which will be proposed as a special resolution, the second of which will be proposed as an ordinary resolution, the third of which will be proposed as a special resolution and the fourth of which will be proposed as a special resolution.

Unless otherwise defined herein, capitalised terms used in the following resolutions shall have the meaning ascribed to them in the Company’s circular to shareholders dated 27 October 2021 of which this notice forms part.

### Special Resolution

1. THAT, in addition to (i) the authority for the purpose of section 701 of the Companies Act 2006 (the “**Act**”) which was approved by special resolution passed at the annual general meeting of the Company convened for 13 September 2021 (the “**AGM Authority**”); and (ii) any authority pursuant to section 701 of the Act as may be approved under Resolution 4 below in substitution for the AGM Authority, the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own ordinary shares of 5 pence each in the capital of the Company (“**ordinary shares**”) pursuant to, for the purposes of, or in connection with a tender offer for ordinary shares on the terms and in accordance with the arrangements set out or referred to in the circular to the Company’s shareholders dated 27 October 2021 (the “**Circular**”) (a copy of which is produced to the meeting and signed for identification purposes by the chairman of the meeting) or otherwise as contemplated by arrangements set out or referred to in the Circular, provided that:
  - (A) the maximum number of ordinary shares hereby authorised to be purchased is 476,190,476;
  - (B) the minimum price, exclusive of all expenses, which may be paid for an ordinary share is 105 pence;
  - (C) the maximum price, exclusive of all expenses, which may be paid for an ordinary share is 105 pence; and
  - (D) the authority conferred by this resolution shall expire on 31 March 2022, save that the Company may before the expiry of such authority make a contract to purchase ordinary shares which will or may be executed wholly or partly after such expiry and the Company may make a purchase of such ordinary shares after such expiry pursuant to such contract.

### Ordinary Resolution

2. THAT, in connection with any Special Dividend paid or proposed to be paid by the Company, the Company and its directors be authorised to, on one or more than one occasion:
  - (A) (i) consolidate each of the ordinary shares from time to time in the capital of the Company into one or more (such number being at the discretion of the directors) ordinary shares in the capital of the Company (such share or shares being “intermediate share(s)”), and (ii) immediately after such consolidation, divide or sub-divide the intermediate share(s) into new ordinary shares in the capital of the Company of such nominal value as the directors may determine; or
  - (B) (i) sub-divide each of the ordinary shares from time to time in the capital of the Company into such number of ordinary shares in the capital of the Company as the directors may determine (such shares being “intermediate shares”), and (ii) immediately after such sub-

division, consolidate the intermediate shares into new ordinary shares in the capital of the Company of such nominal value as the directors may determine,

on the basis that:

- (1) the directors shall have discretion to determine the record date and time by reference to which any such consolidation and/or division or sub-division shall take place;
- (2) the directors shall have discretion to make any arrangements which they consider necessary, appropriate or expedient (i) to deal with fractions, rounding or other practical problems or matters which may result from any such consolidation and/or division or sub-division, or (ii) for the purpose of giving effect to any such consolidation and/or division or sub-division; and
- (3) in particular and without prejudice to the general discretion of the directors under paragraph (2) above, where any such consolidation and/or division or sub-division would result in any shareholder being entitled to a fraction of a new ordinary share, such fraction shall, so far as possible, be aggregated with the fractions of a new ordinary share (if any) to which other shareholders of the Company would be similarly so entitled and the directors of the Company be and are hereby authorised to sell (or appoint any other person to sell) to any person all the new ordinary shares representing such fractions in the open market at the price prevailing at the time of sale to any person(s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant shareholders who would otherwise be entitled to the fractions so sold, save that (i) any fraction of a penny (or equivalent) which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the Registrar of the Company and (ii) any due proportion of such proceeds that would pursuant to the foregoing fall for distribution to any shareholder which is an amount that is less than £5.00 (net of expenses) shall be retained by the Company and the relevant shareholder shall not be entitled thereto (and in order to implement the provisions of this paragraph, any director (or any person appointed by the directors) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such new ordinary shares on behalf of the relevant shareholder(s) and to do all acts and things the directors consider necessary or desirable to effect the transfer of such new ordinary shares to, or in accordance with the directions of, any buyer of such new ordinary shares).

### **Special Resolution**

3. THAT, subject to the Share Consolidation taking effect, the definition of “nominal amount” or “nominal value” in the articles of association of the Company be amended by substituting the nominal value of the New Ordinary Shares.

### **Special Resolution**

4. THAT, (i) in addition to any authority pursuant to section 701 of the Act as may be approved under Resolution 1 above, but (ii) in substitution for the AGM Authority, the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares (of any nominal value from time to time) in the capital of the Company, such power to be limited:
  - (A) to a maximum aggregate number of 122,281,244 ordinary shares;
  - (B) by the condition that the minimum price (exclusive of expenses) which may be paid for each ordinary share is the nominal value of that share and the maximum price which may be paid for an ordinary share is the highest of:
    - (i) an amount equal to 5 per cent. above the average market value of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and

- (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out, in each case, exclusive of expenses,

such power to apply until the end of the next annual general meeting of the Company in 2022 (or, if earlier, on 12 December 2022) (unless previously revoked or varied by the Company in a general meeting) but, in each case, so that the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

By order of the Board

**David Isenegger**

*Group General Counsel and Company Secretary*

27 October 2021

*Registered office*

FirstGroup plc  
395 King Street,  
Aberdeen,  
AB24 5RP

## Notes to the Notice of General Meeting

1. A Form of Proxy for use by Shareholders is enclosed with this Notice of General Meeting. In the case of joint holders, any one holder may vote. If more than one holder is present at the General Meeting, only the vote of the senior will be accepted, seniority being determined by the order in which names appear on the Register of Members.
2. Shareholders are entitled to appoint another person as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the General Meeting. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. If a Shareholder does not specify how they want the proxy to vote on any particular resolution, the proxy may vote or abstain as they see fit. A proxy may also vote or abstain as they see fit on any other business which properly comes before the General Meeting.
3. At the date of this notice we intend to hold the General Meeting as a physical meeting. Any Shareholders and proxies attending the General Meeting in person will be asked to provide a proof of identity and either (i) a NHS Covid Pass using the NHS app on their mobile phone; or (ii) written evidence of a negative lateral flow test taken within 24 hours of the time of the General Meeting or a PCR test taken within 48 hours of the time of the General Meeting. However, we will be closely monitoring restrictions over public gatherings and the UK Government's safety guidance in light of the COVID-19 pandemic. Any changes to the arrangements for the General Meeting will be communicated to Shareholders before the meeting through our website [www.firstgroupplc.com](http://www.firstgroupplc.com) and, where appropriate, by RIS announcement. The Company will also be making arrangements to enable Shareholders to join the General Meeting via the Lumi webportal. Nonetheless, Shareholders are strongly encouraged to complete and return the Form of Proxy appointing the Chairman of the General Meeting as their proxy or vote online in advance of the General Meeting in order to ensure their votes are counted. Completion and return of such a Form of Proxy will not prevent a Shareholder from attending the General Meeting and voting in person or electronically via the Lumi webportal where they are otherwise permitted to do so. Such a vote in person at the General Meeting or electronically via the Lumi webportal will replace any vote previously lodged.
4. To be effective, the return of a duly completed postal Form of Proxy (or by electronic means), together with any power of attorney or other authority under which the Form of Proxy is signed (or a notarially certified copy of such authority), must be received by the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 11:00 a.m. on 16 November 2021 (or, in the event of any adjournment, so as to arrive no later than 48 hours, excluding non-Business Days, before the time appointed for the adjourned General Meeting). Persons voting under a power of attorney must do so using the hard copy Form of Proxy.
5. Shareholders may, if they so wish, register the appointment of a proxy or proxies electronically by any of the following methods:
  - (A) By logging onto the website of the Company's Registrar, Equiniti, [www.sharevote.co.uk](http://www.sharevote.co.uk), where details of the procedures are given. Shareholders will need their Voting ID, Task ID and Shareholder Reference Number, all of which are printed on the Form of Proxy. Alternatively, if Shareholders have already registered with the Company's Registrar's online portfolio service, Shareview, they can submit their proxy electronically by logging onto their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) using their user ID and password. Once logged in, click 'View' on the 'My Investments' page, click on the link to vote and then follow the instructions on the screen. A Form of Proxy lodged electronically will be invalid unless it is lodged at the address specified on Equiniti's websites detailed above.
  - (B) If you are a member of CREST, by using the CREST electronic appointment service.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment(s) thereof) by using the procedures described in the CREST Manual which can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members (and those CREST members who have appointed a service provider(s)) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11:00 a.m. on 16 November 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members (and, where applicable, their CREST sponsors or voting service provider(s)) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting system provider(s)) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

6. Entitlement to vote at the General Meeting and the number of votes which may be cast at the General Meeting will be determined by reference to the Register of Members of the Company as at 6:30 p.m. on 16 November 2021. If the meeting is adjourned, entitlement to vote will be determined by reference to the Register of Members of the Company as at 6:30 p.m. on the date which is two Business Days prior to the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

7. Voting at the General Meeting will be by way of poll. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. It also allows the votes of Shareholders who attend and vote at the General Meeting electronically or who have lodged proxies to be taken into account. Also see Note 3 above.

Shareholders may vote in advance of the General Meeting either by registering a proxy vote at [www.shareview.co.uk](http://www.shareview.co.uk) or [www.sharevote.co.uk](http://www.sharevote.co.uk) or completing the Form of Proxy sent to them with the Circular and returning it to the Registrar. All Forms of Proxy must be received by the Registrar by no later than 11:00 a.m. on 16 November 2021. Shareholders are strongly encouraged to complete and return the Form of Proxy appointing the Chairman of the meeting as their proxy in order to ensure their votes are counted.

Voting by Shareholders attending the General Meeting electronically is possible via the electronic poll on the Lumi web-portal. This will open once the Chairman of the General Meeting declares the poll open. Further information on the voting process can be found in Appendix 1.

8. Shareholders remotely attending the General Meeting can submit questions via <https://web.lumiagm.com/120-366-730>, which can be accessed using a web browser, on a PC, smartphone device or tablet. See Appendix 1 for joining instructions. If you are unable to access your Shareholder Reference Number (“SRN”) and PIN, please contact Equiniti by calling the numbers provided below.

9. Any Shareholder entitled to attend the General Meeting has the right to ask questions. Shareholders are encouraged to submit questions relating to the business of the General Meeting in advance of the General Meeting by email to [companysecretariat@firstgroup.com](mailto:companysecretariat@firstgroup.com). You can also ask questions relating to the business of the General Meeting via <https://web.lumiagm.com/120-366-730>.

The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting, but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

If you attend the meeting in person, you may be included in the recording of the General Meeting. Please note that this recording is solely for the purpose of creating a transcript of the General Meeting and will not be made publicly available.

10. Shareholders who have general queries about the General Meeting should use the following means of communication (no other communication will be accepted): calling the Shareholder helpline on 0333 207 6537 or +44 333 207 6537 (if calling from outside the UK). Telephone lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Please note that calls to the Shareholder Helpline numbers may be monitored or recorded. Shareholders may not use any electronic address provided in either this Notice of General Meeting or any related documents (including the Chairman’s letter and the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated in those documents.

11. Security and safety measures will be in place to ensure your safety at the General Meeting. All those present at the General Meeting are asked to facilitate the orderly conduct of the meeting and the health and safety of those attending it, and the Company reserves the right, if orderly conduct or attendees’ health or safety is threatened by a person’s behaviour, to refuse entry to that person or to require that person to leave. All hand baggage may be subject to examination prior to entry to the General Meeting. Mobile phones may not be used in the General Meeting and cameras, video recorders, laptop computers and similar equipment may not be taken into the General Meeting. Anyone attempting to take photos, or to record or film proceedings, may be asked to leave. Attendance at the General Meeting in person may also be subject to compliance with all relevant UK Government public health guidance relating to the holding of public gatherings at the relevant time.

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

If a Nominated Person has not been appointed as a proxy for the General Meeting, or does not wish to exercise their right, they may have a right under such an agreement to give instructions to the Shareholders as to the exercise of voting rights.

The right to appoint a proxy for the General Meeting referred to in Note 2, can only be exercised by Shareholders of the Company and not by a Nominated Person.

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

14. A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at [www.firstgroupplc.com](http://www.firstgroupplc.com). Neither the content of the Company’s website nor any website accessible by hyperlinks to the Company’s website is incorporated in, or forms part of, these notes.

15. The results of the voting at the General Meeting will be announced through a RIS and will appear on our website at [www.firstgroupplc.com](http://www.firstgroupplc.com) as soon as reasonably practicable.

16. At the close of business on 25 October 2021 (being the latest practicable date prior to the publication of this Notice of General Meeting), the Company had 1,222,969,677 ordinary shares in issue, of which 157,229 ordinary shares were held in treasury. Therefore, the total number of voting rights in the Company was 1,222,812,448. The ordinary shares have a nominal value of 5 pence each. On a poll, each holder of ordinary shares has one vote per share.
17. Personal data provided by Shareholders at or in relation to the General Meeting (including names, contact details, votes and SRNs), will be processed in line with the Company's privacy policy which is available on our website at [www.firstgroupplc.com](http://www.firstgroupplc.com).

## Appendix 1

### Electronic Meeting

# Online Guide



#### Meeting Access

Shareholders can participate in the General Meeting remotely, via: <https://web.lumiagm.com/120-366-730> This can be accessed online using the latest version of Chrome, Firefox and Safari on your PC, laptop, tablet or smartphone. On accessing the meeting platform, you will be asked to enter your unique SRN and PIN which is the first two and last two digits of your SRN. These can be found printed on your Form of Proxy.

Access to the Lumi platform will be available an hour prior to the start of the General Meeting.; however, please note that your ability to vote will not be enabled until the Chairman formally declares the poll open.



#### Broadcast

Once logged in, and at the commencement of the General Meeting, you will be able to follow the proceedings on your device.



#### Voting

Once the Chairman has formally opened voting, the list of resolutions will automatically appear on your screen. Select the option that corresponds with how you wish to vote. "FOR", "AGAINST" or "WITHHELD".

Once you have selected your vote, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received, there is no submit button.

To vote on all resolutions displayed select the "vote all" option at the top of the Screen.

To change your vote, reselect your choice. To cancel your vote, select the "cancel" button. You will be able to do this whilst the poll remains open and before the Chairman announces its closure.



#### Q&A

To ask questions electronically select the messaging icon from within the navigation bar and type your question at the top of the screen. To submit your question, click on the arrow icon to the right of the text box.



#### Requirements

An active internet connection is always required in order to allow you to cast your vote when the poll opens, submit questions and view the Broadcast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

As well as having the latest internet browser installed, users must ensure their device is up to date with the latest software release.



#### Duly appointed proxies and corporate representatives

To receive your unique SRN and PIN please contact the Company's registrar Equiniti by emailing: [hybrid.help@equiniti.com](mailto:hybrid.help@equiniti.com) before 11.00am on 17 November 2021.

Mailboxes are monitored 9.00am to 5.00pm Monday to Friday (excluding public holidays in England & Wales).

