

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the attached Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE BONDS DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE BONDS DESCRIBED HEREIN MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the attached Prospectus or make an investment decision with respect to the Bonds described herein, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). The attached Prospectus is being sent at your request and by accepting the e-mail and accessing the attached Prospectus, you shall be deemed to have represented to Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Mitsubishi UFJ Securities International plc, The Royal Bank of Scotland plc, BNP Paribas, Commerzbank Aktiengesellschaft, ING Bank N.V., Belgian Branch, Mizuho International plc, SMBC Nikko Capital Markets Limited, Société Générale and The Toronto-Dominion Bank (together, the “**Managers**”) that you are not a U.S. person, your stated electronic mail address to which this e-mail has been delivered is not located in the U.S. and that you consent to delivery of such Prospectus by electronic transmission.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Prospectus to any other person.

The materials relating to the issue of the Bonds described herein do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the issue of the Bonds described herein be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the issue of the Bonds described herein shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Prospectus has been sent to you in electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Managers, nor any person who controls them nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the attached Prospectus distributed to you in electronic format and the hard copy version available to you on request from any Manager.



FirstGroup plc

(Incorporated in Scotland under the Companies Act 1985 with Registered no. SC157176)

£325,000,000

5.250 per cent. Bonds due 2022

Issue price: 98.964 per cent.

The £325,000,000 5.250 per cent. Bonds due 2022 (the "**Bonds**") are issued by FirstGroup plc (the "**Issuer**" or "**FirstGroup**").

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**UK Listing Authority**" and the "**FSMA**" respectively) for the Bonds to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Bonds to be admitted to trading on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). This document comprises a prospectus for the purpose of Article 3 of Directive 2003/71/EC, as amended by Directive 2010/73/EU (the "**Prospectus Directive**").

Interest on the Bonds will, subject to "*Terms and Conditions of the Bonds – Interest*", be payable from (and including) 29 November 2012 at the rate of 5.250 per cent. per annum payable annually in arrear on 29 November in each year.

The Bonds will mature on 29 November 2022 and are subject to redemption or repurchase at the option of the Issuer, as further described under "*Terms and Conditions of the Bonds – Redemption or repurchase at the option of the Issuer*". Also, the Issuer may purchase or redeem all (but not some only) of the Bonds at their principal amount together with interest accrued to the date of such purchase or, as the case may be, redemption, in the event of certain tax changes as described under "*Terms and Conditions of the Bonds – Redemption or repurchase for tax reasons*". The Bonds are also subject to redemption at the option of the holders of the Bonds (the "**Bondholders**"), as further described under "*Terms and Conditions of the Bonds – Redemption at the Option of the Bondholders upon a Change of Control Event*".

The Bonds will be issued on 29 November 2012 (the "**Issue Date**") and will initially be represented by a temporary global bond (the "**Temporary Global Bond**"), without interest coupons which will be issued in the new global note ("**NGN**") form. The Temporary Global Bond will be deposited with a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about 29 November 2012. Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the "**Permanent Global Bond**") and, together with the Temporary Global Bond, the "**Global Bonds**", without interest coupons, on or after 8 January 2013, upon certification as to non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable for definitive Bonds in bearer form, with interest coupons attached, in certain limited circumstances – see "*Summary of Provisions relating to the Bonds while in Global Form*".

Any investment in the Bonds involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Bonds.

The Bonds are expected, on issue, to be rated BBB- and BBB- by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**") respectively. S&P and Fitch are established in the European Union for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (the "**CRA Regulation**") and are registered under the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

Joint Lead Managers and Joint Bookrunners

CRÉDIT AGRICOLE CIB

HSBC

MITSUBISHI UFJ
SECURITIES

THE ROYAL BANK OF
SCOTLAND

SANTANDER GLOBAL
BANKING & MARKETS

Co-Lead Managers

BNP
PARIBAS

COMMERZBANK

ING

MIZUHO
SECURITIES

SMBC
NIKKO

SOCIÉTÉ GÉNÉRALE CORPORATE &
INVESTMENT BANKING

TD
SECURITIES

Each of (i) the Issuer and (ii) First Student, Inc., First Transit, Inc., Greyhound Lines, Inc., First West Yorkshire Limited and FirstGroup America, Inc. (together, the “**Guarantors**”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*” below) and shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

No person is or has been authorised to give any information or to make any representation other than those contained in or consistent with this Prospectus in connection with the issue or sale of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, any of the Guarantors, any of the Managers (as defined in “*Subscription and Sale*” below) or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any of the Guarantors since the date hereof or that there has been no adverse change in the financial position of the Issuer or any of the Guarantors since the date hereof or that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Managers and the Trustee have not separately verified the information contained in this Prospectus. None of the Managers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or any of the Guarantors in connection with the offering of the Bonds. None of the Managers or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or any of the Guarantors in connection with the offering of the Bonds or their distribution. Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantors, the Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Managers or the Trustee undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to their attention.

In the ordinary course of business, each of the Managers has engaged and may in the future engage in normal banking or investment banking transactions with the Issuer, the Guarantors and their affiliates or any of them.

No person is authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information provided by the Issuer or any of the Guarantors in connection with the offering of the Bonds and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantors, the Managers or the Trustee or any of them. The delivery of this Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

Neither this Prospectus nor any other information provided by the Issuer or any of the Guarantors in connection with the offering of the Bonds constitutes an offer of, or an invitation by or on behalf of, the Issuer or the Guarantors or the Managers or any of them to subscribe for, or purchase, any of the Bonds (see “*Subscription and Sale*” below). The distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The Issuer, the Guarantors and the Managers do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantors or the Managers or any of them which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the U.S. and the United Kingdom. Persons in receipt of this Prospectus are required by the Issuer, the Guarantors and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Bonds and distribution of this Prospectus, see “*Subscription and Sale*” below.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the U.S. or to U.S. persons, as defined in Regulation S under the Securities Act. For a description of certain restrictions on offers and sales of Bonds and on distribution of this Prospectus, see “*Subscription and Sale*”.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

The minimum denomination of the Bonds shall be £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No definitive Bonds will be issued with a denomination above £199,000.

In this Prospectus, unless otherwise specified, all references to “**pounds**”, “**sterling**”, “**£**”, “**p**” or “**pence**” are to the lawful currency of the United Kingdom and references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

IN CONNECTION WITH THE ISSUE OF THE BONDS, THE ROYAL BANK OF SCOTLAND PLC (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuer and FirstGroup America, Inc. ("**FirstGroup America**") for the financial years ended 31 March 2011 and 2012 and the audited non-consolidated annual financial statements of First West Yorkshire Limited for the financial years ended 26 March 2011 and 31 March 2012 together, in each case, with the audit report thereon (save for the fifth and sixth paragraphs of the section entitled "Outlook" on page 32 of the Issuer's audited consolidated annual financial statements for the financial year ended 31 March 2012, which shall not be deemed to be incorporated in, and shall not be deemed to form part of, this Prospectus), which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Services Authority or filed with it.

This Prospectus should also be read and construed in conjunction with the consolidated half-yearly financial report of the Issuer for the six months ended 30 September 2012, which has been previously published or is published simultaneously with this Prospectus and which has been filed with the Financial Services Authority.

The documents referred to above shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Following the publication of this Prospectus but prior to the issue date a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus prior to the issue date which is capable of affecting the assessment of the Bonds, prepare a supplement to this Prospectus. The Issuer has undertaken to the Managers that it will comply with section 87G of the FSMA.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. The parts of the documents mentioned above which are not incorporated by reference into this Prospectus are either not relevant for investors or are covered elsewhere in this Prospectus.

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Overview of Bonds

The following overview does not purport to be complete and is taken from, and is qualified in entirety by, the remainder of this document including the documents incorporated by reference. Words and expressions defined in the “Terms and Conditions of the Bonds” below shall have the same meaning in this overview.

Issuer:	FirstGroup plc (the “ Issuer ” or “ FirstGroup ”).
Guarantors:	First Student, Inc., First Transit, Inc., Greyhound Lines, Inc., First West Yorkshire Limited and FirstGroup America, Inc. (the “ Guarantors ”).
Description:	Unsubordinated Fixed Rate Bonds.
Size:	£325,000,000.
Managers:	<i>Joint Lead Managers and Joint Bookrunners</i> Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Mitsubishi UFJ Securities International plc and The Royal Bank of Scotland plc <i>Co-Lead Managers</i> BNP Paribas, Commerzbank Aktiengesellschaft, ING Bank N.V., Belgian Branch, Mizuho International plc, SMBC Nikko Capital Markets Limited, Société Générale and The Toronto-Dominion Bank
Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Paying Agent:	The Bank of New York Mellon (Luxembourg) S.A.
Issue Price:	98.964 per cent.
Form of Bonds:	Bearer.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Currency:	Pounds sterling (£).
Maturity:	29 November 2022.
Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No definitive Bonds will be issued with a denomination above £199,000.

Interest Payment:	Interest on the Bonds will be payable from (and including) 29 November 2012 at the rate of 5.250 per cent. per annum payable annually in arrear on 29 November in each year. See <i>“Terms and Conditions of the Bonds – Interest”</i> .
Coupon step-up	The interest rate payable on the Bonds will, subject to and in accordance with Condition 4, <i>“Interest”</i> , be increased to 6.500 per cent. per annum in the event that the Bonds are not rated at least BBB- by at least two Rating Agencies (as defined in Condition 4), with effect from the Interest Payment Date next following the Bonds ceasing to be so rated until such time as a subsequent rate adjustment shall become effective pursuant to the provisions of Condition 4.
Status of Bonds:	The Bonds will constitute unsubordinated and unsecured obligations of the Issuer as described in <i>“Terms and Conditions of the Bonds – Status”</i> .
Negative Pledge:	The terms of the Bonds will, subject to the exceptions contained in and in accordance with Condition 3, <i>“Negative Pledge”</i> , contain a negative pledge provision which provides that the Issuer will not, and will procure that no Material Subsidiary (as defined in Condition 3) shall create or permit to subsist any Security Interest (as defined in Condition 3) to secure payment of any present or future Indebtedness (as defined in Condition 3) of any person or to secure any guarantee given by the Issuer or any Material Subsidiary of any Indebtedness (as defined in Condition 3) of any person unless the same Security Interest is also provided for the Bondholders on a <i>pari passu</i> basis. See <i>“Terms and Conditions of the Bonds – Negative Pledge”</i> .
Optional Redemption:	The Issuer may, subject to and in accordance with Condition 5(c), <i>“Redemption and repurchase at the option of the Issuer”</i> , on giving notice to the Bondholders, redeem or purchase, and any of its Subsidiaries (as defined in Condition 3) may purchase, all (but not some only) of the Bonds for the time being outstanding at any time at the Redemption Price (as defined in Condition 5(c)) together with interest accrued to (but excluding) the date of redemption or, as the case may be, purchase.

Early Redemption:

The Bondholders may, subject to and in accordance with Condition 5(d), "*Redemption at the option of the Bondholders upon a Change of Control Event*", on the occurrence of a Put Event (as defined in Condition 5(d)), exercise an option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) the Bonds on the Put Date (as defined in Condition 5(d)) at their principal amount, together with any interest accrued up to (but excluding) the Put Date.

The Issuer may, subject to and in accordance with Condition 5(b), "*Redemption or repurchase for tax reasons*", on giving notice to the Bondholders, redeem or purchase all (but not some only) of the Bonds at their principal amount outstanding together with interest accrued to (but excluding) the date of such purchase or, as the case may be, redemption if, on the occasion of the next payment of principal or interest in respect of the Bonds, the Issuer has or will become obliged to pay additional amounts (as provided in Condition 7, "*Taxation*") as a result of any actual or proposed change in, or amendment to, the laws, regulations or treaties of the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, or in the application or official interpretation of such laws, regulations or treaties, which change or amendment becomes effective after the Issue Date.

See "*Terms and Conditions of the Bonds - Redemption and Purchase*".

Withholding Tax:

All payments in respect of the Bonds and Coupons will be made without withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of, the United Kingdom or any political sub-division thereof, or by any authority therein or thereof having power to tax, save as may be required by law. In the event that any such withholding or deduction is required by law, the Issuer will, save in certain customary circumstances provided in Condition 7, "*Taxation*", be required to pay additional amounts to cover the amounts so deducted. See "*Terms and Conditions of the Bonds – Taxation*".

All payments in respect of the Bonds and Coupons will be made subject to any withholding or deduction required by FATCA. See "*Terms and Conditions of the Bonds – Payments*".

Governing Law:	The Bonds will be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with the Bonds, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.
Guarantee:	The Bonds will, subject to the termination provisions described below, be unconditionally and irrevocably guaranteed by deed poll given initially by First Student, Inc., First Transit, Inc., Greyhound Lines, Inc. and First West Yorkshire Limited (each of which is, as at the date of this Prospectus, the guarantor of a revolving credit and guarantee facility entered into by the Issuer) and by FirstGroup America, Inc. (the “ Deed Poll Guarantee ”). The Deed Poll Guarantee will terminate in respect of an individual Guarantor on the date on which (i) such Guarantor has been released from such guarantee in respect of such revolving credit and guarantee facility, (ii) such Guarantor ceases to be a Subsidiary (as defined in Condition 3) of the Issuer, or (iii) (in respect of FirstGroup America, Inc.) any one of such Guarantor’s Subsidiaries has ceased to be a Guarantor.
Listing:	Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List. Application has also been made to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange’s Regulated Market.
Ratings:	The Bonds are expected, on issue, to be rated BBB- and BBB- by S&P and Fitch respectively. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
Selling Restrictions:	There are restrictions in relation to the offering and sale of the Bonds and the distribution of offering material in certain jurisdictions. See “ <i>Subscription and Sale</i> ”.

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its respective obligations under the Bonds and the Guarantors believe that, unless otherwise indicated, the following factors may affect their ability to fulfil their respective obligations under the Deed Poll Guarantee. Most of these factors are contingencies which may or may not occur and neither the Issuer nor any of the Guarantors is in a position to express a view on the likelihood of any such contingency occurring and the following is not an exhaustive list. In addition, risk factors which are specific to the Bonds are also described below.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Bonds issued under the Prospectus are also described below.

In these risk factors, “Group” means the Issuer and its Subsidiaries (as defined in Condition 3). Risks expressed to affect the Group should, unless otherwise indicated, be taken also to affect the Guarantors.

In these risk factors, references to figures at 30 September 2012 are references to unaudited figures as per the Issuer’s half-yearly unaudited consolidated financial report for the six months ended 30 September 2012.

Risks specific to the Group’s business

Economy

A further or more severe economic downturn or the prolonging of the current economic downturn, whether at a global, regional or national level, could have a negative impact on the Group’s businesses and the opportunity to grow existing, or win new, contracts. Such an economic downturn or the prolonging of the current economic downturn could reduce demand for public transportation, leading to reduced profitability and reduced funding for and spending by local and national governments and other customers on public transport. Many of the areas of the Group’s business offer a certain degree of protection against economic downturn in specific geographic markets, and revenue support and profit sharing arrangements are in place in certain existing rail franchises. Most UK Bus operating companies are able to modify services and even greater flexibility is available to Greyhound operations, particularly in the U.S. However, a prolonged or severe downturn could adversely impact the Group’s businesses, results of operations and financial position.

Pensions

The Group has significant defined benefit pension obligations relating to its UK Bus, UK Rail and Greyhound (as defined in “Business Description” below) businesses. Under its franchise arrangements, the UK Rail business is not responsible for any residual deficit at the end of a franchise, so there is only short term cash flow risk within the UK Rail business. Through diversification of investments, amendment of the defined benefit promises and the introduction of defined contribution for new starts in UK Bus and Group, the Group seeks to mitigate these risks, although in extreme market conditions it is not possible to completely negate them. For both UK Bus and Greyhound, the volatility of the underlying investments and liabilities can create material changes in the accounting cost and cash requirements in subsequent years and

this may adversely impact the Group's businesses, results of operations and financial position.

At 30 September 2012, the Group's pension schemes had a consolidated pre-tax net pension deficit in its unaudited half yearly financial report of £289.5 million. On that date, in the Group's unaudited half yearly financial report, the fair value of the assets for all of the defined benefit schemes totalled £3,445.5 million, and liabilities were £3,735.0 million. At 30 September 2012, the Group's UK Rail pension assets and pension liabilities totalled £1,200.0 million and £1,217.5 million respectively.

The reported accounting values for pension assets and liabilities can change from one reporting period to the next. For example, at 30 September 2012, a 0.1% movement in the discount rate and inflation rate would impact the consolidated pre tax net pension deficit by approximately £30 million and £21 million respectively. These sensitivities, and others, are not uniform across the Group's various schemes. There can be no assurance that any deterioration, if sustained, would not adversely affect future actuarial valuations, or the future financial position and financial performance of the Group. At 30 September 2012, Greyhound Lines, Inc. had pension assets of £207.5 million and pension liabilities of £348.2 million and First West Yorkshire Limited had pension assets of £283.9 million and pension liabilities of £279.8 million.

Terrorism

The threat from terrorism is enduring and it continues to exist in the countries in which the Group operates. Public transport has previously been subject to attack and it remains important that the Group takes all reasonable steps to help guard against such activity on any of the services that the Group operates. The Group Head of Security leads and coordinates the work needed to respond to this threat. This includes developing and applying good practice and training our employees so that they can respond effectively to any perceived threat or incident. Taking these steps helps protect the Group's customers and staff, provides reassurance and supports the Group's commitment to safety and security. However, if a terrorist attack were to occur on public transport in the markets in which the Group operates or if the Group were to be perceived as not taking all reasonable precautions to guard against potential terrorist acts this could adversely affect the Group's reputation and/or lead to lower demand for the Group's services. This could adversely impact the Group's businesses, results of operations and financial position.

Competitive pressures

All of the Group's businesses compete in the areas of pricing and service and face competition from a number of sources.

In the UK, the main competitor remains the car and to a lesser extent the long distance coach. The UK Bus market is deregulated with low public subsidy and is very competitive with over 1,200 operators running local bus services in the UK. As noted below, the Group is also facing competition from other bidders in the four rail franchises for which it is currently shortlisted.

In North America, the Group's businesses cover a wide geographic area competing with several large companies as well as a substantial number of smaller, locally owned operators. The Group's competitors in the yellow school bus business can also include school districts, which

themselves operate approximately two thirds of yellow school buses in North America.

Similarly, there are a significant number of transit and service businesses operated by private entities, including several large companies and public authorities. The Group's Greyhound coach operations face competition from a number of other coach operators in North America as well as from budget airlines.

To continue to help mitigate the risks posed by these pressures, the Group continues to focus on service quality and performance as priorities in making its services attractive to passengers and other customers. In its contracted operations, contract compliance and a competitive bidding strategy and strong bidding team are key. In addition, wherever possible, the Group works with local and national bodies to promote measures aimed at increasing demand for public transport and the other services that the Group offers. Notwithstanding these efforts, there can be no assurance that competitive pressures may not in the future lead to reduced passenger numbers and adversely impact the Group's businesses, results of operations and financial position.

Rail re-franchising

The re-franchising programme begun by the Department for Transport is currently on hold pending the final outcome of a public inquiry relating to the re-franchising process for the West Coast Main Line. When the re-franchising programme recommences, three of the Group's existing franchises are expected to be re-let: First Great Western, First TransPennine Express and First Capital Connect. In addition, Transport Scotland will re-let First ScotRail's services. The impact of this delay to the re-franchising programme on the Group's existing franchises is uncertain and there can be no assurance that any extension of the Group's existing franchises as a result of this delay would generate any profit or would not be loss making. The competition for new rail franchises is intense. The Group bids against operators of current UK rail franchises and rail operators from other countries, principally from within the European Union. Although the Group has an experienced and dedicated rail bid team which is bidding for franchises as they are let, the re-franchising process could result in a lower contribution to the Group's revenues and profits by the UK Rail division and could adversely impact the Group's business, results of operations and financial position. There can be no assurance that any particular new rail franchise contract, if won, would generate any profit or cash flow or would not be loss making and there can be no assurance as to the Issuer's exposure in relation to any particular new rail franchise contract.

Legislation and regulation

The Group's businesses are subject to numerous laws and regulations covering a wide range of matters including safety, equipment, employment, environmental, insurance coverage and other operating issues and considerations. These laws and regulations are constantly subject to change. The Group has embedded operating policies and procedures in all of its businesses to ensure compliance with existing legislation and regulation. The Group has dedicated legal teams in the UK and North America who oversee the Group's compliance, training programmes and advise on emerging issues. The Group closely monitors the impact of changes in the regulatory and legal environment (including for example a proposal for a quality contract under the Local Transport Act 2008) and actively engages with government and transport bodies to help ensure that it is properly positioned to respond to any proposed changes. The costs

associated with complying with the adoption of new legislation, regulation or other laws and reduced funding available for public transport could adversely impact the Group's businesses, results of operations and financial position.

Customer service and associated contract retention

The Group's revenues are at risk if it does not continue to provide the level of service expected by customers. This could result in contracts not being renewed in the case of the Group's North American businesses and passengers no longer using the Group's services in the UK and North America. To mitigate this risk, relevant staff undertake intensive training programmes to ensure they are aware of and abide by the levels of service that are required by the Group's customers in each of its businesses and the Board also monitors, in detail, a series of customer service key performance indicators to ensure that strict targets are met. However, a deterioration in customer service and its effect on contract retention and on the image of the Group's brand could adversely affect the Group's businesses, results of operations and financial position. Whilst the Group has successfully renewed contracts on a profitable basis in the past, there can be no assurance that any contracts, if won or renewed, would generate any profit or cash flow or would not cause the Group to incur losses.

Rail franchise agreements

The Group is required to comply with certain conditions as part of its rail franchise agreements and railway licences. Compliance with franchise conditions and railway licences is closely managed and monitored on a monthly basis by senior management and procedures are in place to minimise the risk of non-compliance. If the Issuer and/or its relevant subsidiaries fail to comply with the conditions of one or more rail franchise agreements or railway licences, it may be liable to adverse consequences, including fines or the potential termination of one or more of the rail franchise agreements. This would result in the Group losing the right to continue operating the affected operations and consequently, the related revenues or cash flows and cash deposits. Any such loss of revenues or cash flow and cash deposits could adversely impact the Group's businesses, results of operations and financial position.

UK rail franchise operations typically involve relatively low profit margins with high fixed cost bases and are particularly exposed to passenger volumes and inflationary trends. The Group's current rail franchises operating in Southern England (which franchises are due to expire in 2013) contain some protection against economic downturn enabled by revenue support arrangements and the Group's rail franchises operating in Northern England and Scotland (which are due to expire in 2014 and 2015) contain some protection offered by high levels of contractual subsidy. However, the availability of contractual support arrangements of any nature within replacement rail franchises is not certain, and, notwithstanding protection which may be offered by any revenue support arrangements or contractual subsidy, there can be no assurance that adverse trends in passenger volumes and inflation will not adversely affect the Group's current or any new rail businesses, results of operations and financial position.

Treasury risks and insurance costs

Treasury risks include liquidity risks and risks arising from changes to foreign exchange rates, fuel prices and interest rates. The Group's treasury policy and delegated authorities are reviewed periodically to ensure compliance with the best practice and to control and monitor

these risks effectively. Failure of these policies could mean that the Group fails to achieve required funding or could adversely affect the Group's businesses, results of operations and financial position.

The Group's principal operations are in the UK, the U.S. and Canada and are therefore subject to currency fluctuations, both in terms of its trading activities and the translation of its financial statements (the Group reports in pounds sterling). The most significant exchange rate relationship is the sterling/U.S. dollar exchange rate. Should fluctuations in currency prices not be successfully mitigated by the Group's hedging policies and its current significant natural hedge in its income statement, currency movements could adversely impact the Group's businesses, results of operations and financial position.

The Group has three main insurable risks: third party liability claims arising from vehicle and general operations, employee injuries and property damage. The size of the Group's operations is such that there is a high frequency of low value claims which the Group self-insures up to certain limits, and purchases insurance above these limits from reputable global insurance firms.

Although the Group seeks to mitigate the risk of rising insurance costs through its focus on safety, there can be no assurance that future self-insurance and external insurance costs may not adversely impact the Group's businesses, results of operations and financial position. In addition, material levels of insurance cover for loss of profits and cash flows associated with business interruption events is not generally available in the insurance market for transportation businesses.

Labour costs and employee relations

Labour costs represent the largest component of the Group's operating costs. Future labour shortages or decreasing unemployment rates could hinder the Group's ability to recruit and retain qualified employees leading to a higher than expected increase in the cost of recruitment, training and other staff costs and potentially operational disruption and reputational damage to the Group. In addition, it is important for a labour intensive Group that good employee relations are maintained. The Group seeks to mitigate these risks through its recruitment and retention policies, training schemes and working practices including building communication and engagement with trades unions and the wider workforce. If the Group is not successful in sustaining good employee relations and recruiting, training, and retaining qualified employees, this could adversely impact the Group's businesses, results of operations and financial position.

Fuel costs

Fuel prices and supply levels can be influenced significantly by international, political and economic circumstances. The Group seeks to mitigate the risk of volatile fuel costs by regularly entering into forward contracts providing fixed prices. In addition, the Group may limit the impact of unexpected fuel price rises through efficiency and pricing measures. However, reduced fuel availability and/or higher prices could adversely impact the Group's businesses, results of operations and financial position.

Retention of key management

Attracting and keeping key members of senior management is vital in ensuring that the Group

continues to have the necessary expertise and continuity to execute its strategy. Although the Group has a robust succession planning process designed to identify talented individuals, set development goals for progression to other roles and to assess the depth of talent and any gaps throughout the leadership of the Group and the Group offers market based compensation packages comprising an appropriate mix of long and short term incentives, there can be no assurances that the Group will continue to be able to attract and retain the appropriate members of senior management. A failure to attract, or the loss of, such key members of senior management could adversely impact the Group's businesses, results of operations and financial position.

Environmental

The Group stores and manages large quantities of fuel at its maintenance sites which presents a potential regulatory and financial risk in the event of significant loss or spillage. To mitigate these risks the Group's storage facilities are subject to regular inspections and the Group has detailed fuel handling procedures which are regularly audited. The Group is subject to ongoing changes in environmental regulations, the most significant of which is the Carbon Reduction Commitment Energy Efficiency Scheme, which came into force in April 2010.

Along with all businesses, the Group faces the challenge of addressing climate change, both managing its impact and reducing emissions. The Group seeks to reduce its own emissions through programmes to improve fuel efficiency and promote passenger growth to ensure the Group capitalises on the opportunities. Failure to respond to all of the challenges that environmental risks bring could lead to financial loss and increased regulatory cost and could adversely impact the Group's businesses, results of operations and financial position. In addition, a period of severe or prolonged adverse weather could have a significant impact on the results of certain of the Group's businesses.

Structural Subordination, Dependencies and Contractual Restrictions

The Issuer is a holding company and many of the Group's risks reside in its subsidiaries and affiliated companies. The Issuer's ability to meet its financial obligations is dependent, to a significant extent, upon the availability of cash flows from members of the Group through dividends, inter-company loans and other payments. In addition, the Issuer and the Guarantors are dependent upon one another and/or other Group members for various functions, which include the guarantee by the Guarantors of the Bonds pursuant to the Deed Poll Guarantee and certain other of the Issuer's financing arrangements. Claims by the creditors of the Issuer's subsidiaries may adversely affect the ability of those subsidiaries to support the Issuer in fulfilling its obligations. The amount of dividends from any one of the Group's rail subsidiaries is generally restricted to the amount of retained profits or an amount specified by liquidity ratios set out in rail franchise agreements, whichever is the lowest. There can be no assurance that any reduction in the availability of cash flows from the subsidiaries of the Guarantors will not have an adverse effect on the ability of the Guarantors to fulfil their obligations under the Deed Poll Guarantee.

Access to Debt Capital

The Group is a net borrower and relies on the availability of medium to long term capital. As at

30 September 2012, the Group had gross debt, excluding accrued interest, of £2,398.6 million and headroom of £624.0 million under its medium term committed revolving credit facilities. Whilst the Group seeks to mitigate refinancing risk associated with debt obligations through timely renewal of debt obligations and facilities and maintenance of investment grade status with S&P and Fitch, there can be no assurance that future debt obligations and facilities can be renewed or renewed on terms that would not adversely impact the Group's businesses, results of operations and financial position.

Risks Relating to the Bonds Generally

Optional Redemption by the Issuer

The optional redemption feature may limit the market value of the Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Modification, waivers and substitution

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of the Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or (ii) determine, without the consent of the Bondholders, that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Bonds in place of the Issuer, as described in Condition 11 of the Terms and Conditions of the Bonds.

Termination of Deed Poll Guarantee

The Bonds will be guaranteed by the Deed Poll Guarantee, given initially by First Student, Inc., First Transit, Inc., Greyhound Lines, Inc. and First West Yorkshire Limited (each of which is, as at the date of this Prospectus, the guarantor of a revolving credit and guarantee facility entered into by the Issuer) and by FirstGroup America, Inc. (together, the "**Guarantors**"). The Deed Poll Guarantee will terminate in respect of an individual Guarantor on the date on which (i) such Guarantor has been released from such guarantee in respect of such revolving credit and guarantee facility, (ii) such Guarantor ceases to be a subsidiary of the Issuer or (iii) (in respect of FirstGroup America, Inc.) any one of such Guarantor's subsidiaries has ceased to be a Guarantor. Investors should therefore note that the guarantee of any or all of the Guarantors may at any time cease to be enforceable by the Bondholders.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Bonds, there is no assurance that this would not adversely affect investors in the Bonds. It is possible that prior to the maturity of the Bonds the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event: (i) all amounts payable in respect of the Bonds may become payable in euro; (ii) the law may allow or require the Bonds to be re-denominated into euro and additional measures to be taken in respect of the Bonds; and (iii) there may no longer be available published or displayed rates for deposits in sterling used to determine the rates of interest on the Bonds or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Bonds.

EU Savings Directive

Under European Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required, unless during such period those countries elect otherwise (as it is understood that Belgium has), to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of other non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, the Guarantors nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond or Coupon as a result of the imposition of such withholding tax. The Issuer will, however, be required, where possible, to maintain a Paying Agent in a Member State that will not be obliged to operate a withholding system pursuant to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

U.S. Foreign Account Tax Compliance Withholding

Sections 1471 to 1474 of the U.S. Internal Revenue Code (“**FATCA**”) impose a new reporting regime and potentially withholding of U.S. tax at a rate of 30 per cent. on all, or a portion of, certain payments, including certain payments on debt securities. The new withholding regime will start to apply to payments from sources within the United States in 2014 and will apply to “foreign passthru payments” (a term not yet defined) no earlier than 2017.

It is very unlikely that payments on the Bonds will be subject to FATCA withholding, both because of the “grandfathering” rules and because of the status of the Issuer and the source of

the payments for FATCA purposes. However, there can be no assurance that FATCA will not apply. FATCA is particularly complex and its application is currently uncertain; one reason for this uncertainty is that relevant regulations have not yet been issued in final form.

If there were a requirement to withhold with respect to FATCA from payments on the Bonds, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Bonds, be required to pay additional amounts as a result of the deduction or withholding of such tax, and Bondholders might receive less interest or principal than expected.

Change of law

The Terms and Conditions of the Bonds are based on English law in effect as at the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

Integral multiples of less than £100,000

Although the Bonds are required to have a minimum denomination of £100,000, it is possible that the Bonds may be traded in the clearing systems in amounts in excess of £100,000 that are not integral multiples of £100,000. In such a case, should definitive Bonds be required to be issued, they will be issued in principal amounts of £100,000 and higher integral multiples of £1,000 up to a maximum of £199,000 but will in no circumstances be issued to Bondholders who hold Bonds in the relevant clearing system in amounts that are less than £100,000.

If definitive Bonds are issued, Bondholders should be aware that definitive Bonds which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Eligibility of the Bonds for Eurosystem Monetary Policy

The Bonds are intended to be held in a manner which will allow Eurosystem eligibility. The Bonds will be in bearer NGN form and will be initially issued in the form of the Temporary Global Bond which will be delivered on or prior to the issue date of the Bonds to a common safekeeper for Euroclear and/or Clearstream Luxembourg.

The Bonds are intended upon issue to be deposited with a common safekeeper and, although the Bonds are issued in NGN form, this does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem Eligible Collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the European Central Bank from time to time.

On 17 October 2012, temporary measures were published by the European Central Bank under which Eurosystem eligibility has been extended to Sterling denominated securities provided certain requirements are met. However, the Issuer does not give any representation, warranty, confirmation or guarantee to any investor in the Bonds that the Bonds will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Bonds should make their own conclusions and seek their own advice with respect to whether or not the Bonds

constitute Eurosystem Eligible Collateral.

Risks related to the market generally

The secondary market generally

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on Bonds and the Guarantors will make any payments under the Deed Poll Guarantee in sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect their value.

Credit ratings may not reflect all risks

The Bonds are expected, on issue, to be rated BBB- and BBB- by S&P and Fitch respectively and one or more other independent credit rating agencies may from time to time assign credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Terms and Conditions of the Bonds

The following are the Terms and Conditions of the Bonds, substantially as they will appear on the Bonds in definitive form (if issued).

The £325,000,000 5.250 per cent. Bonds due 2022 (the “**Bonds**” which expression shall, in these Terms and Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 12 and forming a single series therewith) of FirstGroup plc (the “**Issuer**”) are constituted by a trust deed as at the date of the issue of the Bonds (the “**Issue Date**”), (the “**Trust Deed**”) dated on or about 29 November 2012 between the Issuer and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the “**Bondholders**”). The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

The issue of the Bonds was authorised by resolutions of the Board of Directors of the Issuer passed on 26 June 2012, 30 October 2012 and 21 November 2012 and by a resolution of a duly authorised committee thereof passed on 20 November 2012.

Payments in respect of the Bonds will be made pursuant to an agency agreement (the “**Agency Agreement**”) dated on or about 29 November 2012 and made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”) and the other paying agents (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional paying agents or successor, successors, assign or assigns as Paying Agents under the Agency Agreement) referred to therein. Copies of the Trust Deed and the Agency Agreement are available for inspection at the registered office for the time being of the Trustee, being at the Issue Date, Fifth Floor, 100 Wood Street, London, EC2V 7EX, and at the specified office of each of the Paying Agents. The Bondholders and the holders of the interest coupons (the “**Couponholders**”) appertaining to the Bonds (the “**Coupons**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those applicable to them of the Agency Agreement.

The Bonds will, subject to the termination provisions described below, be unconditionally and irrevocably guaranteed by deed poll given initially by First Student, Inc., First Transit, Inc., Greyhound Lines, Inc. and First West Yorkshire Limited (each of which is, as at 27 November 2012, the guarantor of a revolving credit and guarantee facility entered into by the Issuer) and FirstGroup America, Inc. (the “**Deed Poll Guarantee**”). The Deed Poll Guarantee will terminate in respect of an individual Guarantor on the date on which (i) such Guarantor has been released from such guarantee in respect of such revolving credit and guarantee facility, (ii) such Guarantor ceases to be a Subsidiary of the Issuer or (iii) (in respect of FirstGroup America, Inc.) any one of such Guarantor’s Subsidiaries has ceased to be a Guarantor.

1. Form, Denomination and Title

These Bonds are issued in bearer form, serially numbered, with Coupons attached on issue, in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No definitive Bonds will be issued with a denomination above £199,000.

Title to the Bonds and the Coupons will pass by delivery. The Issuer, the Trustee and the

Paying Agents may deem and treat the bearer of any Bond or Coupon as the absolute owner thereof (whether or not the Bond or Coupon shall be overdue and notwithstanding any notice of ownership or other writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment thereon or on account thereof and for all other purposes.

2. Status

The Bonds and the Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank without any preference among themselves and (subject as aforesaid) *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but in the event of insolvency only to the extent permitted by applicable laws relating to creditors' rights.

3. Negative Pledge

So long as any of the Bonds remain outstanding (as defined in the Trust Deed), the Issuer will not, and will procure, so far as it can by the proper exercise of voting and other rights or powers of control exercisable by it in relation to Subsidiaries, that no Material Subsidiary shall, create or permit to subsist any mortgage, charge, lien, pledge or other equivalent or similar security interest (each a "**Security Interest**") upon the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure payment of any present or future Indebtedness of any person or to secure any guarantee given by the Issuer or any Material Subsidiary of any Indebtedness of any person, without at the same time according to the Bonds, the Coupons and all amounts payable under the Trust Deed, to the satisfaction of the Trustee, either the same Security Interest as is created or subsisting to secure such Indebtedness or guarantee or such other Security Interest or other arrangement (whether or not involving the creation of a Security Interest) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders, save that the Issuer or any Material Subsidiary may create or permit to subsist (without the obligation to accord as aforesaid) a Permitted Security Interest.

In these Terms and Conditions:

"**Group**" means the Issuer and its Subsidiaries.

"**Indebtedness**" means any indebtedness (whether being principal, premium or interest) for or in respect of any notes, bonds, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any leasing or hire purchase agreement which is in the nature of borrowed money provided that, for the avoidance of doubt, no: (a) liabilities in respect of any pension scheme; (b) indebtedness owed to any member of the Group; (c) indebtedness owed to a creditor in relation to the supply of goods or services; or (d) indebtedness pursuant to any lease which is or would have been classified as an operating lease in accordance with accounting principles applicable as at the Issue Date, shall constitute Indebtedness for the purposes of these Terms and Conditions. For the purposes of this definition, "**accounting principles**" means generally accepted accounting principles in the United Kingdom including without limitation international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the consolidated financial statements of the Issuer.

“Material Subsidiary” means, at any time, any Subsidiary whose turnover (excluding intra-Group turnover), as shown in its most recent annual audited accounts, and consolidated in the case of a Subsidiary which ordinarily produces consolidated accounts, exceeds 10 per cent. of the consolidated turnover of the Group (excluding the turnover of all Excluded Subsidiaries (as defined below)), as shown in the Group's most recent consolidated annual audited accounts, and any Subsidiary to which is transferred the whole or substantially the whole of the assets and undertaking of a Material Subsidiary, but excluding:

- (i) any Train Operating Company; and
- (ii) any Subsidiary that is a single-purpose company whose principal assets are constituted by one or more projects or contracts, none of whose Indebtedness is the subject of security, a guarantee or indemnity from the Issuer or any Material Subsidiary, and which the Issuer has designated as such for the time being by written notice to the Trustee,

(i) and (ii) being **“Excluded Subsidiaries”**.

“Permitted Security Interest” means:

- (a) (i) a Security Interest arising by operation of law or granted (A) to the Secretary of State for Transport or to Scottish Ministers pursuant to the requirements of the Secretary of State for Transport or Scottish Ministers and/or pursuant to the Railways Act 1993 as amended by the Transport Act 2000 and the Railways Act 2005 or (B) to any other relevant competent authority (including, without limitation, the members of the Scottish Government) pursuant to a similar requirement under the laws of any jurisdiction, including, in each case and without limitation, in connection with season tickets bonds, liquidity bonds, subordinated loan facilities or performance bonds, or (ii) a Security Interest existing on the Issue Date;
- (b) a Security Interest on assets of a company acquired by a member of the Group after the Issue Date which upon acquisition becomes a Material Subsidiary, provided that (i) such Security Interest was not created in contemplation of such acquisition, (ii) the principal amount then secured is not exceeded or increased, and (iii) the then repayment date thereof is not extended;
- (c) a Security Interest created by a member of the Group securing Indebtedness or guarantees thereof where the principal amount of the Indebtedness or guarantees thereof thereby secured, when aggregated with the principal amount of all other Indebtedness or guarantees thereof then secured, does not in aggregate exceed £50,000,000 (or its equivalent in any other currency) at any time;
- (d) rights of set-off, consolidation or combination or indemnity arrangements arising in the ordinary course of business, or netting or indemnity arrangements arising in the ordinary course of banking business, or a Security Interest created in connection with finance leasing, hire purchase or contract hire arrangements;
- (e) a Security Interest arising by way of retention of title to goods by the supplier of goods where those goods are supplied subject to the retention of title and are acquired in the

ordinary course of business; or

- (f) a Security Interest granted by a member of the Group in favour of another member of the Group.

“**Subsidiary**” has the meaning ascribed thereto in Section 1159 of the Companies Act 2006.

“**Train Operating Company**” means:

- (a) a train operator licensed pursuant to the Railways Act 1993 (as amended);
- (b) a train operator licensed pursuant to any law or regulation in any jurisdiction implementing in whole or part Council Directive 95/18/EC dated 19 June 1995 on the licensing of railway undertakings, as amended by Directive 2001/13/EC dated 26 February 2001 and Directive 2004/49/EC dated 29 April 2004; and
- (c) any other train operator, operating trains on any basis, including without limitation, providing ancillary services or passenger services, in any jurisdiction.

4. Interest

- (a) The Bonds bear interest from (and including) 29 November 2012 payable annually in arrear on 29 November in each year (each an “**Interest Payment Date**”) and, provided the Bonds satisfy the Minimum Rating Requirement on the Issue Date, the first payment of interest shall amount to £52.50 per £1,000.00 in principal amount of the Bonds.
- (b) The interest rate payable on the Bonds shall be the Initial Rate of Interest, subject to adjustment in accordance with the Interest Ratchet (each such adjustment, a “**Rate Adjustment**”). Any Rate Adjustment shall apply in respect of the Interest Period commencing on the Interest Payment Date immediately following the date of the relevant Step Up Event or Step Down Event or, in the case of an Initial Step Up Event, on the Issue Date, as the case may be, until either a further Rate Adjustment becomes effective or to the date on which the Bonds cease to bear interest, as the case may be. For the avoidance of doubt, if a Step Up Event and a Step Down Event occur during the same Interest Period, there shall be no adjustment to the rate of interest applicable to the next following Interest Period.
- (c) The Issuer will cause each Rate Adjustment to be notified to the Principal Paying Agent, the Trustee and notice thereof to be published in accordance with Condition 15 as soon as possible after the occurrence of the relevant Step Up Event or the Step Down Event, as the case may be, but in no event later than the tenth Business Day thereafter.
- (d) Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused. In such event, interest will continue to accrue (after as well as before any judgement) as provided in the Trust Deed.
- (e) If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a day count fraction: (a) the numerator of which is the number

of days from (and including) the most recent Interest Payment Date (or from the Issue Date if such period is before the first scheduled Interest Payment Date) to (but excluding) the date of payment; and (b) the denominator of which is the number of days (including the first and excluding the last) in the scheduled interest period in which the relevant calculation period falls.

- (f) If the rating designations employed by S&P or Fitch Ratings are changed from that which is described in the definition of “Specified Threshold” below, or if a rating is assigned by another Rating Agency, the Issuer shall determine, with the agreement of the Trustee (and the Trustee may (and shall if so required by the Issuer, subject to its being indemnified and/or secured and/or prefunded to its satisfaction) consult promptly and may rely absolutely on advice from a reputable financial adviser in this regard and shall not be liable for such reliance), the rating designations of S&P or Fitch Ratings or such other Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P or Fitch Ratings, and this Condition 4 shall be construed accordingly.

Where, in these Terms and Conditions:

“Fitch Ratings” means Fitch Ratings Ltd.

“Initial Rate of Interest” means 5.250 per cent. per annum.

“Interest Period” means the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Interest Ratchet” means the following rates of interest:

- (a) upon the occurrence of a Step Up Event: the Initial Rate of Interest plus 1.25 per cent. per annum; and
- (b) upon the occurrence of a Step Down Event: the Initial Rate of Interest.

“Minimum Rating Requirement” means that there shall be in existence Ratings equal to or higher than the Specified Threshold from at least two Rating Agencies at any particular time.

“Rating” means a rating of the Bonds.

“Rating Agency” means S&P or Fitch Ratings or any other rating agency of equivalent standing specified by the Issuer from time to time and agreed in writing by the Trustee (and the Trustee may (and shall if so required by the Issuer, subject to its being indemnified and/or secured and/or prefunded to its satisfaction) consult promptly and may rely absolutely on advice from a reputable financial adviser in this regard and shall not be liable for such reliance) and, in each case, their successors but excluding any rating agency providing a Rating on an unsolicited basis.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.

“Specified Threshold” means BBB-.

“Step Down Event” means:

- (a) the reinstatement of the Minimum Rating Requirement following the occurrence of a Step Up Event; or
- (b) following an Initial Step Up Event, if the Minimum Rating Requirement is subsequently satisfied.

“Step Up Event” means:

- (a) the Bonds do not satisfy the Minimum Rating Requirement on the Issue Date (an **“Initial Step Up Event”**); or
- (b) a failure to meet the Minimum Rating Requirement at any time, unless the Minimum Rating Requirement has again become satisfied on the day before the Interest Payment Date immediately following the relevant failure to meet the Minimum Rating Requirement.

5. Redemption and Purchase

(a) Scheduled redemption

Unless previously redeemed or purchased and cancelled as provided below, each of the Bonds shall be redeemed at its principal amount on 29 November 2022.

(b) Redemption or repurchase for tax reasons

If, as a result of any actual or proposed change in, or amendment to, the laws, regulations or treaties of the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, or in the application or official interpretation of such laws, regulations or treaties, which change or amendment becomes effective after the Issue Date, on the occasion of the next payment of principal or interest in respect of the Bonds, the Issuer would be unable to make such payment without having to pay additional amounts as provided or referred to in Condition 7, the Issuer may, having given not less than 15 nor more than 30 days’ notice to the Bondholders in accordance with Condition 15 (which notice shall be irrevocable) and to the Trustee, purchase or redeem all (but not some only) of the Bonds (other than any Bonds in respect of which a notice has been given pursuant to Condition 5(c)) at their principal amount outstanding together with interest accrued to (but excluding) the date of such purchase or, as the case may be, redemption, provided that no such notice of purchase or, as the case may be, notice of redemption may be given earlier than 45 days before the earliest date on which the Issuer would be required to pay the additional amounts were a payment in respect of the Bonds then due.

It shall be sufficient to establish the existence of the circumstances required to be established

pursuant to this paragraph if the Issuer shall deliver to the Trustee a certificate of an independent lawyer or accountant satisfactory to the Trustee in a form satisfactory to the Trustee to the effect either that such circumstances exist or that, upon a change in, or amendment to, the laws, regulations or treaties of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax or in the application or official interpretation thereof, which at the date of such certificate is proposed and which in the opinion of such lawyer or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Bonds would otherwise be made, becoming so effective, such circumstances would exist.

(c) Redemption and repurchase at the option of the Issuer

On giving not less than 10 nor more than 20 days' notice to the Bondholders in accordance with Condition 15, the Issuer may redeem or purchase, and any of its Subsidiaries may purchase, all (but not some only) of the Bonds for the time being outstanding at any time at the Redemption Price (as defined below) together with interest accrued to (but excluding) the date of redemption or, as the case may be, purchase (the "**Repurchase Date**").

The "**Redemption Price**" shall be the higher of (a) the principal amount outstanding of the Bonds and (b) the principal amount outstanding of the Bonds multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser appointed by the Issuer and approved by the Trustee) at which the Gross Redemption Yield on the Bonds on the Calculation Date is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of 4.00% Treasury Gilt due March 2022 (or, where such financial adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend) plus 0.20 per cent. For such purposes, "**Calculation Date**" means the date which is the second Business Day prior to the Repurchase Date and "**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Trustee by such financial adviser.

The notice given pursuant to this Condition 5(c) shall be irrevocable and shall specify the Repurchase Date. If any such notice has been given, references in these Terms and Conditions and the Trust Deed to "principal", "principal moneys" and "principal amount" shall, unless the context otherwise requires, be deemed to include references to the Redemption Price in relation to any redemption or purchase pursuant to such notice. Upon the expiry of any such notice, the Issuer or the relevant Subsidiary, as the case may be, shall be bound to purchase (and the Bondholders shall be bound to sell) or, as the case may be, redeem the Bonds so called for purchase or, as the case may be, redemption at the applicable Redemption Price on the Repurchase Date together with accrued interest as aforesaid unless previously purchased or redeemed. The Trustee shall rely absolutely on the advice of the financial adviser and shall not be liable for so doing.

(d) Redemption at the option of the Bondholders upon a Change of Control Event

A "**Put Event**" will occur if while any of the Bonds remains outstanding (as defined in the Trust Deed):

- (i) a Change of Control Event occurs; and
- (ii) at any time during the Change of Control Period any rating agency which was a Rating Agency at the commencement of the Change of Control Period or becomes a Rating Agency during the Change of Control Period rates the Bonds as non-investment grade (being at or below BB+, or its respective equivalent for the time being) and such rating is not within the Change of Control Period restored to an investment grade rating (being at or above BBB-, or its respective equivalent for the time being) by such Rating Agency or replaced by an investment grade rating of another Rating Agency, or any rating agency which was a Rating Agency at the commencement of the Change of Control Period or becomes a Rating Agency during the Change of Control Period withdraws its rating of the Bonds and that rating is not within the Change of Control Period replaced by an investment grade rating of another Rating Agency, and in each case such Rating Agency announces or publicly confirms or informs the Trustee in writing that such non-investment grade rating or withdrawal of rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control Event (whether or not the Change of Control Event shall have occurred at the time such rating is given or rating is withdrawn).

Further, (a) if at the time of the commencement of the Change of Control Period the Bonds carry a non-investment grade credit rating (as described above) from any Rating Agency or no credit rating from any Rating Agency, a Put Event will be deemed to occur upon the occurrence of a Change of Control Event alone; *provided that* (b) if at the time of the commencement of the Change of Control Period the Bonds carry a rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (ii) above will apply.

If a Put Event occurs (unless the Issuer has given notice under Condition 5(b) or Condition 5(c)):

- (a) the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) within 10 Business Days after the occurrence of such Put Event, give notice (a “**Put Event Notice**”) to the Bondholders in accordance with Condition 15 and the Trustee specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 5(d); and
- (b) the holder of each Bond will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the Put Date (as defined below) at its principal amount, together with any interest accrued up to (but excluding) the Put Date.

For the purpose of this Condition 5(d):

A “**Change of Control Event**” shall occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers) or any person(s) acting on behalf of any such person(s) (the “**Relevant Person**”) at any time is/are or become(s) interested (within the

meaning of Part 22 of the Companies Act 2006) in (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or a Holding Company or (b) such number of shares in the capital of the Issuer or a Holding Company as carry more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer or such Holding Company, as the case may be, *provided that* a Change of Control Event shall not occur if all or substantially all of the shareholders of the Relevant Person immediately after the event which would otherwise have constituted a Change of Control Event are the shareholders of the Issuer or any Holding Company in either case immediately prior to the event which would otherwise have constituted a Change of Control Event with the same (or substantially the same) pro rata interests in the share capital of the Relevant Person as such shareholders had in the share capital of the Issuer or such Holding Company immediately prior to such event;

“Change of Control Period” means the period:

- (i) commencing on the date that is one Business Day before the earlier of (a) the date of the relevant Change of Control Event and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any); and
- (ii) ending 90 days after the date of the Change of Control Event or such longer period for which the Bonds are under consideration by a Rating Agency for rating or rating review (such consideration having been announced publicly within the period ending 90 days after the date of the Change of Control Event and such period not to exceed 60 days after the public announcement of such consideration);

“Holding Company” means any company of which the Issuer is a Subsidiary;

“Relevant Potential Change of Control Announcement” means any formal public announcement or statement by or on behalf of the Issuer or any Holding Company, or any actual or potential bidder or any advisor thereto relating to any potential Change of Control Event where, within 90 days of the date of such announcement or statement, a Change of Control Event occurs.

The option referred to in paragraph (b) of this Condition 5(d) may be exercised by the holder delivering its Bond(s), on any Business Day falling within the period (the **“Put Period”**) of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **“Put Notice”**) and in which the holder may specify a bank account (in the currency of the Bonds) to which payment is to be made under this Condition 5(d).

The Bonds should be delivered together with all Coupons appertaining thereto maturing after the date (the **“Put Date”**) seven days after the expiry of the Put Period. The Paying Agent to which such Bond and Put Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered. Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account (in the currency of the Bonds) in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of Condition 6 (*Payments*) and

certain other purposes specified in the Trust Deed, receipts issued pursuant to this Condition 5(d) shall be treated as if they were Bonds. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Bonds on the Put Date at their principal amount, together with any interest accrued up to (but excluding) the Put Date unless previously redeemed or purchased.

If 80 per cent., or more in nominal amount of the Bonds then outstanding have been redeemed or purchased pursuant to the foregoing provisions of this Condition 5(d), the Issuer may, on not less than 30 or more than 60 days' notice to the Bondholders given within 30 days after the Put Date, redeem, at its option, the remaining Bonds as a whole at a redemption price of the principal amount thereof plus interest accrued to but excluding the date of such redemption.

If the rating designations employed by S&P or Fitch Ratings are changed from those which are described in paragraph (ii) above, or if a rating is assigned by another Rating Agency, the Issuer shall determine, with the agreement of the Trustee (and the Trustee may (and shall if so required by the Issuer, subject to its being indemnified and/or secured and/or prefunded to its satisfaction) consult promptly and may rely absolutely on advice from a reputable financial adviser in this regard and shall not be liable for such reliance), the rating designations of S&P or Fitch Ratings or such other Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P or Fitch Ratings, and this Condition shall be construed accordingly.

(e) Purchases

Notwithstanding Conditions 5(a),(b), (c) and (d) above, the Issuer or any of its Subsidiaries may at any time purchase Bonds at any price and in any manner, provided that all unmatured Coupons are purchased therewith. Bonds held by or on behalf of the Issuer or any of its Subsidiaries shall not entitle the holder to vote at any meetings of the Bondholders and such Bonds shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of Bondholders or for the purposes of Condition 8, Condition 9 and Condition 11.

(f) Cancellation

All Bonds redeemed by the Issuer will be cancelled or held for cancellation (together with all unmatured Coupons attached thereto or surrendered therewith) and may not be re-issued or re-sold. Bonds purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or the relevant Subsidiary, be cancelled (together with all unmatured Coupons purchased therewith) or may be held, re-issued or re-sold.

6. Payments

Payments of principal and interest in respect of Bonds will be made against presentation and surrender or (in the case of part payment only) endorsement of Bonds, or in the case of payments of interest due on each 29 November against presentation and surrender or (in the case of part payment only) endorsement of Coupons, at the specified office of any Paying Agent. All such payments shall be made at the option of the holder by a sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London.

Without prejudice to the terms of Condition 7, all payments made in accordance with these Conditions shall be made subject to: (i) any fiscal or other laws and regulations applicable in

any jurisdiction; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

Each Bond should be presented for payment together with all unmatured Coupons appertaining thereto. Upon the date on which any Bond becomes due and payable, all unmatured Coupons appertaining to the Bond (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

If the date for redemption is not 29 November in any year, the interest accrued from the last preceding 29 November shall be payable only against presentation of the relevant Bond.

If the due date for payment of any Bond or Coupon or any later date upon which a Bond or Coupon is presented for payment is not a Business Day then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day or to any further interest or other payment in respect of such delay.

In these Terms and Conditions, “**Business Day**” shall mean, in relation to any Bond or Coupon, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) (i) (in the case of Condition 5(d)) in the place where such Bond or Coupon is delivered; (ii) (in the case of this Condition 6) in the place where such Bond or Coupon is presented for payment, and, in the case of payment by transfer to a sterling account as referred to above, in London; or (iii) in any other case, in London.

The names of the initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) at any time to terminate or to vary the appointment of any Paying Agent and may appoint additional or other Paying Agents, provided that: (a) there will at all times be a Principal Paying Agent; (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Bonds are admitted to official listing on the London Stock Exchange, shall be London or such other place as the UK Listing Authority may approve; and (c) the Issuer ensures that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC and (d) there will at all times be a Paying Agent within continental Europe. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents will promptly be given by the Issuer to the Bondholders in accordance with Condition 15.

7. Taxation

All payments in respect of the Bonds and Coupons shall be made without withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by, or on behalf of, the United Kingdom or any political sub-division thereof or by any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law. In that event, the

Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Bonds or Coupons after such withholding or deduction shall equal the amounts which would have been received in respect of the Bonds or, as the case may be, Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Bond or Coupon:

- (a) presented for payment in the United Kingdom; or
- (b) presented for payment by, or on behalf of, a holder who is liable for or subject to such Taxes in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or
- (c) to, or to a third party on behalf of, a holder who would not be liable for or subject to such withholding or deduction if such holder presented any form or certificate or made a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except and to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days assuming that day to have been a Business Day (as referred to in Condition 6); or
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC; or
- (f) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

As used herein the “**Relevant Date**” means the date on which such payment first becomes due, but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with Condition 15. Any reference herein to amounts in respect of the Bonds and Coupons shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 or under any undertakings given in addition to, or in substitution for, this Condition 7 pursuant to the Trust Deed.

8. Repayment in Event of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), subject (save for the event referred to in paragraph (a) or, in relation to the Issuer, (c) below) to the Trustee having certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders, give notice to the Issuer that the Bonds are, and they shall accordingly immediately become, due and repayable at their principal amount, together with accrued interest as provided in the Trust

Deed, if any of the following events (each an “**Event of Default**”) shall occur:

- (a) if default is made for a period of seven days or more in payment of any principal or interest due in respect of the Bonds or Coupons or any of them; or
- (b) if default is made by the Issuer in the performance or observance of any obligation, condition or provision binding upon it under the Bonds or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Bonds) and, except where such default is, in the opinion of the Trustee, not capable of remedy when no such continuation or notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been given by the Trustee to the Issuer requiring the same to be remedied; or
- (c) if a final order is made or an effective resolution is passed for the winding up of, or an administration order is made in relation to, the Issuer or a Material Subsidiary and, where possible, not discharged or stayed within a period of 60 days (save (a) with the prior written consent of the Trustee or the prior sanction of an Extraordinary Resolution of the Bondholders in each case for the purposes of or in connection with an amalgamation, reconstruction or merger, or (b) for a voluntary solvent winding-up where surplus assets are available for distribution and are distributed to the Issuer and/or a Subsidiary or Subsidiaries); or
- (d) if the Issuer ceases to carry on the whole or substantially the whole of its business, or if the Issuer or any Material Subsidiary stops payment to its creditors generally (save (a) with the prior written consent of the Trustee or with the prior sanction of an Extraordinary Resolution of the Bondholders in each case for the purposes of or in connection with an amalgamation, reconstruction or merger, or (b) for a voluntary solvent winding-up where surplus assets are available for distribution and are distributed to the Issuer and/or a Subsidiary or Subsidiaries); or
- (e) if an encumbrancer takes possession or an administrative or other receiver is appointed of the Issuer or any Material Subsidiary or of the whole or substantially the whole of the undertaking, property and assets of the Issuer or any Material Subsidiary or if a distress or execution is levied or enforced upon or sued out against the whole or substantially the whole of the chattels or property of the Issuer or any Material Subsidiary and, in the case of any of the foregoing events, is not discharged within 30 days (or such longer period as the Trustee may permit); or
- (f) if the Issuer or any Material Subsidiary is, or is deemed to be, unable to pay its debts within the meaning of Section 123 (1) (e) or Section 123 (2) of the Insolvency Act 1986; or
- (g) if any Indebtedness of the Issuer or any Material Subsidiary is not paid on its due date (or, in the case of Indebtedness of the Issuer or any Material Subsidiary payable on demand, is not paid within 5 Business Days of such demand (or, in either case, if later and if applicable, by the expiry of any originally applicable grace period)) or becomes due and payable prior to its stated maturity by reason of default, or if any guarantee or indemnity in respect of Indebtedness of any third party given by the Issuer or any

Material Subsidiary is not honoured when due and called upon (or, if later and if applicable, by the expiry of any originally applicable grace period) provided that no event described in this Condition 8(g) shall constitute an Event of Default unless the Indebtedness or other relevant liability (either alone or when aggregated with other Indebtedness and/or other relevant liabilities of the Issuer and any Material Subsidiaries in respect of which any such non-payment, default or dishonour has occurred) shall amount to at least £25,000,000 (or its equivalent in any other currency).

9. Enforcement

The Trustee may at its discretion institute such proceedings as it may think fit to enforce the obligations of the Issuer under the Bonds, the Coupons and Trust Deed, but it shall not be bound to institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder shall be entitled to institute proceedings directly against the Issuer unless the Trustee having become bound so to proceed fails to do so within a reasonable time and such failure is continuing.

10. Prescription

Bonds and Coupons will become void unless presented for payment within ten years and five years respectively from the Relevant Date (as defined in Condition 7) for payment thereof.

11. Meetings of Bondholders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Terms and Conditions or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than one half in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds for the time being outstanding so held or represented. An Extraordinary Resolution will be passed if approved by three-quarters or more of the votes cast at the relevant meeting, and will be binding on all Bondholders, whether or not they were present at the meeting, and on all Couponholders.

The Trust Deed contains provisions for an Extraordinary Resolution to take the form of an instrument or instruments signed by the holder or the holders of three-quarters or more in principal amount of the Bonds for the time being outstanding.

The Trust Deed provides that the Trustee may agree, without the consent of the Bondholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or to any modification which is of a formal, minor

or technical nature or which is made to correct a manifest or proven error.

The Trustee may also agree without consent as aforesaid to the substitution of a Subsidiary or successor in business or holding company (each as defined in the Trust Deed) of the Issuer in place of the Issuer (or of any previous substitute) as principal debtor under the Trust Deed, the Bonds and the Coupons, subject to the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced thereby and to such other amendments to the Trust Deed and such other conditions as the Trustee may require.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders or to the Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer, the Trustee, the Guarantors or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Bondholders and Couponholders and, unless the Trustee agrees otherwise, any such substitution shall be notified to the Bondholders as soon as practicable thereafter in accordance with Condition 15.

12. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Bondholders or the Couponholders to create and issue further bonds or notes either ranking *pari passu* in all respects (or in all respects save for the amount of and/or the date from which interest accrues thereon) and so that the same shall be consolidated and form a single series with the outstanding bonds or notes of any series (including the Bonds) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may at the time of issue thereof determine. Any such bonds or notes, if they are to form a single series with the outstanding bonds or notes of any series (including the Bonds), shall be constituted by a deed supplemental to the Trust Deed and in any other case if the Trustee so agrees may be so constituted. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of bonds or notes of other series in certain circumstances where the Trustee so decides.

13. Replacement of Bonds and Coupons

Should any Bond or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent, upon payment by the claimant of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto

and any other expenses incurred in connection therewith (including the fees and expenses of the Principal Paying Agent and its designated agents) and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

14. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce payment unless indemnified to its satisfaction.

15. Notices

All notices regarding the Bonds shall be valid if published in a newspaper of general circulation in London (which is expected to be the *Financial Times*) or any other daily newspaper in London approved by the Trustee. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed or by which they have been admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If notices cannot be given by publication as aforesaid they will be given in such other manner, and be deemed to have been given on such date, as the Trustee shall approve.

16. Governing Law and Jurisdiction

The Trust Deed, the Bonds and the Coupons and any matter, claim or dispute arising out of or in connection with the Trust Deed, the Bonds and the Coupons, whether contractual or non-contractual, are governed by, and shall be construed in accordance with, English law.

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Bonds or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Bonds or the Coupons) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Bonds or the Coupons, whether contractual or non-contractual, ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

Service of process in any Proceedings in England may be effected by delivery to the Issuer's principal place of business in England at 50 Eastbourne Terrace, Paddington, London W2 6LG or such other address as may be notified to the Bondholders in accordance with Condition 15 and the Trustee.

17. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms or conditions of the Bonds, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

Summary of Provisions relating to the Bonds while in Global Form

*The Bonds will be represented initially by a single temporary global bond in bearer form, without interest coupons (the “**Temporary Global Bond**”) which will be issued in new global note (“**NGN**”) form. The Temporary Global Bond will be exchangeable on or after 8 January 2013 for a permanent global bond in bearer form, without interest coupons, (the “**Permanent Global Bond**”) and, together with the Temporary Global Bond, the “**Global Bonds**”) upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond. The Global Bonds will be exchangeable for definitive Bonds with Coupons attached only in the limited circumstances specified therein (the “**Definitive Bonds**”).*

Bonds and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

Each Accountholder (as defined below) must look solely to the relevant Clearing System (as defined below) (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Bond and in relation to all other rights arising under the Global Bonds, subject to and in accordance with the respective rules and procedures of the relevant Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by such Global Bond and such obligations of the Issuer will be discharged by payment to the bearer of such Global Bond in respect of each amount so paid.

The Global Bonds contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Prospectus. The following is a summary of certain of those provisions.

1. Nominal Amount and Exchange

The nominal amount of the Bonds shall be the aggregate amount from time to time entered in the records of Euroclear and/or Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of each relevant Clearing System shall be conclusive evidence of the nominal amount of Bonds represented by the Global Bonds and a statement issued by any relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Temporary Global Bond is exchangeable in whole or in part for interests recorded in the records of the relevant Clearing System in the Permanent Global Bond on or after a date which is expected to be 8 January 2013 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond.

The Permanent Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Bonds only if:

- (a) an Event of Default (as set out in Condition 8) has occurred; or

- (b) any relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no Alternative Clearing System is available; or
- (c) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) of the United Kingdom or as a result of a change in the practice of any relevant Clearing System which would not be suffered were the Bonds in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Bond (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Trustee and the Bondholders, of its intention to exchange the Permanent Global Bond for Definitive Bonds on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Bond may or, in the case of (c) above, shall surrender the Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Bond the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Bond, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant Definitive Bonds.

In the event that a Global Bond is exchanged for Definitive Bonds, such Definitive Bonds shall be issued in minimum denominations of £100,000 and higher integral multiples of £1,000 up to a maximum of £199,000, but will in no circumstances be issued to Bondholders who hold Bonds in the relevant Clearing System in amounts that are less than £100,000.

In this Prospectus,

“Exchange Date” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant Clearing System is located.

2. Payments

On and after 8 January 2013, no payment will be made on the Temporary Global Bond unless exchange for an interest in the Permanent Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by a Global Bond will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System, and, in the case of payments of principal, the nominal amount of the Bonds will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the

records of the relevant Clearing System shall not affect such discharge. Payment on the Permanent Global Bond falling due after the Exchange Date, unless exchange of the Permanent Global Bond for definitive Bonds is improperly withheld or refused by or on behalf of the Issuer. Payments of interest on the Temporary Global Bond (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of a relevant Clearing System, notices to Bondholders may be given by delivery of the relevant notice to that relevant Clearing System for communication to the relevant Accountholders (as defined below) rather than by publication as required by Condition 15 provided that, so long as the Bonds are admitted to listing by the UK Listing Authority and admitted to trading on the London Stock Exchange, the requirements of the UK Listing Authority have been complied with. Any such notice shall be deemed to have been given to the Bondholders on the day which is one business day, being a day on which banks are generally open, in Brussels or Luxembourg, as the case may be, after the date on which such notice is delivered to the relevant Clearing System as aforesaid.

Whilst any of the Bonds held by a Bondholder are represented by a Global Bond, notices to be given by such Bondholder may be given by such Bondholder (where applicable) through the relevant Clearing System and otherwise in such manner as the Principal Paying Agent and the relevant Clearing System may approve for this purpose.

4. Accountholders

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of a relevant Clearing System, each person (other than a relevant Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular principal amount of such Bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders and giving notice to the Issuer pursuant to Condition 5(d) and Condition 8) other than with respect to the payment of principal and interest on such principal amount of such Bonds, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Bond in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing System for its share of each payment made to the bearer of the relevant Global Bond.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Bonds represented by a Global Bond will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

6. Cancellation

On cancellation of any Bond represented by a Global Bond and required by the Conditions of the Bonds to be cancelled following its redemption or purchase, the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing System and, upon such entry being made, the principal amount of the applicable Global Bond recorded in the records of the relevant Clearing System shall be reduced by the aggregate principal amount of the Bonds so cancelled.

7. Put Option

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of any relevant Clearing System, the option of the Bondholders provided for in Condition 5(d) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of the relevant Clearing System (which may include notice being given on his instructions by any relevant Clearing System or any common safekeeper for them to the Principal Paying Agent by electronic means) of the principal amount of the Bonds in respect of which such option is exercised.

The Issuer shall procure that any exercise of any option or any right under the Bonds, as the case may be, shall be entered in the records of the relevant Clearing System and upon any such entry being made, the principal amount of the Bonds represented by the Permanent Global Bond shall be adjusted accordingly.

8. Meetings

At any meeting of Bondholders the holder of a Global Bond will be treated as having one vote in respect of each £1,000 in principal amount of Bonds for which such Global Bond may be exchanged.

9. Authentication and Effectuation

The Temporary Global Bond and the Permanent Global Bond shall not become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Principal Paying Agent and effectuated by the entity appointed as Common Safekeeper by the relevant Clearing Systems.

10. Euroclear and Clearstream, Luxembourg

Bonds represented by a Global Bond are transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

References in the Global Bonds to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee in which the Bonds are held from time to time.

Business Description

DESCRIPTION OF THE ISSUER

FirstGroup plc (“**FirstGroup**”) is the parent company of an international surface based passenger transport group with headquarters in the UK. It is incorporated in Scotland as a public limited company, its date of incorporation is 31 March 1995 with registered number SC157176, and quoted on the London Stock Exchange. FirstGroup and its Subsidiaries (as defined in Condition 3) (the “**Group**”) have its main operations in the UK and North America and relatively minor operations in other European countries such as Denmark, Sweden and Ireland. It had a market capitalisation at close of trading on 26 November 2012 of approximately £873.2 million. In its financial year ended 31 March 2012 total revenue was £6,678.7 million and profit before tax was £279.9 million and in the half-year period ended 30 September 2012 total revenue was £3,250.0 million and profit before tax was £8.4 million. As at 30 September 2012, the Group employed approximately 125,000 staff throughout the UK and North America.

FirstGroup has a portfolio of businesses which are diversified by geography and customer base. The Group is structured in five divisions: First Student, First Transit & Services, Greyhound, UK Bus and UK Rail. For external reporting, First Transit & Services are reported as “First Transit”.

In the “Description of the Issuer” all references to figures at 30 September 2012 are references to unaudited figures as per the Issuer’s half-yearly unaudited consolidated financial report for the six months ended 30 September 2012.

The table below sets out divisional information for the financial year ended 31 March 2012, as extracted from the Group’s audited results for that year:

	Revenue £million	Operating profit* £million	Net assets/(liabilities) *** £million
First Student	1,567.2	107.1	(724.6)
First Transit	778.6	55.8	349.9
Greyhound	657.2	50.6	180.9
UK Bus	1,157.2	134.4	152.7
UK Rail	2,506.1	110.5	72.5
Other**	12.4	(29.9)	849.6
Total	6,678.7	428.5	881.0

Source: FirstGroup plc Annual Report and Accounts 2012 pages 22 and 74.

* Before amortisation charges, exceptional items and profit/(loss) on disposal of properties and discontinued operations.

**Tramlink operations, central management and other items.

*** Net assets/(liabilities) for the divisions are inclusive of intragroup balances which are included in the other amount of £849.6 m.

The table below sets out the divisional information for the six months ended 30 September 2012, as extracted from FirstGroup’s unaudited consolidated financial statements for that six month period:

	<i>Revenue £million</i>	<i>Operating profit* £million</i>
First Student	640.3	5.2
First Transit	397.2	28.8
Greyhound	337.3	33.5
UK Bus	572.9	39.6
UK Rail	1,296.4	35.4
Other**	5.9	(13.8)
Total	3,250.0	128.7

Source: FirstGroup plc's half-yearly financial report 2012 for the six months ended 30 September 2012 page 23.

* Before amortisation charges, exceptional items and profit/(loss) on disposal of properties and discontinued operations.

**Tramlink operations, central management and other items.

1. History & Development

The Group was formed in 1995 from the merger of two quoted bus companies: Badgerline Group plc and GRT Bus Group plc. Since the merger, the Group has grown, both organically and by acquisition.

The UK Bus Division has been expanded by the acquisition of a number of UK bus operators. The Group's UK Rail Division was established in 1997 and has grown significantly, principally through successful tendering for rail passenger franchise contracts, and as at the date of this Prospectus, includes four large passenger franchises, namely First Great Western, First Capital Connect, First ScotRail and 55% of First TransPennine Express. The Rail division also provides rail freight services from its acquisition of GB Railways Group plc in 2003.

In 1999, the Group expanded its operations to North America through two acquisitions: first, the school bus, transit management and maintenance businesses of Ryder System, Inc. and, second, Bruce Transportation, Inc., a U.S. school bus operator based in New England. Subsequently, the Group has acquired a number of other school bus, transit and services companies in the U.S. and Canada.

On 1 October 2007 FirstGroup completed its acquisition of Laidlaw International, Inc., a holding company for operators of inter-city coaches, school buses and public and paratransit across North America, for U.S.\$3.5 billion (including transaction costs) to become the largest school bus company in North America. The Greyhound name has been kept, but all other Laidlaw-owned services were rebranded under the First name, and operating companies in each line of business have been consolidated. FirstGroup financed the acquisition of Laidlaw International, Inc. through equity and debt finance.

FirstGroup's existing UK Rail franchises expire by 2015. The re-franchising programme begun by the Department for Transport is currently on hold, however the Group will bid to win new franchises when the programme recommences (see further in "UK Rail" below).

FirstGroup's ability to meet its financial obligations is to a significant extent dependent on the

availability of cash flow from members of the Group through dividends, inter-company loans and other payments.

2. First Student

The Group's school bus business comprises the operations of First Student, Inc. in the U.S. and operations of First Canada ULC (collectively, "**First Student**"). First Student is the largest provider of student transportation in North America, operating with a fleet, which is largely owned, of approximately 51,000 school buses at 30 September 2012, and carrying some six million students a day. First Student operates in 38 States in the U.S. and in nine Canadian Provinces and Territories.

The market consists of over 15,000 school districts in North America responsible for providing over 500,000 school buses a day. Only a third of school districts have outsourced their operations – representing approximately 180,000 school buses – to the private sector. The private outsourced market is highly fragmented, with only ten operators running more than 1,000 buses. These ten largest contractors operate approximately 100,000 buses - some 20% of the total market or 55% of the outsourced market. School districts provide transportation for students depending on varying criteria determined at State level and contracts are typically awarded for up to five years. School districts receive funding for their activities including school transportation primarily from State and local sources, including tax receipts.

First Student operates under around 1,400 different contracts in nearly 600 locations. The majority of employees are drivers who work part time and only during the school year. Over two thirds of First Student's 61,000 employees are represented by trade unions.

In the year ended 31 March 2012, revenue and underlying operating profit were £1,567.2 million and £107.1 million respectively. In the six months to 30 September 2012, revenue and underlying operating profit were £640.3 million and £5.2 million respectively.

3. First Transit & First Services

(i) First Transit

First Transit, Inc. ("**First Transit**") is one of the largest private sector providers of public transit management and contracting in North America, managing fixed route and shuttle bus services, paratransit operations, call centres for accessible transportation and other light transit activities.

The business operates in approximately 236 locations in 38 U.S. States, Puerto Rico, the U.S. Virgin Islands and four Canadian Provinces, and carries around 310 million passengers a year. A fleet of 10,600 buses is operated and managed in servicing over 360 contracts. Customers include Transit Authorities, Federal, State, and local agencies, as well as private institutions. First Transit has approximately 14% of the outsourced market in North America. The outsourced market accounts for approximately 30% of the total market. The outsourced transit market is fragmented and First Transit and its two largest competitors M.V. Transportation and Veolia Transdev Transportation account for around 35% of the outsourced market. A majority of First Transit employees (approximately 19,000) are represented by trade unions.

(ii) First Services

First Services, Inc ("**First Services**") is the largest private sector provider of vehicle maintenance and transport support services in the U.S. Customers for fleet vehicle maintenance services include the Federal Government, cities and Fire and Police Departments. In addition, a range of support services are provided, including facilities management and warehousing and supply to agencies of Federal, State and local governments as well as businesses in the private sector. Fewer than 10% of First Services employees are represented by a union.

For the year ended 31 March 2012, revenue and underlying operating profit for First Transit and First Services were £778.6 million and £55.8 million respectively. For the six months ended 30 September 2012, revenue and underlying operating profit were £397.2 million and £28.8 million respectively.

4. Greyhound

Greyhound Lines, Inc. and Greyhound Canada Transportation ULC (together, "**Greyhound**") are the only national providers of scheduled intercity coach transportation services in the U.S. and Canada. Greyhound provides scheduled passenger services to approximately 3,800 destinations throughout the U.S. and Canada, carrying approximately 20 million passengers annually.

The majority of revenue is generated from passenger services but Greyhound also provides package express services, charter and tour organisation, and, in many terminals, catering outlets. Greyhound has partnerships with a number of independent bus lines across the U.S. These bus companies provide complementary services to Greyhound's existing schedules and link to many of the smaller towns on Greyhound's national route system. In addition, Amtrak passengers use Greyhound to make connections to cities not served by rail on the Amtrak Thruway service. Greyhound operates in 48 U.S. States, nine Canadian Provinces and Territories, and also operates routes from the southern U.S. into Mexico through three operating subsidiaries. The fleet, which is largely owned, at 30 September 2012 was approximately 1,900 buses. Introduced in December 2010, Greyhound Express originates from major Greyhound hubs, servicing approximately 700 city pair journeys.

Intercity coach transportation competes with many other modes of mid to long distance travel, including a number of other coach operators, the car as well as budget airlines. The north east of the U.S. is the most dense travel corridor in the country and sees a highly competitive intercity coach market competing with air and rail services. Greyhound serves a diverse, value-oriented customer base. Primary journey purpose is to visit friends and family.

The majority of the 8,000 employees are represented by a trade union.

In the year ended 31 March 2012, revenue and underlying operating profit were £657.2 million and £50.6 million respectively. In the six months ended 30 September 2012, revenue and underlying operating profit were £337.3 million and £33.5 million respectively.

5. UK Bus

FirstGroup is one of the UK's largest bus operators by size of bus fleet, with a fleet of approximately 7,900 buses operating more than one fifth of local bus services and carrying approximately 2.6 million passengers every day. The majority of operations are in urban areas, where the bus can be an effective means of reducing traffic congestion, and includes London, Greater Manchester, West and South Yorkshire, Greater Glasgow, Edinburgh, Aberdeen, Bristol and South Wales. Local bus services in the UK operate on two very different models. Outside London the market is lightly regulated, and within London the market is regulated and competitively tendered. In London, services are operated on behalf of Transport For London ("TfL"). Contracts are gross cost, with TfL taking revenue risk, and are typically five years in length. Outside London, the market is highly competitive between over 1,250 commercial bus operators but the largest competitor is the private car. Revenue principally comes directly from fare-paying passengers and indirectly from reimbursement by local authorities for concessionary passengers. Bus operators take revenue and cost risk, and set fares, frequencies and routes on a commercial basis, and also run "socially necessary" local bus services under contract to local authorities. For the year ended 31 March 2012, FirstGroup's UK Bus revenue by type was approximately: 50% passenger; 20% concessions; 19% London contracts; and 11% non London contracts. UK Bus customers are diversified by journey purpose with significant proportions using bus services for commuting – to work, school, college or university – for shopping and for leisure purposes. Around 90% of the 22,500 employees are members of a trade union. In addition to a number of small asset and business disposals previously announced by the Group, the Group now plans to significantly reposition and rebalance its UK Bus operations, including through further disposals, to restore operating margins and help to facilitate improved growth and returns.

In the year ended 31 March 2012, revenue and underlying operating profit were £1,157.2 million and £134.4 million respectively. In the six months ended 30 September 2012, revenue and underlying operating profit were £572.9 million and £39.6 million respectively.

6. UK Rail

FirstGroup is the UK's largest passenger rail operator, with about 24% of the market, carrying more than 300 million passengers a year across a diversified portfolio of long distance, regional and commuter routes. Passenger rail franchises consist of First Capital Connect, First Great Western, First ScotRail and First TransPennine Express. FirstGroup also operates First Hull Trains, a non-franchised open access intercity passenger train operator running trains between London Kings Cross and Hull. FirstGroup also operates the Croydon Tramlink network on behalf of TfL.

Rail franchise operators are responsible for the day-to-day management of train services. Many elements of the service provided to passengers are mandated as part of the contract; other features are left to the commercial judgement of operators. Network Rail manages track and infrastructure and rolling stock is owned and sub-leased by third party companies. The Office of Rail Regulation is the independent safety and economic regulator. It grants and enforces a licence under which Network Rail operates, and also supervises the relationship between Network Rail, franchised operators and others, including freight operators.

The First Great Western franchise, due to expire in 2013, operates commuter and intercity

services from London Paddington to Bristol, the South West of England and South Wales. The First Capital Connect franchise, due to expire in 2013, operates commuter services across London and the South East. The First ScotRail franchise, due to expire in 2014, operates commuter, intercity and regional services in Scotland under contract with Transport Scotland. FirstGroup owns 55% of the First TransPennine Express franchise, due to expire in 2015, which provides services connecting cities in the North West to the North East such as Manchester and Leeds and commuter services from Manchester to Manchester Airport. All of these franchises have relatively low profit margins and their ability to pay dividends is generally restricted to the lower of their retained profits and the amount permitted by liquidity ratios in the franchise agreements.

The rail re-franchising programme begun by the Department for Transport is currently on hold and as such, the nature of any new franchise contracts is uncertain. Seven franchises were due to be let over the next two years but the revised timetable for the re-franchising programme is not yet known. FirstGroup will be involved in bidding for some or all of these contracts when the re-franchising programme recommences. Bidding activity is expected to be highly competitive. Other rail operators which are bidding are based within the European Union and Hong Kong.

A high percentage of the 13,000 employees in FirstGroup's UK Rail division are represented by trade unions.

In the year ended 31 March 2012, revenue and underlying operating profit were £2,506.1 million and £110.5 million respectively. In the six months ended 30 September 2012, revenue and underlying operating profit were £1,296.4 million and £35.4 million respectively.

7. Directors and Business Address of the Issuer

The Directors of the Issuer, whose business address is 395 King Street, Aberdeen, AB24 5RP and telephone number is +44 (0)1224 650 000, are:

Name	Title and principal activities outside the Group (if any)
Martin Gilbert	<i>Chairman</i> <i>Chairman of the Nomination Committee</i> Chief Executive, Aberdeen Asset Management PLC; Non-Executive Director of British Sky Broadcasting Group plc
Tim O'Toole	<i>Chief Executive</i> Non-Executive Director of CSX Corporation
Chris Surch	<i>Group Finance Director</i>
Professor David Begg	<i>Non-Executive Director</i> Chief Executive of Transport Times; Non-Executive Director of BAA Limited; Chairman of the Business Infrastructure Commission; Director of Portobello Partnership; Adviser to Greater Manchester Passenger Transport Executive
Colin Hood	<i>Non-Executive Director</i> Non-Executive Director of Southern Water Services Limited; Non-Executive Director of HS1 Limited; Member of the Board of Glasgow 2014 Commonwealth Games

John Sievwright	<i>Non-Executive Director</i> Non-Executive Director, ICAP plc; Member of the North American Board of the Michael Smurfit Business School, Dublin
Mick Barker	<i>Non-Executive Employee Director</i>
Brian Wallace	<i>Non-Executive Director</i>
Jim Winestock	<i>Non-Executive Director</i> Non-Executive Director of YRC Worldwide Inc.

There are no potential conflicts of interest between any duties of any member of the Board of Directors of the Issuer and their private interests or other duties.

8. Other developments – new accounting standards and interpretations

The Group adopts IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) in its audited consolidated Annual Report and Accounts. For the Annual Report and Accounts for the year ended March 31 2012, on pages 72-73, a number of forthcoming new or amended IAS/IFRS standards are listed and which would apply on or after 1 July 2012. As noted on page 73 of the Annual Report and Accounts, with the exception of IAS 19 (revised) Employee Benefits, the Directors do not anticipate the adoption of the other standards will have a material impact on the Group's accounts for the period of initial application. With regard to IAS 19 (revised) Employee Benefits, which would take effect in the Group's reported results from 1 April 2013, with the prior period adjusted accordingly, the key impact will be to remove the separate assumptions for expected return on plan assets and discounting of scheme liabilities and replace them with one single discount rate. This change would not impact cash flow or net assets, but is likely to materially reduce consolidated EBITDA, operating profit, profit attributable to shareholders and divisional profitability. If this revised IFRS standard were applied to the year ended 31 March 2013, the Group estimates that EBITDA and operating profit would reduce by approximately £70 million, comprising £37 million for UK Bus, £25 million for UK Rail and £8 million for Greyhound. There would be no impact to cash flow or net assets.

9. Other developments - First Student

On 15 November 2012, a jury in Montana made an award of damages against First Student in a long-standing dispute arising out of a contract that was entered into prior to the Group's acquisition of Laidlaw International, Inc. As a result of that award, First Student's liability could be up to U.S.\$28 million. However, based on legal advice received, First Student considers this award to be excessive and therefore intends to appeal. At this time, it is not possible to predict the likely impact of this dispute on First Student.

DESCRIPTION OF THE GUARANTORS

Each of the Guarantors is (directly or indirectly) a wholly-owned subsidiary of the Issuer. Each of First Student, Inc., First Transit, Inc. and Greyhound Lines, Inc. is (directly or indirectly) a wholly-owned subsidiary of FirstGroup America, itself a wholly-owned subsidiary of the Issuer. Each of the following Guarantors has subsidiaries within the Group: First Student, Inc. (together with its subsidiaries, the "**First Student Group**"), First Transit, Inc. (together with its

subsidiaries, the “**First Transit Group**”), Greyhound Lines, Inc. (together with its subsidiaries, the “**Greyhound Group**”) and FirstGroup America (the “**FirstGroup America Group**”). First West Yorkshire Limited has no subsidiaries.

First Student, Inc.

First Student, Inc. (including the former operations of Laidlaw Transit, Inc. and First Student, Inc.) was incorporated in Delaware as a limited liability corporation on 28 October 1983 with registered number 2020229. On 17 January 2009, First Student, Inc. (a company incorporated in Florida as a limited liability corporation on 23 February 1987 with registered number J58265) merged into Laidlaw Transit, Inc. by operation of Delaware law. The surviving entity, Laidlaw Transit, Inc. was renamed First Student, Inc. Together with its subsidiaries, First Student, Inc. is the largest provider of private school transportation services in North America.

The principal office of First Student, Inc. is 600 Vine Street, Suite 1400, Cincinnati, OH 45202, United States of America and its telephone number is +1 513 241 2200.

The executive officers of First Student, Inc., whose business address is 600 Vine Street, Suite 1400, Cincinnati, OH 45202, United States of America and telephone number is +1 513 241 2200, are:

Name	Title and principal activities outside the Group (if any)
Linda Burtwistle	<i>President</i>
Christian Gartner	<i>Vice President</i>
Bruce Rasch	<i>General Counsel and Secretary</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of First Student, Inc. to First Student, Inc. and their private interests or other duties.

First Transit, Inc. (“First Transit”)

First Transit was incorporated in Delaware as a limited liability corporation on 19 September 1969 with registered number 0727905. First Transit, a subsidiary of the Issuer, provides a range of ground passenger transportation services across North America, such as bus operations and transport system management to the city transit authorities, shuttle bus services for airports and hotels, paratransit operations and call centres. In June 2008, Laidlaw Transit Services, Inc., a Delaware corporation, was merged into First Transit under operation of Delaware law. The principal office of First Transit is 600 Vine Street, Suite 1400, Cincinnati, OH 45202, United States of America and its telephone number is +1 513 241 2200.

The executive officers of First Transit, whose business address is 600 Vine Street, Suite 1400, Cincinnati, OH 45202, United States of America and telephone number is +1 513 241 2200, are:

Name	Title and principal activities outside the Group (if any)
Brad Thomas	<i>President</i>
Christian Gartner	<i>Vice President</i>
Arlene McKitterick	<i>Senior Vice President of Finance</i>
Bruce Rasch	<i>General Counsel and Secretary</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of First Transit to First Transit and their private interests or other duties.

Greyhound Lines, Inc.

Greyhound Lines, Inc. was incorporated in Delaware as a limited liability corporation on 18 December 1986 with registered number 2111606 as GLI Operating Company Inc., although the Greyhound bus business has been operating since 1914. It is a subsidiary of the Issuer and provides scheduled passenger services throughout the United States and Canada. The principal office of Greyhound Lines, Inc. is 350 N. Paul Street, Dallas, Texas 75201, United States of America and its telephone number is +1 214 849 8000.

The executive officers of Greyhound Lines, Inc., whose business address is 350 N. Paul Street, Dallas, Texas 75201 and telephone number is +1 214 849 8000, are:

<i>Name</i>	<i>Title and principal activities outside the Group (if any)</i>
David S. Leach	<i>President and Chief Executive Officer</i>
Christian Gartner	<i>Vice President</i>
Bruce Rasch	<i>General Counsel and Secretary</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of Greyhound Lines, Inc. to Greyhound Lines, Inc. and their private interests or other duties.

First West Yorkshire Limited ("First West Yorkshire")

First West Yorkshire was incorporated in England as a private limited company on 17 February 1986 with registered number 01990370. It is a subsidiary of the Issuer and its principal activity is the provision of passenger bus services in Bradford, Leeds, Halifax and Huddersfield, where it operates from 7 depots. The registered office of First West Yorkshire Limited is Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS10 1PL, England and its telephone number is +44 (0) 113 381 5000.

The executive officers of First West Yorkshire, whose business address is Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS10 1PL, England and telephone number is +44 (0) 113 381 5000, are:

Name	Title and principal activities outside the Group (if any)
David B. Alexander	<i>Managing Director</i>
David M. Aspinall	<i>Engineering Director</i>
Teresa M. Broxton	<i>Financial Planning Director</i>
Richard J. Eames	<i>Director</i>
Andrew R. Foster	<i>Engineering Director</i>
Benjamin T. Gilligan	<i>Operations Director</i>
Ian Humphreys	<i>Regional Business Planning and Efficiency Director</i>
	Trustee, The First UK Bus Pension Scheme
Simon D. Pearson	<i>Revenue and Customer Services Development Director</i>
Richard M. Soper	<i>Director</i>
Robert Ward	<i>Director</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of First West Yorkshire to First West Yorkshire and their private interests or other duties.

FirstGroup America, Inc. ("FirstGroup America")

FirstGroup America was incorporated in Delaware as a limited liability corporation on 29 February 2008 with registered number 1763519 as First PTS, Inc.. It is a subsidiary of the Issuer and its principal activity is as an intermediate holding company in the Group. FirstGroup America is the holding company of various companies including First Student, Inc., First Transit, Greyhound Lines, Inc. and certain Canadian operating companies. The principal office of FirstGroup America is 1209 Orange Street, Wilmington, Delaware 19801 and its telephone number is +1 513 241 2200.

The executive officers of FirstGroup America, whose business address is 1209 Orange Street, Wilmington, Delaware 19801 and telephone number is +1 513 241 2200 are:

Name	Title and principal activities outside the Group (if any)
Christian Gartner	<i>Chief Financial Officer</i> Non-Executive Director, PowerNet Global, Inc.
Bruce Rasch	<i>General Counsel and Secretary</i>

There are no potential conflicts of interest between any duties of any member of the Board of Directors of FirstGroup America to FirstGroup America and their private interests or other duties.

United Kingdom Taxation

The following is a general description of certain United Kingdom ("UK") tax considerations relating to the Bonds. It does not purport to be a complete analysis of all UK tax considerations relating to the Bonds, relates only to persons who are the absolute beneficial owners of the Bonds and hold the Bonds as an investment, does not deal with certain classes of persons (such as persons connected with the Issuer, dealers in securities and those who are treated for tax purposes as having received their Bonds by reason of their employment) and, save as specifically mentioned, applies only to Bondholders who are resident and (if individuals) ordinarily resident in the UK for tax purposes.

This summary is based upon the Issuer's understanding of UK tax law and HM Revenue and Customs ("HMRC") practice as in effect on the date of this Prospectus and is subject to any change in such law or practice that may take effect after such date (possibly with retrospective effect).

Prospective purchasers of Bonds who may be subject to tax in any jurisdiction other than the UK, or who have any doubt whatsoever as to their tax position, should consult an appropriate professional advisor without delay.

A. Withholding Tax and Interest on Bonds

The Bonds will constitute "quoted Eurobonds" so long as they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. On the basis of HMRC's published interpretation of the relevant legislation and the application of Section 1005(3) of the Income Tax Act 2007, securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the UKLA and are admitted to trading on the London Stock Exchange. Whilst the Bonds are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Bonds may be made without withholding or deduction for or on account of UK income tax.

In other cases, interest will generally be paid under deduction of income tax at the basic rate (currently 20 per cent.) subject to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty and subject to any other exemption that may be available to particular Bondholders.

If interest is paid under deduction of UK income tax (for example, if the Bonds cease to be listed on a recognised stock exchange), Bondholders who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The interest paid on the Bonds will have a UK source and accordingly may be chargeable to UK tax by direct assessment. In this event, where the interest is paid without withholding or deduction, the interest will not be assessed to UK tax in the hands of holders of the Bonds (other than certain trustees) who are not resident for tax purposes in the UK, except where such persons carry on a trade, profession or vocation in the UK through a UK branch or agency or, in the case of corporate holders, carry on a trade through a permanent establishment in the UK in connection with which the interest is received or to which the Bonds are attributable, in which

case tax may be levied on the UK branch, agency or permanent establishment. There are exemptions for interest received by certain categories of agents.

The above description of the UK withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

Provision of Information

Bondholders who are individuals, or partnerships with partners who are individuals, should note that where any interest on Bonds is paid to them (or to any person acting on their behalf) by any person in the UK acting on behalf of the Issuer (a “paying agent”), or is received by any person in the UK acting on behalf of the relevant Bondholder (other than solely by clearing or arranging the clearing of a cheque) (a “collecting agent”), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Bondholder (including the Bondholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the Bondholder is resident in the UK for UK taxation purposes. Where the Bondholder is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the tax authorities of the jurisdiction in which the Bondholder is resident for taxation purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required, unless during that period they elect otherwise, as it is understood that Belgium has, to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. Bondholders are advised to consult their independent professional advisers in relation to the implications of the proposed changes, once finally made.

Interpretation

References to “interest” above are to “interest” as understood in UK tax law. The statements above do not take any account of any different definitions of “interest” which may prevail under any other law.

B. UK Corporation Tax Payers

In general, Bondholders who are within the charge to UK corporation tax will be charged to tax

as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other UK Tax Payers

Taxation of Chargeable Gains

The Bonds are denominated in sterling and, on the assumption that they comprise normal commercial loans, should constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of a Bond by a Bondholder resident or ordinarily resident for tax purposes in the UK or who carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment to which the Bond is attributable and who is not within the charge to UK corporation tax (for the purposes of this section, a “**UK income tax payer**”) will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

Accrued Income Scheme

A disposal of a Bond (including a disposal occurring on redemption) by a Bondholder who is a UK income tax payer may give rise to a charge to UK income tax in respect of an amount treated under the provisions of Chapter 2 of Part 12 of the Income Tax Act 2007 (Accrued Income Profits and Losses) as representing interest accrued on the Bonds at the time of transfer. The Bonds will constitute “variable rate securities” for these purposes and therefore the accrued income for tax purposes in respect of a transfer of the Bonds will be computed on a just and reasonable basis. A transferee of the Bonds will generally not be entitled to any relief for any amount of income that has accrued prior to the date of transfer, except to the extent that it falls to be taken into account in the application of the just and reasonable basis of charge on a subsequent disposal of the Bonds.

D. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT will be payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

Subscription and Sale

Pursuant to a Subscription Agreement dated 27 November 2012 (the “**Subscription Agreement**”), Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Mitsubishi UFJ Securities International plc, The Royal Bank of Scotland plc (together the “**Joint Lead Managers**”), BNP Paribas, Commerzbank Aktiengesellschaft, ING Bank N.V., Belgian Branch, Mizuho International plc, SMBC Nikko Capital Markets Limited, Société Générale and The Toronto-Dominion Bank (together the “**Co-Lead Managers**”) (the Joint Lead Managers and the Co-Lead Managers together referred to as the “**Managers**”) have agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Bonds at the issue price of 98.964 per cent. of their principal amount. The Issuer will pay to the Managers a combined management, underwriting and selling commission of 0.55 per cent. of the principal amount of the Bonds to be deducted from the issue proceeds. The Managers are entitled to terminate and to be released and discharged from their obligations under the Subscription Agreement in certain circumstances prior to payment to the Issuer. The yield of the Bonds is 5.387 per cent., on an annual basis. The relevant yield is calculated as at the Issue Date on the basis of the relevant issue price. It is not an indication of future yield.

The Bonds have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each Manager has represented warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Bonds in, from or otherwise involving the United Kingdom.

Save for having obtained approval of this document by the UK Listing Authority pursuant to listing rules made under Part VI of the FSMA, no action has been or will be taken by the Issuer, the Guarantors or any of the Managers that would permit a public offering of the Bonds or possession or distribution of this document or other offering material relating to the Bonds in any jurisdiction where, or in any circumstances in which, action for these purposes is required. This document does not constitute an offer and may not be used for the purposes of any offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

Neither the Issuer, the Guarantors nor the Managers represent that the Bonds may at any time lawfully be sold in or from any jurisdiction (other than in or from Great Britain) in compliance with any applicable registration requirements or pursuant to an exemption available thereunder or assumes any responsibility for facilitating such sales.

General Information

- (1) The net proceeds of the issue, which are estimated to amount to approximately £319,845,500 will be used by the Issuer for general corporate purposes, including the repayment of existing debt.
- (2) The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 085943855 and an ISIN Code of XS0859438557.
- (3) The Issuer estimates that the amount of expenses related to the admission to trading of the Bonds will be approximately £2,500,000.00.
- (4) The listing of the Bonds on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that the applications for the Bonds to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market will be granted on or about 29 November 2012 (subject only to issue) and that such admission will become effective, and that dealings in the Bonds on the London Stock Exchange will commence, on 30 November 2012.
- (5) Each of the Issuer and the Guarantors has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds and the guarantee of the Bonds by the Guarantors. The Issuer's board of directors on 26 June 2012 established and authorised a committee (the "**Committee**") to consider the issuance of the Bonds. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer passed on 26 June 2012, 30 October 2012 and 21 November 2012 and the Committee passed on 20 November 2012. The giving of the guarantee relating to the Bonds by First West Yorkshire Limited was authorised by a resolution of the board of directors of First West Yorkshire Limited passed on 23 November 2012. The giving of the guarantee relating to the Bonds by First Student, Inc. was authorised by a resolution of the board of directors of First Student, Inc. passed on 20 November 2012. The giving of the guarantee relating to the Bonds by First Transit, Inc. was authorised by a resolution of the board of directors of First Transit, Inc. passed on 20 November 2012. The giving of the guarantee relating to the Bonds by Greyhound Lines, Inc. was authorised by a resolution of the board of directors of Greyhound Lines, Inc. passed on 26 November 2012. The giving of the guarantee relating to the Bonds by FirstGroup America, Inc. was authorised by a resolution of the board of directors of FirstGroup America, Inc. passed on 20 November 2012.
- (6) The Trust Deed provides that the Trustee may rely on certificates or reports from any auditors or other parties in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document in connection therewith contains any limit on the liability of such auditors or such other party.
- (7) There has been no material adverse change in the financial position or prospects of the Issuer since 31 March 2012 (the date of the Issuer's most recent financial statements), nor has there been any significant change in the financial or trading position of the Group since 30 September 2012.
- (8) There has been no material adverse change in the financial position or prospects of First Student, Inc. since 31 March 2012, nor has there been any significant change in the financial or trading position of the First Student Group since 31 March 2012.
- (9) There has been no material adverse change in the financial position or prospects of First Transit, Inc. since 31 March 2012, nor has there been any significant change in the financial or trading position of the First Transit Group since 31 March 2012.

- (10) There has been no material adverse change in the financial position or prospects of Greyhound Lines, Inc. since 31 March 2012, nor has there been any significant change in the financial or trading position of the Greyhound Group since 31 March 2012.
- (11) There has been no material adverse change in the financial position or prospects of First West Yorkshire Limited since 31 March 2012 (the date of First West Yorkshire Limited's most recent annual financial statements), nor has there been any significant change in the financial or trading position of First West Yorkshire Limited since 31 March 2012.
- (12) There has been no material adverse change in the financial position or prospects of FirstGroup America, Inc. since 31 March 2012 (the date of FirstGroup America's most recent annual financial statements), nor has there been any significant change in the financial or trading position of the FirstGroup America Group since 31 March 2012.
- (13) There are no, nor have there been any governmental, legal or arbitration proceedings involving the Issuer, the Guarantors or any Subsidiaries of the Issuer or the Guarantors (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) which may have, or have had during the period of 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer, the Group, any Guarantor or any of the First Student Group, the First Transit Group, the Greyhound Group or the FirstGroup America Group.
- (14) The Bonds will, subject to the termination provisions described below, be unconditionally and irrevocably guaranteed by deed poll (the "**Deed Poll Guarantee**") given initially by First Student, Inc., First Transit, Inc., Greyhound Lines, Inc. and First West Yorkshire Limited (each of which is, as at the date of this Prospectus, the guarantor of a revolving credit and guarantee facility entered into by the Issuer) and by FirstGroup America, Inc.. The Deed Poll Guarantee will terminate in respect of an individual Guarantor on the date on which either (a) such Guarantor has been released from such guarantee in respect of such revolving credit and guarantee facility, (b) such Guarantor ceases to be a Subsidiary (as defined in Condition 3) of the Issuer or (c) (in respect of FirstGroup America, Inc.) any one of such Guarantor's Subsidiaries has ceased to be a Guarantor.
- (15) The Prospectus will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.
- (16) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (17) Copies of the latest audited annual report and consolidated accounts of the Issuer, (for so long as FirstGroup America is a Guarantor or any subsidiary of FirstGroup America is a guarantor under the Deed Poll Guarantee) the latest audited accounts of FirstGroup America and (for so long as it is a guarantor under the Deed Poll Guarantee) the latest audited accounts of First West Yorkshire Limited and copies of the Trust Deed, the Agency Agreement, the Deed Poll Guarantee and the constitutional documents of the Issuer and the Guarantors will be available for inspection at the specified offices of each of the Paying Agents during normal business hours, for so long as any of the Bonds is outstanding. The Guarantors do not publish interim accounts.
- (18) Deloitte LLP (formerly Deloitte & Touche LLP), Chartered Accountants and Registered Auditors (authorised and regulated by the Financial Services Authority for designated investment business), have audited, and rendered an unqualified audit report on, in accordance with International Standards on Auditing (UK and Ireland) issued by the

Auditing Practices Board and International Financial Reporting Standards, the accounts of the Issuer, for the two years ended 31 March 2012 and 31 March 2011. Deloitte LLP has no material interest in the Issuer.

- (19) Deloitte LLP (formerly Deloitte & Touche LLP), Chartered Accountants and Regulated Auditors (authorised and regulated by the Financial Services Authority for designated investment business), have audited, and rendered an unqualified audit report on, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and International Financial Reporting Standards, the accounts of FirstGroup America, Inc, for the two years ended 31 March 2012 and 31 March 2011. Deloitte LLP has no material interest in FirstGroup America.
- (20) Deloitte LLP (formerly Deloitte & Touche LLP), Chartered Accountants and Registered Auditors (authorised and regulated by the Financial Services Authority for designated investment business), have audited, and rendered an unqualified audit report on, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and generally accepted accounting standards in the United Kingdom, the accounts of First West Yorkshire Limited for the two years ended 31 March 2012 and 26 March 2011. Deloitte LLP has no material interest in First West Yorkshire Limited.
- (21) There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds.
- (22) There are no material contracts entered into other than in the ordinary course of First Student, Inc.'s business which could result in any member of the First Student Group being under an obligation or entitlement that is material to First Student, Inc.'s ability to meet its obligations under the Deed Poll Guarantee.
- (23) There are no material contracts entered into other than in the ordinary course of First Transit, Inc.'s business which could result in any member of the First Transit Group being under an obligation or entitlement that is material to First Transit, Inc.'s ability to meet its obligations under the Deed Poll Guarantee.
- (24) There are no material contracts entered into other than in the ordinary course of Greyhound Lines, Inc.'s business which could result in any member of the Greyhound Group being under an obligation or entitlement that is material to Greyhound Lines, Inc.'s ability to meet its obligations under the Deed Poll Guarantee.
- (25) There are no material contracts entered into other than in the ordinary course of First West Yorkshire Limited's business which could result in First West Yorkshire Limited being under an obligation or entitlement that is material to its ability to meet its obligations under the Deed Poll Guarantee.
- (26) There are no material contracts entered into other than in the ordinary course of FirstGroup America Inc.'s business which could result in any member of the First Group America Group being under an obligation or entitlement that is material to First Group America Inc.'s ability to meet its obligations under the Deed Poll Guarantee.
- (27) The Issuer does not intend to provide any post-issuance information in relation to any Bonds.

- (28) Certain of the Managers and their affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantors and their affiliates in the ordinary course of business.

PRINCIPAL OFFICES OF THE ISSUER

Registered office
395 King Street
Aberdeen AB24 5RP
United Kingdom

London office
50 Eastbourne Terrace
Paddington
London W2 6LG
United Kingdom

TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX
United Kingdom

AUDITORS OF THE ISSUER

Deloitte LLP
2 New Street Square
London
EC4A 3BZ
United Kingdom

LEGAL ADVISERS

To the Issuer as to English Law

Slaughter and May
One Bunhill Row
London EC1Y 8YY
United Kingdom

To the Issuer as to Scottish Law

Tods Murray LLP
Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9AG
United Kingdom

To the Managers and the Trustee as to English Law

Allen & Overy LLP
One Bishops Square
London
E1 6AD
United Kingdom

PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

PAYING AGENT

The Bank of New York Mellon (Luxembourg)
S.A.
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

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