







# What it means for your pay?

The table below illustrates the potential benefits of the BAYE. Two Matching Shares are awarded to you for every three Partnership Shares you buy on the first £30 you invest each month.

The example assumes a share price, for illustrative purposes only, of £1.02 per FirstGroup share:	Gross Monthly Partnership Share contribution			
only, of £1.02 per Filstoroup share.	£25	£40	£75	£150
Net cost for a basic rate taxpayer*	£17.00	£27.20	£51.00	£102.00
Net cost for a higher rate taxpayer**	£14.50	£23.30	£43.50	£87.00
Number of Partnership Shares bought this month	24	39	73	147
Matching Shares awarded by FirstGroup	16	19	19	19
Total plan Shares added to the trust this month	40	58	92	166
Total value of plan Shares on the Share Purchase Date	£40.80	£59.16	£93.84	£169.32
Residual contribution carried forward to next month***	£0.52	£0.22	£0.54	£0.06

<sup>\*</sup>Based on English and Welsh rates of 20% Income Tax and 12% NI. (For Scottish Tax rates please click here for details).



What it means for your pay?

<sup>\*\*</sup>Assuming marginal rates of 40% Income Tax and 2% NI

<sup>\*\*\*</sup>The total number of Partnership Shares purchased is calculated as two separate transactions: one for the first £30 (which qualify for Matching Shares) and one for any amount over the first £30. Money contributed will only be used to buy a whole number of shares. Any residual contribution left over after both these transactions will be carried forward to the following month. In some instances the combined amount carried forward will equal or exceed the cost of a share.



Tax treatment of the BAYE shares

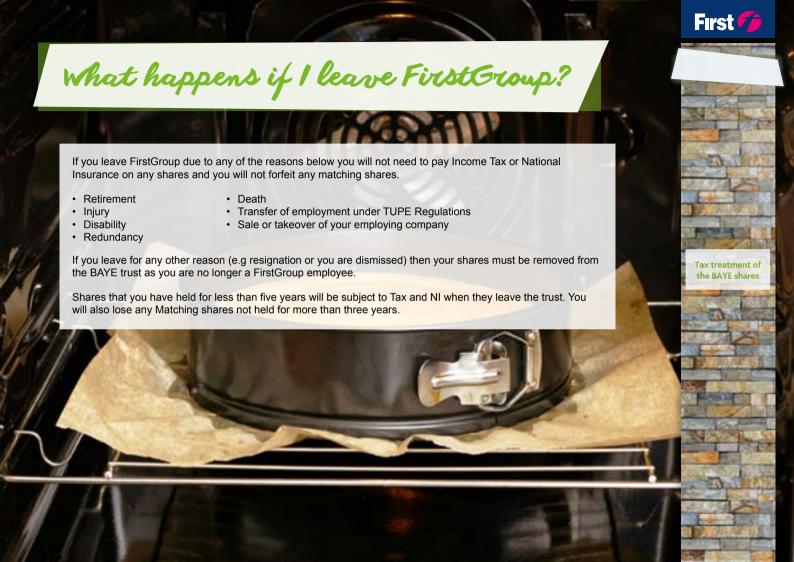
# Tax treatment of the BAYE shares

Remember the shares you have bought (Partnership shares) through BAYE are yours and you can sell or take them out of the BAYE trust at any time while employed by FirstGroup.

However, you may have to pay Tax and/or NI on those shares if you take them out of the BAYE trust if you have held them for less than five years.

Any sales of your shares while in the BAYE trust will be free from Capital Gains Tax (CGT).

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Time of withdrawal	Partnership Shares	Matching Shares	
Within three years	Income Tax and National Insurance will need to be paid on the market value of the shares on the date you withdraw them from the BAYE trust	You will lose your Matching Shares if you sell the Partnership shares	
Between three and five years	Income Tax and National Insurance will need to be paid based on whichever value is the lower:  • The pay used to buy the shares; or  • The market value of the shares on the date you withdraw them from the BAYE trust	Income Tax and National Insurance will need to be paid based on whichever value is the lower:  • The market value of the shares on the day they are awarded; or  • The market value of the shares on the date you withdraw them from the BAYE trust	
After five years	No Income Tax or National Insurance	No Income Tax or National Insurance	
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It's a piece

of cake

# Joining is a piece of cake

All employees with six months service can join BAYE.

It's easy to apply, you will just need your User ID that can be found on your invitation communication. If you haven't received this, please contact the FirstGroup Share Plan helpline on 0344 472 6011\*.

- Visit: www.computershare.com/firstgroupshareplans
- Enter your User ID which was included on your invitation, and PIN\*\*
- Follow the simple instructions

You will receive an email confirming that your application has been accepted.

# You can change the monthly amount you contribute in BAYE at any time.

- Just log into your account online and input your new monthly contribution
- If you are on maternity leave or long-term sick you can still participant in the plan. As long as there You can stop, increase or reduce your contributions is enough money paid to you via Payroll, Computershare will continue to buy shares for you.

\*Lines are open 8.30am - 5.30pm Monday to Friday (excluding Bank Holidays). Calls to 03 numbers cost no more than a national rate call to a 01 or 02 number and will count towards any inclusive minutes in the same way as 01 and 02 calls. These rules apply to calls from any type of line including mobile, BT, other fixed line or payphone.

\*\*If you have never used the Computershare online service please use your date of birth in a six digit format as your PIN (e.g. 2 June 1980 will be 020680). You will immediately be asked to change your PIN.

If you have previously used the Computershare online service but cannot remember your PIN, log onto the website using your User ID, click "Forgotten PIN?" and follow the instructions to receive a new one.

# What are the risks?

As the value of your shares can go down as well as up, there is a risk that you may not get back the full amount you invest. If your earnings are below the amount at which you start paying National Insurance, your entitlement to state benefits and tax credits may be affected. Leaflet IR177 'Share Incentive Plans and your entitlement to benefits', available from HMRC, explains this in more detail.

Don't forget about

Save as You Earn (SAYF)

## Don't forget about Save as You Earn (SAYE)

Once a year we offer you the chance to join our SAYE plan. SAYE offers you a convenient, risk-free way to save, directly from your fter tax salary, and gives you the opportunity to buy FirstGroup plc shares at a 20% discounted price.

## SAYE or BAYE - what's the difference?

FirstGroup employees can choose to invest in SAYE, BAYE or both. But what are the main features and differences between the plans?

### SAYE

Contributions from after tax salary
Save between £5 and £500 per month

20% discounted option price

No risk – savings can be returned

Three year saving period

Sale of shares free from Income Tax and National Insurance at maturity

Only a shareholder if you buy shares at the end of three years

### BAYE

Contributions from before tax salary

Contribute between £5 and £150 per month

Two free shares for every three bought on the first £30 contributed per month

Risk – As the value of your shares can go down as well as up, there is a risk that youmay not get back the full amount you invest

> Sales of shares free from Income Tax and National Insurance if held for five years

## Frequently Asked Questions

#### Am I eligible to participate in the plan?

You are eligible to participate in the plan provided you are a UK resident tax payer and you have been an employee of FirstGroup for a minimum of six months. You cease to be eligible to participate if you cease being UK tax resident, or cease being employed by a FirstGroup Company.

## I work part-time. Will I be able to participate in the plan?

Yes, subject to the same contribution limits as full-time employees.

### Are there any limits to my monthly contribution amount?

You can contribute between £5 and £150 per month, or up to 10% of your gross monthly pay if this is less than £150. All Partnership Share deductions must be in whole pounds.

All deductions are taken directly from your gross pay by payroll. In the event that you contribute more than the limits, any excess will be repaid to you as soon as possible, subject to appropriate Income Tax and NI withholding.

# Can I change my mind once I've joined? Can I change, stop or postpone my monthly contributions?

You can stop, re-start or change your monthly deductions at any time but the change will only be effective once the details have been passed from Computershare to payroll

You cannot make up for missed monthly deductions at a later date.

To make changes you should log in to the FirstGroup Share plans website.

If you have any problems, you can call the FirstGroup Share Plan helpline on \*0344 472 6011 for further assistance.

### How long must my shares remain in the trust?

Partnership Shares can be withdrawn at any time. You might have to pay Income Tax and National Insurance if the shares have been held for less than five years. Please note if Partnership Shares are sold or transferred within three years, the corresponding Matching Shares would be forfeited.

**Matching Shares** must normally be held for three years. If the Matching Shares are held for more than three years but sold or transferred before five years, they would be subject to tax and NI.

<u>A table on page 7</u> which shows what happens if you take your shares out of the trust within five years of the date they are purchased.



## Frequently Asked Questions continued

## Do I have to take my shares from the trust after five years?

No – you can leave them in the trust for as long as you want, but you must withdraw them if you stop working for FirstGroup.

#### When can I sell my shares?

Your BAYE shares can be sold at any point and subject to the provisions of the FirstGroup plc Share Dealing Code (you will have been notified if this applies to you). The costs of selling your shares are payable by you and are subject to change. Please call the FirstGroup Share Plan helpline on 0344 472 6011 (Monday – Friday, 8:30am – 5:30pm excluding bank holidays) for more information.

#### How will I know how many shares I own?

You can view your holdings online at any time at www.computershare.com/firstgroupshareplans

## Will I have to pay any costs for my shares being held in trust?

No - all share purchase costs and administration fees are paid for by FirstGroup. The only charges you have to pay are when you come to sell your shares.

### What happens if I stop working for FirstGroup?

Regardless of why you leave, your Partnership and Matching Shares must be transferred out of the trust. Your shares can be sold or transferred to you – see the table on page 7 for information about any Income Tax and National Insurance you might have to pay. You will receive further details once you have left.

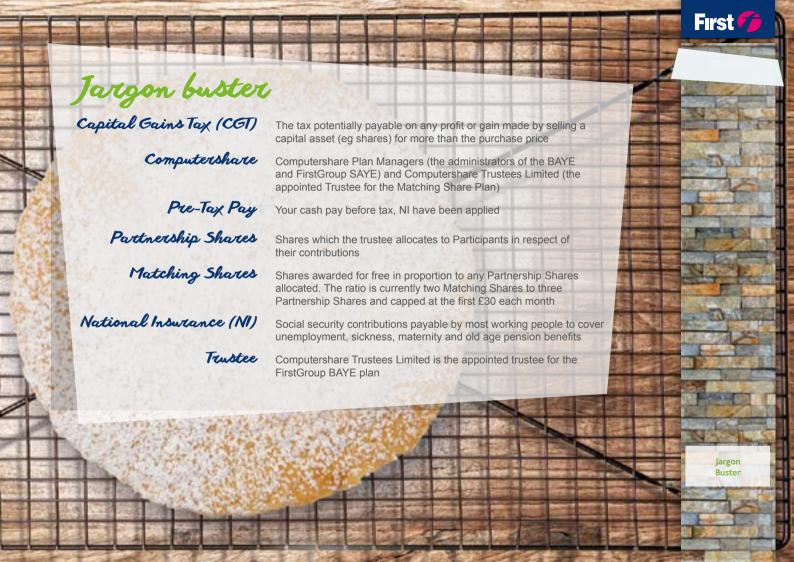
## What happens if I'm on maternity leave or long term sick?

As long as there is enough money paid to you via Payroll, Computershare will continue to buy shares for you. Remember though, you can change, stop and start your contributions whenever you want.

#### What happens if FirstGroup is taken over?

If FirstGroup is taken over, or an offer is made to buy its shares, you will be sent details of the choices available to you at the time.









## About Computershare

The FirstGroup Buy As You Earn scheme is administered by Computershare Plan Managers. You can find out more about them at www.computershare.com.

Does this brochure tell me everything I need to know about the FirstGroup Buy As You Earn (BAYE) Plan?

This brochure is only a general guide to how BAYE works. The plan is governed by the FirstGroup BAYE Plan Rules.

In the event of any conflict between this brochure, the BAYE Plan Rules and any applicable legislation, the BAYE Rules and applicable legislation will take precedence. Specific provisions in BAYE mean that you waive any claim to compensation in respect of BAYE when you leave employment. No financial or investment advice is provided in this booklet. If you are in any doubt as to whether or not you should participate in BAYE you should seek advice from your own independent financial adviser. The value of shares may go down as well as up.