
First Student

First Student

Caring for students today, tomorrow, together.

CONTRACT SUGGESTIONS

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WEST NORTHFIELD SCHOOL DISTRICT 31
GENERAL EDUCATION STUDENT TRANSPORTATION BID

November 21st at 10 am.

First Student

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COVER LETTER

First Student
Caring for students today, tomorrow, together.
1717 Park Street, Ste 225 Naperville, IL 60563

11/21/2019

Catherine M. Lauria
Assistant Superintendent of Finance and Operations/CSBO
West Northfield School District 31
3131 Techny Rd
Northbrook, IL 60062

Dear Ms. Lauria

First Student is pleased to submit a proposal to the West Northfield School District 31 in response to your General Education Student Transportation Bid. In the accompanying executive summary and proposal documents, we outline the many ways First Student will continue to use our local and national resources to meet your requirements and organizational goals with a customized approach. We are truly excited by the prospect of continuing our partnership with West Northfield School District 31 to provide safe, efficient, world-class pupil transportation in the Northbrook community.

We understand your decision regarding student transportation services has an impact on many stakeholders, and we have developed this highly competitive proposal with each in mind. Thank you for giving First Student this opportunity to continue our valued partnership with West Northfield School District 31.

Please feel free to contact me directly if you have any questions regarding our proposal.

Sincerely,

Freddie Sims
District Manager
Office: 113-638-8000
Freddie.Sims@firstgroup.com

LIMITED POWER OF ATTORNEY

FIRST STUDENT, INC. ("First Student") hereby appoints Leslie Norgren as its Attorney in Fact ("Attorney"). **FIRST STUDENT** authorizes Leslie Norgren, for and on behalf of the corporation, to do the following:

Execute, sign, and deliver documents relating to the West Northfield School District 31, 3131 Techny Rd., Northbrook, IL 60062 bid on behalf of First Student, Inc.

FIRST STUDENT gives Leslie Norgren full power, authority and discretion to do all things required or permitted to be done as fully as if any officer of the company was personally present, with full power of revocation and substitution, hereby ratifying and confirming all that my Attorney shall do or cause to be done by virtue hereto.

IN WITNESS WHEREOF, I have signed this Power of Attorney on this 19th day of November 2019.

WITNESS:

Gayla Maxwell

Print Name: Gayla Maxwell

Christina Cahall

Christina Cahall, Assistant Treasurer

State of Ohio)

County of Hamilton)

Before me, the undersigned, a Notary Public in and for said county and state, personally appeared Christina Cahall, who executed the foregoing Power of Attorney and acknowledged the signing thereof to be his voluntary act for the uses and purposes therein contained.

IN TESTIMONY WHEREOF, I have signed and affixed by seal to this Power of Attorney this 19th day of November 2019.

(Notary Public)

NOTARIAL SEAL STATE OF OHIO

ANDREW WESLEY PUGH
Notary Public, State of Ohio
My Commission Expires 05-20-2024

LIMITED POWER OF ATTORNEY

FIRST STUDENT, INC. ("First Student") hereby appoints Freddie Sims as its Attorney in Fact ("Attorney"). **FIRST STUDENT** authorizes Freddie Sims, for and on behalf of the corporation, to do the following:

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Gayla Maxwell

Print Name: Gayla Maxwell

Christina Cahall

Christina Cahall, Assistant Secretary

State of Ohio)

County of Hamilton)

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My Commission Expires 05-20-2024

LIMITED POWER OF ATTORNEY

FIRST STUDENT, INC. ("First Student") hereby appoints Claire Miller as its Attorney in Fact ("Attorney"). **FIRST STUDENT** authorizes Claire Miller, for and on behalf of the corporation, to do the following:

Execute, sign, and deliver documents relating to the West Northfield School District 31, 3131 Techny Rd., Northbrook, IL 60062 bid on behalf of First Student, Inc.

FIRST STUDENT gives Claire Miller full power, authority and discretion to do all things required or permitted to be done as fully as if any officer of the company was personally present, with full power of revocation and substitution, hereby ratifying and confirming all that my Attorney shall do or cause to be done by virtue hereto.

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WITNESS:

Gayla Maxwell

Print Name: Gayla Maxwell

Christina Cahall

Christina Cahall, Assistant Treasurer

State of Ohio)

County of Hamilton)

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First Student

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EXECUTIVE SUMMARY

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Caring for students today, tomorrow, together.®

West Northfield School District 31 is committed to providing this generation with a quality education as a foundation for responsible and successful citizenship. You are preparing your students to lead healthy, successful and productive lives. You are also serving a new generation of parents — tech-savvy and increasingly conscious of the safety and happiness of their children. And like many districts across the United States, West Northfield School District 31 is carefully balancing the need for services that support your educational mission with the responsibility to keep the district fiscally sound.

First Student has more than a century of experience connecting schools with the communities they serve, safely and dependably. Our mission is to help students start and finish their school day in a state of well-being because we are more than just a service provider – we are a vital partner in the educational experience.

Our Understanding of West Northfield School District 31's Service Objectives

West Northfield School District 31 wants to be confident your transportation partner has the resources to operate with the highest standards for safety, quality and transparency; help control your transportation costs; and work collaboratively to overcome the daily challenges of a student transportation system. We believe First Student is the right partner to help meet these objectives because of the local, regional and national resources we can dedicate to West Northfield School District 31's transportation program:

A Strong Customer Focus, Supported by Communication:

- First Student's company history can be traced back to 1913, which gives us more than century of experience providing safe and reliable student transportation. We have extensive experience in full-service student transportation management, special-needs transportation, route optimization and scheduling, and charter services. When you contract with First Student, you gain global expertise powered by local resources. That is part of the reason that 92% of our customers say that they would recommend First Student to another school district.

- We are honored to have such a long-standing partnership with West Northfield School District 31. Throughout our 10-year history serving the district, achieving the highest standards has been our shared goal and communication has been key. Our location hosts a dedicated phone line for District communication, which has encouraged and supported open and ongoing communication.

- Our employees not only gain personal fulfilment from helping students make a safe and positive transition between home and school, but they also bring local community knowledge, which is vital to a student transportation program.

Driver Retention:

- **Driver Recruitment and Retention –** First Student will be able to meet your staffing needs, regardless of how many route groups we may be awarded: We have five talent acquisition specialists that are assigned to support First Student locations across North America. Each talent acquisitions manager specializes in a geographic region and works with our local managers to develop a solid understanding of staffing cycles — retention trends during the start-up period, variation of driver needs related to seasonal activities, and other service expectations. They manage online job boards, support hiring events and monitor submissions, ensuring applicants are contacted by our location, which maintains the final hiring decision, within 48 hours.

Our web-based Applicant Tracking System (ATS) enables a streamlined, full-cycle recruitment process — monitoring vacancies, sourcing, interviewing and placing. First Student's centralized talent acquisition team researches where our applicants are coming from, allowing recruitment efforts to be redirected wisely.

Steadfast Management and Operations Support:

- First Student's centralized Operations Support Team provides our local teams with regional and national expertise in safety, preventive maintenance, routing and performance management to drive operational effectiveness. They continue to develop tools to help our local teams manage performance effectively. We have tools available that compile and summarize data from our operations systems and deliver it directly to our location managers. This helps them prioritize and focus their actions on activities that directly impact service effectiveness and quality, and it helps them provide West Northfield School District 31 with insightful consultation during transportation program evaluation and planning.

- First Student's sole focus is on putting the people, systems and technologies in place to ensure top-tier student transportation for the Northbrook community. We have added an additional staff member who focuses on data accuracy in our FirstView system. The addition of this staff member has allowed us to operate with increased accuracy and aided in successful bus tracking for District stakeholders and parents alike.

- We have been able to advance our operations and on-time performance through the implementation of Lead Drivers assigned to each school within the District. Each day, our Lead Drivers ensure all buses are lined up and ready to depart in order to arrive at school on time.

First Student's Proposal

We are pleased to submit this proposal to continue serving West Northfield School District 31 and its students. The following are some of the highlights of our proposal.

Management and Key Personnel

Our Location Bryan Williams is your designated contract administrator and will continue to be responsible for the First Student team, making sure we are meeting our commitments to your district. Bryan is supported by our District Manager, Freddie Sims. Bryan and Freddie are supported by a strong and experienced regional team, including:

- Roger Moore, Senior Vice President, Central Region
- Leslie Norgren, Regional Vice President
- Travis Gidner, Region Safety Manager
- Scott Passini, Region Finance Director
- Sharr Campbell, Region Human Resources
- Jeff Hess, Region Maintenance Manager

Accountability and Performance Management

To address West Northfield School District 31's challenges successfully, the foundation of First Student's approach to service will be on driving operational discipline. We support this with robust regional and national expertise in safety, preventive maintenance, routing and performance management. First Student's Central Operations Support Team provides straightforward management tools to help our local and regional management teams distill data from multiple systems and reports into representative Key

Performance Indicators (KPIs). This enables our location manager to prioritize and focus his/her daily actions on activities that directly impact service effectiveness and quality.

Fleet and Equipment

First Student's proprietary Customer FOCUS interface gives the District direct access to actual vs. planned metrics in both replay and report formats. Replay and bus location information can be viewed by the District in near real-time while actual vs. planned data can be viewed at a District-wide and/or an individual route level, providing complete transparency.

Service Enhancing Technology

To facilitate a higher level of safety, open and transparent operations, and enhanced communication between schools and parents:

First Planning Solutions has been in operation for over 25 years and brings wide-ranging expertise in routing system deployment and management. The team provides a range of services to school districts seeking to optimize routing systems and operations and has done so in a breadth of system scenarios.

- This team works with several routing software packages used by school districts with distinct budgetary, demographic, geographic and operational circumstances. We can utilize Versatrans or other systems and use our expertise. With our experienced routing team, have been able to cut and combine routes and make it as efficient as possible for your districts.

- The District will benefit from our Versatrans experience. FPS installed its first Versatrans system in 1998. Today, FPS supports more than seventy (70) Versatrans instances operated by First Student locations and employs certified Route Planning system experts. FPS also brings expertise in the installation and support of the E-Link Online Information Portal, Onscreen GPS Vehicle Location, Schools Interoperability Framework (SIF) Agent and Triptracker Field Trip Software applications.

FirstView™ Bus Tracking and Communications Product Suite: We have included in our proposal to the district First Student's proprietary FirstView™ bus tracking product suite. The suite brings together GPS, electronic routing software and First Student's operations platform, FOCUS™, to enhance communication and visibility into your transportation system. It consists of the FirstView™ District Dashboard and the FirstView™ Parent App.

- The **FirstView™ District Dashboard** can be incorporated as a stand-alone product and easily accessed via desktop or tablet for clear, mobile access to your entire transportation system. The District Dashboard allows the district to view when buses arrive at schools and stops; drill down to analyze school-, route- stop- and student-level information; access Planned vs. Actual, On-time Performance, and Route Replay results; and much more.

- The **FirstView™ Parent App** gives parents direct access to status updates for their child's school bus. Whether deciding the best time to meet at the stop, or seeking detailed delay notifications, FirstView™ gives parents and students the information they need to plan their day and stay connected.

FirstACTS® Student Contact Tracking: FirstACTS® is a powerful web-based communication tool that helps you easily and efficiently track student conduct on school buses. Designed to improve reliability and speed, FirstACTS® delivers driver notifications directly to the school, tracks the school's actions and provides a response back to the driver. This platform offers a range of reporting capabilities and tools to assist in tracking specific actions by driver, student, school or bus. Student incident histories can be searched, and trends and patterns can be identified and addressed.

First Feedback®: First Student proposes to launch First Feedback, our proprietary online feedback management system. First Feedback provides parents, community members, and school personnel the opportunity to submit feedback about a driver, bus, or experience via a simple, easy-to-use online tool. This system accelerates our ability to gather information, research, respond, and track service compliments and concerns, ensuring we continuously improve on the service we provide to our community partners. Additionally, it provides an elevated level of transparency to the school district while ensuring record consistency and information reliability.

Student Ridership- A large proportion of the phone calls schools receive are from parents inquiring whether and when a student gets on or off their bus. Z Pass™ provides school staff with the information needed to respond accurately and immediately to parent inquiries. The system monitors student ridership in a safe, efficient and non-intrusive manner. Built on Zonar's patented RFID technology, students carry a small pass card, which is swiped as they pass the scanner. The student's card can be attached to his/her backpack and is automatically registered upon entry and exit of the bus with no additional action required of the driver or the student.

Driver Tablets and Workflow Management: First Student will utilize tablets in conjunction with our proprietary Driver Workflow App to combine driver workflow with route efficiency. As a driver begins their day, they log into the tablet, which connects them to their route and bus. The system provides advanced view of the route and turn-by-turn directions, as well as a real-time traffic check during the route preview to allow for any necessary route changes. This combined technology enhances driver and passenger experience. Additionally, with district-provided student data, the tablet can be leveraged for additional functionality like student ridership tracking. After the last stop, the tablet will track the completion of a child check and bus inspection.

Facility

First Student 's shop manager and technicians are provided extensive training and ongoing development to keep West Northfield School District 31 vehicles running safely and reliably.

Our shop manager typically oversees the delivery of fuel to our locations. Fuel tanks are locked and monitored to ensure fuel meets all environmental requirements. A majority of our locations monitor fuel levels and usage electronically with daily usage reconciliation. It is important to note the current bid specifications compared to prior operating years have changed to include the fuel as the contractors responsibility.

We encourage our team members to expand their understanding of parts and systems through completing the Center for Automotive Service Excellence (ASE) technician training and certification program. ASE offers a series of more than 40 tests to measure the skill level of technicians in vehicle repair and maintenance, grouped into such specialties as automotive (front-end alignment, brakes, air conditioning, etc.), heavy equipment and alternate fuel vehicles.

First Student's Lean Shop program developed to help teams work — and succeed — together along the path towards continuous improvement. The key metrics used for Lean are stringent and each milestone is set to make a pronounced improvement in workflow efficiency and shop performance. To reward our maintenance teams for their dedication to safety and commitment to the highest standards, we evaluate each shop yearly and award them with Bronze, Silver or Gold Wrench Awards. West Northfield School District 31's First Student location has earned the Gold Wrench award, meaning they are steadfast in their preventative maintenance compliance, their management of towing incidents and overtime and their overall ability to provide the safest buses for District 31 students.

Preventive Maintenance Services

First Student's maintenance program emphasizes quality control, data-driven decision making and process efficiency. We draw insights from the safety, maintenance and engineering expertise found throughout our parent company FirstGroup America's transportation divisions: First Student, First Transit, First Vehicle Services and Greyhound.

References

We welcome the opportunity to continue our partnership with West Northfield School District 31. In our long history of service, which we can trace back to 1950, we have developed great relationships with similar districts. We encourage you to reach out to other First Student customers: **D219 Niles Township, D70 Morton Grove, Community Consolidated School District 21, Prospect Heights School District 23, Indian Prairie D204, Belvidere CUSD#100.**

Contract Language

This proposal assumes that, based on the RFP and this submission, West Northfield School District 31 and First Student sign a mutually acceptable contract for a three year term. Subsequent to award and any additional negotiation, our legal team will work with your legal representative to create a mutually agreeable contract. **Please refer to the section tab titled "Contract Suggestions" for suggested language and required modifications to the RFP and Contract.** It is our intent that the end product of these discussions provides mutually beneficial protections for both West Northfield School District 31 and First Student.

First Student is the Right Choice for West Northfield School District 31

As the most chosen and trusted student transportation service provider in North America, we have a breadth and depth of experience in full-service student transportation management, special-needs transportation, route scheduling and optimization, and charter services. **That is partly why 92% of our customers say they would recommend First Student to another school district.**

I look forward to further discussing First Student's proposal and how our capabilities can continue to help strengthen your transportation program.

Should you have any questions please contact:

Freddie Sims
District Manager
630.886.9122
Freddie.Sims@firstgroup.com

SUGGESTED CONTRACT LANGUAGE

First Student looks forward to a long, mutually beneficial, partnership with West Northfield School District 31. We have identified some areas of concern within the terms and conditions provided with the bid specifications and are suggesting some preferred language below. It is our intent that these items would be discussed with West Northfield School District 31 during contract negotiations and that the end product of these discussions provides clear expectations for our relationship, as well as appropriate protections for both parties.

Termination

Document Location:

A. Termination for Convenience

Document Location: ITB 3.K. (p. 8); ITB (p.17)

District can terminate for convenience "subsequent to the initial year of contract (July 1, 2020 – June 30, 2021) with written notice prior to April 1 annually." ITB 3.K. (p. 8); ITB (p.17). Please consider revising ITB 3.K. (p.8) and ITB (p.17) as follows:

> "~~The District~~ **Either party** reserves the absolute right to unilaterally terminate the transportation contract for any reason or no reason subsequent to the initial year of contract (July 1, 2020 – June 30, 2021) with written notice prior to April 1 annually."

B. Termination for Cause

Document Location: ITB (p.17)

It is important for First Student to have notice and an opportunity to cure prior to termination and First Student also prefers for a mutual termination for cause provision. Please consider revising the Breach of Contract provision as follows:

> "If the Contractor violates, breaches or fails to perform any of the terms or conditions herein contained, including the provisions of the statutes, rules and regulations referred to above, **such violation, breach or failure to perform shall entitle the District to terminate this contract by giving the Contractor thirty (30) days' written notice of default and the opportunity to remedy the violation or take steps to remedy the violation. If at the end of such 30-day default notice period, the Contractor has not**

remedied the purported violation or taken steps to do so, the District may terminate this contract, the contract shall be void and the District shall be entitled to damages, including **reasonable** attorney fees, resulting from said breach or failure on the part of the Contractor. The partial or total failure of the Contractor to perform its services as a result of extreme weather conditions, impassable roads or acts of God shall not be judged a breach of the proposed contract. However, the Contractor shall not be paid for any lack of performance.

If, in the opinion of the District, contract violations and/or non-performance occurs, the District shall be entitled to damages, costs and fees including, but not limited to reasonable attorney fees incurred in enforcing or correcting such breach. ~~Contractor may be provided, but is not guaranteed, an opportunity to cure any material defects in servicing the contract prior to the District's termination of the contract for material breach.~~

If the District violates, breaches or fails to perform any of the terms or conditions herein contained, such violation, breach of failure to perform shall entitle the Contractor to terminate this contract by giving the District thirty (30) days' written notice of default and the opportunity to remedy the violation or take steps to remedy the violation. If at the end of such 30-day default notice period, the District has not remedied the purported violation or taken steps to do so, the Contractor may terminate this contract."

Indemnification
Document Location: ITB (p.16)

Please consider revising A. as follows because First Student prefers to limit indemnification to its gross negligence and with the noted exceptions:

"A. The Contractor is responsible for and shall hold harmless, indemnify and defend the District's Board of Education and, its officers, members, agents, and employees from and against any and all loss, damage, injury, liability and claims or expenses by reason of any loss, personal injury, death or other damage that may be done to or suffered by any person, including employees of the Contractor, or the School District, arising in connection with **Contractor's gross negligence in the performance of this Agreement, except to the extent that such claim or demand arises from or is caused by the negligence or willful misconduct of District, its agents or employees, student-upon-student violence; routing; or Contractor's good faith adherence to District's policies, procedures or directives** ~~the operations to be carried on by the Contractor~~."

Force Majeure
Document Location: ITB (p.17)

Please consider revising this provision as follows to include "labor dispute, labor shortages or any other condition or cause beyond Contractor's control" as force majeure events, to confirm that FS is excused from performance, and to eliminate the additional charges.

"The parties to the proposal understand that under certain circumstances the contractor may be unable to perform in the customary manner due to an act of God, fire, strike, loss of transportation facilities, lock-out or commandeering of materials, products, plants or facilities by the Government, **labor dispute, labor shortages or any other condition or cause beyond Contractor's control**.
In the event that service is interrupted for any of the above reasons ~~or any other event which prevents the Contractor from furnishing service,~~ the District shall **excuse Contractor from performance under this Agreement.** ~~have the right to secure and substitute other transportation service. The Contractor agrees to pay the difference between its charges and the charges of the substitute bus company, plus any consequential damages related to the interruption in service. "~~

Liquidated Damages/Penalties
Document Location: ITB (p.17 -18)

ITB B. (p.17) states that the District can withhold payments based on the violations listed in D. – H. (p.17-18). Please consider including the language in A. below because First Student wants notice and an opportunity to cure prior to the assessment of LDs and requiring District to bill First Student versus withholding payments. In addition, please consider including the language in B. below because District can make service level changes and First Student needs time to adjust to the new requirements.

A. Notice and Cure Period
Document Location:

"**District must notify Contractor in writing within forty-eight (48) hours of an incident its intent to assess liquidated damages. Contractor shall have thirty (30) days following such notice to cure the incident prior to the assessment of liquidated damages. District must bill Contractor for such liquidated damage within sixty (60) days of the incident if the violation has not been remedied. Failure to either timely notify or bill Contractor shall relieve Contractor of its obligation to pay liquidated damages for the particular incident**."

B. Waiver Following Service Change
Document Location:

"**In the event Contractor agrees to any increase or decrease in service levels, Contractor shall be afforded a period of thirty (30) days following implementation of such changes during which time no liquidated damages may be assessed with respect to scheduled drop-off times or availability of buses on routes, while Contractor makes operational adjustments to meet District requirements.**"

Service Level Adjustments
Document Location: ITB 2. (p. 3); ITB P. (p.11); ITB Q. (p.11)

Information provided regarding routes and service is a guideline subject to change by District, without penalty or change in contract price. ITB 2. (p. 3).

If the number of students increases, Contractor may be required to provide additional buses at the price per bus per day in the bid documents. ITB P. (p.11) If the number of students decreases, Contractor may be required to eliminate buses and price will be reduced by the price per bus per day in the bid documents. ITB Q. (p.11). In either event, Contractor must add or eliminate buses no later than 2 weeks after being notified by District. ITB Q. (p.11).

Please consider including the preferred language in A. below which permits First Student to adjust rates once schedule readjustments meet or exceed 5%.

A. Trigger for Renegotiation
Document Location:

"**District and Contractor will consult on a regular basis concerning the Transportation requirements of District. In the event of increases or decreases in the number of students requiring Transportation, or in routes or schedules, the number of buses and the number of spare buses will be adjusted accordingly. District may increase or decrease services to be provided by Contractor under this RFP ("Schedule Readjustments"). However, where Schedule Readjustments impact by 5% or more the service levels or equipment levels required of Contractor under the assumed routes, schedules, days of service, hours or miles, or vehicle requirements contained in this RFP, Contractor shall be permitted to adjust rates commensurately to cover increases or decreases in cost structure associated with such changes by District**."

Driver Shortage
Document Location: Not noted

Please consider including the following preferred language:

"**In the event of a driver shortage, Contractor shall be permitted to pass through the cost of incremental labor and travel and expense costs. A driver shortage shall mean less than 90% of the drivers needed meet the District's service requirements**."

Change in Laws, Specifications, or Other Conditions:
Document Location: ITB 3.H. (p. 7); ITB O. (p.11)

Contractor to comply with all applicable laws. ITB 3.H. (p. 7). If District or law requires seat belts or updates to vehicles, additional costs shall be open to negotiation with District, but may not be imposed unilaterally upon Contractor. ITB O. (p.11). Please consider including the following preferred language as an alternative:

"**In the event of unusual circumstances, such as changes in state or federal taxes, laws or specifications (to include but not be limited to any requirements that seat belts be installed in vehicles), increased insurance or surety premiums or any other condition**

which causes any of Contractor's operating costs hereunder to increase at a rate in excess of any negotiated escalation, then the parties shall determine a reasonable and just amount to cover such increase, and rates of Contractor compensation set forth in Contractor's proposal shall be adjusted to reflect such increase."

Scope of Work
Document Location: ITB 4.H. (p.14); ITB 4.A. (p.15); ITB (p. 16); ITB K. (p.18)

District has the right to adjust routes or stops. ITB 2. (p. 3). Note that First Student prefers 5 business days to make the changes. Please consider including the following preferred language:

"District reserves the right to establish the routes and schedules to be followed and to make changes therein from time to time. District shall notify Contractor whenever changes are necessary in routes or time schedules, and Contractor shall make a reasonable effort to adjust its operations to incorporate such changes within five (5) business days after notice is received from District. District shall waive its right to assess any liquidated damage or penalty in accordance with Section ____ . In the event District changes routes or schedules once service has begun or been published, District will assist in republication of changes or other notification to those patrons whose service has been changed. Contractor shall consult with District as to stops or portions of routes that Contractor considers to be a safety concern due to traffic patterns or configurations. In the event any stop or portion of a route remains unchanged by District after such discussions, and Contractor believes such stop or route presents an unacceptable safety risk to Contractor's property or students, Contractor may reject the stop or route portion and provide District with alternative designations by written notice."

Contractor to provide information for District to prepare reports and any reports required by State Board of Education or District. ITB 4.H. (p.14). Note that First Student may not file reports with the State on behalf of the District or in the name of the District. First Student may supply data to the District, but because of the complex instructions, regulations and liability for misinformation, First Student should not submit reports or data directly to the state. Please consider including the following preferred language:

"**Contractor shall provide within 30 business days of any request, those reports and records which may be reasonably requested by District pertaining to students, routes, stops, mileage audits and other information having to do with daily operations. In reviewing Contractor's records, District shall protect the confidentiality of Contractor's proprietary or confidential information included in the data provided.**

Contractor shall maintain such records and submit such reports, as are deemed necessary by District and as negotiated between Contractor and District from time to time. All reports required by District shall be submitted on forms mutually agreed upon by both parties. Contractor will not be responsible for filing on behalf of District any state or regulatory reports concerning ridership or reimbursement."

If weather and traffic conditions require extended time for provision of service, extra time will be provided at no extra cost to District. ITB 4.A. (p.15). First Student prefers to take exception.

If an emergency requires removal of students from school, Contractor will provide transportation within 60 minutes of requires. ITB (p. 16). Please consider including the following preferred language:

> **"In the event of circumstances in the operation of any school which necessitate early dismissal for student health or safety reasons, the Contractor and District shall cooperate to facilitate orderly transportation of students in the most efficient manner possible in light of the circumstances presented."**

District will determine when schools will be closed due to inclement weather. ITB (p. 16). District will receive a credit of 100% of rates for all routes cancelled due to school closings. ITB K. (p.18). Please consider including the following preferred language requiring District to compensate Contractor if Contractor is not notified by 5 a.m:

> **"Whenever (a) inclement weather or impassability of roads occurs, (b) school is canceled or delayed, (c) the school day is scheduled for other than regular start or end times, or (d) school is dismissed early for any reason, District shall notify Contractor not later than 5:00 a.m. on the day of such cancellation or delay or not later than two (2) hours before early dismissal or the cancellation of Supplemental Transportation. District shall pay Contractor the full daily rate per bus for days when District fails to notify Contractor by 5:00 a.m. of school cancellation."**

Insurance
Document Location: ITB (p. 15-16)

Note that District's Board of Education and its officers, members, employees and agents to be "additional insured." "Additional Insured" parties have the right to make claims against the policies listed without going through First Student. We should be careful to limit persons or entities having that privilege, to avoid claims outside of the transportation services provided by First Student, or where First Student may contest a claim. As such, please include the following language in our insurance provisions when addressing insurance coverage: ". . . . **for claims arising under the Agreement."**

A waiver of subrogation in favor of District is required for workers compensation, which would cause First Student to bear the risk of loss alone. Language should be added to limit subrogation as follows:

> **"The Contractor waives the subrogation clauses in its insurance coverage only to the extent that covered claims or damages are caused by Contractor's own negligence or willful conduct."**

Operators and Employees

Document Location: ITB 4.C. (p.8); ITB 4.C. (p.11); ITB 4.F. (p.11); ITB 4.P. (p.12)

Contractor to provide District with criminal background checks and copies of searches of Statewide Sex Offender Database and Violent Offender Against Youth Database. ITB 4.C. (p.8). State of Illinois driving records must be available to District upon request. ITB 4.F. (p.11). Consider taking exception because when driver records are provided in full or on a regular basis without special circumstances, they become available to the public as public records, available under FOIA. In addition, providing this information may create privacy issues. Please consider acceting a summary of First Student compliance instead of copies of records and District's right to inspect at First Student offices on prior notice, during business hours, personnel files to the extent the contents are not protected by privacy laws, and for the sole purpose of assuring compliance with contract terms.

Drivers must be advised that district will receive copies of records. District should provide indemnification for use of records in any unlawful way, including unlawful disclosure of personal information. Please consider including the following preferred language:

> "**The personnel reports and information contained therein shall be limited to that information permitted to be transmitted to the district by federal and state privacy laws, and will be protected by the District to the fullest extent allowed by law. District agrees to indemnify, hold harmless and defend Contractor, its directors, officers, employees and agents from and against every claim or demand which may be made by any person, firm, or corporation, or any other entity arising from or caused by any act of neglect, default or omission of District related to its receipt or use of such information.**"

Contractor to provide monitors upon request and additional costs shall be open to negotiation with District, but may not be imposed unilaterally upon Contractor. ITB 4.C. (p.11). Please consider District to pay for all costs for monitors.

District can direct the removal, assignment, or reassignment of any driver or monitor. ITB 4.P. (p.12). Please consider including the following preferred language to avoid co-employment issues:

> "**Contractor shall be responsible for hiring and discharging personnel employed by Contractor to perform its obligations hereunder; provided, however, that District shall have the right to request Contractor to remove from service to the District any employee who, in District's sole discretion, is deemed unsuitable for the performance of transportation services for District; and provided, further, that District shall make such request in writing, state the reasons therefore, that such request does not violate applicable local, state and federal laws and regulations.**"

Facilities

Document Location: ITB 4.A. (p.8)

Contractor to provide facility. ITB 4.A. (p.8). The RFP data sheet states that First Student is currently leasing a facility.

Vehicles/Equipment Modification
Document Location: ITB 4.I. (p.9); ITB 4.J. (p.9); ITB (p.9); ITB 4.J. (p.10)

Contractor to provide vehicles. ITB (p.9). Average age of buses shall be no more than 8 and no bus shall be more than 12. ITB 4.J. (p.10).

Note that Contractor to provide access to GPS systems to provide optional parent and school tracking via website and mobile application. ITB 4.I. (p.9)

ITB 4.J. (p.9) requires Contractor to provide bus video cameras but doesn't specify the quantity per . Note that First Student prefers to avoid regular privacy concerns by regular review for other than discipline reasons unless allegation of driver issues. Please consider including the following language:

> "**Contractor shall provide a video surveillance system for use on the school buses provided under this Agreement. Each bus shall have a box constructed as required for safe use, wired with the capacity to contain a video camera. Contractor shall supply ___ video cameras for every bus. Contractor shall retain ownership of the video monitoring equipment and will be responsible for supplying all video tape, repair and replacement of the equipment. In addition, Contractor and District will develop and update as necessary guidelines and procedures for handling, reviewing and disclosure of video tapes and the information they may contain**."

Note that Illinois is a two-party consent state for audio recording. First Student will only provide audio recording if: District counsel will confirm audio recording permitted by law; there is indemnification language in contract concerning audio recording; and the District provides the required notices to parents/ student and placards are placed on buses with notice of audio and video recording. We recommend including the following preferred language because Illinois is a two-party consent state:

> **"District shall be responsible for, and hold the Contractor harmless from any liability arising from or in connection with audio recording on buses. Any vehicle that records audio on a bus under this agreement shall post a notice indicating that the bus is recording audio. Within 30 days of this Agreement, the District and Contractor will also establish reasonable procedures for the review and maintenance of recordings."**

Pricing and Billing
Document Location:

It is unclear whether Contractor is to pay for fuel. Please consider including the following fuel escalation provision if Contractor is responsible for fuel:

> **"Contractor shall purchase at its own cost, [including/excluding taxes], all fuel required for the operation of buses hereunder. Fuel prices are assumed at $ ___ per**

gallon. Should Contractor's cost of fuel exceed $ per gallon [including/excluding taxes], District will reimburse Contractor the excess cost. Contractor will provide documentation substantiating its fuel costs upon written request of District."

First Student is prohibited from assigning the contract. ITB (p.17); Contract 5. (p.27). Please consider revising these provisions as follows:

ITB (p.17):

"The Contractor shall not assign or sell any rights to this contract to another party or parties without prior written approval from the District, **which consent shall not be unreasonably withheld or delayed. However, Contractor may assign this Agreement if the assignment is made to a parent, subsidiary, related or affiliated company.** Such action ~~without approval from the District~~ **in violation of this provision** shall invalidate this contract."

Contract 5. (p.27):

"Contractor agrees not to assign or sell any rights to this Agreement to a third party or parties without the prior agreement of the Board, **which consent shall not be unreasonably withheld or delayed. However, Contractor may assign this Agreement if the assignment is made to a parent, subsidiary, related or affiliated company.** Such action ~~without approval~~ **in violation of this provision** shall authorize the Board to immediately terminate this Agreement and make a demand on Contractor's Performance Bond."

First Student

Caring for students today, tomorrow, together.

BONDING AND INSURANCE

TRAVELERS

One Tower Square, Bond/5PB
Hartford, CT 06183

November 15, 2019

West Northfield School District 31
3131 Techny Road
Northbrook, IL 60062

Re: FIRST STUDENT
Project: General Education Transportation Services for West Northfield School District 31

To Whom It May Concern:

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, is proud to be the surety for FIRST STUDENT We feel this firm is an exceptional organization both from a financial perspective and a managerial point of view.

We understand that FIRST STUDENT has submitted, or will submit, their bid for the project described above. It is our present intent to provide a Performance Bond should FIRST STUDENT be the successful bidder, subject to satisfactory review of the contract documents and the request from FIRST STUDENT to provide such bonds.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA has a Best's rating of A++/XV and a Treasury limit in excess of $211,123,000. We continue to be confident in FIRST STUDENT ability to perform and we recommend them for your favorable consideration.

This letter is not to be construed as an agreement to provide bonds for any particular project, but is offered as an indication of our past experience with this firm. Any arrangement for bonds required by contract is a matter between FIRST STUDENT and the Surety and we assume no liability to the owner or third parties, if for any reason we do not execute the bonds.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

By: Susan A Welsh
Susan A. Welsh, Attorney-in-Fact

ACKNOWLEDGEMENT BY SURETY

STATE OF ILLINOIS
COUNTY OF KANE

On this 15th day of November, 2019 before me, K. Hannigan, a Notary Public, within and for said County and State, personally appeared Susan A. Welsh to me personally known to be the Attorney-in-Fact of and for Travelers Casualty and Surety Company of America and acknowledged that she executed the said instrument as the free act and deed of said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid County, the day and year in this certificate first above written.

K Hannigan
____
Notary Public in the State of Illinois
County of Kane

OFFICIAL SEAL
K HANNIGAN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 10/23/2021

Travelers Casualty and Surety Company of America
Travelers Casualty and Surety Company
St. Paul Fire and Marine Insurance Company

TRAVELERS

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint **Susan A. Welsh** of **Chicago**, **Illinois**, their true and lawful Attorney-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this **3rd** day of **February**, **2017.**

State of Connecticut

City of Hartford ss.

By: Robert L. Raney, Senior Vice President

On this the **3rd** day of **February**, **2017**, before me personally appeared **Robert L. Raney**, who acknowledged himself to be the Senior Vice President of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the **30th** day of **June**, **2021**

Marie C Tetreault

Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, **Kevin E. Hughes**, the undersigned, Assistant Secretary of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 15 day of November 2019

Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.
Please refer to the above-named Attorney-in-Fact and the details of the bond to which the power is attached.

Bond

BID BOND

KNOW ALL BY THESE PRESENTS, That we, FIRST STUDENT

of 600 Vine Street, Suite 1400, Cincinnati, OH 45202

(hereinafter called the Principal), as Principal, and

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA (hereinafter called the Surety),

as Surety, are held and firmly bound unto

WEST NORTHFIELD SCHOOL DISTRICT 31,
3131 Techny Road Northbrook IL 60062

(hereinafter called the Obligee) in the penal sum of

One Hundred Thousand and 00/100 Dollars ($ 100,000.00)

for the payment of which the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, That WHEREAS, the Principal has submitted or is about to submit a proposal to the Obligee on a contract for

General Education Transportation Services for West Northfield School District 31

NOW, THEREFORE, If the said Contract be timely awarded to the Principal and the Principal shall, within such time as may be specified, enter into the Contract in writing, and give bond, if bond is required, with surety acceptable to the Obligee for the faithful performance of the said Contract, then this obligation shall be void; otherwise to remain in full force and effect.

Signed and sealed this 15th day of November, 2019.

FIRST STUDENT (Seal)
Principal

Debbie Doyle
Debbie Doyle Witness

Sandra M. Nowak
Sandra M. Nowak Attorney-in-Fact Title

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

By Susan A. Welsh
Susan A. Welsh Attorney-in-Fact

ACKNOWLEDGEMENT BY SURETY

STATE OF ILLINOIS
COUNTY OF KANE

On this 15th day of November, 2019 before me, K. Hannigan, a Notary Public, within and for said County and State, personally appeared Susan A. Welsh to me personally known to be the Attorney-in-Fact of and for Travelers Casualty and Surety Company of America and acknowledged that she executed the said instrument as the free act and deed of said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid County, the day and year in this certificate first above written.

KHannigan

Notary Public in the State of Illinois
County of Kane

OFFICIAL SEAL
K HANNIGAN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 10/23/2021

TRAVELERS

Travelers Casualty and Surety Company of America
Travelers Casualty and Surety Company
St. Paul Fire and Marine Insurance Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint **Susan A. Welsh** of **Chicago**, **Illinois**, their true and lawful Attorney-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this **3rd** day of **February**, **2017.**

State of Connecticut

City of Hartford ss.

By: ______________________
Robert L. Raney, Senior Vice President

On this the **3rd** day of **February**, **2017**, before me personally appeared **Robert L. Raney**, who acknowledged himself to be the Senior Vice President of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the **30th** day of **June**, **2021**

Marie C Tetreault
Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, **Kevin E. Hughes**, the undersigned, Assistant Secretary of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 15 day of November 2019.

____
Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.
Please refer to the above-named Attorney-in-Fact and the details of the bond to which the power is attached.

Special Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that FirstGroup America, Inc. a (Delaware) corporation (collectively the "Company"), has made, constituted and appointed and by these presents does make, constitute and appoint *Susan A. Welsh, Sandra M. Winsted, Christina L. Sandoval, Kristin Hannigan, Judith A. Lucky-Eftimov, Sandra M. Nowak, Debra J. Doyle, Diane M. O'Leary, Derek J. Elston, Bartlomiej Siepierski, Aerie Walton, Jennifer Williams, Salena Wood, Barbara Pannier, Michelle D. Krebs,* on Power, all of the City of Chicago, State of Illinois as its true and lawful attorneys in fact with full power to execute, seal and deliver on its behalf, **or any of its direct or indirect subsidiaries**, surety bonds and other documents of similar character issued in the course of its business and to bind the Company thereby as if such writings had been duly executed and acknowledged by its officers.

IN WITNESS WHEREOF, FirstGroup America, Inc. has caused its name to be subscribed by James Tippen, its SVP of Finance, and its corporate seal to be affixed and attested by its Secretary on this 3rd day of October, 2019.

Attest:

By: Michael Petrucci
Secretary

FirstGroup America, Inc.

By: James Tippen
Sr. Vice President of Finance

State of Ohio
County of Hamilton

On this October 3, 2019 personally appeared before me, a Notary Public for the State of Ohio James Tippen, Sr. Vice President of Finance of FirstGroup America, Inc. who acknowledged that the foregoing is his free and voluntary act and deed on behalf of said corporation.

Gayla S. Maxwell

Notary Public, State of Ohio
My Commission Expires: 3-12-24

NOTARIAL SEAL
STATE OF OHIO

GAYLA S. MAXWELL
Notary Public, State of Ohio
My Commission Expires 03-12-2024

CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY) 11/15/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

Holder Identifier :

PRODUCER
Aon Risk Services Northeast, Inc.
c/o Aon Client Services
4 Overlook Point
Lincolnshire IL 60069 USA

CONTACT NAME:
PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	New Hampshire Insurance Company	23841
INSURER B:	American Home Assurance Co.	19380
INSURER C:	National Union Fire Ins Co of Pittsburgh	19445
INSURER D:	Commerce & Industry Ins Co	19410
INSURER E:		
INSURER F:		

INSURED
First Student Inc
600 Vine Street
Suite 1400
Cincinnati OH 45202 USA

COVERAGES **CERTIFICATE NUMBER:** 570079257764 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
C	X COMMERCIAL GENERAL LIABILITY			GL3629890	12/31/2018	12/31/2019	EACH OCCURRENCE	$5,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$5,000,000
							MED EXP (Any one person)	Excluded
							PERSONAL & ADV INJURY	$5,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$10,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$5,000,000
	OTHER:							
C	AUTOMOBILE LIABILITY			CA 192-18-09 AOS	12/31/2018	12/31/2019	COMBINED SINGLE LIMIT (Ea accident)	$5,000,000
C	X ANY AUTO			CA 192-18-01 MA	12/31/2018	12/31/2019	BODILY INJURY (Per person)	
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	
C	HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY			CA 192-18-08 VA	12/31/2018	12/31/2019	PROPERTY DAMAGE (Per accident)	
D	X UMBRELLA LIAB X OCCUR			28295050	12/31/2018	12/31/2019	EACH OCCURRENCE	$6,000,000
	EXCESS LIAB CLAIMS-MADE			SIR applies per policy terms & conditions			AGGREGATE	$6,000,000
	DED X RETENTION							
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N			WC014649551	12/31/2018	12/31/2019	X PER STATUTE / OTH-ER	
A	ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? N	N/A		WC014649550	12/31/2018	12/31/2019	E.L. EACH ACCIDENT	$5,000,000
B	(Mandatory in NH)			WC014649548	12/31/2018	12/31/2019		
A	If yes, describe under DESCRIPTION OF OPERATIONS below			WC014649547	12/31/2018	12/31/2019	E.L. DISEASE-EA EMPLOYEE	$5,000,000
A				WC014649549	12/31/2018	12/31/2019	E.L. DISEASE-POLICY LIMIT	$5,000,000
C	Excess WC			XWC6583124 SIR applies per policy terms & conditions	12/31/2018	12/31/2019	EL Each Accident EL Disease - Policy EL Disease - Ea Emp	$5,000,000 $5,000,000 $5,000,000

Certificate No : 570079257764

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

West Northfield School District 31, its officers, agents and employees and the District's Board of Education and its officers, members, employees and agents are included as Additional Insured in accordance with the policy provisions of the General Liability and Automobile Liability policies. General Liability policy evidenced herein is Primary and Non-Contributory to other insurance available to Additional Insured, but only in accordance with the policy's provisions. A Waiver of Subrogation is granted in favor of West Northfield School District 31 in accordance with the policy provisions of the Workers' Compensation policy.

CERTIFICATE HOLDER

West Northfield School District 31
3131 Techny Rd.
Northbrook IL 60062 USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Northeast Inc.

First Student

Caring for students today, tomorrow, together.

SIGNED FORMS

West Northfield School District 31
General Education Student Transportation Bid
Required Signature Pages
October 2019

Certificate of Eligibility to Contract

I, Leslie Norgren (pursuant to Section 5/10-20.21 (b) of the School Code) hereby certify that neither I, nor any of my partners, or officers or owners of First Student, Inc. (name of entity):

1. Have been convicted in the past five (5) years of the offense of bid-rigging under Section 33E of the Illinois Criminal Code of1961, 720 ILCS 5/33 E-1 et seq. as amended;
2. Have ever been convicted of the offense of bid-rotating under Section 33E-4 of the Illinois Criminal Code of 1961, as amended;
3. Have ever been convicted of bribing or attempting to bribe an officer or an employee of the State of Illinois; or
4. Have made an admission of guilt of any of the above conduct which is a matter of record.

Furthermore, I certify that I, my partners, officers or owners of First Student, Inc. (name of entity), and its affiliates have and will continue to collect and remit Illinois Use Tax, to the extent required under the Illinois Use Tax Act, 35 ILCS 105/1 *et seq*. In certifying to the above, I hereby acknowledge that the Board of Education may declare any contract awarded pursuant to this bid void if this certification is false.

Lesley Ngr
Authorized Agent of Bidder

Subscribed and sworn to before me this 18th day of November, 2019.

Cynthia R Somers
Notary Public

CYNTHIA R. SOMERS
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
July 14, 2022

Certificate Regarding Sexual Harassment Policy

First Student, Inc. (Bidder) does hereby certify (pursuant to Section 2-105 of the Illinois Human Rights Act (775 ILCS 5/2-105) that (he, she, it) has adopted a written sexual harassment policy that includes at a minimum the following information (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under Illinois Law; (iii) a description of sexual harassment utilizing examples; (iv) internal compliant process including penalty; (v) the legal recourse, investigate and complaint process available through the Illinois Department of Human Rights and the Illinois Human Rights Commission; (vi) directions on how to contact the Department and Commission; and (vii) protection against retaliation as provided. Bidder further certifies that it will comply with the Illinois Human Rights Act implementing regulations required for all public contractors and included herein as Attachment to Form C.

By: Leslie [signature]
Authorized Agent of Bidder

Subscribed and sworn to before me this 18th day of November, 2019.

Cynthia R. Somers
Notary Public

CYNTHIA R. SOMERS
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
July 14, 2022

Certificate Regarding Compliance with the Illinois Human Rights Act

Contractor shall be required to comply with the following provisions only if and to the extent they are applicable under the law. The Contractor agrees to fully comply with the requirements of the Illinois Human Rights Act, 775 ILCS 5/1-101 *et seq.*, including, but not limited to, the provision of sexual harassment policies and procedures pursuant to Section 2-105 of the Act. The Contractor further agrees to comply with all federal Equal Employment Opportunity Laws, including, but not limited to, the Americans With Disabilities Act, 42 U.S.C. Section 12101 *et seq.*, and rules and regulations promulgated thereunder. The following provisions are included in this contract pursuant to the requirements of the regulations of the Illinois Department of Human Rights, Title 44, Part 750, of the Illinois Administrative Code (see 44 Ill. Admin. Code 750.20). As required by Illinois law, in the event of the Lessor's non-compliance with the provisions of this Equal Employment Opportunity Clause, the Illinois Human Rights Act or the Rules and Regulations of the Illinois Department of Human Rights ("Department"), the Contractor may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and the contract may be canceled or voided in whole or in part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulations. During the performance of this contract, the Contractor agrees as follows:

A. That it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, age, citizenship status, physical or mental handicap or disability unrelated to ability, military status or an unfavorable discharge from military service, or arrest record status; and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization.

B. That, if it hires additional employees in order to perform this contract or any portion thereof, it will determine the availability (in accordance with the Department's Rules) of minorities and women in the area(s) from which it may reasonably recruit and it will hire for each job classification for which employees are hired in such a way that minorities and women are not underutilized.

C. That, in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, age, citizenship status, physical or mental handicap or disability unrelated to ability, military status or an unfavorable discharge from military service, or arrest record status.

D. That it will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising such labor organization or representative of the Lessor's obligation under the Illinois Human Rights Act and the Department's Rules. If any such labor organization or representative fails or refuses to cooperate with the Contractor in its efforts to comply with such Act and Rules, the Contractor will promptly so notify the Department and the contracting agency and will recruit employees from other sources when necessary to fulfill its obligation thereunder.

E. That it will submit reports as required by the Department's Rules, furnish all relevant information as may, from time to time, be requested by the Department or the contracting agency, and in all respects comply with the Illinois Human Rights Act and the Department's Rules.

F. That it will permit access to all relevant books, records, accounts and work sites by personnel of the contracting agency and the Department for purposes of investigation to ascertain compliance with Illinois Human Rights Act and the Department's Rules.

G. That it will include verbatim or by reference the provisions of this clause in every subcontract it awards under which any portion of the contract obligations are undertaken or assumed, so that such provisions will be binding upon such subcontractor. In the same manner as with other provisions of this contract, the Contractor will be liable for compliance with applicable provisions of this clause by such subcontractors; and further it will promptly notify the contracting agency and the Department in the event any subcontractor fails or refuses to comply therewith. In addition, the Contractor will not utilize any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.

By: ______________________
Authorized Agent of Bidder

Subscribed and sworn to before me this 18th day of November, 2019.

____
Notary Public

CYNTHIA R. SOMERS
OFFICIAL SEAL
Notary Public State of Illinois
My Commission Expires
July 14, 2022

CERTIFICATE REGARDING BAN ON TOBACCO

First Student, Inc. (Contractor), pursuant to District Policy No. 8:010 and the School Code, hereby certifies that (his, her, its) employees and any sub-contractors will abide by the ban on smoking in all school buildings and on all school grounds; and during the performance of any services under any contract awarded pursuant to this Bid and, that it will abide by a ban on the use of electronic cigarettes, e-cigarettes, similar devices, and tobacco products in all school buildings and on all school grounds, and during the performance of any services under any contract awarded pursuant to this Bid.

First Student, Inc.
Contractor

By: Leslie Norgren
Print or Type

Leslie Norgren
Signature

Region Vice President
Title

11/18/19
Date

CERTIFICATE OF COMPLIANCE WITH
ILLINOIS DRUG-FREE WORKPLACE ACT
(Contractors with 25 or More Employees)

First Student, Inc. (vendor/contractor, having 25 or more employees), does hereby certify pursuant to Section 3 of the *Illinois Drug-Free Workplace Act*, as amended (30 ILCS 580/3) that (he, she, it) shall provide a drug-free workplace for all employees engaged in the performance of work under the contract by complying with the requirements of the *Illinois Drug-Free Workplace Act*, as amended (30 ILCS 580/1 et seq.), and further certifies that (he, she, it) is not ineligible for award of this contract by reason of debarment for a violation of the *Illinois Drug-Free Workplace Act*, as amended (30 ILCS 580/1 et seq.).

First Student, Inc
Contractor

By: Leslie Norgren
Print or Type

Leslie Norgren
Signature

Region Vice President
Title

11/18/19
Date

References

Please provide reference information for five (5) public school districts

	Reference #1
Client/Company Name	D219 Niles Township
Contact Person	Eric Trimberger,Assistant Superintendent for Business/CSBO
Address	7700 Gross Point Rd. Skokie, IL 60077
Phone	847-626-3967
Email	eritri@219.org

	Reference #2
Client/Company Name	D70 Morton Grove
Contact Person	Brad W. Voehringer, Ed. S., Superintendent
Address	6200 Lake St, Morton Grove, IL 60053
Phone	847-965-6200 ext. 4233
Email	bvoehringer@mgsd70.org

	Reference #3
Client/Company Name	Community Consolidated School District 21
Contact Person	Micheal DeBartolo, Assistant Superintendent for Finance & Operations
Address	999 W Dundee Road Wheeling, Illinois, 60090
Phone	847-520-2707
Email	micheal.debartolo@ccsd21.org

	Reference #4
Client/Company Name	Prospect Heights School District 23
Contact Person	Amy K. McPartlin, Chief School Business Official
Address	700 N. Schoenbeck Road Prospect Heights, IL 60070
Phone	847-870-5552
Email	amcpartlin@d23.org

	Reference #5
Client/Company Name	Belvidere CUSD#100
Contact Person	Greg Brown, CFO
Address	1201 5th Avenue Belvidere, IL 61008
Phone	815-544-8605
Email	Ronald_Johnson@ipsd.org

Addendum Acknowledgement Form

The receipt of the following addenda is hereby acknowledged:

Addendum No. 1.0 Dated 11/12/2019

Addendum No. 2.0 Dated 11/18/2019

Addendum No. ____________ Dated ____________

Addendum No. ____________ Dated ____________

Addendum No. ____________ Dated ____________

Addendum No. ____________ Dated ____________

WEST NORTHFIELD SCHOOL DISTRICT 31

Appendix A
General Education Student Transportation
Bid Submission Form

Bidder Contact Information

Company Submitting Bid: First Student, Inc.

Contact Person Name: Freddie Sims

Contact Person Phone Number: 630-886-9122

Contact Person Email: freddie.sims@firstgroup.com

1. To and/or From Regular Routes

Note: For the purpose of this bid form, a route is defined as a one way trip to or from designated school. For example, a student riding the bus to and from school should be considered as two routes.

	A	B	A*B=C	C*180
School	**Current # of Routes**	**Rate per Route**	**Extended Daily Cost**	**Cost for 180 Days of School**
Winkelman School - Regular Monday – 9 PM routes Tuesday – Friday 7 PM routes	7 AM 9 or 7 PM 16 or 14 Total	$ 168.16	$ 2,354.24	$ 423,763.20
Field School - Regular	4 AM 4 PM 8 Total	$ 90.00	$ 720.00	$ 129,600.00
Band Routes - Weekly (approximately 30 Tuesdays)	2 PM	$ 90.00	$ 180.00	$ 32.400.00
Winkelman Activity Routes Tues – Wed - Thurs	2 PM	$ 90.00	$ 180.00	$ 32,400.00
Field Activity Routes Early Route Monday (in lieu of regular PM route) Tues – Wed - Thurs	1 PM	$ 90.00	$ 90.00	$ 16,200.00
			Total 2020-21 Cost To/From Regular Routes	$ 634,363.20

2. Charter Service for Academic and Student Activity Field Trips

Hourly Charter Service Cost	Minimum Number of Hours (if any)
$ 43.48	2 hours

Cost Summary-General Education Transportation Services *(summarize all costs from above):*

	FY 20/21 Total Cost	FY 21/22 % increase (if any)	FY 22/23 % increase (if any)
1. To/From Regular Routes	$553,363.20	3%	3%
2. Band Route	$ 32,400.00	3%	3%
3. Activity Routes	$ 48,600.00	3%	3%
Total	$ 634,363.20		

3. Charter Services	FY 20/21 Hourly Rate	FY 21/22 % increase (if any)	FY 22/23 % increase (if any)
	$ 43.48	3.0 %	3.0 %

OTHER COST SAVINGS TO/FROM SCHOOL ROUTES

Please indicate the daily, per route cost savings should the bus be able to perform another route with another district before or after the District route.

Daily Route Savings Per Bus $ 51.50

The bid submitted as part of Appendix A shall incorporate a savings component for taking on administrative responsibilities or reflect a reduced rate or any cost savings from the administrative work done by the District, which includes registering students for transportation, collecting fees, developing ridership spreadsheet and distributing to contracted service, sharing the communication responsibility with families.

First Student

Caring for students today, tomorrow, together.

AUDITED FINANCIAL STATEMENTS

FirstGroup America, Inc.

Report and Non-Statutory Financial Statements

Year ended 30 March 2019

FirstGroup America, Inc.

Report and financial statements

Contents

Page

FirstGroup America, Inc.

Report and financial statements

Officers and professional advisers

Directors

Scott Spivey
Mike Petrucci
James Tippen

Secretary

Mike Petrucci

Registered Office

2711 Centerville
Suite 400
Wilmington
Delaware
19808

Bankers

JP Morgan Chase & Co
New York

Solicitors

Dinsmore & Shohl
Cincinnati

Auditor

Deloitte LLP
Glasgow
United Kingdom

FirstGroup America, Inc.

Directors' report

The directors present their report and the non-statutory audited financial statements for the year ended 30 March 2019. The figures for the year to 30 March 2019 include the results of the business for the 52 weeks ended 30 March 2019. The figures for the year to 31 March 2018 include the results of the business for the 53 weeks ended 31 March 2018.

Principal activities

The principal activity of FirstGroup America, Inc. ("the Company") and its subsidiaries (the "Group") is the provision of passenger transport services.

Review of the business and results

The Group has three operating divisions: Yellow School Buses (First Student), Transit Contracting, Management and Vehicle Fleet Maintenance Services (First Transit) and intercity coach services (Greyhound). Headquartered in Cincinnati, FirstGroup America Inc. operates across US, Canada and parts of Mexico. Revenue from our three businesses of Student, Transit and Greyhound was $4,678.5m (2018: $4,679.1m). Operating profit before amortization expense and other items detailed in note 4 ("adjusted operating profit") decreased to $310.6m (2018: $320.3m) representing a decrease of 3.0%. The Group reported an operating profit for the year of $137.5m (2018: loss of $211.0m profit) principally reflecting the $387.3m Greyhound goodwill and other asset impairments in the prior year.

Net assets have decreased by $31.4m since the start of the year. The principal reasons for this are the retained loss for the year of $24.0m and unfavorable translation reserve movements of $4.9m.

Dividends

No dividends were paid to non-controlling interests in the year (2018: $1.0m).

First Student

First Student's revenue increased to $2,424.9m (2018: $2,350.6m), representing growth in constant currency of 3.4%. Following a number of years when our 'up or out' returns-based bidding strategy resulted in net business losses, this is the first year in more than a decade that First Student has grown each of revenue, bus fleet, and market share. Growth was driven by strong retention, net new business, pricing in excess of driver wage cost inflation and a net positive weather effect, partially offset by fewer operating days compared with the prior year due to the previous year's 53rd week and the overlay of the academic calendar with our financial year.

Adjusted operating profit increased faster than revenue to $229.8m (2018: $210.4m), resulting in an adjusted operating margin of 9.5% (2018: 9.0%, with contract portfolio pricing improvements, cost efficiency savings and new business wins exceeding the costs ofdriver shortages that persist as a result of the strong US employment market. The net weather impact was positive in the year, with both higher weather make up days (reflecting the severity of the winter in 2018) and a less severe 2019 winter. The division reported an operating profit of $152.8m (2018: $119.0m), principally adjusting for amortisation of intangibles and First Student's portion of the North American self-insurance charge.

Focused and disciplined bidding
As previously noted, First Student had a strong summer 2018 bid season resulting in growth in bus fleet count for the first time in a number of years. We continued to focus our bidding strategy on only retaining or bidding for contracts at prices that reflect an appropriate return on the capital we invest. We secured average price increases in excess of the employee cost inflation we face from the strong employment market in parts of the US, while achieving a retention rate on 'at risk' business of 92%, the highest level for more than five years. Across the entire portfolio of multi-year contracts, retention was 97%. This strong performance on existing business was supplemented by new business won mainly from competitors and conversions from in-house to private provision representing approximately 1,580 additional buses, which was also ahead of our budget. Combined with a modest level of organic growth, we will be operating a bus fleet of approximately 42,500 vehicles for the balance of this school year.

Continuous improvement in operating and financial performance
First Student delivered further cost efficiencies, mainly from improvements to our engineering and maintenance practices and additional shop management strategies, in part using the expertise and technology solutions of First Transit's vehicle maintenance services segment. These and other management actions have delivered recurring cost savings of approximately $17m in the year.

We continue to invest in our driver recruitment, onboarding and retention programmes in response to the driver shortage pressures the industry faces, and this year have launched a driver app to help connect and engage with our geographically diverse workforce. We are also piloting additional driver connectivity systems which will further improve the driver experience while allowing us to manage and respond to route and other changes in real time. We were very encouraged to see a significant improvement in employee satisfaction scores in this year's survey, given the importance of driver commitment to the service we deliver for our customers.

We aim to grow our services to markets adjacent to the traditional home-to-school market. This includes our charter business (now 9% of divisional revenues) which benefits our asset utilisation rates, though growth has been held back by the driver shortages experienced in our home-to-school business. In the year we began to market First Transportation Services to school boards who currently manage home-to-school bus services in-house, which will grow to encompass a suite of managed technologies and mobility services previously only available to our outsourcing customers.

First Student (continued)

Prudent investment in our key assets
We have sustained our investment in systems and processes that differentiate our offering and enhance our customer service levels and safety performance. Our FirstView smartphone app, which provides real-time bus location tracking for parents and school boards, is now available in 203 school districts covering 350,000 students with 50,000 registered users to date. With the increase in retention rates and new business wins our investment in our fleet has increased and we continue to improve our approach to cascading buses around our operations, a significant competitive advantage of scale in the industry. Our average fleet age reduced to 6.9 years (2018: 7.1 years). In August 2018 we acquired a 70-bus business in Ontario which is performing in line with our plans. During the year we continued to build our pipeline of other potential acquisition opportunities as we look to benefit from the returns available from local consolidation in the highly fragmented home-to-school market.

Responsible partnerships with our customers and communities
We are entrusted with the safety and security of millions of children every day, and the seriousness of that responsibility is central to our culture as an organisation. We maintained our firm commitment to safety during the year and continue to focus on improving ourperformance further.

We were very pleased to maintain our high customer satisfaction score of 8.75 out of ten and our likelihood to recommend scores in the year, reflecting our continued emphasis on serving our customers through deep relationships at a local level and not just meeting our contractual obligations. We believe this approach differentiates us from the competition and is reflected in the award of some contracts in the year where we were not the lowest priced bid, or where we were able to deliver a flawless start-up for 6,000 students on six weeks' notice when a competitor was unable to proceed.

Our services also support our customers and communities in other ways. The American School Bus Council estimates that each school bus takes 36 cars off the road during the morning and evening peaks, reducing congestion and fossil fuel use. Without school buses more than 17m more cars could be transporting students to school each day in the US. First Student's own emissions of particulates and nitrogen oxides (NOx) have fallen by 29% and 15% respectively year-on-year, largely from our replacement of older fleet with lower-emission alternatives. We also continue to add to our alternative fuel fleet which now numbers more than 2,100 vehicles; principally Compressed Natural Gas (CNG) buses. First Student's carbon emissions have remained largely unchanged at 741,854 tonnes CO2(e), comprising28% of the entire Group footprint.

First Student priorities and outlook
We are pleased with First Student's improved performance in the year, and confident that as the largest business in the home-to-school market, it is now restored to a position of generating sustainable growth, cash and returns from its multi-year contract portfolio. We are focused on delivering further profitable growth through a combination of continued disciplined bidding, new business wins based on our market-leading credentials in safety and customer service, some organic growth, development of complementary mobility services and M&A. In the 2019 bid season we will be striving to repeat the extremely strong retention and growth performance of last summer. We are also targeting further incremental margin improvements underpinned by our pricing strategy and efficiencies including several procurement, maintenance and driver labour initiatives.

First Transit

First Transit operations excluding Panama ("First Transit") revenue was $1,406.9m (2018: $1,415.8m), a reduction of 0.6% in constant currency. As expected, contract awards and organic growth in the rest of the division were sufficient to offset the loss of revenue from a number of contracts in the Canadian oil sands region and elsewhere which completed at the end of the prior year.

Adjusted operating profit was $66.6m (2018: $77.1m), representing an adjusted operating margin of 4.8% (2018: 5.5%). New business wins and non-recurrence of prior year effects such as the Puerto Rico hurricane did not fully offset the impact of the completion of the high margin contracts in the Canadian oil sands region noted above, and above-inflation cost increases reflecting increased self-insurance costs and the acute driver shortages in certain areas. The division reported an operating profit of $29.2m (2018: $44.0m), principally adjusting for amortisation of intangibles and First Transit's portion of the North American self-insurance charge.

Focused and disciplined bidding
We were pleased that we significantly increased our retention of 'at risk' contracts to 89% (2018: 82%) in the year, though weconverted fewer new business opportunities this year compared with last. Notable renewals included a major fixed route contract for the Denver Regional Transportation District, a paratransit contract in Washington DC and one in Maryland that also included a major extension. We also renewed shuttle contracts with United Airlines in Houston, Texas and Georgia Southern University, Georgia, as well as a large maintenance contract with New York City Parks and Recreation, New York. New business wins included shuttle contracts for Stanford University, California, the City of Lawrence/University of Kansas and an energy sector customer in Western Canada, integrated fixed route and paratransit services for the city of Visalia, California, Tulsa, Oklahoma and Sussex County, Delaware and a fleet maintenance contract for the City of Roswell, New Mexico.

FirstGroup America, Inc.

Directors' report

First Transit (continued)

Continuous improvement in operating and financial performance
We continue to adapt and develop our technology infrastructure, management expertise and national service platform to underpinFirst Transit's performance in highly competitive markets. We are focused on further improvements to our recruitment, retention and training processes to offset the challenges of the tight US employment market. We continue to invest in systems to optimise our procurement, driver operations and maintenance functions in order to remain competitive in a dynamic market place where labour cost inflation remains a focus.

Prudent investment in our key assets
In the majority of our contracts we operate or manage services on behalf of our clients rather than providing vehicles. We continue to invest in driver management, predictive analytics and routing technology. First Transit has more than 70 ASE Blue Seal-certified maintenance shops in North America, more than all of our competitors combined, which demonstrates our commitment to stewardship of our customers' assets. We continue to take a disciplined approach to applying our expertise to new services and geographies to secure additional sources of growth. We are actively developing our expertise in Mobility as a Service (MaaS) systems, and we were recently selected as a MaaS preferred partner by Denton County Transportation Authority. We are actively participating in several SAV pilot programmes, and secured four new operations in Texas, California and Florida in the year. We continue to examine opportunities to extend our presence in adjacent markets where we believe we have a competitive advantage.

Responsible partnerships with our customers and communities
Our focus is on offering the best value package to our customers and the communities we serve, which means our service standards, expertise and safety credentials are as important as our cost efficiency in winning or retaining business. We continue to develop our safety behavioural change programme, focusing on our key risks, and we were pleased to have maintained our strong customer satisfaction scores during the year. First Transit is also a leader in operating mass transit technologies with low or no tailpipe emissions, such as the electric vehicles we operate in Minnesota as well as for our various SAV projects. We recently also added more than 40 electric vehicles to our shuttle fleet for one of our university campus clients, with further vehicles being added to the fleet in the year ahead.

First Transit priorities and outlook
Although revenue growth in any one year will as ever depend on the mix of contract wins and losses, we have significant sectorexpertise and exceptional management strength in North American transportation markets, where outsourcing trends continue to produce opportunities to achieve attractive returns and cash generation with relatively modest capital requirements. In the near term we expect our margins to be flat, reflecting the current cost inflationary environment in certain areas. We are confident in the long term prospects for further growth in our core markets, particularly in shuttle and in vehicle services, and we continue to pursue opportunities in certain adjacent markets where we have now established our credentials – such as commuter rail, bus rapid transit (BRT), and autonomous vehicle management. As our markets continue to evolve, we will look to enhance existing and new partnerships with ridesharing and other Transportation Network Companies (TNCs).

Our services are a compelling option for both local authorities and private customers to outsource their transportation management needs. We will therefore keep bidding for contracts where we can provide good value to clients while achieving appropriate margins with modest capital investment, as we continue to build our platform in mobility services.

Greyhound

In the year, Greyhound's revenue was $846.7m (2018: $912.7m), a reduction of 7.0% in constant currency, driven by the withdrawal from Western Canada in October 2018, and the 53rd week in the prior year. Like-for-like revenue[1] was +0.2%. In the year short haul growth including like-for-like growth of 0.2% by Greyhound Express was exceeded by growth in the 1,000+ mile long haul segment. Mid-range trips were slightly down year-on-year, experiencing competition from airline capacity increases in certain markets.

Adjusted operating profit was $14.2m (2018: $32.8m), representing an adjusted operating margin of 1.7% (2018: 3.6%). The marginwas heavily affected by higher maintenance, driver training and fleet costs, partially offset by management actions and gains on sales of property of $10.8m. The division reported an operating loss of $44.5m (2018: loss of $374.0m) reflecting restructuring and reorganisation costs associated with the withdrawal from Western Canada and Greyhound's share of the North America insurance charge, partially offset by property disposals. The Group estimates that disposal proceeds from surplus properties in Western Canada will largely offset the cash costs of restructuring and reorganisation, over time.

Greyhound's performance has been disappointing, but it has begun to benefit from the changes we made following a review of itsbusiness and prospects during the first half of the financial year. We have brought new capabilities into the commercial team including the appointment of a new commercial director with a background at a leading US airline, delivered overhead reductions, and implemented a series of revenue improvement, cost reduction and investment initiatives in the middle of the year to turn around Greyhound's financial performance and enhance our services for customers. In the year we also completed the withdrawal of service in Western Canada from October, following the earlier closures of routes in British Columbia. In the second half revenue per mile and yield trends were stronger than the first half, benefitting from the pricing and other actions we have taken together with an increase in demand in the US south west.

1 Like-for-like revenue adjusts for changes in the composition of the divisional portfolio, holiday timing, 53rd week, severe weather and other factors that distort the year-on-year trends.

Greyhound (continued)

Driving growth through attractive commercial propositions
Greyhound is a unique business with an iconic brand and, by linking large 'point-to-point' short haul markets together to serve more than 245,000 smaller 'network' markets, we have the only true intercity coach network in North America. The business has taken several steps to transform all areas of the customer experience over recent years through investment in technology. During the current year the business has delivered further enhancements to its website, mobile app, customer call handling, onboard infotainment systems, as well as bus-side ticket scanning, which streamlines boarding times. Greyhound also continues to refine and enhance our pricing and yield management system by implementing forecasting and network optimisation functionality to leverage our network, similar to large airlines. Strategic marketing expenditure, highly targeted on our core customer demographic, is increasingly integrated with the commercial team'stactics across all market types.

Continuous improvement in operating and financial performance
We continue to strengthen our processes and maintenance systems to improve reliability, and this, assisted by our fleet renewal programme, resulted in an improvement in punctuality statistics from the middle of the year. In addition to the changes made to the Canadian network footprint, we continue to optimise overhead, procurement, driver training and other expenditures to improve efficiency and reduce cost. In the year we have also largely completed the integration of our Bolt point-to-point operations back into Greyhound.

Prudent investment in our key assets
Our maintenance and fleet availability performance is also beginning to improve with the investments we are making in fleet renewal and refurbishment. As noted elsewhere, following a number of years where the business required few additional vehicles, we have stepped up our fleet renewal plan, resulting in the addition of 108 new vehicles to the fleet this year. All have high-quality amenities as standard, including free onboard entertainment, Wi-Fi, leather seats and generous legroom. We continue to review our terminal footprint, looking for opportunities to move to intermodal transport hubs or new facilities better tailored to our needs. In addition to a number of smaller terminal changes, this year we completed the sale of a major Greyhound maintenance facility in Chicago. The resulting gain on sale of $12.1m was treated as an adjusting item. We were the first international operator to provide both international links and domestic operations in Mexico, and in the year we launched a major new route in this market.

Responsible partnerships with our customers and communities
We continue to invest in customer service training and apprenticeships to improve our customer relationships further at the front line. We also continue to work to improve our environmental impact, principally through our investments in more efficient and aerodynamic buses. At 32.5g per passenger km, intercity travel by Greyhound already offers the lowest per-passenger carbon emissions of any modal alternative – around 89% lower emissions than an equivalent domestic passenger plane journey and 85% lower than the average US passenger car, largely unchanged from last year. Our 2018/19 investments in new, lower emission vehicles helped us drive down emissions, energy use and improve local air quality, reducing our emissions of particulates by 16%, and we expect to make further progress as our fleet modernisation programme continues.

Greyhound priorities and outlook
Since the changes we made following our review took effect during the year, we have begun seeing an encouraging improvement inkey indicators such as revenue and yield per mile, which underpin our confidence that the mid-single digit margin target will be achieved in the medium term. We believe that at this stage in Greyhound's development, value for shareholders can best be delivered by seekingnew owners for the business that will further support the delivery of the improved performance potential. As such a formal sale process for Greyhound is underway. During this time we will continue to execute our plans to enhance Greyhound's performance and our services for our customers with pace and commitment.

Principal risks and uncertainties

The relevant principal risks and uncertainties are disclosed in the FirstGroup plc Annual report which is available on the FirstGroup plc website at www.firstgroupplc.com.

Employees

The Group is committed to employee involvement and uses a variety of methods to inform, consult and involve its employees in the business. These include divisional company newsletters and circulars. Senior managers within each division meet regularly to discuss current issues and employees are encouraged to discuss any issues with management at any time. The North American Group also operates a confidential hotline, which staff can use to report health and safety, employment-related and other issues concerning them.

Going concern

At 30 March 2019, the Group had a cash and cash equivalents of $25.4m and net current assets of $125.0m and net assets of $1,185.1m. While the Group is not wholly immune to macroeconomic developments, it has established a strong balanced portfolio of businesses with the majority of Group revenues supported by medium-term contracts with government agencies and other large organizations in North America.

The directors have carried out a detailed review of the Group's budget for the year to 31 March 2020 and medium term plans, with due regard for the risks and uncertainties to which the Group is exposed, the uncertain economic climate and the impact that this could have on trading performance.

FirstGroup America, Inc.

Directors' report

Going concern (continued)

Based on this review, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future being at least one year from the date of signing these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

Directors and their interests

The directors who held office during the year and subsequently were as follows:

Scott Spivey
Mike Petrucci
James Tippen

The directors held no interests in the company's shares or the shares of any other group company during the year. The directors are eligible to participate in a sharesave scheme and an executive sharesave scheme of the ultimate parent company FirstGroup plc.

Approved by the Board of Directors and signed on behalf of the Board

James R. Tippen 8-19-19

James Tippen
Director

August 2019

FirstGroup America, Inc.

Statement of directors' responsibilities

The directors are responsible for preparing the report and non-statutory financial statements in accordance with InternationalFinancial Reporting Standards ('IFRS') as adopted by the European Union.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of FirstGroup America, Inc's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention anddetection of fraud and other irregularities.

Independent auditor's report to the members of FirstGroup America, Inc.

Report on the audit of the non-statutory financial statements

Opinion

In our opinion the non-statutory financial statements of First Group America, Inc. ("the Company") and its subsidiaries (together "the Group "):

- give a true and fair view of the state of the company's affairs as at 30 March 2019 and of its loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

We have audited the non-statutory financial statements which comprise

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
- the directors have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the Group and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorized for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report, other than the non-statutory financial statements and our auditor's report thereon. Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statementsor a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of thenon-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of FirstGroup America, Inc. (continued)

In preparing the non-statutory financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely for the exclusive use of the directors and solely for the purpose of showing the results of management's stewardship of the resources entrusted to it. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

Deloitte LLP

Deloitte LLP
Glasgow, United Kingdom
19 August 2019

FirstGroup America, Inc.

Consolidated income statement
Year ended 30 March 2019

	Note	2019 $m	2018 $m
Revenue	3	**4,678.5**	4,679.1
Operating costs	6	**(4,541.0)**	(4,890.1)
Operating profit/(loss)	4,5	**137.5**	(211.0)
Finance costs	8	**(157.1)**	(153.2)
Loss before tax		**(19.6)**	(364.2)
Tax	9	**(4.4)**	32.3
Loss for the year		**(24.0)**	(331.9)
Attributable to:			
Equity holders of the parent		**(24.0)**	(333.4)
Non-controlling interests		**-**	1.5
		(24.0)	(331.9)
Adjusted results[1]:			
Adjusted operating profit	4	**310.6**	320.3

1 Adjusted for certain items as set out in note 4.

FirstGroup America, Inc.

Consolidated statement of comprehensive income
Year ended 30 March 2019

	Note	2019 $m	2018 $m
Loss for the year		**(24.0)**	(331.9)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on defined benefit pension schemes	27	**(3.8)**	40.7
Deferred tax on actuarial (loss)/gain on defined benefit pension schemes		**1.3**	(9.5)
Deferred tax on defined benefit pensions schemes due to US tax reform	9	**-**	(28.7)
		(2.5)	2.5
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(4.9)**	7.1
Other comprehensive (expense)/income for the year		**(7.4)**	9.6
Total comprehensive expense for the year		**(31.4)**	(322.3)
Attributable to:			
Equity holders of the parent		**(31.4)**	(323.8)
Non-controlling interest		**-**	1.5
		(31.4)	(322.3)

FirstGroup America, Inc.

Consolidated balance sheet
As at 30 March 2019

	Note	2019 $m	2018 $m
Non-current assets			
Goodwill	10	**1,953.3**	1,959.5
Other intangible assets	11	**85.1**	113.2
Property, plant and equipment	12	**1,978.8**	1,944.7
Investments	13	**44.5**	43.4
		4,061.7	4,060.8
Current assets			
Inventories	14	**43.3**	42.4
Trade and other receivables	15	**792.4**	703.7
Cash and cash equivalents	18	**25.4**	30.1
Assets held for sale	16	**7.1**	1.3
Current tax assets		**4.2**	2.2
		872.4	779.7
Total assets		**4,934.1**	4,840.5
Current liabilities			
Trade and other payables	17	**491.0**	484.9
Tax liabilities		**-**	1.1
Financial liabilities – obligations under finance leases	20	**54.1**	64.8
Provisions	23	**202.3**	153.5
		747.4	704.3
Net current assets		**125.0**	75.4
Non-current liabilities			
Provisions	23	**376.3**	317.4
Retirement benefit liabilities	27	**214.3**	228.0
Intercompany balances	28	**2,365.8**	2,266.2
Financial liabilities - finance leases	20	**24.0**	80.3
Deferred tax liabilities	22	**21.2**	27.8
		3,001.6	2,919.7
Total liabilities		**3,749.0**	3,624.0
Net assets		**1,185.1**	1,216.5

FirstGroup America, Inc.

Consolidated balance sheet (continued)
As at 30 March 2019

	Notes	2019 $m	2018 $m
Equity			
Share capital	26	-	-
Share premium account		1,123.0	1,123.0
Translation reserve		(20.0)	(15.1)
Retained earnings		82.1	108.6
Equity attributable to owners of the company		1,185.1	1,216.5
Non-controlling interest		-	-
Total equity		1,185.1	1,216.5

These financial statements were approved by the Board of Directors on .... 2019.

Signed on behalf of the Board of Directors

James R. Tippen 8-19-19

James Tippen

Director

FirstGroup America, Inc.

Consolidated statement of changes in equity
Year ended 30 March 2019

	Share capital $m	Share premium[1] $m	Translation reserve $m	Retained earnings $m	Total before Non-controlling interest $m	Non-controlling interest $m	Total $m
At 31 March 2017	-	**1,123.0**	**(22.2)**	**420.4**	**1,521.2**	**18.6**	**1,539.8**
Total comprehensive income/(expense) for the year	-	-	7.1	(330.9)	(323.8)1.5		(322.3)
Acquisition of non-controlling interest	-	-	-	19.1	19.1	(19.1)	-
Dividends paid	-	-	-	-	-	(1.0)	(1.0)
At 31 March 2018	-	**1,123.0**	**(15.1)**	**108.6**	**1,216.5**	-	**1,216.5**
Total comprehensive expense for the year	-	-	(4.9)	(26.5)	(31.4)	-	(31.4)
At 30 March 2019	-	**1,123.0**	**(20.0)**	**82.1**	**1,185.1**	**-1,185.1**	

(1) The share premium account represents the premium on shares. The reserve is non-distributable.

FirstGroup America, Inc.

Consolidated cash flow statement
Year ended 30 March 2019

	2019 $m	2018 $m
Cash flows from operatingactivities		
Operatingprofit/ (loss)	**137.5**	(211.0)
(Profit)/loss on disposal of property, plant and equipment	**(28.4)**	7.3
Depreciation	**297.0**	309.4
Capital grant amortization	**(0.7)**	-
Amortization of intangible assets	**33.4**	91.0
Impairment charges	**3.5**	387.3
Operating cash flows before workingcapital	**442.3**	584.0
(Increase)/decrease in inventories	**(0.9)**	4.2
(Increase)/decrease in trade and other receivables	**(88.7)**	46.6
Decrease in trade and other payables	**(4.3)**	(44.8)
Increase in provisions	**89.6**	6.2
Defined benefit pension payments in excess of income statement charge	**(21.1)**	(9.7)
Cash generated by operations	**416.9**	586.5
Tax paid	**(7.6)**	(13.9)
Interest paid	**(131.3)**	(131.7)
Net cash from operating activities	**278.0**	440.9
Investing activities		
Proceeds from disposal of property, plant and equipment	**76.5**	15.0
Purchases of property, plant and equipment and software	**(388.7)**	(334.3)
Acquisition of businesses	**(3.1)**	-
Acquisition of non-controllinginterests	**-**	(19.1)
Net cash used in investingactivities	**(315.3)**	(338.4)
Financingactivities		
Repayment of finance leases	**(67.0)**	(65.9)
Dividends paid to non-controlling interests	**-**	(1.0)
Borrowings from/(advances to) related party	**99.6**	(55.9)
Net cash from/(used in)financin gactivities	**32.6**	(122.8)
Net decrease in cash and cash equivalents	**(4.7)**	(20.3)
Cash and cash equivalents at beginning of year	**30.1**	50.4
Foreign exchange movements	**-**	-
Cash and cash equivalents at end of year	**25.4**	30.1

FirstGroup America, Inc.

Consolidated cash flow statement (continued)
Year ended 30 March 2019

Note to the consolidated cash flow statement -

Reconciliation of net cash flow to movement in net debt

	2019 mm	2018
Net decrease in cash and cash equivalents in year	**(4.7)**	(20.3)
Decrease in debt and finance leases	**67.0**	65.9
Net cash flow	**62.3**	45.6
Foreign exchange movements	**-**	-
Movement in net debt in year	**62.3**	45.6
Net debt at beginning of year	**(115.0)**	(160.6)
Net debt at end of year	**(52.7)**	(115.0)

Net cash flow is stated prior to cash flows in relation to debt and finance leases.

Net debt excludes all accrued interest.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 30 March 2019

1. General information

FirstGroup America, Inc. is a Company incorporated in the United States of America. The address of the registered office is 2711 Centerville, Suite 400, Wilmington, DE 19808. The nature of the Group's operations and its principal activities are set out on pages 2 to 6. These financial statements are presented in United States dollars because that is the currency of the primary economic environment in which the Group operates.

2. Statement of accounting policies

Basis of accounting

These non-statutory financial statements have been prepared in accordance with the accounting policies detailed below. These are extracted from FirstGroup plc's audited financial statements for the year ended 31 March 2019 which were prepared in accordance with International Financial Reporting Standards as adopted and endorsed for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. These non-statutory financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The non-statutory financial statements for the year ended 30 March 2019 include the results and financial position of the Group for the 52 weeks ended 30 March 2019. The non-statutory financial statements for the year ended 31 March 2018 include the results and financial position of the Group for the 53 weeks ended 31 March 2018.

The principal accounting policies adopted in the current year and preceding year are set out below.

Going concern

The financial statements are prepared on a going concern basis. As disclosed on page 5, the directors believe that the Group and Company has adequate resources to continue in operational existence for the foreseeable future.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the company has the power over an investee entity, exposure to variable returns from its involvement with the entity and the ability to use its power over the entity to affect its returns.

Non-controlling interests in subsidiaries are identified separately from the Group's equity interest therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of their fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisitions method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in the income statement as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 Business Combinations are recognized at their fair value at the acquisition date, with the exception of deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements, liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment and non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

2. Statement of accounting policies (continued)

Assets held for sale

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Goodwill and intangible assets

Goodwill arising on consolidation is recognized as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts ofthe identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) which are tested for impairment annually, or more frequently where there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated to the goodwill of the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer software is recognized separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licenses, website development, costs attributable to the development, design and implementation of the computer software and internal costs directly attributable to the software.

The existing finite life intangible assets have a residual value of nil and are amortized on a straight-line basis over their useful economic lives as follows:

Customer contracts – over the estimated life of the contract (9 to 10 years)
Greyhound brand and trade name – over the estimated life of the brand (20 years)
Franchise agreements – over the initial term of the franchise (2 to 10 years)
Software – over the estimated life of the software (3 to 5 years)

Revenue recognition

Revenue principally comprises revenue from train passenger services, road passenger transport, and certain management and maintenance services in the UK and North America. Where appropriate, amounts are shown net of rebates and sales taxes. An explanation of the types of revenue are set out below:

Passenger revenues
Passenger revenues primarily relate to ticket sales through Greyhound. Passenger revenue is recognised at both a point in time and over time. Ticket sales for journeys of less than one week's duration are recognised on the first date of travel. Ticket sales for season tickets, travel cards and open-return tickets are initially deferred then recognised over the period covered by the relevant ticket. Concessionary amounts are recognised in the period in which the service is provided.

Contract revenues
Contract revenues mainly relate to First Student school bus contracts and First Transit contracts in North America. Revenues are recognised as the services are provided over the length of the contract and based on a transactional price which is defined in the terms of the contract.

Charter/private hire
Charter and private hire predominantly relates to charter work in First Student for both school districts with extracurricular activities and third parties with general transportation needs. Revenue is recognised over the period in which the charter/private hire is provided to the customer.

Other revenues
Other revenues mainly relate to Greyhound Package Express, subsidies, revenue arising from ancillary services to other road passenger service providers for maintenance, refuelling and other associated services and to sundry third parties for the use of space at terminals and on-board vehicles for other business activities, e.g. retail outlets, taxi ranks, catering and advertising. Other revenues are recognised at both a point in time and over time.

Interest income is recognised on an accruals basis.

2. Statement of accounting policies (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases and the rental charges are charged against income on a straight-line basis over the life of the lease.

Assets held under hire purchase contracts and finance leases are recognized as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below).

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The individual financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in US dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the dates when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the income statement in the period in which they are incurred.

Operating profit/(loss)

Operating profit or loss is stated after charging intangible asset amortization and other non-GAAP items but before investment income and finance costs.

2. Statement of accounting policies (continued)

Non-GAAP measures and performance

In measuring the Group and divisional adjusted operating performance, additional financial measures derived from the reported results have been used by management in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items are significant, including restructuring and reorganisation costs, material property gains or losses, aged legal and self-insurance claims, significant adverse loss development factors on insurance provisions, onerous contract provisions, impairment charges and pension settlement gains or losses. In addition, management assess divisional performance before other intangible asset amortisation charges, as these are typically a result of Group decisions and therefore the divisions have little or no control over these charges. Management consider that this overall basis more appropriately reflects operating performance and provides a better understanding of the key performance indicators of the business. See note 4 for the reconciliation to non-GAAP measures and performance.

Subsequent revisions to adjusting items are also recognised as an adjusting item in future periods. In the current year non-GAAP adjusting items principally relate to other intangible asset amortisation charges, aged self-insurance claims, significant adverse loss development factors on insurance provisions, restructuring and reorganisation costs, gain on disposal of property. In the prior year the non-GAAP adjusting items principally related to other intangible asset amortisation charges, impairment charges, aged self-insurance claims, restructuring and reorganisation costs and the impact of the US tax reform.

Retirement benefit costs

The Group operates or participates in a number of pension schemes, which include both defined benefit schemes and defined contribution schemes.

Payments to defined contribution plans are charged as an expense as they fall due. There is no further obligation to pay contributions into a defined contribution plan once the contributions specified in the plan rules have been paid.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial updates being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented in the consolidated statement of comprehensive income.
All past service costs are recognised immediately in the consolidated income statement.

Where changes to the benefits in payment on defined benefit pension schemes require a change in scheme rules or ratification by the Trustees, the change is recognised as a past service charge or credit in the income statement. Where changes in assumptions can be made without changing the Trustee agreement, these are recognised as a change in assumptions in other comprehensive income.

The retirement benefit position recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any residual asset resulting from this calculation is limited to refunds economically available to the company, in the form of either a public sector payment or the present value of future service costs recognised via suspension of cash contributions.

2. Statement of accounting policies (continued)

Taxation

The tax credit/charge represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Properties for provision of services or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Passenger carrying vehicles and other plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost of assets, other than freehold land, the land element of long leasehold properties or on assets in the course of construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	50 years straight-line
Long leasehold buildings	50 years straight-line
Short leasehold properties	period of lease
Passenger carrying vehicles	7 to 17 years straight-line
Other plant and equipment	3 to 25 years straight-line

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

2. Statement of accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, except in the case of goodwill, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realizable value. Costs comprises direct material and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where the purchased inventory was the hedged item in a cash flow hedge relationship, the initial carrying amount of the recognized inventory is adjusted by the associated hedging gain or loss transferred from the hedging reserve (a basis adjustment).

Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets can be measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income. The cash flow characteristics of the financial asset.

Financial assets are classified into one of three primary categories:

Financial assets at amortised cost
Financial assets at amortised costs are non-derivative financial assets held for collection of contractual cashflows where those cashflows represent solely payments of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Fair value through profit and loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the Income Statement within finance costs. Transaction costs arising on initial recognition are expensed in the Income Statement.

Fair value through other comprehensive income
The Group does not have any financial assets held at fair value through other comprehensive income.

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

2. Statement of accounting policies (continued)

Financial liabilities

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Bonds and loan notes

These are measured either on an amortised cost basis or at fair value, if designated.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity risks. Use of such financial instruments is governed by policies and delegated authorities approved by the Board. The Group does not hold or issue derivative financial instruments for trading purposes. The main derivative financial instruments used by the Group are interest rate swaps, fuel swaps, and cross currency interest rate swaps. Such instruments are initially recognised at fair value and subsequently remeasured to fair value at the reported balance sheet date. The fair values are calculated by reference to market exchange rates, interest rates and fuel prices at the period end, and supported by counterparty confirmations. Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in the Group income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge, the nature of the risks being hedged and the economic relationship between the item being hedged and the hedging instrument.

Fair value hedging: The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Cash flow hedging: The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non financial item such as inventory, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included as a basis adjustment in the initial measurement of the cost of that item. This transfer does not affect other comprehensive income, however the hedging gains and losses that will subsequently be transferred as basis adjustments are categorised as amounts that may be reclassified subsequently to profit or loss, as such a reclassification may occur in the event that the hedged transaction is no longer expected to occur. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

2. Statement of accounting policies (continued)

Provisions
Provisions are recognized when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Self-insurance
The Group's policy is to self-insure high frequency, low value claims within the businesses. In addition, there are typically a smaller number of major claims during a financial year for which cover is obtained through third-party insurance policies subject to an insurance deductible. Provision is made under IAS 37 Provisions, Contingent Liabilities and Contingent Assets for the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date.

Adoption of new and revised standards
The accounting policies adopted are consistent with those of the previous financial year except for the changes arising from new standards and amendments to existing Standards which have been adopted in the current year.

IFRS 9 and IFRS 15 came into effect on 1 January 2018 and have been applied by the Group for the first time in the current year. The nature and effect of the changes from adopting these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in the current year, but their adoption has not had any significant impact on the amounts reported in these financial statements.

IFRS 9 Financial Instruments
This standard replaces IAS 39 with effect from accounting periods commencing 1 January 2018. The new standard covers three distinct areas: the classification and measurement of financial assets and liabilities; the impairment of financial assets; and new hedging requirements designed to give increased flexibility in relation to hedge effectiveness.

There are no changes in classification and measurement for the Group's financial assets or financial liabilities. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting which were available under IAS 39: fair value hedges, cash flow hedges and net investment hedges. However, the effectiveness testing requirements have been simplified. The Group has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application of 1 April 2018. All existing hedging relationships are eligible, and continued to be effective, under IFRS 9.

IFRS 9 requires a new impairment model with impairment provisions based on expected credit losses rather than incurred credit losses under IAS 39. The simplified approach has been applied to trade receivables to determine expected credit losses. The transitional increase/decrease in the impairment allowance as a result of this change in accounting policy is immaterial.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 introduced a new revenue recognition model that recognises revenue either at a point in time or over time. It is based on the principle that revenue is recognised when control of a good or service transfers to the customer and is based on the fulfilment of performance obligations.

The adoption of IFRS 15 has not had a material impact on Group revenue recognition, and there have been no adjustments required to opening retained earnings.

As the Group has the right to consideration corresponding directly with the value of performance completed to date, customer contract revenue is recognised consistent with the amount that the Group has a right to invoice. The Group is therefore exercising the practical expedient not to explain transaction prices allocated to unsatisfied performance obligations at the end of the reporting period.

The Group has applied the new rules prospectively from 1 April 2018, having performed a detailed assessment of the effects of applying the new standard. Note 5 sets out a numerical disaggregation of revenue in accordance with the disclosure requirements of the new standard. An explanation of the types of revenue included in the note is set out in Revenue Recognition on page 18.

2. Statement of accounting policies (continued)

New standards and interpretations not applied

At the date of authorisation of these Financial Statements, the Group has not applied the following standards that have been issued but are not yet effective:

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 with effect from accounting periods commencing 1 January 2019. The new standard eliminates the operating lease classification and therefore on the balance sheet the lessees will be required to recognise an asset (the right to use the leased item) and lease liabilities for all leases unless they have a remaining term of less than twelve months or are of low value. On the income statement, the operating lease expense will be replaced by a combination of depreciation and interest.

The Group has performed a detailed impact assessment of IFRS 16. This assessment focused on the Group's existing lease portfolio, as well as considering wider contractual arrangements to determine if they constituted a lease under the definitions of the new standard.

As at 30 March 2019, the Group holds a significant number of operating leases that are expensed over the lease term. Management are finalising the assessment of the potential impact of this standard on the financial statements for the year ending 31 March 2020, and it is anticipated that the transition to IFRS 16 will have a material impact on the value of lease assets and liabilities recognised in the consolidated balance sheet.

As at the reporting date, the Group has non-cancellable operating lease commitments of $332.9m.

Approximately $12.5m of commitments relate to leases where the lease term ends within 12 months from the date of initial application which the Group will elect to exempt and continue to expense through the Income Statement.

Based on the assessment performed to date, we anticipate that for the remaining lease commitments, discounted to present value, as at 1 April 2019 the Group expects to recognise right-of-use assets and lease liabilities of approximately $0.3bn. Our review of other contractual arrangements across the Group is substantially complete, and no further arrangements have been identified that meet the definition of a lease under IFRS 16.

IFRS 16 will be adopted on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The following amended standards and interpretations are not expected to have a significant impact on the Group's Consolidated Financial Statements:

IFRIC 23 uncertainty over tax treatments
Amendments to IFRS 9 – Prepayment features with negative compensation
Amendments to IAS 28 – Long-term interests in associates and joint ventures
Amendments to IAS 19 – Plan amendment, curtailment or settlement
Amendments to references to conceptual framework in IFRS standards
IFRS 17 insurance contracts

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2. Statement of accounting policies (continued)

i) Critical accounting judgments

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Defined benefit pension arrangements

The Group's retirement benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high-quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Management follows actuarial advice from a third party when determining these judgements. Another key judgement is the longevity of members. We take specialist advice on this from our actuarial advisors which aims to consider the likely experience taking into account each scheme's characteristics. Our approach is to review these assumptions following completion of their funding valuations, and more frequently only if appropriate to do so. The carrying amount of the Group's retirement benefit obligations at 30 March 2019 was a liability of $214.3m (2018: $228.0m). Further details and sensitivities are set out in note27.

ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Impairment of assets in Greyhound CGU

Determining whether assets are impaired in Greyhound requires an estimation of the value in use based on future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. At the year end the value in use of the Greyhound division exceeds its carrying amount by $385.0m (2018: $928.5m) by $111.1m (2018; $387.3m shortfall). The sensitivity analysis indicates that the Greyhound margin would need to fall by 0.8% or more or growth rates would need to fall below 1.5% for there to be an impact on this CGU. An increase in the discount rate of 134 basis points or more would lead to the value in use of the CGU being less than the carrying value. A reduction in the margin of 1.0% in all years, including the terminal margin, would result in an impairment charge of approximately $42.3m. A reduction in the growth rate of 2.0% in all years, including the terminal growth rate, would result in an impairment charge of approximately $45.8m.

The Group prepares cash flow forecasts derived from the most recent budget for 2019/20 and Three Year Plan projections up to 2021/22 which take account of both past performance and expectations for future developments. Cash flows beyond the plan period are extrapolated using estimated growth rates of 2.5% (2018: 2.8%) for North America which do not exceed the long term average growth rate for the market. Cash flows are discounted using a pre-tax discount rate of 8.3% (2018: 8.2%) for the North American CGUs to arrive at the value in use. The pre-tax discount rates applied are derived from a market participant's weighted average cost of capital. The assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to externally available data.

Self-insurance

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided (including IBNR) is adjusted as required. Given the diversity of claim types, their size, the range of possible outcomes and the time involved in settling these claims, there is a significant risk that a material change could be required to the carrying value of claims provisions in the next financial year. These factors also make it impractical to provide sensitivity analysis on one single measure and its potential impact on overall insurance provisions. The Group's total self-insurance provisions as at the balance sheet date were $535.0m (2018: $438.5m) as set out in note 23. The actuarial range is $447.0m to $572.0m (2018: actuarial range $380.0m to $486.0m).

Uncertain tax positions

Uncertainties exist in relation to differing interpretations of complex tax law in the jurisdictions in which the Group operates. It may take several years to determine the final tax consequences of certain transactions in some jurisdictions. The tax liabilities and assets recognised by the Group are based on estimates made by management on the application of tax laws and management's estimate of the future amounts that will be agreed with tax authorities. Further details on the tax on profit on ordinary activities are set out in note 9. There is a risk that the amounts eventually agreed with tax authorities may differ from the amounts recognised by the Group and would lead to future adjustments to tax assets and liabilities currently recognised, impacting future tax charges.

3. Revenue

	2019 $m	2018 $m
Services rendered	4,678.5	4,679.1

All revenue is derived from the Group's principal activities disclosed in pages 2 to 6 and relates to continuing operations.

FirstGroup America, Inc.

Notes to the financial statements (continued)
Year ended 30 March 2019

4. Reconciliation to non-GAAP measures and performance

In measuring the Group and divisional adjusted operating performance, additional financial measures derived from the reported results have been used in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items are significant, including restructuring and reorganisation costs, material property gains or losses, aged legal and self-insurance claims, significant adverse development factors on insurance provisions, impairment charges and pension settlement gains or losses. In addition, management assess divisional performance before other intangible asset amortisation charges as these are typically a result of Group decisions and therefore the divisions have little or no control over these charges. Management consider that this overall basis more appropriately reflects operating performance and provides a better understanding of the key performance indicators of the business.

Reconciliation of operating profit/(loss) to adjusted operatingprofit	Year to 30 March 2019 $m	Year to 31 March 2018 $m
Operating profit/(loss)	**137.5**	(211.0)
Adjustments for:		
Other intangible amortization charges	**33.4**	91.0
Restructuring and reorganization costs	**26.8**	7.3
North America insurance reserves	**125.0**	45.7
Greyhound impairment	**-**	387.3
Gain on disposal of property	**(12.1)**	-
Adjusted operating profit (note 5)	**310.6**	320.3

The adjusting items are as follows:

Other intangible asset amortization charges
The amortization charge for the year was $33.4m (2018: $91.0m) with the reduction due to a number of customer contract intangibles which have now been fully amortised.

Restructuring and reorganization costs
During the year there was a charge of $26.8m for restructuring and reorganisation costs principally relating to Greyhound's accelerated withdrawal of services in Western Canada, net of a $11.1m gain on disposal relating to the initial property disposals completed in the region.

The $7.3m charge in 2018 was for costs related to contract losses and impairment of assets in First Transit.

North America insurance provisions
The legal climate in North America, particularly in the US, continues to deliver judgements which are unpredictable, increasingly in favour of plaintiffs and punitive in certain regions. This is a complex and judgemental area, and we have based our reserve on the levels recommended by our actuarial advisors.

Following adverse settlements and developments on a number of aged insurance and incurred but not received claims, and against a backdrop of a hardening of the wider motor claims environment and market, this has led to increasing specific case reserves and deterioration in long term development factors.

Once this trend was identified, we initiated an independent actuarial review of the expected risk position, including the claims handler's reserve position. This also confirmed a deterioration in the claims environment and market and therefore an increase in the expected level of settlements and loss factors. This revised position has resulted in a requirement to increase the provision, in respect of claims from prior years, to reflect the costs of meeting existing claims in the current environment.

This change in accounting estimate has resulted in the Group recording an adjusting charge of $125.0m, to increase the self-insurance provisions to a position approximately at the mid-point of the increased actuarial assessments undertaken. The charge relates to First Student $62.3m, First Transit $34.5m and Greyhound $28.2m.

The charge to the income statement for the current financial year reflects this revised environment. For the 2019/20 financial year, the self-insurance charge is expected to increase in line with the level of revenue growth in the business, plus inflation.

The Group has a strong focus on safety and it is one of our five values, and risk mitigation in this area will continue to be an area of focus for the Group. It is expected that the majority of these claims will be settled within the next five years.

Gain on disposal of property
During the year the sale of a Greyhound facility in Chicago was completed which resulted in a gain on sale of $12.1m (2018: $nil).

Notes to the financial statements (continued)
Year ended 30 March 2019

5. Business segments

The Group is organized into three operating divisions – First Student, First Transit and Greyhound. These divisions are the basis on which the Group reports its primary segment information. The principal activities of these divisions are set out in the Review of business. All operations are located within North America. First Transit includes First Services as these are now managed as a single business. Segment information about these businesses is set out below.

The segment results for the year to 30 March 2019 are as follows:

	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Passenger revenue	-	-	749.7	-	749.7
Contract revenue	2,206.7	1,243.2	0.1	-	3,450.0
Charter/private hire	201.6	6.4	4.2	-	212.2
Other	16.6	157.3	92.7	-	266.6
Revenue	2,424.9	1,406.9	846.7	-	4,678.5
EBITDA[2]	464.3	92.7	49.9	-	606.9
Depreciation	(234.5)	(26.1)	(36.4)	-	(297.0)
Grant amortization	-	-	0.7	-	0.7
Segment results[2]	229.8	66.6	14.2	-	310.6
Amortization expense	(14.7)	(2.9)	(15.8)	-	(33.4)
Other adjustments (note 4)	(62.3)	(34.5)	(42.9)	-	(139.7)
Operating profit/(loss)[3]	152.8	29.2	(44.5)	-	137.5
Finance costs					(157.1)
Loss before tax					(19.6)
Tax					(4.4)
Loss for the year					(24.0)

Other information	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Capital additions	335.1	35.5	36.4	0.3	407.3
Depreciation and amortization	249.2	29.0	51.5	-	329.7

Balance sheet[4]	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Total assets	3,610.4	779.8	435.3	108.6	4,934.1
Total liabilities	526.4	251.4	408.6	2,562.6	3,749.0

1 Group items comprise central management and other items.
2 EBITDA is adjusted operating profit less capital grant amortization plus depreciation.
3 Although the segment results are used by management to measure performance, statutory operating profit by operating division is also disclosed for completeness.
4 Segment assets and liabilities are determined by identifying the assets and liabilities that relate to the business of each segment but excluding intercompany balances, net debt and taxation.

5. Business segments (continued)

The segment results for the year to 31 March 2018 are as follows:

	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Passenger revenue	-	-	789.8	-	789.8
Contract revenue	2,130.4	1,249.4	0.2	-	3,380.0
Charter/private hire	203.7	5.9	7.0	-	216.6
Other	16.5	160.5	115.7	-	292.7
Revenue	2,350.6	1,415.8	912.7	-	4,679.1
EBITDA[2]	447.1	105.7	76.9	-	629.7
Depreciation	(236.7)	(28.6)	(44.1)	-	(309.4)
Segment results[2]	210.4	77.1	32.8	-	320.3
Amortization expense	(72.6)	(3.8)	(14.6)	-	(91.0)
Other adjustments (note 4)	(18.8)	(29.3)	(392.2)	-	(440.3)
Operating (loss)/profit[3]	119.0	44.0	(374.0)	-	(211.0)
Finance costs					(153.2)
Loss before tax					(364.2)
Tax					32.3
Loss for the year					(331.9)

Other information	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Capital additions	271.0	38.2	59.9	1.5	370.6
Depreciation and amortization	309.3	32.4	58.7	-	400.4

Balance sheet[4]	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Total assets	3,499.9	767.1	486.7	86.8	4,840.5
Total liabilities	456.3	191.7	421.8	2,554.2	3,624.0

1 Group items comprise central management and other items.
2 EBITDA is adjusted operating profit less capital grant amortization plus depreciation.
3 Although the segment results are used by management to measure performance, statutory operating profit by operating division is also disclosed for completeness.
4 Segment assets and liabilities are determined by identifying the assets and liabilities that relate to the business of each segment but excluding intercompany balances, net debt and taxation.

Notes to the financial statements (continued)
Year ended 30 March 2019

5. Business segments (continued)

Geographical information

The Group's operations are located predominantly in the United States of America and Canada. The following table provides an analysis of the Group's revenue by geographical market:

Revenue	2019 $m	2018 $m
United States of America	**4,231.0**	4,141.3
Canada	**447.5**	537.8
Total revenue	**4,678.5**	4,679.1

The following is an analysis of non-current assets excluding financial instruments, deferred tax and pensions, the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analyzed by the geographical area in which the assets are located:

	Non-current assets excluding financial instruments, and deferred tax		Additions to property, plant & equipment and intangible assets		Carrying amount of segment total assets	
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
United States of America	**3,646.2**	3,651.7	**338.6**	342.4	**4,432.9**	4,351.2
Canada	**415.5**	409.1	**68.7**	28.2	**497.0**	487.1
Unallocated corporate items	**-**	-	**-**	-	**4.2**	2.2
	4,061.7	4,060.8	**407.3**	370.6	**4,934.1**	4,840.5

6. Operating profit

Operating profit has been arrived at after charging/(crediting):

	2019 $m	2018 $m
Depreciation of property, plant and equipment (note 12)	**297.0**	309.4
Operating lease charges	**118.2**	121.8
Amortization of intangible assets (note 11)	**33.4**	91.0
Auditors' remuneration for audit services	**0.9**	1.4
Staff costs (note 7)	**2,788.6**	2,751.3
Foreign exchange losses	**-**	0.2
Cost of inventories recognized as expense	**372.6**	382.6
(Gain)/loss on disposal of property, plant and equipment	**(28.4)**	7.3
Greyhound Impairment charges	**3.5**	387.3
Insurance provision (note 4)	**125.0**	45.7
Other operating costs	**830.2**	792.1
Total operating costs	**4,541.0**	4,890.1

FirstGroup America, Inc.

Notes to the financial statements (continued)
Year ended 30 March 2019

7. **Staff costs**

The average monthly number of employees (including Directors) was:

	2019 No.	2018 No.
Operational	68,869	68,950
Administration	4,094	3,991
	72,963	72,941

Their aggregate remuneration (including Directors) comprised:	2019 $m	2018 $m
Wages and salaries	2,469.9	2,433.6
Employment taxes	285.9	285.0
Other benefit and pension costs	32.8	32.7
	2,788.6	2,751.3

8. **Finance costs**

	2019 $m	2018 $m
HP contracts and finance lease interest	3.5	5.7
Interest on intercompany loans	121.7	116.3
Notional interest on self-insured liabilities	13.4	13.3
Notional interest on pensions	7.7	8.2
Other notional interest	4.7	-
Other interest payable	6.1	9.7
Total borrowing costs	157.1	153.2

There was no interest capitalized into qualifying assets in either the year ended 30 March 2019 or 31 March 2018.

9. Tax on loss on ordinary activities

	2019 $m	2018 $m
Current tax	6.0	8.9
Adjustments with respect to prior years	(1.6)	0.1
Total current tax charge	4.4	9.0
Origination and reversal of temporary differences	(1.2)	(5.1)
Adjustments with respect to prior years	1.2	(1.8)
Adjustments attributable to changes in tax rates and laws	-	(34.4)
Total deferred tax	-	(41.3)
Total tax charge/(credit)	4.4	(32.3)

Current tax is calculated at 26.0% (2018: 36.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction. The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 $m	2019 %	2018 $m	2018 %
Loss before tax	(19.6)	100	(364.2)	100
Tax at the US federal/state tax rate of 26.0% (2018: 36.5%)	(5.1)	26.0	(132.9)	36.5
Adjustments to tax in respect to prior years	0.4	(2.1)	(1.7)	0.5
Tax effect of (income)/expenses that are not deductible in determining taxable profit and other items	(1.0)	5.1	(0.4)	0.1
Unrecognized losses	10.5	(53.7)	4.3	(1.2)
Goodwill impairment	-	-	132.9	(36.5)
Tax rates outside the US	0.5	(2.5)	2.8	(0.8)
Reduction in tax provisions for uncertain tax positions	(0.9)	4.7	-	-
Reduced deferred tax rates on current year temporary differences	-	-	(2.9)	0.8
US tax reform	-	-	(34.4)	9.5
Tax charge/(credit) and effective tax rate for the year	4.4	(22.5)	(32.3)	8.9

The Group recognises provisions for transactions and events in its open tax returns and its ongoing tax audits whose treatment for tax purposes is uncertain, in respect of multiple years. These uncertainties exist due to differing interpretations of local tax laws and decisions by tax authorities. When calculating the carrying amounts management make assumptions relating to the estimated tax which could be payable. The Group maintains engagement with tax authorities and engagement with peer groups that may have similar issues. We engage advisers to obtain opinion on tax legislation and we monitor proposed changes in legislation.

The goodwill impairment in the prior year attracted no tax benefit and the above reconciling item is calculated at 36.5%.

During the prior year the US Tax Cuts and Jobs Act which included a reduction in the federal corporate income tax rate from 35% to 21% was enacted. As a result of the US tax law changes the brought forward deferred tax balances at 31 March 2017 were remeasured leading to a net tax credit of $34.4m in the income statement and charges to other comprehensive income of $28.7m in respect of pensions in the prior year.

10. Goodwill

	2019 $m	2018 $m
Cost		
At 1 April	2,323.5	2,314.7
Additions (note 29)	0.7	1.7
Foreign exchange movements	(6.9)	7.1
At 31 March	2,317.3	2,323.5
Accumulated impairment losses		
At 1 April	364.0	-
Impairment	-	364.0
At 31 March	364.0	364.0
Carrying amount	1,953.3	1,959.5

Goodwill is split as follows:

	2019 $m	2018 $m
Carrying amount		
First Student	1,567.3	1,573.5
First Transit	386.0	386.0
Greyhound	-	-
	1,953.3	1,959.5

Impairment testing

At the year end the carrying value of goodwill was reviewed for impairment in accordance with IAS 36 Impairment of Assets. For the purposes of this impairment review goodwill has been tested for impairment on the basis of discounted future cash flows arising in each relevant CGU.

The Group prepares cash flow forecasts derived from the most recent budget for 2019/20 and Three-Year Plan projections up to 2021/22 which take account of both past performance and expectations for future developments. Cash flows beyond the plan period are extrapolated using estimated growth rates of 2.5% (2018: 2.8%) for North America which do not exceed the long term average growth rate for the market. Cash flows are discounted using a pre-tax discount rate of 8.3% (2018: 8.2%) for the North American CGUs to arrive at the value in use. The pre-tax discount rates applied are derived from a market participant's weighted average cost of capital. The assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to externally available data.

The Directors consider the assumptions to be reasonable based on the historic performance of each CGU and to be realistic in the light of economic and industry forecasts. The calculation of value in use for each CGU is most sensitive to the principal assumptions of discount rate, growth rates and margins achievable. Sensitivity analysis has been performed on the calculations and confirms that no reasonably possible changes in the assumptions would cause the carrying amount of the CGUs to exceed their recoverable amount in respect of the First Transit and First Student divisions.

The value in use of the Greyhound division exceeds its carrying amount by $385.0m (2018: $928.5m) by $111.1m (2018; $387.3m shortfall). The sensitivity analysis indicates that the Greyhound margin would need to fall by 0.8% or more or growth rates would need to fall below 1.5% for there to be an impact on this CGU. An increase in the discount rate of 134 basis points or more would lead to the value in use of the CGU being less than the carrying value. A reduction in the margin of 1.0% in all years, including the terminal margin, would result in an impairment charge of approximately $42.3m. A reduction in the growth rate of 2.0% in all years, including the terminal growth rate, would result in an impairment charge of approximately $45.8m.

Following the review of goodwill, the Directors have concluded that there is no impairment to First Student and First Transit.

FirstGroup America, Inc.

Notes to the financial statements (continued)
Year ended 30 March 2019

11. Other intangible assets

	Greyhound brand and trade name $m	Contracts acquired $m	Software $m	Total $m
Cost				
At 1 April 2018	93.8	595.3	72.5	761.6
Acquisitions (note 29)	-	0.9	-	0.9
Additions	-	-	6.7	6.7
Disposals	-	-	(2.1)	(2.1)
Currency exchange movements	(0.6)	(2.7)	-	(3.3)
At 30 March 2019	93.2	593.5	77.1	763.8
Accumulated amortization and impairment				
At 1 April 2018	53.1	570.2	25.1	648.4
Charge for year	4.2	11.8	17.4	33.4
Currency exchange movements	(0.3)	(2.8)	-	(3.1)
At 30 March 2019	57.0	579.2	42.5	678.7
Carrying amount				
At 30 March 2019	36.2	14.3	34.6	85.1
Cost				
At 1 April 2017	93.1	591.6	46.4	731.1
Acquisitions (note 29)	-	0.9	-	0.9
Additions	-	-	27.8	27.8
Disposals	-	-	(1.7)	(1.7)
Currency exchange movements	0.7	2.8	-	3.5
At 31 March 2018	93.8	595.3	72.5	761.6
Accumulated amortization and impairment				
At 1 April 2017	44.6	497.4	8.1	550.1
Charge for year	4.7	70.7	15.6	91.0
Impairment	3.5	-	2.5	6.0
Disposals	-	-	(1.1)	(1.1)
Currency exchange movements	0.3	2.1	-	2.4
At 31 March 2018	53.1	570.2	25.1	648.4
Carrying amount				
At 31 March 2018	40.7	25.1	47.4	113.2

Contracts acquired through the purchases of businesses and subsidiary undertakings are amortized on a straight-line basis over their useful lives, which is on average nine years.

FirstGroup America, Inc.

Notes to the financial statements (continued)
Year ended 30 March 2019

12. Property, plant and equipment

	Land and buildings $m	Passenger carrying vehicle fleet $m	Machinery and equipment $m	Total $m
Cost				
At 1 April 2018	493.7	3,324.2	450.2	4,268.1
Additions	15.1	354.5	28.0	397.6
Acquisitions (note 29)	-	2.1	-	2.1
Disposals	(44.2)	(51.3)	(36.9)	(132.4)
Reclassified as held for sale	(11.1)	(190.8)	-	(201.9)
Foreign currency movement	(2.6)	(15.7)	(1.5)	(19.8)
At 30 March 2019	450.9	3,423.0	439.8	4,313.7
Accumulated depreciation and impairment				
At 1 April 2018	189.7	1,759.2	374.5	2,323.4
Charge for year	14.9	245.2	36.9	297.0
Impairment	-	0.5	3.0	3.5
Disposals	(12.2)	(46.0)	(34.7)	(92.9)
Reclassified as held for sale	(2.9)	(180.3)	-	(183.2)
Foreign currency movement	(1.0)	(10.7)	(1.2)	(12.9)
At 30 March 2019	188.5	1,767.9	378.5	2,334.9
Carrying amount				
At 30 March 2019	262.4	1,655.1	61.3	1,978.8

The carrying amount of property, plant and equipment includes an amount of $146.9m (2018: $204.4m) in respect of assets held under HP contracts and finance leases.

In the normal course of business, the Group enters into contractual commitments to purchase buses and other assets. At 30 March 2019, the Group had contractual commitments of $127.0m for such purchases (2018: $59.2m).

The impairment charge of $3.5m relates to assets associated with Greyhound.

12. Property, plant and equipment (continued)

	Land and buildings $m	Passenger carrying vehicle fleet $m	Machinery and equipment $m	Total $m
Cost				
At 1 April 2017	486.2	3,241.2	433.6	4,161.0
Additions	11.7	301.5	26.7	339.9
Acquisitions (note 29)	-	2.0	-	2.0
Disposals	(6.8)	(173.8)	(11.3)	(191.9)
Reclassified as held for sale	-	(61.5)	-	(61.5)
Foreign currency movement	2.6	14.8	1.2	18.6
At 31 March 2018	493.7	3,324.2	450.2	4,268.1
Accumulated depreciation and impairment				
At 1 April 2017	178.5	1,695.5	338.0	2,212.0
Charge for year	10.9	253.9	44.6	309.4
Impairment	1.7	17.0	2.2	20.9
Disposals	(2.2)	(156.6)	(11.2)	(170.0)
Reclassified as held for sale	-	(60.3)	-	(60.3)
Foreign currency movement	0.8	9.7	0.9	11.4
At 31 March 2018	189.7	1,759.2	374.5	2,323.4
Carrying amount				
At 31 March 2018	304.0	1,565.0	75.7	1,944.7

FirstGroup America, Inc.

Notes to the financial statements (continued)
Year ended 30 March 2019

13. Investments

	2019 $m	2018 $m
US deferred compensation plan assets	**41.2**	40.0
Other investments	**3.3**	3.4
	44.5	43.4

14. Inventories

	2019 $m	2018 $m
Fuel and oil	**5.6**	6.7
Parts	**37.7**	35.7
	43.3	42.4

There is no material difference between the balance sheet value of inventories and their replacement cost. There was no material write down of inventories during the current or prior year.

15. Trade and other receivables

	2019 $m	2018 $m
Amounts due within one year:		
Trade receivables	433.8	395.7
Loss allowance	(3.8)	(4.2)
Trade receivables net	430.0	391.5
Other receivables	14.7	11.1
Accrued income	257.4	226.5
Prepayments	90.3	74.6
	792.4	703.7

Loss allowance relates solely to credit loss allowances arising from contracts with customers.

Accrued income principally comprises amounts relating to contracts with customers.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Credit risk

Credit risk is the risk that financial loss arises from failure by a customer or counterparty to meet its obligations under a contract.

Credit risk exists in relation to the Group's financial assets, which comprise trade and other receivables of $792.4m (2018: $703.7m), cash and cash equivalents of $25.4m (2018: $30.1m).

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The provision for doubtful receivables at the balance sheet date was $3.8m (2018: $4.2m).

Most trade receivables are with public or quasi-public bodies, principally the school bus boards and city municipal authorities in North America. The Group does not consider any of these counterparties to be a significant risk. Each division within the Group has a policy governing credit risk management on trade receivables.

The counterparties for bank balances and derivative financial instruments are mainly represented by lending banks and large banks with a minimum of 'A' credit ratings assigned by international credit rating agencies. These counterparties are subject to approval by the Board. Group treasury policy limits the maximum deposit with any one counterparty to $93.5m and limits the maximum term to three months.

Impairment of trade receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables at each reporting date.

Provision matrices are used to measure expected losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns, such as geographical region, service type, and customer type and rating. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model in accordance with IAS 39. Trade receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified.

Trade receivables are written-off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written-off are credited against the same line item.

15. Trade and other receivables (continued)

The gross carrying amount of trade receivables, for which the loss allowance is measured at an amount equal to the lifetime expected credit losses under the simplified method, is analysed below:

	Carrying amount $m	Current $m	Days past due: Less than 30 days $m	30-90 days $m	90 -180 days $m	Over 180 days $m
Expected credit loss rate	0.9%	-	-	1.0%	2.2%	50.9%
Gross carrying amount of trade receivables	433.8	282.9	90.4	40.9	13.9	5.7
Loss allowance	3.8	-	0.2	0.4	0.3	2.9

The table above is an aggregation of different provision matrices for each of the customer segment groupings, as outlined above. The expected loss rate for each ageing bucket is the weighted average loss rate across these groupings. The 'Current' and 'Less than 30 days' buckets consist primarily of receivables from groupings for which, based on historical losses and both the current and forecast economic conditions, the expected credit losses are negligible, resulting in the application of a 0% loss rate.

An analysis of financial assets which are past due but not impaired is set out below.

	2019 $m	2018 $m
Movement in the provision for doubtful receivables:		
Balance at the beginning of the year4.2		4.1
Utilized during the year	(5.1)	(5.1)
Amounts recovered during the year	-	(0.8)
Increase in allowance recognized in the income statement	4.7	6.0
Balance at the end of the year	3.8	4.2

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16. Assets held for sale

	2019 $m	2018 $m
Assets held for sale	7.1	1.3

Assets held for sale comprise of North American properties and First Student yellow school buses, which are surplus to requirements and are being actively marketed. Gains or losses arising on the disposal of such assets are included in arriving at operating profit in the income statement. The Group expects to sell such yellow school buses within 12 months of them going onto the 'for sale' list. The value at each balance sheet date represents management's best estimate of their resale value. There are no liabilities associated with these held for resale assets.

17. Trade and other payables

	2019 $m	2018 $m
Amounts falling due within one year:		
Trade payables	118.0	140.8
Other payables	166.8	144.3
Accruals and deferred income	206.2	199.8
Total	491.0	484.9

Trade payables and accruals principally comprise of amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2018: 29 days). The Group has controls in place to ensure that all payments are paid within the appropriate credit timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the financial statements (continued)
Year ended 30 March 2019

18. Cash and cash equivalents

	2019 $m	2018 $m
Cash and cash equivalents	**25.4**	30.1

The fair value of cash and cash equivalents matches the carrying value.

19. Effective interest rates

The effective interest rates at the balance sheet dates were asfollows:

	2019 %	2018 %
$1,425m (2018: $1,425m) Parent company fixed rate term loans	5.55.5	
$800m Parent company borrowing facility	LIBOR + 0.41	LIBOR + 0.41
$100m Parent company promissory note	LIBOR + 3.0	LIBOR + 3.0

The parent company borrowing facility had $29.6m undrawn (2018: $242.5m). The $1,425m fixed term loans had $450m undrawn (2018: $375m). The $100m parent company promissory note had $60m undrawn (2018: $57m undrawn).

20. Finance leases

The Group had the following obligations under finance leases as at the balance sheet dates:

	2019		2018	
	Minimum payments $m	PV of payments $m	Minimum payments $m	PV of payments $m
Maturing in less than one year	**55.6**	**54.1**	65.9	64.3
Maturing in more than one year but not more than two years	**24.8**	**23.5**	58.3	55.3
Maturing in more than two years but not more than five years	**0.5**	**0.4**	27.6	25.4
Maturing in more than five years	**0.1**	**0.1**	0.1	0.1
	81.0	**78.1**	151.9	145.1
Less future financing charges	**(2.9)**	**-**	(6.8)	-
Present value of minimum lease payments	**78.1**	**78.1**	145.1	145.1

The lease obligations are denominated in US Dollars and Canadian Dollars.

HP lease obligations	**2019**	2018
US Dollar denominated fixed rate leases		
US Dollar fixed rate leases	**$74.4m**	$135.3m
Average remaining lives	**1 year**	2 years
Effective borrowings rates	**2.69%**	2.50%
CAD Dollar denominated fixed rate leases		
CAD Dollar fixed rate leases	**$C4.9m**	$C12.7m
Average remaining lives	**1 year**	2 years
Effective borrowings rates	**5.15%**	4.27%

The Group considers there to be no material difference between the fair value of the Canadian dollar finance leases and the carrying amount in the balance sheet. The US Dollar finance leases have a fair value of $72.1m (2018: $131.5m. The fair value is calculated by discounting future cash flows that will arise under the lease agreements.

Notes to the financial statements (continued)
Year ended 30 March 2019

21. Financial risk management

The most material financial risks faced by the company are liquidity risk and the effects of changes in interest rates and fuel prices. These risks are managed and controlled on a Group wide basis by its ultimate parent company, FirstGroup plc within the context of a set of formal treasury policies established by the FirstGroup plc Board.

Liquidity risk
Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities. As the Group is a subsidiary of FirstGroup Plc., its liquidity risk and management are consistent with that of FirstGroup plc's risk and mitigation strategies.

The objective of the FirstGroup plc's liquidity risk management is to ensure sufficient committed liquidity resources. The Group has a diversified debt structure largely represented by medium-term unsecured syndicated and bilateral committed bank facilities and long term unsecured bond debt. It is a policy requirement that refinancing obligations must be addressed well in advance of their due dates.

FirstGroup plc treasury policy requires a minimum of £150m of committed liquidity headroom at all times within medium term bank facilities and such facilities must be renewed or replaced well before their expiry dates. At 30 March 2019, the total amount of these facilities stood at $1,042.8m (2018: $840.9m), and committed headroom was $460.5m (2018: $840.9m). The next material contractual expiry of revolver bank facilities is in November 2023. Largely due to the seasonality of the yellow school bus business, headroom tends to reduce from March to October and increase again by the following March.

The average duration of net debt (excluding ring-fenced cash) at 30 March 2019 was 4.3 years (2018: 4.1 years).

Interest rate risk
The company has inter-group debt on which interest is payable at a margin above US Dollar LIBOR. The following sensitivity analysis details the sensitivity of FirstGroup America, Inc. to a 100 basis point increase in US Dollar LIBOR throughout the reporting period with all other variables held constant:

	2019 $m	2018 $m
Effect on profit after tax	(6.7)	(5.3)

Fuel price risk
The ultimate parent company, FirstGroup plc, purchases diesel fuel on a floating price basis for its US and Canadian bus operations and therefore is exposed to changes in diesel prices, of which the most significant element is crude oil price risk. The Group's policy objective is to maintain a significant degree of fixed price protection in the short term with lower levels of protection over the medium term, so that the businesses affected are protected from any sudden and significant increases and have time to prepare for potentially higher costs, whilst retaining some access for potentially lower costs over the medium term. The Group primarily uses fixed rate swap instruments to achieve significant fixed price certainty. During the year to 30 March 2019, the Group was hedged 79% on fuel price risk.

FirstGroup plc has also entered into swaps for periods from April 2019 to March 2022 with the majority of these swaps relating to the year to 30 March 2019. The swaps give rise to monthly cash flow exchanges with counterparties to offset the underlying settlement of floating price costs, except where they have a deferred start date. Gains or losses on fuel derivatives are recycled from equity to the income statement on qualifying hedges to achieve fixed rate fuel costs within operating results.

The following analysis details the sensitivity of FirstGroup America, Inc. on profit after tax and equity if the price of crude oil had been $10 per barrel higher at the year end:

	2019 $m	2018 $m
Impact on profit after tax	(2.9)	(3.1)
Impact on hedging reserve	6.5	7.2

Volume at risk for the year to 31 March 2020 is 1.2m (2019: 1.3m) barrels for which 59% (2018: 51%) is hedged to diesel price risk.

Notes to the financial statements (continued)
Year ended 30 March 2019

22. Deferred tax

The following are the major deferred tax liabilities and assets recognized by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation $m	Retirement benefit schemes $m	Other temporary differences $m	Tax losses $m	Total $m
At 1 April 2017	(264.4)	76.1	(115.5)	269.0	(34.8)
Credit to income	42.4	10.2	(18.6)	7.3	41.3
Credit to equity	-	(38.2)	-	-	(38.2)
Foreign Exchange/Other	(0.6)	-	-	4.5	3.9
At 31 March 2018	(222.6)	48.1	(134.1)	280.8	(27.8)
(Charge)/credit to income	(20.2)	(3.5)	(3.6)	27.3	-
Credit to equity	-	1.3	-	-	1.3
Foreign Exchange/Other	0.5	-	(0.1)	4.9	5.3
At 30 March 2019	**(242.3)**	**45.9**	**(137.8)**	**313.0**	**(21.2)**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 $m	2018 $m
Deferred tax assets	-	-
Deferred tax liabilities	(21.2)	(27.8)
Total	(21.2)	(27.8)

No deferred tax has been recognised on deductible temporary differences of $60.9m (2018: $73.6m) and tax losses of $223.2m (2018: $198.9m). The earliest period in which some of the unrecognised assets will expire is year ended 31 March 2027

23. Provisions

	Legal and other[1] $m	Insurance claims[2] $m	Total $m
At 1 April 2018	**32.4**	**438.5**	**470.9**
Provided in the year	35.4	334.0	369.4
Utilized in the year	(28.9)	(250.2)	(279.1)
Notional interest	4.7	13.4	18.1
Foreign currency movement	-	(0.7)	(0.7)
At 30 March 2019	**43.6**	**535.0**	**578.6**
Current liabilities	**15.1**	**187.2**	**202.3**
Non-current liabilities	**28.5**	**347.8**	**376.3**
At 30 March 2019	**43.6**	**535.0**	**578.6**
Current liabilities	-	153.5	153.5
Non-current liabilities	32.4	285.0	317.4
At 31 March 2018	**32.4**	**438.5**	**470.9**

[1] Legal and other provisions relate to estimated exposures for cases filed or thought highly likely to be filed for incidents that occurred prior to the balance sheet date. It is anticipated that most of these items will be settled within 10 years. Other items also include provisions in respect of environmental liabilities and costs anticipated on the exit of surplus properties which are expected to be settled over the remaining terms of the respective leases.

[2] Insurance claims accruals arise from estimated exposures to incidents occurring prior to the balance sheet date. It is anticipated that the majority of these claims will be settled within the next six years although certain liabilities in respect of lifetime obligations can extend for up to 30 years. The utilization represents payments made largely against the current liability of the preceding year.

24. Contingent liabilities

To support operating units in their normal course of business, certain banks and insurance companies have issued performance bonds for $703.8m (2018: $721.4m) and letters of credit for $479.3m (2018: $457.1m) and have been indemnified by the ultimate parent company, FirstGroup plc. The letters of credit relate substantially to insurance arrangements in North America.

The Company is party to certain unsecured guarantees granted to banks for overdraft and cash management facilities provided to itself and subsidiary undertakings.

The Group is party to legal proceedings and claims which arise in the normal course of business, including but not limited to employment and safety claims. The Group takes legal advice as to the likelihood of success of claims and counterclaims. No provision is made where, due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings can be determined.

The Group's operations are required to comply with a wide range of regulations, including environmental and emissions regulations. Failure to comply with a particular regulation could result in a fine or penalty being imposed on that business, as well as potential ancillary claims rooted in non-compliance.

25. Operating lease arrangements

At the balance sheet dates, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 $m	2018 $m
Within one year	86.3	80.1
In the second to fifth years inclusive	190.7	145.7
After five years	55.9	88.2
	332.9	314.0

26. Called up share capital

	2019 $m	2018 $m
Authorized:		
7,000 ordinary shares of $0.01 each	-	-
Allotted, called up and fully paid:		
954 ordinary shares of $0.01 each	-	-

27. Retirement benefit schemes

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. There is no legal or constructive obligation to pay additional contributions into a defined contribution plan if the fund has insufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

Employees in the US have been able to join a defined contribution arrangement for many years. They receive a Company match which varies by employment status. All new employees in Canada join a defined contribution arrangement. Union employees join the Eastern or Western plan, whilst managers and supervisors join the Supervisory plan. They receive a Company contribution dependent on their personal contribution and the plan they are in.

The total expense recognized in the consolidated income statement of $18.2m (2018: $19.1m) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

Defined benefit plans

The Group sponsors five funded defined benefit plans across its operations, covering former and current employees.

US

The Group operates two defined benefit arrangements in the US although benefit accrual ceased some years ago. The plans are valued annually, when the funding position and minimum and maximum contributions are established. Deficits are paid off as required by legislation.

Greyhound Canada

There are three plans, relating to Eastern, Western and Supervisory employees. All the plans are now closed to new members, although benefit accrual continues for existing members.

The plans are valued annually, when the cost of future service and the funding position are identified. Future service costs are shared between the members and the Company, with deficit contributions being met entirely by the Company.

At their last triennial valuations, the defined benefit schemes had funding levels between 71% and 108% (2018: 74.4% and 105.4%). The market value of the assets at 30 March 2019 for all defined benefit schemes totaled $610m (2018: $637m).

The valuation assumptions used for accounting purposes have been made uniform to Group standards, as appropriate, when each scheme is actuarially valued.

27. Retirement benefit schemes (continued)

The valuation assumptions used for accounting purposes have been made uniform to Group standards, as appropriate, when each scheme is actuarially valued.

Key assumptions used:	2019	2018
Discount rate	**3.50%**	3.70%
Expected rate of salary increases	**2.50%**	2.50%
Inflation – CPI	**2.00%**	2.00%
Mortality – Age 65 (US/Canada)	**18.2 years**	18.1 years
Age 45 (US/Canada)	**19.4 years**	19.3 years

The Group reviews its longevity assumptions for each scheme following completion of funding valuations. The assumptions adopted reflect recent scheme experience and views on future longevity which may include industry specific adjustment where appropriate. The Group obtains specialist actuarial advice before agreeing longevity assumptions.

Sensitivity of retirement benefit obligations to changes in assumptions
The method used to derive the sensitivities is the same as that used to calculate the main disclosures. The exception is longevity where we have instead applied a general rule that 1 year's extra life expectancy adds c4% to the defined benefit obligation. This is consistent with the method applied to deriving last year's sensitivities.

A 0.1% movement in the discount rate would impact the 2018/19 balance sheet position by approximately $11m. A 0.1% movement in the inflation rate would not impact the 2018/19 balance sheet position. Management considers that, while greater variation might also be reasonably possible, the figures provide a suitable indication of the potential impact of each 0.1% change in the financial assumptions.

a) Income statement

Amounts recognized in income in respect of these defined benefit schemes are as follows:

	2019 $m	2018 $m
Current service cost (including administrative expenses)	**(12.0)**	(13.2)
Past service loss including curtailments and settlements	**(2.6)**	(0.4)
Net Interest cost	**(7.7)**	(9.4)
	(22.3)	(23.0)

During the year $8.3m (2018: $8.5m) of administrative expenses were incurred.

Actuarial gains and losses have been reported in the statement of recognized income and expense.

The actual return on scheme assets was $54.0m (2018: $68.1m).

Reconciliation of the actual return on scheme's assets:

	2019 $m	2018 $m
Interest income on assets	**22.5**	22.5
Actuarial gain on assets	**41.6**	32.0
Currency (loss)/gain	**(10.1)**	13.6
Actual return on scheme assets	**54.0**	68.1

27. Retirement benefit schemes (continued)

(b) Balance sheet

The amounts included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes are as follows:

As at the end of the year	2019 $m	2018 $m
Fair value of schemes' assets	610.0	637.4
Present value of defined benefit obligations	(824.3)	(865.4)
Deficit in schemes	(214.3)	(228.0)
Liability recognized in the balance sheet	(214.3)	(228.0)
The amount is presented in the consolidated balance sheet as follows:		
Non-current liabilities	(214.3)	(228.0)

(c) Defined benefit obligations (DBO)

Movements in the present value of DBO were as follows:

	2019 $m	2018 $m
At 1 April	865.4	904.9
Current service cost (excluding administrative expenses)	12.0	13.2
Past service cost and curtailments	(1.7)	-
Interest cost	29.8	31.9
Effects of settlements	(29.6)	(6.0)
Employee share of change in DBO	1.3	1.5
Experience loss/(gain) on DBO	30.3	(4.0)
Gain on change of assumptions (demographic)	(0.9)	(4.0)
Loss/(gain) on change of assumptions (financial)	16.0	(0.7)
Benefit payments	(84.3)	(83.8)
Currency (gain)/loss	(14.0)	12.4
At 31 March	824.3	865.4

During the year, there was a restructuring of the Group's Greyhound business in Canada which resulted in a settlement charge. Only a proportion of the benefit payments expected in respect of this settlement had been made at the year-end date. The income statement and closing DBO reflect the amounts settled and the change in IAS19 obligation already experienced. We anticipate that both assets and DBO will be reduced by future lump sum payments of $27.1m.

27. Retirement benefit schemes (continued)

(d) Fair value of schemes' assets

Movements in the fair value of schemes' assets were as follows:

	2019 $m	2018 $m
At 1 April	**637.4**	634.6
Settlement impact of assets	**(34.0)**	(6.4)
Interest income on assets	**22.5**	22.5
Company contributions	**35.7**	23.3
Employee contributions	**1.3**	1.5
Actuarial gain on assets	**41.6**	32.0
Benefit paid from schemes	**(76.1)**	(75.2)
Employer administration expenses	**(8.3)**	(8.5)
Currency (loss)/gain	**(10.1)**	13.6
At 31 March	**610.0**	637.4

(e) Asset allocation

The vast majority of the assets held by the pension arrangements are invested in pooled funds with a quoted market price. The analysis of the schemes' assets at the balance sheet dates were as follows:

At 31 March	2019 $m	2018 $m
Global equity	**204.4**	235.3
Fixed income/liability driven	**238.6**	234.1
Other return seeking assets	**47.8**	58.0
Real estate	**102.3**	88.7
Cash and cash equivalents	**16.9**	21.3
	610.0	637.4

(f) Consolidated statement of comprehensive income

Amounts presented in the consolidated statement of comprehensive income comprise:

	2019 $m	2018 $m
Actuarial (loss)/gain on DBO	**(45.4)**	8.7
Actuarial gain on assets	**41.6**	32.0
Actuarial (loss)/gain on defined benefit schemes	**(3.8)**	40.7

27. Retirement benefit schemes (continued)

The estimated amounts of contributions expected to be paid to the schemes during the financial year to 31 March 2020 is $25.0m (year to 30 March 2019: $34.5m).

Risks associated with defined benefit plans:

Generally, the number of employees in defined benefit plans is reducing rapidly, as these plans are largely closed to new entrants, and in many cases to future accrual. Consequently, the number of defined contribution members is increasing.

The key risks relating to the defined benefit pension arrangements and the steps taken by the Group to mitigate them are as follows:

Risk	Description	Mitigation
Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. Most of the defined benefit arrangements hold a significant proportion of return-seeking assets (equities, diversified growth funds and global absolute return funds) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term.	Asset liability modelling has been undertaken to ensure that any risks taken are expected to be rewarded and, in relation to the Company's largest pension exposures further work is being undertaken to ensure that the investment strategy remains the most appropriate.
Uncertainty over level of future contributions	Contributions to defined benefit schemes can be unpredictable and volatile as a result of changes in the funding level revealed at each valuation.	The Group engages with the Trustees and Administering Authorities to consider how contribution requirements can be made more stable. The level of volatility and the Group's ability to control contribution levels varies between arrangements.
Life expectancy	The majority of the scheme's obligations are toprovide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.	Periodic studies are undertaken into mortality experience and the recommendations are incorporated into the assumptions made.
Legislative risk	Future legislative changes are uncertain. In the past these have led to increases in obligations, through introducing pension increases, and vesting of deferred pensions, or reduced investment return.	The Group receives professional advice on the impact of legislative changes.

28. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated and are not disclosed in this note.

Amounts due to other companies within FirstGroup of $2,365.8m (2018: $2,266.2m) are included within non-current liabilities due to the nature of the pay back provisions. Interest is calculated on these at the rate of LIBOR plus 0.41 – 2.50%. The movement within the year is primarily due to working capital movement.

FirstGroup America, Inc paid interest to other wholly owned related parties within FirstGroup of $121.7m (2018: $116.3m) under intercompany borrowing facilities.

FirstGroup Investment Corporation, Inc. is the immediate parent company of FirstGroup America, Inc. The directors regard FirstGroup plc, incorporated in the United Kingdom, as the ultimate parent undertaking and ultimate controlling party. The consolidated accounts of the ultimate undertaking are available from 395 King Street, Aberdeen, AB24 5RP, Scotland, United Kingdom.

29. Acquisition of businesses and subsidiary undertakings

Provisional fair value of net assets acquired	2019 $m	2018 $m
Property, plant and equipment	2.1	2.0
Other intangible assets	0.9	0.9
Other liabilities	(0.3)	(0.4)
	2.7	2.5
Goodwill	0.7	1.7
Satisfied by cash paid and payable	3.4	4.2

On 1 August 2018, the Group completed the acquisition of CG Pearson Bus Lines, an Ontario-based provider of school and charter transportation services. The $3.4m consideration represent $3.1m cash paid in the period and $0.3m of deferred consideration.

The business acquired during the year contributed $2.1m (2018: $4.3m) to Group revenue and $0.7m (2018: $0.3m) to Group operating profit from date of acquisition to 30 March 2019.

If the acquisitions of the business acquired during the year had been completed on the first day of the financial year, Group revenue from this acquisition for the period would have been $2.9m (2018: $6.3m) and the Group operating profit from this acquisition attributable to equity holders of the parent would have been $0.9m (2018 $0.6m).

30. Remuneration of key management personnel

The remuneration of key management personnel of the Group is set out below in aggregate for each of the categories specified in the IAS 24 Related Party Disclosures. The remuneration of key management includes directors as named previously during the period in which they served.

	2019 $m	2018 $m
Basic salaries	2.6	2.5
Performance related bonuses	0.8	1.2
Other benefits	0.5	0.3
	3.9	4.0

FirstGroup America, Inc.

Report and Non-Statutory Financial Statements

Year ended 31 March 2018

FirstGroup America, Inc.

Report and financial statements

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FirstGroup America, Inc.

Report and financial statements

Officers and professional advisers

Directors

Scott Spivey
Mike Petrucci
James Tippen

Secretary

Mike Petrucci

Registered Office

2711 Centerville
Suite 400
Wilmington
Delaware
19808

Bankers

JP Morgan Chase & Co
New York

Solicitors

Dinsmore & Shohl
Cincinnati

Auditor

Deloitte LLP
Glasgow
United Kingdom

FirstGroup America, Inc.

Directors' report

The directors present their report and the non-statutory audited financial statements for the year ended 31 March 2018. The figures for the year to 31 March 2018 include the results of the business for the 53 weeks ended 31 March 2018. The figures for the year to 31 March 2017 include the results of the business for the 52 weeks ended 25 March 2017.

Principal activities

The principal activity of FirstGroup America, Inc. ("the Company") and its subsidiaries (the "Group") is the provision of passenger transport services.

Review of the business and results

The Group has three operating divisions: Yellow School Buses (First Student), Transit Contracting, Management and Vehicle Fleet Maintenance Services (First Transit) and intercity coach services (Greyhound). Headquartered in Cincinnati, FirstGroup America Inc. operates across US, Canada and parts of Mexico. Revenue from our three businesses of Student, Transit and Greyhound was $4,679.1m (2017: $4,571.7m). Operating profit before amortization expense and other items detailed in note 4 ("adjusted operating profit") decreased to $320.3m (2017: $371.3m) representing a decrease of 13.7%. The Group reported a statutory loss for the year of $211.0m (2017: $316.4m profit) principally reflecting the $387.3m Greyhound goodwill and other asset impairments.

Net assets have decreased by $323.3m since the start of the year. The principal reasons for this are the retained loss for the year of $331.9m partly offset by favourable translation reserve movements of $7.5m.

Dividends

Dividends of $1.0m (2017: $nil) were paid to non-controlling interests in the year.

First Student

First Student's revenue was $2,350.6m (2017: $2,323.3m), with increases from the fourth year of our contract pricing strategy, some organic growth and indexation on existing contracts offset by contracts not renewed. The business operated for a similar number of days overall in the year, with the additional operating days in the 53rd week offset by the timing of Easter. In constant currency and excluding the 53rd week, revenue decreased by 1.1%.

Adjusted operating profit decreased by 5.3% to $210.4m (2017: $222.0m) in constant currency, an adjusted operating margin of 9.0% (2017: 9.6%). Contract portfolio pricing improvements and cost efficiency savings were offset by ongoing driver shortage costs and other inflation, lower contract retention rates than we had targeted for and the impact of the severe weather experienced in the second half. The net impact from bad weather was made up of a relatively high number of weather make up days in the first half (reflecting the severe winter in 2017), largely offset by an unusually high number of days lost to bad weather in the last quarter, some of which we expect to get back in the 2018/19 financial year as schools add them to the end of their academic calendar. The division reported a statutory operating profit of $119.0m (2017: $152.6m).

Focused and disciplined bidding
During the summer 2017 bid season we continued to focus our bidding strategy on only retaining or bidding for contracts at prices that reflect an appropriate return on the capital we invest. With a substantial proportion of the portfolio already benefiting from this strategy in previous years, the moderating 5.3% average price increase on 'at risk' business was largely as expected, as was the higher 'at risk' retention rate of 83% compared with the prior year (equivalent to 94% of the entire fleet). Combined with a modest level of organic growth and some conversions from in-house to private provision, we are operating a bus fleet of approximately 42,000 vehicles for the balance of this school year.

Continuous improvement in operating and financial performance
First Student delivered further cost efficiencies, including from changes to our engineering practices using the expertise of First Transit's vehicle maintenance services segment, and from our ongoing focus on best practice sharing and standardised processes within the division. These initiatives have delivered recurring cost savings of approximately $13m in the year. These initiatives have been delivered despite the ongoing challenge of finding and retaining drivers in some locations due to the strong US employment market. We continue to invest in our recruitment marketing, onboarding and retention programmes to contain the resulting driver cost inflation. Despite driver shortages, our non-school charter bus offering, which benefits our asset utilisation rates, grew revenues by 7.1% on a per bus basis.

Prudent investment in our key assets
We have sustained our investment in systems and processes that differentiate our offering and enhance our customer service levels and safety performance. Our FirstView smartphone app, which provides real-time bus location tracking for parents and school boards, now covers 140,000 students with 22,000 registered users to date; additional functionality for school districts has recently been added to the system. We have sustained our investment in the fleet and continue to improve our approach to cascading buses around our operations, which is a significant competitive advantage of our scale. Our average fleet age reduced slightly to 7.1 years. During the year we completed a small acquisition in the Chicago area, which is performing in line with our plans, and we are building up our pipeline of potential bolt-on acquisition targets for the future. We also completed the acquisition of the remaining 49% shares in Miles Square Transportation, Inc. from the non-controlling interest party at a fixed price sum of $19.1m.

First Student (continued)

Responsible partnerships with our customers and communities
We are entrusted with the safety and security of millions of children every day, and we take that responsibility extremely seriously. We maintained our safety track record during the year and are investing to improve our performance further. We also maintained our already high customer service scores and increased our likelihood to recommend scores. We have also begun a partnership with the US School Superintendents' Association to support the National Superintendent of the Year Program as part of our commitment to support our communities.

Our priorities and outlook
In the year ahead our focus is increasingly on profitable growth. We have had an encouraging start to the bid season with improved retention rates and some major new contracts already secured. In addition to improving contract retention and our ongoing pricing strategy, we intend to strengthen our charter proposition, increase promotion of our nascent managed services offering to school boards who provide home-to-school services in-house, and will more actively consider inorganic sources of growth such as small bolt-on acquisitions. We will continue to improve our cost efficiency through initiatives such as enhanced on-board technology that will enhance daily operations and driver management, the full roll out of an employee smartphone app which is transforming our ability to communicate with our workforce and is specifically aimed at helping boost driver retention, and the ongoing integration of our maintenance organisation and practices with First Transit.

First Transit

First Transit operations excluding Panama ("First Transit") revenue was $1,415.8m (2017: $1,354.4m), an increase of 2.4% in constant currency and excluding the 53rd week. As expected, contract awards and organic growth in the rest of the division was partially offset by lower shuttle bus activity in the Canadian oil sands region compared with the prior year.

Adjusted operating profit was $77.1m (2017: $94.1m), representing an adjusted operating margin of 5.5% (2017: 7.0%). A disappointing first half margin principally reflected higher costs in relation to certain poorly performing contracts; First Transit succeeded in improving its second half margin as forecasted, reflecting the reversal of a provision against receivables made in light of the hurricanes which devastated Puerto Rico in the first half and despite higher medical costs and continued cost pressure from driver shortages in certain regions. The division reported a statutory profit was $44.0m (2017: $91.4m).

Focused and disciplined bidding
Our shuttle business successfully renewed several university campus and airport contracts in the year; however, two of our contracts in the Canadian oil sands region were not, resulting in a $7.3m restructuring charge in the year; the loss of these high margin contracts will have an impact on the division's margin going forward. In addition to the oil sands contracts, we also completed work on the two relatively large poorly performing contracts discussed at the half year stage, where we had bid significantly higher prices and lost, resulting in our retention rate on 'at risk' contracts of 82% during the year. First Transit did however have a good year for new business, with 33 new contracts including major paratransit and fixed route wins from the Vancouver and Los Angeles authorities, respectively. We were pleased to retain or extend a number of significant pieces of business during the year, such as our Greater Richmond paratransit contract where we initially fulfilled a short term emergency contract that we have now extended into a multi-year relationship, and our City of Phoenix fixed route contract which we have operated for over a decade. We are taking a measured approach to applying our expertise to new geographies and services to secure additional sources of growth. In the year, we extended our successful Panama contract by an additional two-and-a-half years, participated in significant North American commuter rail and light rail competitions, and are working to establish a solid footprint in the Indian market.

Continuous improvement in operating and financial performance
We continue to develop our technology infrastructure, management expertise and national service platform to help to sustain First Transit's performance in highly competitive markets. We also upgraded our recruitment, retention and training systems and processes to ensure we maintain the necessary capability in what remains a tight US employment market. In the year we had some success initiating a programme to recruit unemployed Puerto Rican drivers to take on roles on the mainland in response to the driver shortages we are experiencing in some areas.

Prudent investment in our key assets
In the majority of our contracts we operate or manage services on behalf of our clients rather than providing vehicles. We have maintained our investment in the latest driver management, predictive analytics and routing technology. We are also investing in autonomous vehicle (AV) technology, and now have six AV operational partnerships underway, including our first vehicle on public streets which started in June 2018. Additionally, we have established teaming agreements with several leading AV manufacturers to provide new growth opportunities in this market.

Responsible partnerships with our customers and communities
We remain committed to offering the best value package to our customers and the communities we serve, which means our professionalism, technical and operational expertise and safety standards are as important as our cost effectiveness in winning or retaining business. We have completed the roll out of our safety behavioural change programme, which has had a positive impact on our safety performance, and we were pleased to have further increased our already strong customer satisfaction score during the year.

First Transit (continued)

Our priorities and outlook
First Transit continues to develop our diversified platform of sector expertise and exceptional management strength in North American transit markets through continuous investment in our people and technology. We see opportunities for further growth in our core markets, particularly in shuttle and in vehicle services, increasingly for corporate as well as public clients. We also expect to have opportunities in adjacent markets where we have now established our credentials – such as light rail, commuter rail and bus rapid transit (BRT) – to become increasingly significant for our business. We continue to develop partnerships with ridesharing companies to provide Americans with Disabilities Act compliant transportation. We remain confident that our services are a compelling option for both local authorities and private customers to outsource their transportation management needs. We will therefore keep bidding for contracts offering good margins with modest capital investment, while seeking to replenish and grow our portfolio of contracts both within our core markets and by piloting new business models.

Greyhound

Greyhound's revenue was $912.7m (2017: $894.0m), with like-for-like revenue decreasing by 0.7%. This reflects short haul growth including 7.7% like-for-like growth achieved by Greyhound Express being more than offset by declines in long haul demand, where competition from ultra low cost airlines in particular is intensifying. These competitors are bringing significant additional aircraft capacity into operation while also connecting to a growing number of secondary airports. We have also experienced reductions in traffic in the southern border regions due to tighter immigration and law enforcement.

Adjusted operating profit was $32.8m (2017: $55.2m), representing an adjusted operating margin of 3.6% (2017: 6.2%), with our ability to mitigate the revenue challenges noted above through further cost efficiencies limited by the ongoing increases in fleet maintenance and driver costs previously highlighted. Greyhound was also affected by this year's difficult weather conditions in some of the busiest parts of our network. Recognising the difficult trading conditions in the year and the outlook, we have impaired the carrying value of the division's goodwill and other assets by $387.3m or £277.3m. The division reported a statutory loss of $374.0m (2017: $72.4m profit).

Driving growth through attractive commercial propositions
Greyhound is a unique business thanks to its iconic brand and access to by far the largest intercity coach network in North America. Over recent years we have taken major steps to transform all areas of the customer experience throughout the business. With the trends in different parts of our business diverging, we are adapting our business in response. Our point-to-point Greyhound Express and BoltBus brands, which offer higher density timetables between popular city pair destinations, have successfully grown since their introduction and we aim to convert more of the traditional network to run similar schedules. These have been strong beneficiaries of the transformation in Greyhound's business systems in recent years; and since February our entire network is now benefiting from real-time pricing and yield management. We are further developing our relationship management systems to offer benefits for customers and deployed modest marketing spend during the year to promote awareness of these changes through targeted online advertising. We are continuing to upgrade our online offerings, building on the well-received mobile app we introduced in 2016/17, with the majority of our customers now buying tickets using this app or online. Throughout the US network e-tickets and bus-side scanning have now been rolled out, streamlining the boarding process. We have also strengthened our punctuality processes and systems, and have recently updated and standardised our customer pledges on service delivery whilst upgrading our terminals where needed to improve the passenger experience.

Continuous improvement in operating and financial performance
Greyhound ended its long-standing pool arrangements with Peter Pan Lines in the US North East during the year, allowing us to develop our own separate offering in the region, providing customers with all of the benefits available to our passengers elsewhere. We are also taking action to improve the efficiency of our fleet management with the development of a new specialised centre in Brownsville, Texas.
Our Canadian operations (15% of Greyhound revenue) remain loss-making. Despite a range of cost-reduction and efficiency measures over several years, we continue to experience demand challenges. In the year we applied to eliminate services on the majority of our routes in British Columbia which will take effect from 1 June 2018.

Prudent investment in our key assets
Following a number of years where the business required few additional vehicles, this year our fleet renewal plan saw the introduction of 88 new buses into our fleet with high-quality amenities as standard including free Wi-Fi, leather seats and generous legroom. We regularly review opportunities to move to intermodal transport hubs or new facilities tailored to our needs, and during the year we relocated to the new Intercity Bus Terminal at the Jacksonville Regional Transportation Center in Florida, as well as two renovated terminals at the Amtrak station in Salem, Oregon and Union Station in Springfield, Missouri. We now occupy a new intermodal terminal in Baltimore, Maryland. July will mark the third anniversary of providing international links to and domestic services within Mexico, where we provide options for customers connecting from Monterrey to Nuevo Laredo and major hubs in Texas. We will make further modest investments to deliver on the opportunities available to us in this market.

Responsible partnerships with our customers and communities
Further customer service training was undertaken in the year, focusing on allowing our employees to take advantage of the improved ticket data and service information now available throughout the business.

Our priorities and outlook
The strategic challenge for Greyhound is that our unique network across North America is a significant competitive advantage versus other coach companies but intensifying low cost airline competition is putting increasing pressure on the long haul segment. The business review that is underway is directed at determining the most appropriate response for the Group to this change in the market conditions faced by Greyhound. In the near term we continue to invest to support Greyhound's growth opportunities while adjusting the current network and timetables, though maintaining the division's earnings will be challenging given the changes in the long haul competitive environment.

FirstGroup America, Inc.

Directors' report

Principal risks and uncertainties

The relevant principal risks and uncertainties are disclosed in the FirstGroup plc Annual report which is available on the FirstGroup plc website at www.firstgroupplc.com.

Employees

The Group is committed to employee involvement and uses a variety of methods to inform, consult and involve its employees in the business. These include divisional company newsletters and circulars. Senior managers within each division meet regularly to discuss current issues and employees are encouraged to discuss any issues with management at any time. The North American Group also operates a confidential hotline, which staff can use to report health and safety, employment-related and other issues concerning them.

Going concern

At 31 March 2018, the Group had a cash and cash equivalents of $30.1m and net current assets of $75.4m and net assets of $1,216.5m. While the Group is not wholly immune to macroeconomic developments, it has established a strong balanced portfolio of businesses with the majority of Group revenues supported by medium-term contracts with government agencies and other large organizations in North America.

The directors have carried out a detailed review of the Group's budget for the year to 31 March 2019 and medium term plans, with due regard for the risks and uncertainties to which the Group is exposed, the uncertain economic climate and the impact that this could have on trading performance.

Based on this review, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future being at least one year from the date of signing these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

Directors and their interests

The directors who held office during the year and subsequently were as follows:

Scott Spivey
Mike Petrucci
James Tippen

The directors held no interests in the company's shares or the shares of any other group company during the year. The directors are eligible to participate in a sharesave scheme and an executive sharesave scheme of the ultimate parent company FirstGroup plc.

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

James Tippen
Director

James R. Tippen

14 August 2018

FirstGroup America, Inc.

Statement of directors' responsibilities

The directors are responsible for preparing the non-statutory financial statements in accordance with International Financial Reporting Standards ('IFRS').

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of FirstGroup America, Inc.

Report on the audit of the non-statutory financial statements

Opinion
In our opinion the non-statutory financial statements of First Group America, Inc. ("the Company") and its subsidiaries (together "the Group "):

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

We have audited the non-statutory financial statements which comprise

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is IFRSs as adopted by the European Union.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
the directors' use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
the directors have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorized for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the report, other than the non-statutory financial statements and our auditor's report thereon. Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of FirstGroup America, Inc. (continued)

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely for the exclusive use of the directors and solely for the purpose of showing the results of management's stewardship of the resources entrusted to it. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

Deloitte LLP

Deloitte LLP
Glasgow, United Kingdom
14 August 2018

FirstGroup America, Inc.

Consolidated income statement
Year ended 31 March 2018

	Notes	2018 $m	2017 $m
Revenue	3	**4,679.1**	4,571.7
Operating costs	6	**(4,890.1)**	(4,255.3)
Operating (loss)/profit	6	**(211.0)**	316.4
Finance costs	8	**(153.2)**	(149.3)
(Loss)/profit before tax		**(364.2)**	167.1
Tax	9	**32.3**	(57.3)
(Loss)/profit for the year		**(331.9)**	109.8
Attributable to:			
Equity holders of the parent		**(333.4)**	109.0
Non-controlling interests		**1.5**	0.8
		(331.9)	109.8
Adjusted results[1]:			
Adjusted operating profit		**320.3**	371.3

1 Adjusted for certain items as set out in note 4.

FirstGroup America, Inc.

Consolidated statement of comprehensive income
Year ended 31 March 2018

	Note	2018 $m	2017 $m
(Loss)/profit for the year		**(331.9)**	109.8
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension schemes	27	**40.7**	30.2
Deferred tax on actuarial gain on defined benefit pension schemes	9	**(9.5)**	(14.3)
Deferred tax on defined benefit pensions schemes due to US tax reform	9	**(28.7)**	-
		2.5	15.9
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**7.1**	(0.8)
Other comprehensive income for the year		**9.6**	15.1
Total comprehensive (expense)/income for the year		**(322.3)**	124.9
Attributable to:			
Equity holders of the parent		**(323.8)**	124.1
Non-controlling interest		**1.5**	0.8
		(322.3)	124.9

FirstGroup America, Inc.

Consolidated balance sheet
As at 31 March

	Notes	2018 $m	2017 $m
Non-current assets			
Goodwill	10	**1,959.5**	2,314.7
Other intangible assets	11	**113.2**	181.0
Property, plant and equipment	12	**1,944.7**	1,949.0
Investments	13	**43.4**	41.5
		4,060.8	4,486.2
Current assets			
Inventories	14	**42.4**	46.6
Trade and other receivables	15	**703.7**	750.3
Cash and cash equivalents	18	**30.1**	50.4
Assets held for sale	16	**1.3**	3.7
Current tax assets		**2.2**	-
		779.7	851.0
Total assets		**4,840.5**	5,337.2
Current liabilities			
Trade and other payables	17	**638.4**	657.8
Tax liabilities		**1.1**	3.5
Financial liabilities – obligations under finance leases	20	**64.8**	69.9
		704.3	731.2
Net current assets		**75.4**	119.8
Non-current liabilities			
Self-insured liabilities	23	**285.0**	262.1
Other provisions	23	**32.4**	35.8
Retirement benefit liabilities	27	**228.0**	270.3
Intercompany balances	28	**2,266.2**	2,322.1
Financial liabilities - finance leases	20	**80.3**	141.1
Deferred tax liabilities	22	**27.8**	34.8
		2,919.7	3,066.2
Total liabilities		**3,624.0**	3,797.4
Net assets		**1,216.5**	1,539.8

FirstGroup America, Inc.

Consolidated balance sheet (continued)
As at 31 March 2018

	Notes	2018 $m	2017 $m
Equity			
Share capital	26	-	-
Share premium account		1,123.0	1,123.0
Translation reserve		(15.1)	(22.2)
Retained earnings		108.6	420.4
Equity attributable to owners of the company		1,216.5	1,521.2
Non-controlling interest		-	18.6
Total equity		1,216.5	1,539.8

These financial statements were approved by the Board of Directors on 14 August 2018.

Signed on behalf of the Board of Directors

James Tippen

Director

FirstGroup America, Inc.

Consolidated statement of changes in equity
Year ended 31 March 2018

	Share capital $m	Share premium[1] $m	Translation reserve $m	Retained earnings $m	Total before Non-controlling interest $m	Non-controlling interest $m	Total $m
At 31 March 2016	**-**	**1,123.0**	**(21.4)**	**295.5**	**1,397.1**	**17.8**	**1,414.9**
Total comprehensive income/(expense) for the year	-	-	(0.8)	124.9	124.1	0.8	124.9
At 31 March 2017	**-**	**1,123.0**	**(22.2)**	**420.4**	**1,521.2**	**18.6**	**1,539.8**
Total comprehensive income/(expense) for the year	-	-	7.1	(330.9)	(323.8)	1.5	(322.3)
Acquisition of non-controlling interest[2]	-	-	-	19.1	19.1	(19.1)	-
Dividends paid	-	-	-	-	-	(1.0)	(1.0)
At 31 March 2018	**-**	**1,123.0**	**(15.1)**	**108.6**	**1,216.5**	**-**	**1,216.5**

(1) The share premium account represents the premium on shares. The reserve is non-distributable.

(2) On 19th January 2018, the Company completed the acquisition of the remaining 49% shares in Miles Square Transportation, Inc. from the non-controlling interest party at a fixed price sum of $19.1m. The exercise of the put option resulted in a reversal of the financial liability through equity.

FirstGroup America, Inc.

Consolidated cash flow statement
Year ended 31 March 2018

	2018 $m	2017 $m
Cash flows from operating activities		
Operating (loss)/profit	**(211.0)**	316.4
Loss/(profit) on disposal of property, plant and equipment	**7.3**	(26.2)
Depreciation	**309.4**	304.4
Amortization of intangible assets	**91.0**	78.1
Impairment charges	**387.3**	-
Operating cash flows before working capital	**584.0**	672.7
Decrease in inventories	**4.2**	1.3
Decrease/(increase) in trade and other receivables	**46.6**	(81.1)
Decrease in trade and other payables	**(44.8)**	(20.6)
Defined benefit pension payments in excess of income statement charge	**(9.7)**	(5.2)
(Increase)/decrease in other provisions	**(3.4)**	33.3
Increase/(decrease) in self-insurance provision	**9.6**	(38.8)
Cash generated by operations	**586.5**	561.6
Tax paid	**(13.9)**	(10.1)
Interest paid	**(131.7)**	(121.5)
Net cash from operating activities	**440.9**	430.0
Investing activities		
Proceeds from disposal of property, plant and equipment	**15.0**	57.0
Purchases of property, plant and equipment and software	**(334.3)**	(317.9)
Acquisition of non-controlling interests	**(19.1)**	-
Net cash used in investing activities	**(338.4)**	(260.9)
Financing activities		
Repayment of finance leases	**(65.9)**	(87.3)
Dividends paid to non-controlling interests	**(1.0)**	-
Advances from related party	**(55.9)**	(24.0)
Net cash from financing activities	**(122.8)**	(111.3)
Net (decrease)/increase in cash and cash equivalents	**(20.3)**	57.8
Cash and cash equivalents at beginning of year	**50.4**	(7.4)
Foreign exchange movements	**-**	-
Cash and cash equivalents at end of year	**30.1**	50.4

FirstGroup America, Inc.

Consolidated cash flow statement (continued)
Year ended 31 March 2018

Note to the consolidated cash flow statement -

Reconciliation of net cash flow to movement in net debt

	2018 $m	2017 $m
Net (decrease)/increase in cash and cash equivalents in year	**(20.3)**	57.8
Decrease in debt and finance leases	**65.9**	87.3
Net cash flow	**45.6**	145.1
Foreign exchange movements	**-**	-
Movement in net debt in year	**45.6**	145.1
Net debt at beginning of year	**(160.6)**	(305.7)
Net debt at end of year	**(115.0)**	(160.6)

Net cash flow is stated prior to cash flows in relation to debt and finance leases.

Net debt excludes all accrued interest.

Notes to the financial statements
Year ended 31 March 2018

1. General information

FirstGroup America, Inc. is a Company incorporated in the United States of America. The address of the registered office is 2711 Centerville, Suite 400, Wilmington, DE 19808. The nature of the Group's operations and its principal activities are set out on pages 2 to 6. These financial statements are presented in United States dollars because that is the currency of the primary economic environment in which the Group operates.

2. Statement of accounting policies

Basis of accounting

These non-statutory financial statements have been prepared in accordance with the accounting policies detailed below. These are extracted from FirstGroup plc's audited financial statements for the year ended 31 March 2018 which were prepared in accordance with International Financial Reporting Standards as adopted and endorsed for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. These non-statutory financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The non-statutory financial statements for the year ended 31 March 2018 include the results and financial position of the Group for the 53 weeks ended 31 March 2018. The non-statutory financial statements for the year ended 31 March 2017 include the results and financial position of the Group for the 52 weeks ended 25 March 2017.

The principal accounting policies adopted in the current year and preceding year are set out below.

Going concern

The financial statements are prepared on a going concern basis. As disclosed on page 5, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Non-controlling interests in subsidiaries are identified separately from the Group's equity interest therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of their fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisitions method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date, with the exception of deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements, liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment and non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

2. Statement of accounting policies (continued)

Assets held for sale

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Goodwill and intangible assets

Goodwill arising on consolidation is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) which are tested for impairment annually, or more frequently where there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated to the goodwill of the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer software is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, website development, costs attributable to the development, design and implementation of the computer software and internal costs directly attributable to the software.

The existing finite life intangible assets have a residual value of nil and are amortised on a straight-line basis over their useful economic lives as follows:

Customer contracts – over the estimated life of the contract (9 to 10 years)
Greyhound brand and trade name – over the estimated life of the brand (20 years)
Franchise agreements – over the initial term of the franchise (2 to 10 years)
Software – over the estimated life of the software (3 to 5 years)

Revenue recognition

Revenue principally comprises revenue from road passenger transport, and certain management and maintenance services. Where appropriate, amounts are shown net of rebates and sales taxes. Revenue principally comprises amounts receivable from contracts with government bodies and similar organizations and is recognised as the services are provided. Greyhound coach revenue mainly comprises amounts receivable from ticket sales.

Interest income is recognised on an accruals basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases and the rental charges are charged against income on a straight-line basis over the life of the lease.

Assets held under hire purchase contracts and finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below).

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2. Statement of accounting policies (continued)

Foreign currencies

The individual financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in US dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the dates when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the income statement in the period in which they are incurred.

Operating (loss)/profit

Operating profit or loss is stated after charging intangible asset amortization and other non-GAAP items but before investment income and finance costs.

Non-GAAP measures and performance

In measuring the Group and divisional adjusted operating performance, additional financial measures derived from the reported results have been used by management in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items are significant, including restructuring and reorganisation costs, property disposals, aged legal and self-insurance claims, impairment charges and pension settlement gains or losses. In addition, management assess divisional performance before other intangible asset amortisation charges, as these are typically a result of Group decisions and therefore the divisions have little or no control over these charges. Management consider that this overall basis more appropriately reflects operating performance and provides a better understanding of the key performance indicators of the business. See note 4 for the reconciliation to non-GAAP measures and performance.

Subsequent revisions to adjusting items are also recognised as an adjusting item in future periods. In the current year non-GAAP adjusting items principally relate to other intangible asset amortisation charges, impairment charges, aged self-insurance claims, restructuring and reorganisation costs and the impact of the US tax reform. In the prior year the non-GAAP adjusting items principally related to other intangible asset amortisation charges, restructuring and reorganisation costs and gain on disposal of property.

2. Statement of accounting policies (continued)

Retirement benefit costs

The Group operates or participates in a number of pension schemes, which include both defined benefit schemes and defined contribution schemes.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

There is no legal or constructive obligation to pay additional contributions into a defined contribution scheme if the fund has insufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial updates being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the period in which they occur. They are recognized outside the income statement and presented in the consolidated statement of comprehensive income.

All past service costs are recognized immediately in the consolidated income statement.

Where changes to the benefits in payment on defined benefit pension schemes require a change in scheme rules or ratification by the Trustees, the change is recognized as a past service charge or credit in the income statement. Where changes in assumptions can be made without changing the Trustee agreement, these are recognized as a change in assumptions in other comprehensive income.

The retirement benefit position recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any residual asset resulting from this calculation is limited to the present value of available refunds.

Taxation

The tax credit/charge represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. Statement of accounting policies (continued)

Property, plant and equipment

Properties for provision of services or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Passenger carrying vehicles and other plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost of assets, other than freehold land, the land element of long leasehold properties or on assets in the course of construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	50 years straight-line
Long leasehold buildings	50 years straight-line
Short leasehold properties	period of lease
Passenger carrying vehicles	7 to 17 years straight-line
Other plant and equipment	3 to 25 years straight-line

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, except in the case of goodwill, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

2. Statement of accounting policies (continued)

Financial assets

The Group measures financial assets on initial recognition at fair value, and determines the classification of such assets at initial recognition and on any subsequent reclassification event.

Where there is no active market for a financial asset, fair value is determined using valuation techniques including recent commercial transactions and discounted cash flows. Otherwise financial assets are carried at amortized cost.

Financial assets are classified into one of four primary categories:

Fair value through the income statement
This covers any financial asset designated on initial recognition to be measured at fair value with fair value changes to go through the income statement, and financial assets acquired principally for the purpose of trading in the short term.

Held to maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified here when the Group has the intention and ability to hold to maturity. These financial assets are held at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the investments are derecognized or impaired as well as through amortization.

Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through the income statement or 'Available For Sale'. Such assets are carried at amortized cost. Gains and losses are recognized in the income statement to the extent that the receivables are impaired as well as through amortization.

The most significant financial assets under this category are trade receivables and bank deposits.

Trade receivables are measured at amortized cost. Appropriate allowances for estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired.

Bank deposits are included within cash and cash equivalents. Cash and cash equivalents as defined for the cash flow statement comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception and bank overdrafts. In the consolidated balance sheet cash includes cash and cash equivalents excluding bank overdrafts. Bank overdrafts that have no legal right of set-off against cash and cash equivalents are included within borrowings in current liabilities. All are carried on the balance sheet at cost. Cash and cash equivalents include ring-fenced cash. The ring-fenced cash represents that which is not available for distribution or the amount required to satisfy the contractual liquidity ratio at the balance sheet date.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

2. Statement of accounting policies (continued)

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Financial liabilities

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to hedge fuel price risks. Use of such financial instruments is governed by policies and delegated authorities approved by the Board. The Group does not use derivative financial instruments for speculative purposes.

The main derivative financial instruments used by the Group are fuel swaps. Such instruments are initially recognized at fair value and subsequently re-measured to fair value at the reported balance sheet date. The fair values are calculated by reference to market fuel prices at the period end, and supported by counterparty confirmations. The fuel swaps are designated as cash flow hedges of fuel price risks or otherwise used as economic hedges of such risks.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the income statement for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealized gains or losses reported in the income statement.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Self-insurance

The Group's policy is to self-insure high frequency, low value claims within the businesses. In addition, there are typically a smaller number of major claims during a financial year for which cover is obtained through third-party insurance policies subject to an insurance deductible. Provision is made under IAS 37 Provisions, Contingent Liabilities and Contingent Assets for the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date.

2. Statement of accounting policies (continued)

New standards and interpretations not applied
At the date of authorisation of these Financial Statements, the Group has not applied the following standards that have been issued but are not yet effective:

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 with effect from accounting periods commencing 1 January 2018. The new standard covers three distinct areas: the classification and measurement of financial assets and liabilities; the impairment of financial assets; and new hedging requirements designed to give increased flexibility in relation to hedge effectiveness.

IFRS 9 requires a new impairment model with impairment provisions based on expected credit losses rather than incurred credit losses under IAS 39. Based on an initial assessment of 2017/18 closing balances, the current expectation is that there will be a transitional increase/decrease in impairment allowances of nil. This amount will be finalised in the financial statements for the year ended 31 March 2019.

In relation to hedge accounting, we do not expect a material impact on the Group's financial statements. It is expected that our hedging instruments will remain effective and that current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. There will be some increased disclosure requirements under IFRS 9 and these will be reflected in the financial statements for the year ended 31 March 2019.

The Group is adopting the new rules prospectively from 1 April 2018. It is currently considered that no material restatements will be necessary for the comparative period.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers replaces IAS 18 with effect from accounting periods commencing 1 January 2018. It introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised and is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Group has evaluated a sample of customer contracts from all major revenue streams across the Group to identify the performance obligations, the timing of the revenue recognition and the treatment of variable elements of pricing.

Based on this assessment, Management have concluded that although there are areas of difference, there is not currently expected to be a material impact on the Group's financial statements and that revenues are correctly attached to performance obligations and are recognised as the service is transferred to the customer and that variable elements of price such as discounts, rebates and liquidated damages are properly provided.

The Group is adopting IFRS 15 from 1 April 2018 on a prospective basis. It is currently considered that no material restatements will be necessary for the comparative period and that there will not be a material impact on the Group's revenue recognition in future periods.

IFRS 16 Leases
IFRS 16 Leases replaces IAS 17 with effect from accounting periods commencing 1 January 2019. The new standard eliminates the operating lease classification and therefore on the balance sheet the lessees will be required to recognise an asset (the right to use the leased item) and lease liabilities for all leases unless they have a term of less than twelve months or are of low value. On the income statement, the operating lease expense will be replaced by a combination of depreciation and interest.

As at 31 March 2018, the Group holds a significant number of operating leases that are expensed over the lease term. Management are in the process of assessing the potential impact of this standard on the financial statements for the year ended 31 March 2020, and it is anticipated that the transition to IFRS 16 will have a material impact on the value of lease assets and liabilities recognised in the consolidated balance sheet. However at this stage it is not practical to provide a reasonable estimate of the financial effect until this assessment is complete.

Adoption of new and revised standards
The accounting policies adopted are consistent with those of the previous financial year except for the following amendment to existing Standards which have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses,

Amendment to IAS 7 – Disclosure initiative 'Changes in Liabilities arising from financing activities'

2. **Statement of accounting policies (continued)**

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies which are described above, management has made the following judgments and estimates that have the most significant effect on the amounts recognized in the financial statements.

i) Critical accounting judgments

Defined benefit pension arrangements

The Group's retirement benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high-quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Management follows actuarial advice from a third party when determining these judgements. Another key judgement is the longevity of members. We take specialist advice on this from our actuarial advisors which aims to consider the likely experience taking into account each scheme's characteristics. Our approach is to review these assumptions following completion of their funding valuations, and more frequently only if appropriate to do so. The carrying amount of the Group's retirement benefit obligations at 31 March 2018 was a liability of \$228.0m (2017: \$270.3m). Further details and sensitivities are set out in note 27.

ii) Key sources of estimation uncertainty

Impairment of intangible assets (including goodwill)

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which the goodwill has been allocated. The value in use requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. As detailed in notes 4 and 11, the Directors have concluded that there should be an impairment charge of \$387.3m on the Greyhound CGU (\$364.0m on goodwill, \$17.3m on property, plant and equipment and \$6.0m on other intangible assets).

The carrying amount of goodwill at the balance sheet date was \$1,959.5m (2017: \$2,314.7m) as set out in note 11 and the carrying amount of other intangible assets at the balance sheet date was \$113.2m (2017: \$181.0m) as set out in note 12.

Self-insurance

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided (including IBNR) is adjusted as required. The self-insurance reserve is most sensitive to favourable or adverse developments on individually significant claims. The Group's total self-insurance provisions, including those classified within accruals, as at the balance sheet date were \$438.5m (2017: \$403.2m) as set out in note 23.

Uncertain tax positions

Uncertainties exist in relation to differing interpretations of complex tax law in the jurisdictions in which the Group operates. It may take several years to determine the final tax consequences of certain transactions in some jurisdictions. The tax liabilities and assets recognized by the Group are based on judgments made by management on the application of tax laws and management's estimate of the future amounts that will be agreed with tax authorities. Further details on the tax on profit on ordinary activities are set out in note 9. There is a risk that the amounts eventually agreed with tax authorities may differ from the amounts recognized by the Group and would lead to future adjustments to tax assets and liabilities currently recognized, impacting future tax charges.

3. **Revenue**

	2018 $m	2017 $m
Services rendered	**4,679.1**	4,571.7

All revenue is derived from the Group's principal activities disclosed in pages 2 to 5 and relates to continuing operations.

4. Reconciliation to non-GAAP measures and performance

In measuring the Group and divisional adjusted operating performance, additional financial measures derived from the reported results have been used in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items are significant, including restructuring and reorganisation costs, property disposals, aged legal and self-insurance claims, impairment charges and pension settlement gains or losses. In addition, management assess divisional performance before other intangible asset amortisation charges as these are typically a result of Group decisions and therefore the divisions have little or no control over these charges. Management consider that this overall basis more appropriately reflects operating performance and provides a better understanding of the key performance indicators of the business.

Reconciliation of operating (loss)/profit to adjusted operating profit	Year to 31 March 2018 $m	Year to 31 March 2017 $m
Operating (loss)/profit	**(211.0)**	316.4
Adjustments for:		
Other intangible amortization charges	**91.0**	78.1
Restructuring and reorganization costs	**7.3**	7.6
North America insurance reserves	**45.7**	-
Greyhound impairment	**387.3**	-
Gain on disposal of property	**-**	(30.8)
Adjusted operating profit (note 5)	**320.3**	371.3

The adjusting items are as follows:

Other intangible asset amortization charges
The amortization charge for the year was $91.0m (2017: $78.1m). The increase primarily reflects a higher charge due to an incremental $8.1m software intangible amortization this year.

Restructuring and reorganization costs
There was a charge of $7.3m (2017: $7.6m) in the year for restructuring and reorganization costs across the Group relating to contract losses and impairment of assets in First Transit.

Greyhound impairment
Recognizing the difficult trading conditions experienced by the Greyhound business in the 2017/18 financial year, the strategic plans for the business and estimates of future cash flows generated by the Greyhound division were revised. The calculated value in use of the Greyhound division resulted in a $387.3m shortfall to the carrying value of assets (2017: $449.5m surplus).

Following their review of these cash flow estimates, the Directors concluded that there should be an impairment charge of $387.3m on the Greyhound CGU. This is reflected in the financial statements as an impairment in full of the carrying value of Greyhound goodwill of $364.0m (see note 11), an impairment charge of $17.3m on Greyhound property, plant and equipment (see note 13), an impairment charge of $3.5m on Greyhound brand and trade name and $2.5m on Greyhound software (see note 12). After these impairments, the carrying value of Greyhound is $438.8m.

North America insurance reserves
There have been significant adverse developments on a small number of old insurance claims in North America during the year. The impact of these adverse developments was a charge of $45.7m.

There have been adverse developments on a small number of aged insurance claims in North America which mainly relate to the 2014/15 and 2015/16 financial years. In aggregate the adverse developments on these claims give rise to a cost representing a significant proportion of the respective divisional results and accordingly management consider that including such amounts in operating profit would distort year-on-year comparisons for the North American divisions. The impact of these adverse developments was a charge of $45.7m comprising First Student $18.8m, First Transit $22.0m and Greyhound $4.9m.

Notes to the financial statements
Year ended 31 March 2018

5. Business segments

The Group is organized into three operating divisions – First Student, First Transit and Greyhound. These divisions are the basis on which the Group reports its primary segment information. The principal activities of these divisions are set out in the Review of business. All operations are located within North America. First Transit includes First Services as these are now managed as a single business. Segment information about these businesses is set out below.

The segment results for the year to 31 March 2018 are as follows:

	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Revenue	2,350.6	1,415.8	912.7	-	4,679.1
EBITDA[2]	447.1	105.7	76.9	-	629.7
Depreciation	(236.7)	(28.6)	(44.1)	-	(309.4)
Segment results[2]	210.4	77.1	32.8	-	320.3
Amortization expense	(72.6)	(3.8)	(14.6)	-	(91.0)
Other adjustments (note 4)	(18.8)	(29.3)	(392.2)	-	(440.3)
Operating (loss)/profit[3]	119.0	44.0	(374.0)	-	(211.0)
Finance costs					(153.2)
Loss before tax					(364.2)
Tax					32.3
Loss for the year					(331.9)

Other information	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Capital additions	271.0	38.2	59.9	1.5	370.6
Depreciation and amortization	309.3	32.4	58.7	-	400.4

Balance sheet[4]	First Student $m	First Transit $m	Greyhound $m	Group Items[1] $m	Total $m
Total assets	3,499.9	767.1	486.7	86.8	4,840.5
Total liabilities	456.3	191.7	421.8	2,554.2	3,624.0

1 Group items comprise central management and other items.
2 EBITDA is adjusted operating profit less capital grant amortization plus depreciation.
3 Although the segment results are used by management to measure performance, statutory operating profit by operating division is also disclosed for completeness.
4 Segment assets and liabilities are determined by identifying the assets and liabilities that relate to the business of each segment but excluding intercompany balances, net debt and taxation.

Notes to the financial statements
Year ended 31 March 2018

5. Business segments (continued)

The segment results for the year to 31 March 2017 are as follows:

	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Revenue	2,323.3	1,354.4	894.0	-	4,571.7
EBITDA[2]	454.0	118.4	103.3	-	675.7
Depreciation	(232.0)	(24.3)	(48.1)	-	(304.4)
Segment results[2]	222.0	94.1	55.2	-	371.3
Amortization expense	(64.8)	(2.4)	(10.9)	-	(78.1)
Other adjustments (note 4)	(4.6)	(0.3)	28.1	-	23.2
Operating profit[3]	152.6	91.4	72.4	-	316.4
Finance costs					(149.3)
Profit before tax					167.1
Tax					(57.3)
Profit for the year					109.8

Other information	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Capital additions	211.7	22.2	39.7	3.0	276.6
Depreciation and amortization	296.8	26.7	59.0	-	382.5

Balance sheet[4]	First Student $m	First Transit $m	Greyhound $m	Group items[1] $m	Total $m
Total assets	3,557.6	758.7	913.2	107.7	5,337.2
Total liabilities	399.6	202.1	489.1	2,706.6	3,797.4

1 Group items comprise central management and other items.

2 EBITDA is adjusted operating profit less capital grant amortization plus depreciation.

3 Although the segment results are used by management to measure performance, statutory operating profit by operating division is also disclosed for completeness.

4 Segment assets and liabilities are determined by identifying the assets and liabilities that relate to the business of each segment but excluding intercompany balances, net debt and taxation.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

5. Business segments (continued)

Geographical information

The Group's operations are located predominantly in the United States of America and Canada. The following table provides an analysis of the Group's revenue by geographical market:

Revenue	2018 $m	2017 $m
United States of America	**4,141.3**	4,029.1
Canada	**537.8**	542.6
Total revenue	**4,679.1**	4,571.7

The following is an analysis of non-current assets excluding financial instruments, deferred tax and pensions, the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analyzed by the geographical area in which the assets are located:

	Non-current assets excluding financial instruments, and deferred tax		Additions to property, plant & equipment and intangible assets		Carrying amount of segment total assets	
	2018 $m	2017 $m	2018 $m	2017 $m	2018 $m	2017 $m
United States of America	**3,651.7**	4,058.6	**342.4**	268.6	**4,351.2**	4,826.7
Canada	**409.1**	427.6	**28.2**	8.0	**487.1**	510.5
Unallocated corporate items	-	-	-	-	**2.2**	-
	4,060.8	4,486.2	**370.6**	276.6	**4,840.5**	5,337.2

6. Operating profit

Operating profit has been arrived at after charging/(crediting):

	2018 $m	2017 $m
Depreciation of property, plant and equipment (note 12)	**309.4**	304.4
Operating lease charges	**121.8**	120.8
Amortization of intangible assets (note 11)	**91.0**	78.1
Auditors' remuneration for audit services	**1.4**	1.4
Staff costs (note 7)	**2,751.3**	2,658.7
Foreign exchange losses	**0.2**	0.4
Cost of inventories recognized as expense	**382.6**	386.4
(Gain)/loss on disposal of property, plant and equipment	**7.3**	(26.2)
Greyhound Impairment charges	**387.3**	-
Other operating costs	**837.8**	731.3
Total operating costs	**4,890.1**	4,255.3

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

7. Staff costs

The average monthly number of employees (including Directors) was:

	2018 No.	2017 No.
Operational	68,950	72,587
Administration	3,991	3,830
	72,941	76,417

Their aggregate remuneration (including Directors) comprised:	2018 $m	2017 $m
Wages and salaries	2,433.6	2,351.6
Employment taxes	285.0	277.1
Other benefit and pension costs	32.7	30.0
	2,751.3	2,658.7

8. Finance costs

	2018 $m	2017 $m
HP contracts and finance lease interest	5.7	7.7
Interest on intercompany loans	116.3	110.5
Notional interest on self-insured liabilities	13.3	19.9
Notional interest on pensions	8.2	7.9
Other interest payable	9.7	3.3
Total borrowing costs	153.2	149.3

There was no interest capitalized into qualifying assets in either the year ended 31 March 2018 or 31 March 2017.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

9. Tax on (loss)/profit on ordinary activities

	2018 $m	2017 $m
Current tax	**8.9**	13.4
Adjustments with respect to prior years	**0.1**	(19.8)
Total current tax charge/(credit)	**9.0**	(6.4)
Origination and reversal of temporary differences	**(5.1)**	63.4
Adjustments with respect to prior years	**(1.8)**	0.3
Adjustments attributable to changes in tax rates and laws	**(34.4)**	0.0
Total deferred tax	**(41.3)**	63.7
Total tax (credit)/charge	**(32.3)**	57.3

Current tax is calculated at 36.5% (2017: 40%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction. The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 $m	2018 %	2017 $m	2017 %
(Loss)/Profit before tax	**(364.2)**	**100**	167.1	100
Tax at the US federal/state tax rate of 36.5% (2017: 40%)	**(132.9)**	**36.5**	66.8	40.0
Adjustments to tax in respect to prior years	**(1.7)**	**0.5**	0.3	0.2
Tax effect of (income)/expenses that are not deductible in determining taxable profit and other items	**(0.4)**	**0.1**	0.2	0.1
Unrecognized losses	**4.3**	**(1.2)**	9.8	5.9
Goodwill impairment	**132.9**	**(36.5)**	-	-
Tax rates outside the US	**2.8**	**(0.8)**	-	-
Reduction in tax provisions for uncertain tax positions	**-**	**-**	(19.8)	(11.9)
Reduced deferred tax rates on current year temporary differences	**(2.9)**	**0.8**	-	-
US tax reform	**(34.4)**	**9.5**	-	-
Tax (credit)/charge and effective tax rate for the year	**(32.3)**	**8.9**	57.3	34.3

The goodwill impairment attracts no tax benefit and the above reconciling item is calculated at 36.5%.

During the year the US Tax Cuts and Jobs Act which included a reduction in the federal corporate income tax rate from 35% to 21% was enacted. As a result of the US tax law changes the brought forward deferred tax balances were remeasured leading to a net tax credit of $34.4m in the income statement and charges to other comprehensive income of $28.7m in respect of pensions.

The Group recognises provisions for transactions and events in its open tax returns and its ongoing tax audits whose treatment for tax purposes is uncertain, in respect of multiple years. These uncertainties exist due to differing interpretations of local tax laws and decisions by tax authorities. When calculating the carrying amounts management make assumptions relating to the estimated tax which could be payable. The Group maintains engagement with tax authorities and engagement with peer groups that may have similar issues. We engage advisers to obtain opinion on tax legislation and we monitor proposed changes in legislation.

Notes to the financial statements
Year ended 31 March 2018

10. Goodwill

	2018 $m	2017 $m
Cost		
At 1 April	2,314.7	2,316.3
Additions (note 29)	1.7	-
Foreign exchange movements	7.1	(1.6)
At 31 March	2,323.5	2,314.7
Accumulated impairment losses		
At 1 April	-	-
Impairment	364.0	-
At 31 March	364.0	-
Carrying amount	1,959.5	2,314.7

Goodwill is split as follows:

	2018 $m	2017 $m
Carrying amount		
First Student	1,573.5	1,564.7
First Transit	386.0	386.0
Greyhound	-	364.0
	1,959.5	2,314.7

Impairment testing

At the year end the carrying value of goodwill was reviewed for impairment in accordance with IAS 36 Impairment of Assets. For the purposes of this impairment review goodwill has been tested for impairment on the basis of discounted future cash flows arising in each relevant CGU.

The Group prepares cash flow forecasts derived from the most recent budget for 2018/19 and Three-Year Plan projections up to 2020/21 (2017: Three-Year Plan projections up to 2019/20) which take account of both past performance and expectations for future market developments. The projections for First Student assume the incremental benefits of the existing recovery plan, the programme to address contract portfolio pricing together with an economic recovery. Cash flows beyond the plan period are extrapolated using estimated growth rates of 2.8% (2017: 3.0%) for North America. Cash flows are discounted using a pre-tax discount rate of 8.2% (2017: 8.7%) for the North American CGUs to arrive at the value in use. The pre-tax discount rates applied are derived from a market participant's weighted average cost of capital. The assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to externally available data.

The Directors consider the assumptions to be reasonable based on the historic performance of each CGU and to be realistic in the light of economic and industry forecasts. The calculation of value in use for each CGU is most sensitive to the principal assumptions of discount rate, growth rates and margins achievable. Sensitivity analysis has been performed on the calculations and confirms that no reasonably possible changes in the assumptions would cause the carrying amount of the CGUs to exceed their recoverable amount in respect of the First Transit division.

The value in use of the First Student division exceeds its carrying amount by $928.5m (2017: $884.6m). The sensitivity analysis indicates that the First Student margin or growth rates would need to fall in excess of 212 or 181 basis points respectively compared to medium term double digit margin expectations for there to be an impairment to the carrying value of net assets in this business. An increase in the discount rate in excess of 160 basis points would lead to the value in use of the division being less than its carrying amount.

Following the review of goodwill, the Directors have concluded that there is no impairment to First Student and First Transit.

Recognising the difficult trading conditions experienced by the Greyhound business in the 2017/18 financial year, the strategic plans for the business and estimates of future cash flows generated by the Greyhound division were revised. The calculated value in use of the Greyhound division resulted in a $387.3m shortfall to the carrying value of assets (2017: $449.5m surplus).

Notes to the financial statements
Year ended 31 March 2018

10. Goodwill (continued)

Following their review of these cash flow estimates, the Directors concluded that there should be an impairment charge of $387.3m on the Greyhound CGU. This is reflected in the financial statements as an impairment in full of the carrying value of Greyhound goodwill of $364.0m, an impairment of $17.3m on Greyhound property, plant and equipment (see note 13), an impairment of $3.5m on Greyhound brand and trade name and $2.5m on Greyhound software (see note 12). After these impairments, the carrying value of Greyhound is $438.8m.

The Greyhound business impairment review is sensitive to a change in the assumptions used, most notably to changes in the discount rate, terminal growth rate or terminal margin. A summary of the movements in the impairment charge from a change in these assumptions is as follows:

- 0.1% movement in the discount rate would increase or decrease the impairment charge by $7.8m
- 0.1% movement in the terminal growth rate would increase or decrease the impairment charge by $7.4m
- 0.1% movement in terminal margin would increase or decrease the impairment charge by $13.7m.

11. Other intangible assets

	Greyhound brand and trade name $m	Contracts acquired $m	Software $m	Total $m
Cost				
At 1 April 2017	93.1	591.6	46.4	731.1
Acquisitions (note 29)	-	0.9	-	0.9
Additions	-	-	27.8	27.8
Disposals	-	-	(1.7)	(1.7)
Currency exchange movements	0.7	2.8	-	3.5
At 31 March 2018	93.8	595.3	72.5	761.6
Accumulated amortization and impairment				
At 1 April 2017	44.6	497.4	8.1	550.1
Charge for year	4.7	70.7	15.6	91.0
Impairment	3.5	-	2.5	6.0
Disposals	-	-	(1.1)	(1.1)
Currency exchange movements	0.3	2.1	-	2.4
At 31 March 2018	53.1	570.2	25.1	648.4
Carrying amount				
At 31 March 2018	40.7	25.1	47.4	113.2
Cost				
At 1 April 2016	93.3	592.3	16.5	702.1
Additions	-	-	29.9	29.9
Currency exchange movements	(0.2)	(0.7)	-	(0.9)
At 31 March 2017	93.1	591.6	46.4	731.1
Accumulated amortization				
At 1 April 2016	40.1	432.8	-	472.9
Charge for year	4.6	65.4	8.1	78.1
Currency exchange movements	(0.1)	(0.8)	-	(0.9)
At 31 March 2017	44.6	497.4	8.1	550.1
Carrying amount				
At 31 March 2017	48.5	94.2	38.3	181.0

Contracts acquired through the purchases of businesses and subsidiary undertakings are amortized on a straight-line basis over their useful lives, which is on average nine years.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

12. Property, plant and equipment

	Land and buildings $m	Passenger carrying vehicle fleet $m	Machinery and equipment $m	Total $m
Cost				
At 1 April 2017	486.2	3,241.2	433.6	4,161.0
Additions	11.7	301.5	26.7	339.9
Acquisitions (note 29)	-	2.0	-	2.0
Disposals	(6.8)	(173.8)	(11.3)	(191.9)
Reclassified as held for sale	-	(61.5)	-	(61.5)
Foreign currency movement	2.6	14.8	1.2	18.6
At 31 March 2018	493.7	3,324.2	450.2	4,268.1
Accumulated depreciation and impairment				
At 1 April 2017	178.5	1,695.5	338.0	2,212.0
Charge for year	10.9	253.9	44.6	309.4
Impairment	1.7	17.0	2.2	20.9
Disposals	(2.2)	(156.6)	(11.2)	(170.0)
Reclassified as held for sale	-	(60.3)	-	(60.3)
Foreign currency movement	0.8	9.7	0.9	11.4
At 31 March 2018	189.7	1,759.2	374.5	2,323.4
Carrying amount				
At 31 March 2018	304.0	1,565.0	75.7	1,944.7

The carrying amount of property, plant and equipment includes an amount of $204.4m (2017: $279.4m) in respect of assets held under HP contracts and finance leases.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

12. Property, plant and equipment (continued)

	Land and buildings $m	Passenger carrying vehicle fleet $m	Machinery and equipment $m	Total $m
Cost				
At 1 April 2016	485.7	3,271.0	428.9	4,185.6
Additions	9.4	209.6	27.8	246.7
Disposals	(8.2)	(183.7)	(22.8)	(214.7)
Reclassified as held for sale	-	(51.7)	-	(51.7)
Foreign currency movement	(0.6)	(3.9)	(0.3)	(4.8)
At 31 March 2017	486.2	3,241.2	433.6	4,161.0
Accumulated depreciation and impairment				
At 1 April 2016	172.9	1,662.5	320.6	2,156.0
Charge for year	8.9	255.7	39.8	304.4
Disposals	(3.1)	(172.3)	(22.2)	(197.6)
Reclassified as held for sale	-	(48.0)	-	(48.0)
Foreign currency movement	(0.2)	(2.4)	(0.2)	(2.8)
At 31 March 2017	178.5	1,695.5	338.0	2,212.0
Carrying amount				
At 31 March 2017	307.7	1,545.7	95.6	1,949.0

In the normal course of business, the Group enters into contractual commitments to purchase buses and other assets. At 31 March 2018, the Group had contractual commitments of $59.2m for such purchases (2017: $33.6m).

13. Investments

	2018 $m	2017 $m
US deferred compensation plan assets	**40.0**	37.8
Other investments	**3.4**	3.7
	43.4	41.5

14. Inventories

	2018 $m	2017 $m
Fuel and oil	**6.7**	8.2
Parts	**35.7**	38.4
	42.4	46.6

There is no material difference between the balance sheet value of inventories and their replacement cost. There was no material write down of inventories during the current or prior year.

Notes to the financial statements
Year ended 31 March 2018

15. Trade and other receivables

	2018 $m	2017 $m
Amounts due within one year:		
Trade receivables	395.7	431.8
Provision for doubtful receivables	(4.2)	(4.1)
Other receivables	11.1	46.0
Accrued income	226.5	205.0
Prepayments	74.6	71.6
	703.7	750.3

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Credit risk

Credit risk is the risk that financial loss arises from failure by a customer or counterparty to meet its obligations under a contract.

Credit risk exists in relation to the Group's financial assets, which comprise trade and other receivables of $703.7m (2017: $750.3m), cash and cash equivalents of $30.1m (2017: $52.1m).

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The provision for doubtful receivables at the balance sheet date was $4.2m (2017: $4.1m).

Most trade receivables are with public or quasi-public bodies, principally the school bus boards and city municipal authorities in North America. The Group does not consider any of these counterparties to be a significant risk. Each division within the Group has a policy governing credit risk management on trade receivables.

The counterparties for bank balances and derivative financial instruments are mainly represented by lending banks and large banks with a minimum of 'A' credit ratings assigned by international credit rating agencies. These counterparties are subject to approval by the Board. Group treasury policy limits the maximum deposit with any one counterparty to $93.5m, and limits the maximum term to three months.

An analysis of financial assets which are past due but not impaired is set out below.

	2018 $m	2017 $m
Movement in the provision for doubtful receivables:		
Balance at the beginning of the year	4.1	4.6
Utilized during the year	(5.1)	(3.3)
Amounts recovered during the year	(0.8)	(0.9)
Increase in allowance recognized in the income statement	6.0	3.7
Balance at the end of the year	4.2	4.1

	2018 $m	2017 $m
Ageing of past due but not impaired trade receivables:		
Less than 30 days	19.6	27.6
30 – 90 days	11.1	14.5
90 – 180 days	7.0	4.9
180+ days	5.7	7.6
Total	43.4	54.6

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16. Assets held for sale

	2018 $m	2017 $m
Assets held for sale	**1.3**	3.7

Assets held for sale comprise of North American yellow school buses, which are surplus to requirements and are being actively marketed. Gains or losses arising on the disposal of such assets are included in arriving at operating profit in the income statement. The Group expects to sell such yellow school buses within 12 months of them going onto the 'for sale' list. The value at each balance sheet date represents management's best estimate of their resale value. There are no liabilities associated with these held for resale assets.

17. Trade and other payables

	2018 $m	2017 $m
Amounts falling due within one year:		
Trade payables	**140.8**	150.1
Other payables	**144.3**	181.3
Accruals and deferred income	**353.3**	326.4
Total	**638.4**	657.8

Trade payables and accruals principally comprise of amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 29 days (2017: 31 days). The Group has controls in place to ensure that all payments are paid within the appropriate credit timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

18. Cash and cash equivalents

	2018 $m	2017 $m
Cash and cash equivalents	**30.1**	50.4

The fair value of cash and cash equivalents matches the carrying value.

19. Effective interest rates

The effective interest rates at the balance sheet dates were as follows:

	2018 %	2017 %
$1,425m (2017: $1,425m) Parent company fixed rate term loans	5.5	5.5
$800m Parent company borrowing facility	LIBOR + 0.41	LIBOR + 0.41
$100m Parent company promissory note	LIBOR + 3.0	LIBOR + 3.0

The parent company borrowing facility had $286.7m undrawn at 31 March 2018 (2017: $360.4m). The $1,425m fixed term loans had $375m undrawn at 31 March 2018 (2017: $250m). The $100m parent company promissory note had $57m undrawn as at 31 March 2018 (2017: $nil undrawn).

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

20. Finance leases

The Group had the following obligations under finance leases as at the balance sheet dates:

	2018		2017	
	Minimum payments $m	PV of payments $m	Minimum payments $m	PV of payments $m
Maturing in less than one year	65.9	64.3	72.5	70.7
Maturing in more than one year but not more than two years	58.3	55.3	63.9	60.6
Maturing in more than two years but not more than five years	27.6	25.4	86.3	79.6
Maturing in more than five years	0.1	0.1	0.1	0.1
	151.9	145.1	222.8	211.0
Less future financing charges	(6.8)	-	(11.8)	-
Present value of minimum lease payments	145.1	145.1	211.0	211.0

The lease obligations are denominated in US Dollars and Canadian Dollars.

HP lease obligations	2018	2017
US Dollar denominated fixed rate leases		
US Dollar fixed rate leases	$135.3m	$198.5m
Average remaining lives	2 years	3 years
Effective borrowings rates	2.50%	2.57%
CAD Dollar denominated fixed rate leases		
CAD Dollar fixed rate leases	$C12.7m	$C16.9m
Average remaining lives	2 years	4 years
Effective borrowings rates	4.27%	4.14%

The Group considers there to be no material difference between the fair value of the Canadian dollar finance leases and the carrying amount in the balance sheet.

21. Financial risk management

The most material financial risks faced by the company are liquidity risk and the effects of changes in interest rates and fuel prices. These risks are managed and controlled on a Group wide basis by its ultimate parent company, FirstGroup plc within the context of a set of formal treasury policies established by the FirstGroup plc Board.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities. As the Group is a subsidiary of FirstGroup Plc., its liquidity risk and management are consistent with that of FirstGroup plc's risk and mitigation strategies.

The objective of the FirstGroup plc's liquidity risk management is to ensure sufficient committed liquidity resources. The Group has a diversified debt structure largely represented by medium-term unsecured syndicated and bilateral committed bank facilities and long term unsecured bond debt. It is a policy requirement that refinancing obligations must be addressed well in advance of their due dates.

Liquidity risk (continued)

FirstGroup plc treasury policy requires a minimum of £150m of committed liquidity headroom at all times within medium term bank facilities and such facilities must be renewed or replaced well before their expiry dates. At 31 March 2018, the total amount of these facilities stood at $840.9m (2017: $997.8m), and committed headroom was $840.9m (2017: $997.8m). The next material contractual expiry of revolver bank facilities is in July 2021. Largely due to the seasonality of the yellow school bus business, headroom tends to reduce by September and increase again by March.

The average duration of net debt (excluding ring-fenced cash) at 31 March 2018 was 4.1 years (2017: 3.6 years).

Interest rate risk

The company has inter-group debt on which interest is payable at a margin above US Dollar LIBOR. The following sensitivity analysis details the sensitivity of FirstGroup America, Inc. to a 100 basis point increase in US Dollar LIBOR throughout the reporting period with all other variables held constant:

	2018	2017
	$m	$m
Effect on profit after tax	(5.3)	(6.6)

Fuel price risk

FirstGroup plc purchases diesel fuel on a floating price basis in its First Bus, First Rail, US and Canadian bus operations and therefore is exposed to changes in diesel prices, of which the most significant element is crude oil price risk. The Group's policy objective is to maintain a significant degree of fixed price protection in the short term with lower levels of protection over the medium term, so that the businesses affected are protected from any sudden and significant increases and have time to prepare for potentially higher costs, whilst retaining some access for potentially lower costs over the medium term. The Group primarily uses fixed rate swap instruments to achieve significant fixed price certainty. During the year to 31 March 2018, the Group was hedged 53% on fuel price risk.

FirstGroup plc has also entered into swaps for periods from April 2018 to March 2021 with the majority of these swaps relating to the year to 31 March 2019. The swaps give rise to monthly cash flow exchanges with counterparties to offset the underlying settlement of floating price costs, except where they have a deferred start date. Gains or losses on fuel derivatives are recycled from equity to the income statement on qualifying hedges to achieve fixed rate fuel costs within operating results.

The following analysis details the sensitivity of FirstGroup America, Inc. on profit after tax and equity if the price of crude oil had been $10 per barrel higher at the year end:

	2018	2017
	$m	$m
Impact on profit after tax	(3.1)	(2.7)
Impact on hedging reserve	7.2	7.2

Volume at risk for the year to 31 March 2019 is 1.3m (2018: 1.3m) barrels for which 51% is hedged to diesel price risk.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

22. Deferred tax

The following are the major deferred tax liabilities and assets recognized by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation $m	Retirement Benefit Schemes $m	Other temporary differences $m	Tax losses $m	Total $m
At 1 April 2016	(227.4)	92.9	(125.7)	298.3	38.1
Credit to income	(37.1)	(2.5)	10.0	(34.1)	(63.7)
Credit to equity	-	(14.3)	-	-	(14.3)
Foreign Exchange/Other	0.1	-	0.2	4.8	5.1
At 31 March 2017	(264.4)	76.1	(115.5)	269.0	(34.8)
Credit to income	42.4	10.2	(18.6)	7.3	41.3
Credit to equity	-	(38.2)	-	-	(38.2)
Foreign Exchange/Other	(0.6)	-	-	4.5	3.9
At 31 March 2018	**(222.6)**	**48.1**	**(134.1)**	**280.8**	**(27.8)**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2018 $m	2017 $m
Deferred tax assets	-	-
Deferred tax liabilities	**(27.8)**	(34.8)
Total	**(27.8)**	(34.8)

23. Provisions

	Legal and other[1] $m	Insurance claims[2] $m	Total $m
At 1 April 2017	**35.8**	**403.2**	**439.0**
Provided in the year	8.1	237.3	245.4
Utilized in the year	(11.5)	(219.3)	(230.8)
Notional interest	-	13.3	13.3
Foreign currency movement	-	4.0	4.0
At 31 March 2018	**32.4**	**438.5**	**470.9**

[1] Legal and other provisions relate to estimated exposures for cases filed or thought highly likely to be filed for incidents that occurred prior to the balance sheet date. It is anticipated that most of these items will be settled within 10 years. Other items also include provisions in respect of environmental liabilities and costs anticipated on the exit of surplus properties which are expected to be settled over the remaining terms of the respective leases.

[2] Insurance claims accruals due within one year at 31 March 2018 amounted to $153.5m (2017: $141.1m) and are included in 'accruals and deferred income' within note 17. These arise from estimated exposures to incidents occurring prior to the balance sheet date. It is anticipated that the majority of these claims will be settled within the next six years although certain liabilities in respect of lifetime obligations can extend for up to 30 years. The utilization represents payments made largely against the current liability of the preceding year.

Notes to the financial statements
Year ended 31 March 2018

24. Contingent liabilities

To support operating units in their normal course of business, certain banks and insurance companies have issued performance bonds for $721.4m (2017: $673.8m) and letters of credit for $457.1m (2017: $357.6m) and have been indemnified by the UK Parent Company, FirstGroup plc. The letters of credit relate substantially to insurance arrangements in North America.

The Company is party to certain unsecured guarantees granted to banks for overdraft and cash management facilities provided to itself and subsidiary undertakings.

The Group is party to legal proceedings and claims which arise in the normal course of business, including but not limited to employment and safety claims. The Group takes legal advice as to the likelihood of success of claims and counterclaims. No provision is made where, due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings can be determined.

25. Operating lease arrangements

At 31 March 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 $m	2017 $m
Within one year	80.1	87.3
In the second to fifth years inclusive	145.7	127.9
After five years	88.2	57.1
	314.0	272.3

26. Called up share capital

	2018 $m	2017 $m
Authorized:		
7,000 ordinary shares of $0.01 each	-	-
Allotted, called up and fully paid:		
954 ordinary shares of $0.01 each	-	-

27. Retirement benefit schemes

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. There is no legal or constructive obligation to pay additional contributions into a defined contribution plan if the fund has insufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

Employees in the US have been able to join a defined contribution arrangement for many years. They receive a Company match which varies by employment status. All new employees in Canada join a defined contribution arrangement. Union employees join the Eastern or Western plan, whilst managers and supervisors join the Supervisory plan. They receive a Company contribution dependent on their personal contribution and the plan they are in.

The total expense recognized in the consolidated income statement of $19.1m (2017: $16.9m) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

Defined benefit plans

The Group sponsors five funded defined benefit plans across its operations, covering former and current employees.

US

The Group operates two defined benefit arrangements in the US although benefit accrual ceased some years ago. The plans are valued annually, when the funding position and minimum and maximum contributions are established. Deficits are paid off as required by legislation.

Greyhound Canada

There are three plans, relating to Eastern, Western and Supervisory employees. All the plans are now closed to new members, although benefit accrual continues for existing members.

The plans are valued annually, when the cost of future service and the funding position are identified. Future service costs are shared between the members and the Company, with deficit contributions being met entirely by the Company.

At their last triennial valuations, the defined benefit schemes had funding levels between 74.4% and 105.4% (2017: 74.4% and 105.4%). The market value of the assets at 31 March 2018 for all defined benefit schemes totaled $637m (2017: $635m).

The valuation assumptions used for accounting purposes have been made uniform to Group standards, as appropriate, when each scheme is actuarially valued.

FirstGroup America, Inc.

Notes to the financial statements
Year ended 31 March 2018

27. Retirement benefit schemes (continued)

The valuation assumptions used for accounting purposes have been made uniform to Group standards, as appropriate, when each scheme is actuarially valued.

Key assumptions used:	2018	2017
Discount rate	**3.80%**	3.65%
Expected rate of salary increases	**2.50%**	2.50%
Inflation – CPI	**2.00%**	2.00%
Mortality – Age 65 (US/Canada)	**18.1 years**	18.9 years
Age 45 (US/Canada)	**19.3 years**	20.1 years

A 0.1% movement in the discount rate would impact 2017/18 operating profit and the 2017 balance sheet position by approximately $nil and $4.3m respectively. A 0.1% movement in the inflation rate would not impact 2017/18 operating profit or the 2017 balance sheet position.

a) Income statement

Amounts recognized in income in respect of these defined benefit schemes are as follows:

	2018 $m	2017 $m
Current service cost (including administrative expenses)	**(13.2)**	(13.1)
Past service loss including curtailments and settlements	**(0.4)**	-
Net Interest cost	**(9.4)**	(10.1)
	(23.0)	(23.2)

During the year $8.5m (2017: $8.6m) of administrative expenses were incurred.

Actuarial gains and losses have been reported in the statement of recognized income and expense.

The actual return on scheme assets was $68.1m (2017: $60.0m).

Reconciliation of the actual return on scheme's assets:

	2018 $m	2017 $m
Interest income on assets	22.5	22.6
Actuarial gain on assets	32.0	39.8
Currency gain/(loss)	13.6	(2.4)
Actual return on scheme assets	68.1	60.0

27. **Retirement benefit schemes (continued)**

(b) Balance sheet

The amounts included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes are as follows:

At 31 March	2018 $m	2017 $m
Fair value of schemes' assets	637.4	634.6
Present value of defined benefit obligations	(865.4)	(904.9)
Deficit in schemes	(228.0)	(270.3)
Liability recognized in the balance sheet	(228.0)	(270.3)
The amount is presented in the consolidated balance sheet as follows:		
Non-current liabilities	(228.0)	(270.3)
	(228.0)	(270.3)

(c) Defined benefit obligations (DBO)

Movements in the present value of DBO were as follows:

	2018 $m	2017 $m
At 1 April	904.9	943.9
Current service cost (excluding administrative expenses)	13.2	4.5
Interest cost	31.9	32.7
Effects of settlements	(6.0)	-
Employee share of change in DBO	1.5	1.7
Experience (gain)/loss on DBO	(4.0)	3.6
Gain on change of assumptions (demographic)	(4.0)	(5.6)
(Gain)/loss on change of assumptions (financial)	(0.7)	11.6
Benefit payments	(83.8)	(80.4)
Currency gain/(loss)	12.4	(7.1)
At 31 March	865.4	904.9

27. Retirement benefit schemes (continued)

(d) Fair value of schemes' assets

Movements in the fair value of schemes' assets were as follows:

	2018 $m	2017 $m
At 1 April	634.6	643.6
Settlement impact of assets	(6.4)	-
Interest income on assets	22.5	22.6
Company contributions	23.3	18.3
Employee contributions	1.5	1.7
Actuarial gain on assets	32.0	39.8
Benefit paid from schemes	(75.2)	(80.4)
Employer administration expenses	(8.5)	(8.6)
Currency gain/(loss)	13.6	(2.4)
At 31 March	637.4	634.6

(e) Asset allocation

The vast majority of the assets held by the pension arrangements are invested in pooled funds with a quoted market price. The analysis of the schemes' assets at the balance sheet dates were as follows:

At 31 March	2018 $m	2017 $m
Global equity	235.3	237.4
Private equity	-	37.0
Fixed income/liability driven	234.1	290.0
Other return seeking assets	58.0	7.9
Real estate	88.7	46.4
Cash and cash equivalents	21.3	15.9
	637.4	634.6

(f) Consolidated statement of comprehensive income

Amounts presented in the consolidated statement of comprehensive income comprise:

	2018 $m	2017 $m
Actuarial gain/(loss) on DBO	8.7	(9.6)
Actuarial gain on assets	32.0	39.8
Actuarial gains on defined benefit schemes	40.7	30.2

27. Retirement benefit schemes (continued)

The estimated amounts of contributions expected to be paid to the schemes during the financial year to 31 March 2018 is $28.1m (year to 31 March 2017: $19.5m).

Risks associated with defined benefit plans:

Generally, the number of employees in defined benefit plans is reducing rapidly, as these plans are largely closed to new entrants, and in many cases to future accrual. Consequently, the number of defined contribution members is increasing.

The key risks relating to the defined benefit pension arrangements and the steps taken by the Group to mitigate them are as follows:

Risk	Description	Mitigation
Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. Most of the defined benefit arrangements hold a significant proportion of return-seeking assets (equities, diversified growth funds and global absolute return funds) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term.	Asset liability modelling has been undertaken to ensure that any risks taken are expected to be rewarded.
Uncertainty over level of future contributions	Contributions to defined benefit schemes can be unpredictable and volatile as a result of changes in the funding level revealed at each valuation.	The Group engages with the Trustees and Administering Authorities to consider how contribution requirements can be made more stable. The level of volatility and the Group's ability to control contribution levels varies between arrangements.
Life expectancy	The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.	Periodic studies are undertaken into mortality experience and the recommendations are incorporated into the assumptions made.
Legislative risk	Future legislative changes are uncertain. In the past these have led to increases in obligations, through introducing pension increases, and vesting of deferred pensions, or reduced investment return.	The Group receives professional advice on the impact of legislative changes.

28. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated and are not disclosed in this note.

Amounts due to the parent company, FirstGroup plc, of $2,266.2m (2017: $2,322.1m) are included within non-current liabilities due to the nature of the pay back provisions. Interest is calculated on these at the rate of LIBOR plus 0.41 – 3.25%. The movement within the year is primarily due to working capital movement.

The group paid interest to its parent company of $116.3m (2017: $110.5m) under the parent company borrowing facility.

FirstGroup Investment Corporation, Inc. is the immediate parent company of FirstGroup America, Inc. The directors regard FirstGroup plc, incorporated in the United Kingdom, as the ultimate parent undertaking and controlling party. The consolidated accounts of the ultimate undertaking are available from 395 King Street, Aberdeen, AB24 5RP, Scotland, United Kingdom.

29. Acquisition of businesses and subsidiary undertakings

	2018 $m	2017 $m
Provisional fair value of net assets acquired		
Property, plant and equipment	**2.0**	-
Other intangible assets	**0.9**	-
Other liabilities	**(0.4)**	-
	2.5	-
Goodwill	**1.7**	-
Satisfied by cash paid and payable	**4.2**	-

On 11 August 2017, the Group completed the acquisition of Falcon Transportation, a Chicago-based provider of school and charter transportation services. The $4.2m consideration represent $3.8m cash paid in the period and $0.4m of deferred consideration.

The business acquired during the year contributed $4.3m (2017: $nil) to Group revenue and $0.3m (2017: $nil) to Group operating profit from date of acquisition to 31 March 2018.

If the acquisitions of the business acquired during the year had been completed on the first day of the financial year, Group revenue from this acquisition for the period would have been $6.3m (2017: $nil) and the Group operating profit from this acquisition attributable to equity holders of the parent would have been $0.6m (2017 $nil).

30. Remuneration of key management personnel

The remuneration of key management personnel of the Group is set out below in aggregate for each of the categories specified in the IAS 24 Related Party Disclosures. The remuneration of key management includes directors as named previously during the period in which they served.

	2018 $m	2017 $m
Basic salaries	**2.5**	2.4
Performance related bonuses	**1.2**	0.2
Other benefits	**0.3**	0.4
	4.0	3.0

First Student

Caring for students today, tomorrow, together.

COMPANY BACKGROUND

COMPANY BACKGROUND

FIRST STUDENT'S HISTORY

We have more than a century of experience providing safe and reliable student transportation. Our company history traces back to 1913 when Frank A. Patchett of the Patchett Bus and Transportation Company rallied together his limited resources to develop a transportation solution to address the challenge of rapid population growth in his hometown of Newman, California. Using a Ford Model-T frame, he attached bench seats, wood paneling and a roof to the truck's flatbed — a preliminary design that would go on to become the yellow school bus we know and love today. Patchett's bus, now known as First Student's "Number One" bus, is so significant and symbolic to the community that it is incorporated into the city's crest. Today, the City of Newman remains a valued member of the First Student family and our celebrated 105-year-old bus exemplifies the strength and longevity of our community relationships. Our solid reputation and record of performance demonstrates our ability to deliver on our promises.

1913
Frank A. Patchett designs what would become the first school bus – First Student's "Number One" bus

1939
Yellow becomes standard color of school buses & 44 other manufacturing standards implemented

1999
First Student acquires Ryder Transportation

1983
First Student incorporated

2006
First Student leads industry by installing GPS on buses

2007
First Student acquires Laidlaw International

Today
Providing the best start and finish to each school day...

COMPANY OVERVIEW

FirstGroup America Family of Companies

First Student, Inc. is a member of a family of companies that make up FirstGroup America, the largest provider of safe, reliable and sustainable ground passenger transportation services in North America. FirstGroup America is the North American operation of FirstGroup plc, a more than $6 billion global transportation company, with a vision to transform travel by providing services that help create strong, vibrant and sustainable local economies.

Our broad transportation footprint gives us a breadth and depth of expertise across different regulatory and contractual requirements. You can be confident that whatever the specific challenge is, somewhere across our business we have already identified and implemented a solution.

First Student

Key Facts: 1,100 school districts served; 5 million student journeys per day across the U.S. and Canada; 42,000 vehicles operated and maintained; 48,000 employees.

First Transit

Key Facts: 12,600 vehicles owned or operated; 340 million passengers a year; 19,000 employees; services include transit management, paratransit, campus transit, shuttle, healthcare transportation, bus rapid transit and rail.

First Vehicle Services

Key Facts: First Transit's fleet maintenance solution; provides ancillary support services for public sector costumers, including law enforcement, fire, and emergency and municipal services.

First Student's 460 locations provide the best start and finish to the school day for the students and families we serve. We offer large and small school districts tailored, cost-effective solutions spanning full-service transportation and management, special-needs transportation, route optimization, maintenance and charter services.

Corporate Headquarters:
First Student, Inc.
600 Vine Street, Suite 1400
Cincinnati, Ohio 45202

Proposal Contact:
Leslie Norgren
Region Vice President
630-201-0522
Leslies.Norgren@firstgroup.com

Classification:
Corporation
Incorporated in Delaware, 1983

Federal ID#:
59-2364035

Executive Leadership:
President: Paul Osland

Regional Leadership:
Senior Vice President: Roger Moore
Region Vice President: Leslie Norgren
District Manager: Freddie Sims

COMPANY VALUES

Our focus is on connecting schools with the communities they serve. Driven by our vision and values, we are a customer-centric organization with a solid commitment to Northbrook.

OUR VISION

To provide solutions for an increasingly congested world, keeping people moving and communities prospering.

OUR VALUES

Commitment to Our Customers	Dedication to Safety	Supportive of Each Other	Accountability for Performance	Setting the Highest Standards
We keep our customers at the heart of everything we do.	Always front of mind, safety is our way of life.	We trust each other to deliver and work to help one another succeed.	Every decision matters, we do the right thing to achieve our goals.	We want to be the best, continually seeking a better way to do things.

INDUSTRY ASSOCIATIONS

First Student plays an active role in several professional trade associations representing the student transportation industry. We work collaboratively with our colleagues to raise the bar for transportation service and deploy best practices in safety, efficiency and innovation.

National Safety Council - a non-profit organization that serves as the nation's leading resource on industry trends, professional development, and strategies for advancing safety and health programs and practices.

National Association for Pupil Transportation (NAPT) - supports and develops professionals who are "front-line" employees receiving communication, leadership, education, advocacy, anti-bullying training, professional development and other resources.

National School Boards Association (NSBA) - the nation's leading advocate for public education. Working with state associations, NSBA advocates for equity and excellence in public education through school board leadership.

The School Superintendent Association (AASA) - advocates for equitable access for all students to the highest quality public education and develops and supports school system leaders.

National Association of State Directors of Pupil Transportation Services (NASDPTS) - provides leadership, assistance and motivation to the school transportation community with the goal of providing safe, secure, efficient, economical and high-quality transportation to schoolchildren on their trips to and from school and school-related activities.

American Bus Association (ABA)- pursues opportunities by closely monitoring key legislative and regulatory developments, safeguards the rights of motor coach operators, protects members from inequitable business regulation, and keeps members informed

First Student
Caring for students today, tomorrow, together.

SENIOR LEADERSHIP BIOS

The First Student senior leadership team is responsible for making sure we deliver on our promise to keep your students moving and your community prospering. To learn more about our full leadership team, visit our website: **http://www.firststudentinc.com/about/our-people/leadership.**

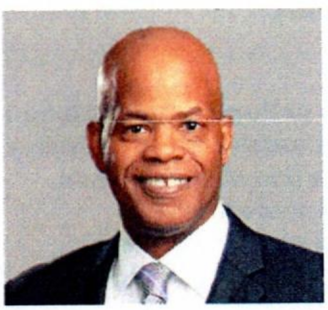
"We play a critical role in the lives of the millions of students we transport every school day, including many of the country's most vulnerable children. I believe First Student has the strongest commitment to driver training, maintenance and safety."

President

Paul Osland

President Paul Osland joined FirstGroup America in 2016. Paul's responsibilities are to drive high standards and innovation, while overseeing the safe operation of more than 42,000 yellow school buses and a dedicated team of 48,000 employees across North America. Paul brings more than 25 years of leadership and operations experience across industries that include telecommunications, broadband construction, general construction, logistics and transportation. He most recently served as Chief Facilities Officer for Chicago Public Schools (CPS), a $6 billion-dollar educational enterprise serving 400,000 students in more than 600 schools. Prior to being named Chief Facilities Officer, Paul served as Executive Director of Transportation for CPS.

Paul holds a Bachelor of Arts in Economics from DePauw University and post-graduate executive development studies in marketing and finance from the University of Chicago.



"There are many advantages to working with an experienced school transportation services partner. The efficiencies and cost savings we generate can help to keep district resources where they are needed most – in the classroom."

Senior Vice President/Chief Financial Officer

Scott Spivey

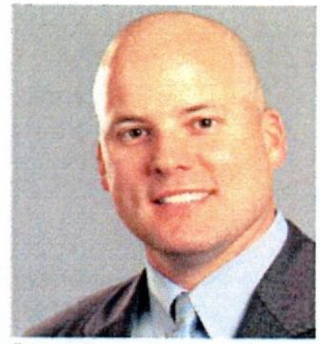
Senior Vice President and Chief Financial Officer Scott Spivey joined FirstGroup America in 2015. His Shared Services accountabilities include leadership of the tax, cash management, budgeting, forecasting, governance, bid pricing and controller functions. Scott also leads financial planning and analysis, as well as mergers and acquisitions for First Student.

Scott brings more than 25 years of broad-based global finance, operational and general management experience across multiple industries. Prior to joining FirstGroup America, Scott served as senior vice president of finance for CHEP Global Pallets, the leader in pallet and container pooling services specializing in the leasing of reusable pallets, crates and containers with associated logistics services, operating in more than 50 countries.

Scott earned his Bachelor of Arts in Accounting from Clark Atlanta University and his Master of Business association from the University of St. Thomas in St. Paul, Minnesota.

Chief Operating Officer

Dean Suhre



"The way we impact the education process is by ensuring kids have a safe, reliable way to and from school each day. When we do that, we become more than a transportation services provider – we become a partner to the K-12 community."

Chief Operating Officer Dean Suhre is responsible for all regional operations of First Student, with a focus on improving operational discipline and compliance down to the location level.

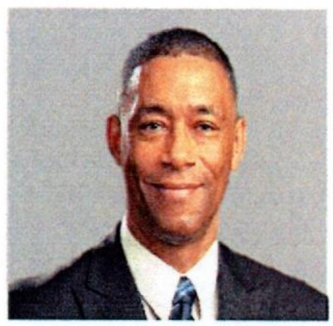
Dean is a 17-year veteran of the school bus industry, beginning his career with Laidlaw Education Services prior to the FirstGroup acquisition in 2007. He has held various finance and operations support positions, including Chief Financial Officer, for First Student from 2008-2011.

Dean co-led Mission 1, an important reorganization and transformation project for First Student, which resulted in significant overall improvements in safety, results, customer service and employee satisfaction. He has also led the development of various technological advances and other operational improvement initiatives at First Student.

Dean earned his Bachelor of Science in Accountancy from Southern Illinois University Edwardsville and his Master of Business Administration with honors from Webster University.

Senior Vice President, Safety

Darryl Hill, Ph.D., CSP



"I am passionate about the education process and safety of the K-12 community. It is imperative that we ensure the safety of our children by deploying industry best practices and technological innovation. Our customer commitment and high standards for safety performance is key to our K-12 partnership."

Senior Vice President, Safety Darryl Hill, Ph.D., CSP oversees Safety for FirstGroup America. He brings 30 years of safety experience to our organization. His background spans diverse organizations that include information technology, manufacturing, engineering and healthcare. Most recently, Darryl served in a leadership role at Abbott Laboratories, as Corporate Director, Global Environmental, Health and Safety Governance and Product Stewardship. In this role, he led global policy setting, standard development, auditing and compliance assurance, for the company's Environmental, Health and Safety programs.

Prior to Abbott, Darryl held leadership positions at Johnson Controls, including Vice President, Global Health and Safety. He also served in leadership roles at ABB, Inc. where he was Vice President, Safety and Health.

In addition to Darryl's professional accomplishments, he has held leadership positions within the safety industry including serving as President and member of the Board of Trustees of the American Society of Safety Engineers, the country's oldest professional safety organization. Darryl is editor and contributing author of *Construction Safety Management and Engineering*.

For more than 20 years, Darryl served as Adjunct Assistant Professor at Oakland University. He's written several books and numerous articles on safety-related subjects, all published in peer-reviewed journals.

Darryl earned his bachelor's degree in occupational safety from Iowa State University and his master of science in hazardous waste management from Wayne State University. He earned his Ph.D. in educational leadership from Oakland University and he is currently earning master's in business administration from Southern New Hampshire University.

Senior Vice President, Human Resources and Labor Relations

Tom Secrest

Senior Vice President of Human Resources and Labor Relations Tom Secrest oversees management of all corporate and field HR and labor relations for FirstGroup America.

Tom has over 20 years of experience in the school bus industry, beginning his career with Ryder Public Transportation Services, predecessor company to FirstGroup America, in 1997.

Over the years Tom has had recent steady promotional advancement into leadership roles of increasing responsibility with First Student, First Transit and FGA Shared Services. His leadership responsibilities have included Labor Relations, Field HR, Corporate HR, and at present all Labor Relations and HR functions in North America. Prior work history includes both governmental and private law firm positions.

Tom earned his bachelor's degree in industrial labor and labor relations from Cornell University. He also earned his juris doctorate from University of Dayton School of Law.

"Nothing is more important than hiring and developing good people. We strive to have our drivers and staff be a positive part of the school day for our K-12 student passengers."

Senior Vice President, Maintenance

Todd Hawkins

Senior Vice President of Maintenance Todd Hawkins oversees management for all 500 maintenance operations for FirstGroup America.

Todd has more than 30 years of experience as a manager of maintenance. He is responsible for FirstGroup's maintenance activities which include school buses, transit contracting systems operating fixed-route, paratransit, trolley, shuttle, and over-the-road vehicles. Todd's focus is on managing our maintenance quality assurance programs and implementing innovative methods to improve efficiency and bring accountability to our clients.

He and his staff offer technical assistance, training, and best-practice information to FirstGroup's maintenance operations and can provide technical assistance as necessary to the 2,600 fleet maintenance staff.

Prior to FirstGroup, Todd held leadership positions at Ryder Truck Rental including Mechanic and Assistant Supervisor and Maintenance Manager.

Todd earned his degree in diesel technology from Atlanta Area Technical College.

"At First Student we do not just pride ourselves on the best-in-class maintenance to provide the safest assets on the road, but we do it for the right reasons. We do it every day with safe drivers in safe vehicles that we may transport OUR families SAFELY."

LIST OF TERMINATED OR NOT RENEWED

First Student's former customer lists and references are confidential and proprietary. Any distribution or copying of this material outside of review of this proposal should only be performed after obtaining written consent from First Student.

SCHOOL DISTRICT	CONTACT	LENGTH OF SERVICE	VEHICLE COUNT	REASON LOST
Argenta-Oreana CUSD 1	Damian Jones Sr. Superintendent damiandjonessr@gmail.com	1+ years	23	In-House
Belle Valley	Louis Ann Superintendent louober@bv119.net	1+ years	10	In-House
Belleville 118	Ryan Boike Superintendent rboike@belleville118.org	1+ years	49	In-House
Charleston Cmty Unit Sd 1	David Kuetemeyer Business Manager dek20@hotmail.com	1+ years	45	Lost 2017 bid
Decatur Public Schools	Gloria Davis Superintendent gjdavis@dps61.org	1+ years	111	Lost 2017 bid

SCHOOL DISTRICT	CONTACT	LENGTH OF SERVICE	VEHICLE COUNT	REASON LOST
Delavan C.U.S.D. #703	Mary Parker Superintendent parkerm@delavanschools.com	1+ years	5	In-House
East Peoria Sd 86	Tony Ingold Superintendent tony@epd86.org	1+ years	33	In-House
Havana SD	Patrick M. Twomey Superintendent mtwomey@havana126.net	1+ years	18	In-House
Itasca SD 10	Marsha Tornatore Superintendent mtwomey@havana126.net	1+ years	5	Lost 2016 bid
Kankakee School District #111	Mary Tinsley Asst. Director of Business mtwomey@havana126.net	1+ years	63	Lost 2018 bid
Madison SD #12	Evelyn Kelly Superintendent ekelly@madison.k12.il.us	1+ years	5	In-House
Montmorency	John Rosenberry Superintendent jrosenberry@roe55.k12.il.us	1+ years	3	In-House
Mt. Zion Cmty Unit Sch Dist 3	Brian Rhoades Associate Superintendent rhoadesb@mtzion.k12.il.us	1+ years	29	In-House
Peoria Sd 150	Anthony Mendoza Transportation Director anthony.mendoza@psd150.org	1+ years	20	In-House

SCHOOL DISTRICT	CONTACT	LENGTH OF SERVICE	VEHICLE COUNT	REASON LOST
Pontiac/William Holiday	Julie Brown Superintendent jbrown@pwh105.org	1+ years	5	In-House
Whiteside School	Peggy Burke Superintendent pburke@stclair.k12.il.us	1+ years	10	In-House
Wolf Branch	Scott Harres Superintendent sharres@stclair.k12.il.us	1+ years	7	In-House

First Student

Caring for students today, tomorrow, together.

MANAGEMENT & OPERATIONS SUPPORT

MANAGEMENT AND OPERATIONS SUPPORT

YOUR LOCAL TEAM

The focus of our staffing plan is to put the people, systems and technologies in place to enable First Student to deliver a high level of service and professionalism to the students, parents and community served by West Northfield School District 31.

As West Northfield School District 31's long-term partner, our aim is to uphold our positive working relationship by continuing to work side-by-side when tackling issues or exploring opportunities - achieving the highest standards throughout the district's school transportation system is our shared goal.

The following personnel make up our proposed location team:

- Bryan Williams, Location manager
- Keli Brunson, Safety coordinator
- Natasha Williams and Porcha Murphy, Dispatchers
- KeAna Smily, Operations clerk
- Frank Matos, Administrative assistant
- Willie Shelton, Service employee
- Juan Nunez, Shop manager
- Anthony Bacci, Jeffrey Boyk, Omar V, Bernard P, Technicians

Location Manager

Our location manager is West Northfield School District 31's point person and designated contract administrator. They ensure your needs are met in a timely manner; issues are satisfactorily resolved; and additional training and resources are made available as needed.

Specific location manager responsibilities include, but are not limited to, the following:

- Screening, hiring, training and counseling drivers
- Ensuring compliance with school district, state, federal and First Student policies and procedures
- Leading location safety plan
- Monitoring and coordinating effective emergency response actions, including poor road conditions or severe weather
- Overseeing fleet planning, routing and maintenance
- Ensuring all required performance reports are submitted to your school district

Safety Coordinator

Our safety coordinator works with our region safety manager, location manager and technician-in-charge to ensure safety provisions are in-place and being adhered to with shared accountability. She performs analysis and works with the location team to develop recommendations for improvement.

Specific safety coordinator responsibilities include, but are not limited to, the following:

- Conducting and documenting investigation for all serious events
- Assisting in developing actions and ensuring lessons learned are implemented, shared and followed up on
- Sharing best practices and solutions or new ideas on problem solving at locations managed by the position
- Helping locations determine proper remedial actions in the aftermath of a safety event, including retraining and participating in the discipline decision
- Guiding location on compliance with First Student policies and Standard Operating Procedures (SOPs), as well as applicable laws and regulations, provide visibility of location compliance scores to regional and senior team
- Preparing monthly reports and analysis of safety performance, identifying trends and corrective actions
- Assisting HR/location manager with driver recruitment, retention, and training deficiencies
- Working with area general manager and location manager to carry out or cascade division or group wide activities and actions
- Verifying location compliance with new driver training/experienced driver training standards and conducting quality assurance

Dispatcher

Our dispatchers are responsible for bus routes, bus readiness and driver assignments. They are essential to the success of daily service and must be effective in communicating and responding to the adaptive nature of our day-to-day business.

Specific dispatcher responsibilities include, but are not limited to, the following:

- Checking drivers in before each AM and PM route
- Notifying the location manager of any absent personnel and assisting the manager in immediately obtaining substitutes
- Assisting in developing and scheduling routes, route changes, placement of new stops and determining transportation eligibility
- Monitoring two-way radio communications and assisting drivers in the on-time and safe transportation of their passengers
- Maintaining dispatch logs, route sheets, vehicle status reports, associated licensing and coordination of required bus maintenance
- Completing route updates and report forms (time-off requests, late bus reports, etc.) as required by the terms of the contract
- Supporting communication with school personnel and parents who make inquiries and requests regarding daily routes and trips
- Controlling and monitoring driver hours to help ensure fair distribution of work and assignment budgeting

Operations Clerk

Our operations clerk assists the Location manager in all aspects of the daily accounting function. Responsible for the completion of new employee profiles, payroll, accounts payable, accounts receivable, benefits enrollments and other clerical and accounting functions.

Specific operations clerk responsibilities include, but are not limited to, the following:

- Processes new employee files/records and submits to the Contract
- Manager for approval. Once approved, submits all appropriate paperwork to the region accounting office.
- Creates and maintains all employee current and history files according to company policy. Submits changes affecting each. Periodically audits files.

- Processes vendor invoices for payment including the completion of invoice log and accurate account coding. Routes invoices for approval and payment. Weekly preparation of all petty cash account reimbursement.
- Reconciles petty cash monthly.
- Final billing of all charter and rental invoices including the completion of invoice continuity logs. Maintains daily cash receipts log to record payments received. Follows-up on all accounts receivable and notify the manager of delinquent accounts.
- Calculates driver/staff payroll and input payroll information into the computer for processing.
- Accurately tracks attendance for permanent part-time employees. Maintains an accurate driver seniority list.
- Receives and process applications and schedule interviews. Completes all EEO/AAP logs related to new applicants.
- Answers the telephone and responds to customer inquiries. Distributes mail, prepares overnight packages, and maintains stamps and other mailing supplies. Orders location's office supplies and maintains inventory.

Administrative Assistant

Our administrative assistant performs all clerical and administrative functions in the location to ensure that all contractual and legal mandates are met.

Specific administrative assistant responsibilities include, but are not limited to, the following:

- Maintaining contract files and records
- Preparing contract correspondence, manager reports and schedules
- Answering the phone and directing calls for the department or location
- Scheduling appointments and meetings for management
- Preparing and sending e-mail, mail and faxes as required
- Administering accounting data, payroll, and personnel record
- Coordinating employee benefits at the contract level

Service Employee

Our service employee maintains and fuels all school buses, activity, and commercial buses in conjunction with First Student's Maintenance Department: dispenses fuel, checks oil, maintains accurate stick and meter readings, stocks required supplies and equipment, and coordinates the flow of buses to ensure safe operation. Performs light maintenance as necessary to buildings and grounds.

Specific service employee responsibilities include, but are not limited to, the following:

- Opens the gates to the lot and checks bus parking areas to ensure all can be dispatched in a timely manner. Re-positions any buses that may impede the traffic in the yard.
- Maintains accurate records and completes Bulk Fuel Receiving Report, Fuel Variance Report, Closing Month-end Report and Meter Calibration Report.
- Checks and fills the oil, antifreeze, power steering, transmission fluid, brake fluid, windshield washer fluid and belts on buses being fueled. Ensures that adequate supplies to perform checks are maintained at the fuel island.
- Inspects all buses during fueling or on a regularly scheduled basis for physical damage. Any damage will be reported immediately to the Contract Manager or designee.
- Performs maintenance of buildings and grounds to include yard cleanliness, grass and weeds or any other yard projects that are assigned as necessary.
- Maintains the appropriate credentials to drive a regular route or charter as required to cover the day's activities.
- Performs any other management requests or directives as requested.

Shop Manager

Our shop manager is responsible for maintaining the overall reliability and performance of West Northfield School District 31's vehicles. He oversees compliance with regulatory requirements and company policies, trains and supervises shop staff, schedules fleet maintenance and keeps dispatch informed of vehicle availability. Our shops deliver the highest level of maintenance service for optimum vehicle safety using today's leading technologies, rigorous inspection and repair procedures and experienced teams of certified professionals.

Specific shop manager responsibilities include, but are not limited to, the following:

- Managing preventive maintenance (PM), diagnostics and repairs on all vehicles in the fleet
- Overseeing evaluation and repairs of all defects noted on the Driver Vehicle Condition Reports (DVCR)
- Scheduling PM efficiently according to prescribed mileage intervals and prioritizing workload and vehicles requiring service
- Verifying proper repair on all work performed and utilizing automated management tools to analyze costs, quality and productivity
- Administering warranty claims and ensuring that all manufacturer campaigns are complete
- Ordering, stocking and managing parts inventory and seeking responsive, cost-effective suppliers
- Ensuring compliance and reporting all waste stream disposals in accordance with all state and federal regulations
- Confirming shop safety rules are followed in accordance with all OSHA regulations and company policies
- Ensuring general cleanliness and caring for our shop and surrounding grounds and securing all tools, equipment and technology necessary for effective maintenance
- Directing and evaluating individual technician productivity and the quality of maintenance work
- Providing continuous training and guidance as needed to ensure strong technical competency and skills in each technician's respective field of maintenance expertise

Technician

Our technicians support our shop manager. They are responsible for taking a proactive approach to maintenance and repairs by identifying and communicating issues before they become problems.

Specific technician responsibilities include, but are not limited to, the following:

- Performing vehicle preventive maintenance to company standards
- Reassembling, cleaning, and re-installing components as assigned
- Maintaining a safe, clean team work area
- Moving vehicles between job and work area
- Communicating professionally with customers and supervisors
- Assisting in parts procurement
- Documenting work in maintenance information system (MIS) program

TRAINING AND PROFESSIONAL DEVELOPMENT

Our local management and office staff receive training customized to the specific needs of the location West Northfield School District 31. Through our e-learning portal, FirstGroup America University, personnel can complement their site-based training by pursuing further professional development through self-directed learning plans.

Location Manager On-Boarding

All new location managers, or those new to the location manager role; assistant location managers; candidates being primed for the location manager role; and new area general managers participate in First Student's 4-day Location Manager Onboarding.

The curriculum has a strong focus on safety, operational efficiency, customer service, maintenance and finance. Designed for active engagement and hands-on learning, the average class includes 12-15 participants and covers approximately 30 hours of management training and system simulations led by subject matter specialists and senior leadership staff.

Location Manager Onboarding (LMO) Training Modules

1. **Introduction to Safety:** Ways to promote and reward safety messages
2. **HR/Employee Management:** Recruiting, hiring and managing the employee database
3. **Maintenance & Environmental Compliance:** Maintenance programs and the environmental assurances needed at facility
4. **Finance:** How to run and report financial data
5. **Payroll/Benefits** Managing the benefits and payroll operations of staff
6. **Purchasing, Payments & Invoices:** Introduction to AP/AR and how to submit invoices
7. **Information Technology (IT):** Focusing on computerized operations & IT support
8. **Real Estate/Facilities & Security:** What's necessary to make your location safe and efficient?
9. **Corporate Communications/ Media Relations** Who can support the location and districts during times of need?
10. **Customer Service & Community Engagement:** Engaging with your community and providing service in a friendly and proactive way

115+
LMS & AGMS Graduated from LMO in
ONE YEAR!

FirstGroup America University

Through our e-learning portal, FirstGroup America University, personnel can supplement their site-based training by pursuing further professional development through self-directed learning plans. Courses are continuously improved in the training library and are customized to meet role-specific training needs.

One of our curriculums designed includes our customer service training platform called Customer First. Customer First is training we created in response to our customer feedback which is how we develop our training. A monthly assignment is required of staff through blended learning. Our staff starts by taking an online course backed up by an instructor led discussion.

FirstGroup America University has implemented course requirements for our maintenance team's lean shop program to help achieve our bronze, silver and gold wrench awards. Please see our "Maintenance Program" section for more information on our Lean Sigma Shop Practices.

Online courses and learning programs have been developed utilizing our collective subject matter expertise in the transportation industry to support our First Student locations in overcoming challenges with driver shortages. Our interview certification program provides our frontline employees with the resources to increase our compliance with local, federal and company regulation, and more importantly, ensure our candidate experience is welcoming, positive, and consistent with our company core values. First Student has the capacity to improve candidates experience by training our frontline employees. Our goal is for all the new candidates and employees to feel welcome to First Student.

LOCATION SUPPORT STRUCTURE

Operations Support Team

Our Central Operations Support Team, made up of specialists in data integrity, analytics and transportation technology, is an extension of your local transportation team. Each First Student location is assigned a dedicated operations analyst to serve as the point of contact for direct and timely support in key areas of operations: routing, dispatch and reporting, FOCUS™ and customer-facing technology.

Operations Advisory Team

The First Student Operations Advisory Team is a focus group of front line managers who engage in bi-monthly conference calls with company leadership around company initiatives and management tools. This team helps to identify and address pain points; develop well-timed roll-outs; and ensure clear direction is given to our locations.

Shared Services Model

We are actively drawing insights from our locations across North America to maximize economies of scale, subject matter specialization and proven best practices in the transportation industry. Certain administrative and technical support services are centralized to this end. These include functions such as IT help desk services, payroll and benefits, AP and AR, talent acquisition, procurement, real estate, legal, maintenance and engineering, safety and security, performance improvement, and insurance and risk management.

INTERNAL AND EXTERNAL COMMUNICATION

Expert District Communications Support

First Student's communications team is available to support bro West Northfield School District 31 and our location staff in creating student transportation messaging. Should the district ever have the need or desire for assistance, our team can offer an additional layer of expertise in developing and carrying out a school transportation communications strategy as well as direct support with creating clear and effective announcements, news releases and event promotions.

Media Relations

Whether issuing good news or managing crisis communication, First Student offers counsel and/or full assistance with media relations matters. We work in close partnership with West Northfield School District 31 as needed to develop appropriate messaging and disseminate breaking news affecting Northbrook. Our team monitors the First Student Media Line so we are accessible to newspaper, radio and television media 24 hours a day, seven days a week.

Promotion and Engagement

To help boost your outreach efforts in key areas, such as safety awareness, bus ridership or other transportation related topics, First Student offers a variety of materials and resources as well as direct support:

- Awareness and educational materials (i.e. back-to-school toolkit, "Love the Bus" month toolkit, first time rider tips, etc.)
- Event promotion items (i.e. flyers, media alerts, safety certificates, coloring books, etc.)
- Templates and tools for local project planning and community outreach
- Partnership on school bus programs

Parent Resources and Toolkits

We provide parent resources covering several safety and ridership topics, such as:

- School bus safety tips and safety features
- First time rider
- Bullying information
- Pedestrian safety
- Distracted walking
- Winter safety tips

PERFORMANCE MANAGEMENT

We provide tools and resources to help our location managers focus on the specific needs of their operations and plan more effectively. These include integrated technology systems; performance measurement feedback tools; and technical assistance accessed through a single point of contact.

Management Tools and Reporting

To help our locations drive continuous improvement, our performance improvement team captures and summarizes key metrics linked to each location's daily performance. This tool helps our manager easily extract actionable safety and service insights, which he or she uses to have data-driven coaching conversations. Additionally, our centralized performance improvement team also tracks and reports KPI rankings by location. This has resulted in a friendly competition among our locations to move up in the ranking while driving operational excellence company wide.

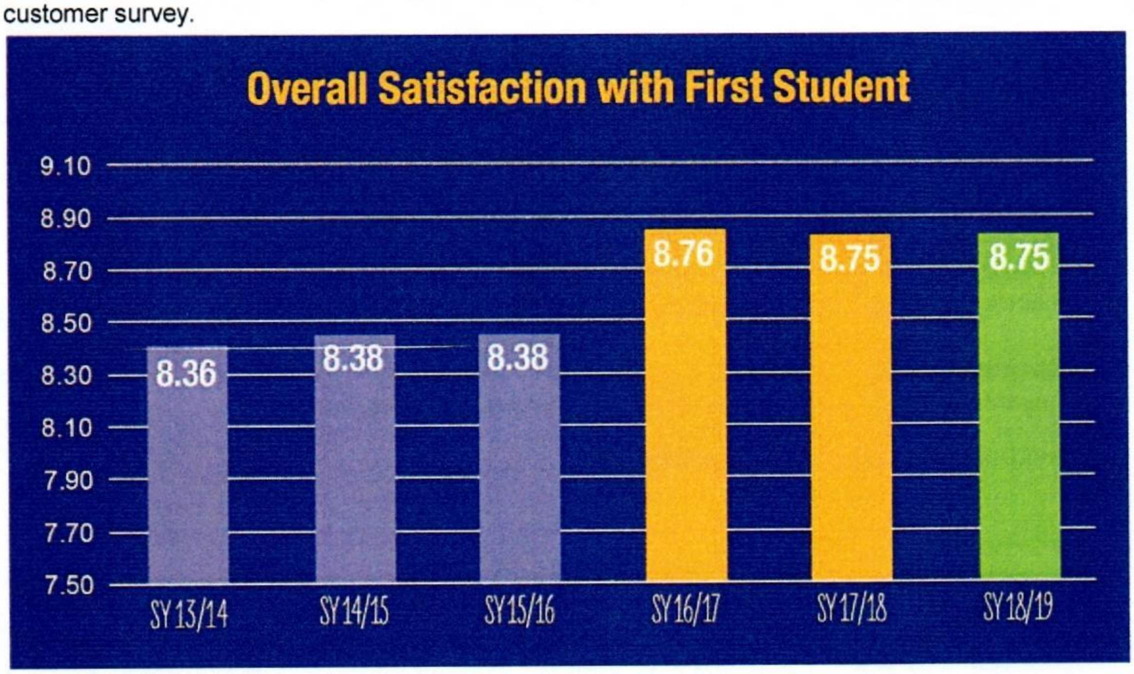
Building a Performance Culture Among Drivers

Part of our location manager's role is to reinforce First Student's company values of accountability, teamwork and commitment to customers within his or her location's culture. The data made available by our integrated systems and tools makes it possible to create programs and competitions based on measurable metrics, such as safe driving record or on-time performance. By using Automatic Vehicle Locator (AVL) messages transmitted from each vehicle's GPS unit to First Student's FOCUS™ system, for example, we can correlate driver, vehicle and route-level data.

CUSTOMER FEEDBACK METHOD

First Student contracts with an independent, professional research company to conduct our annual customer satisfaction survey. The survey covers key areas of service and customer experience, including start-up, daily operations and driver/monitor performance, which enables our team to improve in ways that matter most to our customer. It also helps shape the future of our business overall. At times, we conduct additional focus groups or advisory panels to dig deeper into topic areas.

The table below shows the average customer satisfaction scores from 2013-2019 as measured by our customer survey.



REGION MANAGEMENT TEAM

Our region management team has direct oversight of the location team serving West Northfield School District 31. They provide resources and guidance in key functional areas of operations: finance, safety, maintenance and human resources. The area general manager's role is to act on behalf of the senior vice president to provide oversight of local operations, as well as more frequent contact with customers in the region.

Senior Vice President, Operations

Roger Moore

Our senior vice president (SVP) is responsible for all operations in his region. The SVP oversees the full regional staff, providing senior leadership that directly supports our locations. He is in continuous communication with his region team, ensuring the success of our partnership with your district, while guaranteeing our organization-wide standards of safety, fiscal responsibility, credibility and customer service.

Senior Vice President Roger Moore provides operations leadership and oversight for First Student Central Region, which includes 124 locations in 9 Midwest states. It consists of more than 10,000 buses. He brings deep operations experience and knowledge of the area's geography and customers to this position. Roger has a mixture of both operations and sales experience in the transportation industry in his more than 10 years with First Student.

Before joining First Student, Roger served as a region vice president and director of sales for Lucent Technologies Worldwide Services.

Roger is also a retired U.S. Army Lieutenant Colonel. He served for 20 years in a variety of command and staff positions across the United States and overseas. He participated in the Invasion of Panama, Desert Shield/Storm and Bosnia. His commendations include the Legion of Merit, the Bronze Star, 7 Meritorious Service Medals and other decorations.

Roger is a graduate of the United States Military Academy at West Point, has a M.S. in management from the Naval Postgraduate School and is a graduate of the U. S. Army's Command and General Staff College.

Region Vice President

Leslie Norgren

Our region vice president provides direct support to Area General Managers (AGMs), District Managers (DMs) and Senior Location Managers (SLMs) in his/her operating region.

Region Vice President Leslie Norgren manages the overall performance of 24 locations and over 3,550 First Student buses in southwest Chicago. She also represents First Student in all contract and labor negotiations in that part of the state. As Region Vice President, Leslie works with our southern Chicago location managers to ensure they have the guidance and resources they need to provide safe, dependable student transportation.

Leslie joined First Student in 2017. She brings over 30 years of experience in supply chain, logistics, procurement and operations management. Prior to First Student, Leslie served as chief procurement officer at Chicago Public Schools creating category strategies in transportation, facility management and nutrition services. Prior to Chicago Public Schools, Leslie held various positions at Ryerson Steel Inc. including operations general manager, vice president of materials and chief procurement officer.

Leslie earned her Bachelors in Industrial Engineering from the University of Wisconsin and her MBA from DePaul University.

District Manager

Freddie Sims

Our district manager Provides operational oversight, day-to-day management, customer interface, and required reporting and compliance mandates (both internal and external) for a specific area within a region.

District Manager Freddie Sims is responsible for the oversight of 5 First Student locations in the Chicagoland area. Freddie has a diverse back ground in maintenance having worked for Advanced Technology Services and Avis. Freddie's private sector maintenance experience was built on 20 years of service in the Navy as an Avionics Quality Assurance Manager and various maintenance management positions across the globe. Freddie has earned a Master's Degree in Workforce Development and Training.

Region Safety Manager

Travis Gidner

Our region safety manager (RSM) provides leadership, guidance and the necessary tools to implement safety processes at the local level. The RSM leads by example so that all team members adhere to the highest standards in safety.

Region Safety Manager, Travis Gidner, oversees safety management of 50 Midwest locations in First Student's Central Region. His responsibilities include risk management, loss reporting and loss reduction plans, regulatory compliance and frontline location support. Certified as a Safety Leadership Coach, through Aubrey Daniels International in 2016, he leads behavioral safety initiatives with management teams throughout his area of responsibility. Additionally, Travis is an active member of the American Society of Safety Professionals (ASSP).

Travis joined First Student in 2015. He has a diverse background in organizational management, safety leadership, quality assurance and program development from his time spent working for NASA and in the United States Air Force. During his time with these organizations, he held positions as an Aerospace Life Support Systems Engineering Technician, Aircraft Escape Systems Quality Assurance Inspector and as a Production Operations Manager.

He graduated with a Bachelor of Science in Business Management with Honors from the University of Phoenix, and is a member of the Delta Mu Delta International Honor Society in Business.

Region Maintenance Manager

Jeff Hess

Our region maintenance manager (RMM) provides leadership, guidance and the necessary tools to implement an effective preventive maintenance and bus repair program at all operating locations in the region. The RMM provides expert support to location managers and shop managers on First Student standard maintenance operations. He conducts an annual detailed inspection of covered shops to support the creation of improvement action plans and monitors location progress.

Region Maintenance Manager Jeff Hess joined First Student with the 2007 acquisition of Laidlaw Educational Services, where he began in 2001. He oversees 36 First Student facilities that maintain 4,600 school buses. In this position, Jeff provides expert support to location managers and shop managers on First Student standard maintenance operations; arranges for annual detailed inspections of covered shops to support the creation of improvement action plans; and communicates and trains to emerging maintenance best practices.

Jeff brings 32 years of school bus maintenance experience. Prior to joining Laidlaw, he was employed by Liberty School Bus Company as shop manager for a fleet of 425 buses.

Jeff has maintained ASE Master Certification for 20 years.

Region Finance Director

Scott Passini

Our region finance director (RFD) provides payroll, billing, A/P, A/R software and systems guidance for our location manager and administrative staff. The RFD audits monthly billing and payables for accuracy and assists our locations with annual budgeting and cost control.

Senior Region Finance Director Scott Passini is responsible for providing financial support for operations, analyzing operating results, preparing and reviewing bid models, forecasts, budgets and monthly results.

Scott joined First Student in 2005. He has 30 years of experience in finance and accounting. Prior to joining First Student, he was with Exhibitgroup/Giltspur as area controller and he has also worked with PNC Mortgage, National Material and ABC Publishing.

Scott earned a Masters of Business Administration from DePaul University in Chicago and holds a Bachelor of Science in finance from Northern Illinois University. He is a Certified Managerial Accountant.

Region Human Resources Manager

Sharr Campbell

Our region human resources manager provides expertise in all areas of employee relations including hiring and retention, employee discipline, training and development.

Region Human Resources Manager Sharr Campbell has more than 13 years of experience in many facets of corporate human resources management. She served the needs of employees in Illinois and Wisconsin.

Prior to joining First Student, she served as staffing manager/recruiter for AT&T/SBC in Hoffman Estates, Illinois; human resources generalist for AT&T, Chicago; and most recently, human resources manager for Ready Set Companies, Elk Grove Village, Illinois.

Sharr is a graduate of Robert Morris University in Orland Park, Illinois and holds an associate degree in applied science/business administration. She also earned a Bachelor of Science degree in business/human resource management from the University of Phoenix.

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SAFETY & TRAINING PROGRAM

SAFETY AND TRAINING PROGRAM

First Student's safety and training programs establish and uphold an effective safety culture — one where we are continuously learning and proactively applying best practices. We foster a commitment to safety and accountability by training our managers how to **1) progress learning outcomes, 2) reinforce the right work habits, 3) develop a team of determined problem solvers and 4) build employee morale.**

HOW WE BUILD A STRONG LOCATION SAFETY CULTURE

School districts that partner with First Student gain the support of an entire safety organization rooted in behavioral science. Our safety program was designed in consultation with Aubrey Daniels International (ADI) – a world leader in behavior-based performance management - to develop employees who are personally dedicated to safety.

The safety practices we put into place at our locations have earned our parent company, FirstGroup America, a place among a select group of companies in the National Safety Council's Campbell Institute™. Members of the Campbell Institute™ contribute to Environment, Health and Safety research and thought leadership across industries. We are also the recipient of the National Safety Council's Green Cross for Safety and Occupational Excellence Awards.

Three elements of our BeSafe Leadership Program include the following:

- **Focus on Safety Critical Behaviors** – Working in partnership with ADI, our safety experts identified six critical behaviors that link to collision/on-road risk prevention, injury prevention and shop-specific injury prevention and are the focus of our safety messaging and coaching:

    1. Smith System 5-Keys
    2. Driving Speed
    3. 3-Point Contact (descending stairs)
    4. Use of "last step" and traction aids
    5. House Keeping (shop-specific injury prevention)
    6. Use of Personal Protection Equipment (PPE)

- **Daily Touchpoints** – We encourage our location managers to have daily planned interactions with team members. These are focused on the above safety critical behaviors.

- **Debrief Sessions** - Managers conduct weekly meetings to share successful examples of touchpoints and best practices with a primary focus on refining coaching techniques. This provides opportunities for management peers to learn from one another.

SAFETY QUALITY ASSURANCE PROCEDURES

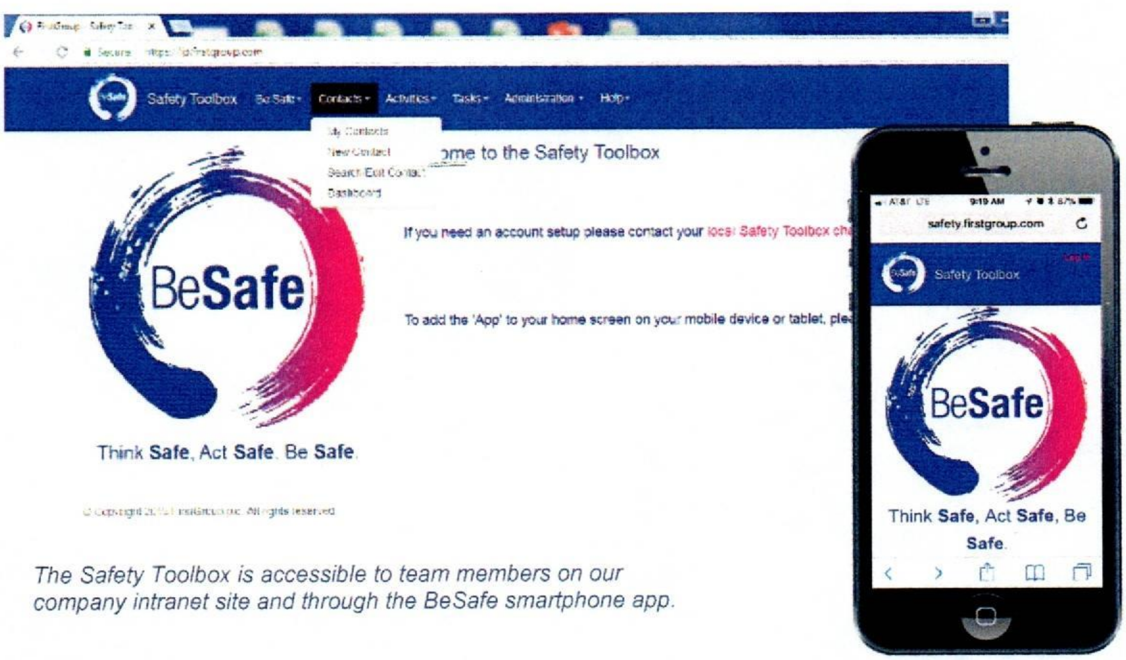
To ensure our locations are adhering to our high safety standards, First Student's Safety Quality Assurance (SQA) specialists perform random safety audits. We place locations on an annual safety review cycle if they score low on the previous year's site audit, change location management, or experience a major injury or collision. Using a standard assessment tool, our SQA specialists evaluate the following topic areas:

- OSHA requirements
- Facility inspections
- DOT requirements
- Protecting sleeping passengers
- Training/safety meetings
- Injury prevention programs
- Driver files
- GPS unit spot checks

The output of our compliance assessments is a Safety Action Plan, which outlines by category any necessary steps needed for improvement. Locations also use a self-audit tool at regular intervals throughout the year to ensure safety practices are being followed per company operating procedures.

Location Safety Toolbox

Through the First Student Safety Toolbox, we provide safety management tools and resources for hazard reporting, near miss reporting, safety conversation planning and site safety review action items both online and via the First Student Connect Employee App (see "Recruiting and Retaining" to learn more about First Student Connect).



The Safety Toolbox is accessible to team members on our company intranet site and through the BeSafe smartphone app.

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PROFESSIONAL DRIVER DEVELOPMENT PROGRAM

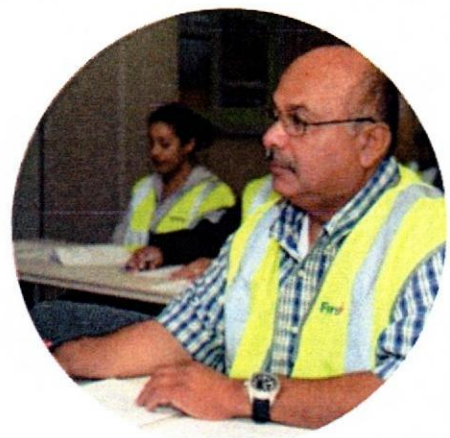
We expect our drivers to meet or exceed all driving qualifications as outlined by local, state and federal guidelines. The First Student driver training program is customized to the specific experience level of each individual driver. And, as is the case with all trainings we provide, our program is based on adult learning methods — blending classroom instruction with immediate hands-on application.

NEW DRIVER TRAINING PROGRAM		*EXPERIENCED DRIVER TRAINING PROGRAM	
Scope	Hours	Scope	Hours
Classroom	14.5	**Classroom**	6.75
Skills	7-10.5	**Skills**	5.25
Over-the-Road	15-17	**Over-the-Road**	2
First Student Orientation	3	**First Student Orientation**	3

** Experienced drivers are those who have driven a school bus in the past 12 months but not for First Student.*

Classroom Sections

Section 1: Welcome & Introductions
Section 2: Intro to the School Bus
Section 2-A: Mirror Grid and Mirrors
Section 3: Advanced Driving Techniques
Section 4: Driving Fundamentals Part I
Section 5: Driving Fundamentals Part II
Section 6: Railroad Crossing Procedures
Section 7: The School Bus Stop
Section 8: School Bus Security
Section 9: Influencing Students
Section 10: Student Safety Training
Section 11: Emergency Procedures



Skills Station Training

After First Student candidates complete our classroom training sections, they transition to behind-the-wheel training in the local bus yard or practice area. Here the candidate begins applying classroom knowledge in a practical, controlled environment. Candidates learn how to position themselves for maximum ergonomic range of motion and adjust mirrors for maximum visibility. They also learn where the blind zones around a bus are and how to effectively compensate for them.

First Student requires drivers to achieve competency in certain skills prior to driving with student riders. We measure a candidate's success by his/her ability to perform driving skills as well as his/her ability to verbally explain the steps being used to demonstrate full competency.

The driver trainer must observe the candidate completing each exercise at least 3 times to move to the next activity.

Driver trainers evaluate the candidate on the:

- performance of smooth, controlled and consistent actions completed without striking any of the course cones; and
- accuracy and completeness of the candidate's commentary while performing the exercise.

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Bus Driver Skills Station Training Outline

Skill Station #1: Introduction to the School Bus

- Brake System Introduction
- Gauges/Dash Warning Lights
- Emergency/Safety Equipment
- Emergency Exits
- Specialized Equipment (e.g. wheelchair lift and safety devices, child safety restraint system, etc.)
- Light System
- School Bus Inspection Procedure
- Child Search Procedure
- Post-Trip/Shut-Down Procedure
- Fit the Driver to the Bus
- Mirror Adjustment
- Mirror System
- Mirror Views

Skills Station #2: Smith System Commentary Drive

- Following Distance

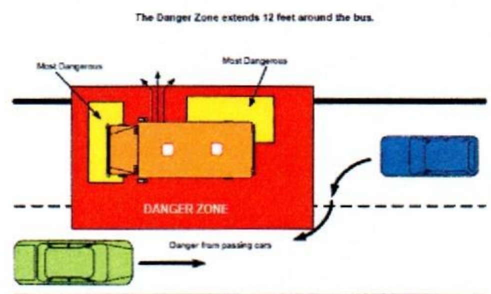
Skills Station #3: Driving Fundamentals – Part 1

- Forward/Reverse Driving/Stop Line
- 100 Foot Lane
- Over-the-Hood Reference Point: 20 Feet
- Overhead Clearance: 30 Feet
- Backing Reference Point
- Centering Reference Point
- Go/No Go
- Pivot Point, Tail Swing and Off-Tracking
- Forward Serpentine
- Reverse Serpentine

SMITH SYSTEM. Drive Different. Save Lives.

Skills Station #4: Driving Fundamentals – Part 2

- Turning Point
- Right Turn
- Left Turn
- Parallel Parking
- Reverse Parking/Turnaround



Sample skill station set up for student loading and unloading from the First Student Trainer's Guide

Skills Station #5: Railroad Crossing Procedure

- Railroad Crossing Procedure GO
- Railroad Crossing Procedure No Go
- Angled Railroad Crossing Procedure

Skills Station #6: Student Loading/Unloading

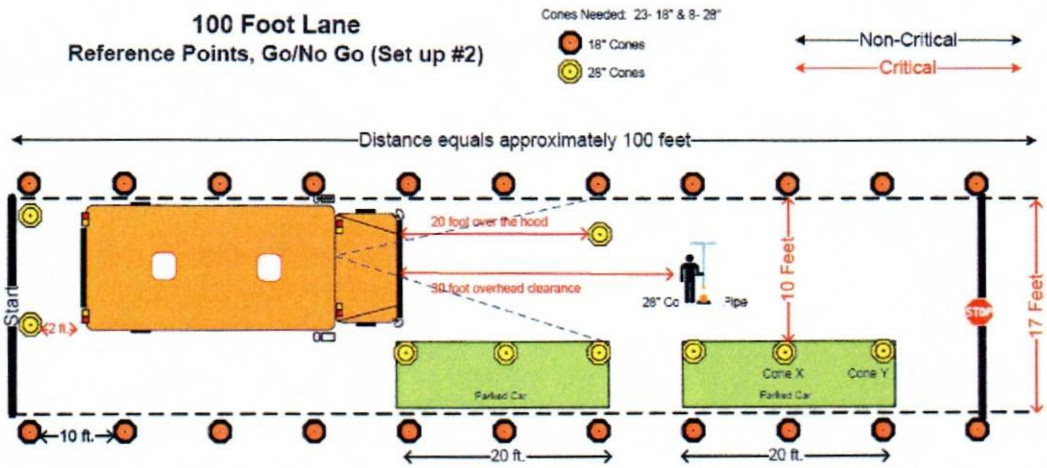
- School Bus Stop, Loading and Unloading Skills
- Loading at School Bus Stops-Not at Schools
- Unloading at School Bus Stops

Skills Station #7: Emergency Procedures and Equipment

- 1-hour on-the-bus demonstration of emergency procedures and equipment

Go/No-Go

Candidates must complete maneuvers in a variety of "real world" skill station designs. That includes situations in which the candidate will not be able to safely complete the maneuver. By doing so, we introduce the candidate to the concept of Go/No-Go. This teaches drivers how to use the Smith System Keys to gather information needed to make a *safe* decision concerning clearance. The trainer coaches the candidate as he/she thinks about the options for avoiding an unsafe situation. Teaching new drivers how changing conditions may affect a way he/she operates better equips new drivers to see changes sooner. That also helps drivers to avoid the more common turning and maneuvering collisions and the more serious collisions, such as those happening during right and left turns.



Sample skill station set up for Go/No Go situations from the First Student Trainer's Guide

Continuing In-Service Training

In addition to meeting all federal, state and local driver-training requisites, First Student drivers participate in in-service refresher training meetings, including our annual back-to-school kick-off session. Our central Safety Service and Support specialists work with our region and local teams to identify training topics based on emerging trends. These are identified by analyzing company safety data and focusing on the critical behaviors linked to preventable incidents discussed previously.

Annual Driver Education and Evaluation

Certified driver instructors teach our refresher courses. Our drivers must participate in a minimum of five and a half (5.5) hours of refresher safety training each year, including the one and half hour (1.5) annual kick-off training; the number of hours we require for refresher in-service safety training are set to meet or exceed a school district's requirements.

Our annual training and awareness programs include:

- Child search process
- Bus evacuations
- Mirror stations
- Responding to emergency situations
- Railroad risk assessment
- Intersection risk assessment
- Smith System of Advanced Driving Techniques

TRANSPORTING STUDENTS WITH DISABILITIES

Transporting students with disabilities requires experience, specialized training and compassion. Every child with physical and developmental disabilities and other concerns is an individual with unique characteristics, unique personalities and unique challenges. First Student is dedicated to educating our staff on the characteristics of disabilities and how to address challenges, ensuring a safe and enjoyable bus ride for every student.

Our driver, attendant and monitor training, codeveloped with behavioral experts will educate staff on current behavioral best practices and be customized to each individual student. This training foundation helps to develop strategies for supporting each student in an empathetic and effective manner. Our drivers, attendants and monitors are required to complete a multi-modal training that includes classroom training provided by behavioral experts, on-the-bus instruction, and provides a set of guidelines, best practices and tools. Additionally, one-on-one on-boarding and off-board training sessions allow drivers, attendants and monitors to practice real-life situations with specialized equipment.

Key training elements include:

- Inclusion
- Characteristics of disabilities
- Sensitivity
- Laws involved in transporting children with physical, developmental and other concerns
- Behavior management
- Supporting parents' unique responsibilities
- Vehicle operation, including wheelchair lift operation
- Procedures for emergencies

SCHOOL BUS ATTENDANT TRAINING PROGRAM

Our goal is to provide each route and its students with a safe and familiar caring adult for the bus journey. The school bus attendant's primary role is to provide the compassionate care and dedicated focus needed to help each student complete his or her journey with the greatest comfort and support possible.

TRAINING REQUIREMENTS FOR ATTENDANTS & DRIVERS TRANSPORTING STUDENTS WITH DISABILITIES/SPECIAL NEEDS

Course Title	Audience	Requirements	Hours
Pre-service Training for School Bus Attendants	Attendants Only	Completed prior to service	4
Special Needs Pre-Service	Drivers Only	Completed prior to transporting student with special needs	4
Wheelchair Transport Process (includes CSRS)	Drivers and Attendants	Completed prior to transporting student who utilizes a child safety restraint or wheelchair	2
Special Needs	Drivers and Attendants	Optional program* Individual units can be used for enhancement training as needed	6 hours* if used in its entirety

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School Bus Attendant Training Modules

Our trainings center on the specific skill set needed to tend to the unique needs of each student while helping our driver maintain a safe ride for all. Attendants learn how to adapt and provide for individual needs relating to verbal/nonverbal communication styles, loading/unloading, positive strategies for addressing behavior challenges and managing crises.

Module 1: Attendant Roles and Responsibilities
Module 2: Emergency Preparation
Module 3: Loading and Unloading
Module 4: Transporting Students with Disabilities
Module 5: Management and Safety Ridership

Module 1: Attendant Roles and Responsibilities

- Course Introduction
- Four Key Attendant Responsibilities
- Communication and Safety
- Bus Driver and Attendant Teamwork
- Physical Demands of the Job
- Protecting Yourself
- The Attendant's Role in the Pre-Trip/Post-Trip and Child-check
- State/Provincial Laws and Local Policies

Module 2: Emergency Preparation

- Types of Bus Emergencies
- Evacuation Procedures
- Evacuation Plans
- Universal Precautions

Module 3: Loading and Unloading

- Importance of Loading and Unloading Safety
- Loading and Unloading Procedures for Ambulatory Children
- Wheelchair Lift Use
- Wheelchair Securement

Module 4: Transporting Students with Disabilities

- How Far We've Come
- Key Concepts in Special Education
- Basic Categories of Disabilities
- Confidentiality
- Sensitivity
- Service Animals

Module 5: Management and Safe Ridership

- Student Management Basics
- Positive Interventions
- Mistakes to Avoid When Dealing with Children
- Proper Referral Use
- Developing Positive Relations with Parents and School Staff

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STUDENT BEHAVIOR MANAGEMENT

The success of the school day depends heavily on whether students are arriving on time, safe and ready to learn. We understand that issues on even a single bus route can throw off the whole school day for students, parents or caregivers, and school officials.

First Student's local team is responsible for coordinating our student behavior management trainings with West Northfield School District 31's school-wide conduct policies and programs. Our location manager will meet with West Northfield School District 31 to fully understand any district-led behavior management trainings you wish to implement on the school bus. In many areas nationwide, for example, we have worked with districts to extend their Positive Behavioral Interventions & Supports (PBIS) programs to the school bus.

District, local and state guidelines are then combined with First Student's student safety training, which includes topics such as understanding, recognizing and attending to instances of bullying; responding to dangerous behavior in coordination with local police; and obtaining support to prevent escalation of unsafe situations.

Developing a positive working relationship with your district in this way ensures your students experience consistent rules and expectations throughout the school day – from start to finish.

The Power of Positive Reinforcement

Our trainings cover age- and ability-based methods for interacting and communicating with Pre-K to Grade 12 students. We teach our drivers how to set age-appropriate behavior expectations and offer sincere praise for exemplary behavior. With our "I Care + We Care" initiative, students on the bus are given meaningful and proactive feedback when they are "getting it right." This develops trusting relationships based on mutual respect and establishes a foundation on which to resolve issues together when they occur.

The training curriculum includes the following topics:

- Serving as a positive role model
- Resolving conflicts and mediating disagreements
- Recognizing and rewarding positive behavior
- Being fair and consistent with all students

Misconduct Reporting Process

While our driver training emphasizes positive reinforcement, there may be times to consider disciplinary action to maintain safety and order on the bus. When deemed necessary, drivers will report infractions to First Student management, who will then notify your district according to district policies. When our staff, drivers and school personnel work as a team, the result is a cohesive and effective student behavior program.

School districts, students, parents and communities are invaluable partners in our comprehensive safety program. We build strong relationships with key stakeholders, so we can provide effective school bus safety training for students as well as targeted awareness campaigns for communities.

The Safety Dog Bus Tour is a fun way to engage students in a conversation about safety. First Student's very own mascot, Safety Dog, visits communities to help spread the word about school bus safety. First Student can also arrange Safety Dog visits with your district during the school year. In his time with First Student, Safety Dog has visited homecoming events, PTA board meetings, safety roundtable discussions and other community-wide gatherings. In preparation for a Safety Dog visit, we work with district officials on event promotion and media guidance.

To learn more, please visit: **www.firststudentinc.com/why-first-student/safety-dog**

First Student's proprietary program **FirstACTS®** is a web-based communication tool that helps to streamline student conduct reporting and tracking on the school buses.

Security Engagement

Our security personnel have more than 50 years of experience in the field. They frequently engage with the Department of Homeland Security (DHS) and the Transportation Security Administration (TSA) on incidents, prevention practices and projects such as DHS initiative, "If You See Something, Say Something." They monitor daily reports from DHS, have access to the Homeland Security Network, and receive Joint Intelligence Bulletins.

EMERGENCY PREPAREDNESS

Each First Student location has an emergency action plan in place to execute well-coordinated and professional responses to emergency situations. While each emergency is unique, our procedures are designed to bring structure to incident management by addressing core elements and assigning roles based on specialized skills and training.

Training and Professional Development

FirstGroup America's Training and Development team has developed a new e-learning course, Introduction to Emergency Response, which is used to prepare location managers to lead local response actions. These include confirming health, safety and welfare; gathering incident information; identifying logistical requirements; and establishing contact points with emergency services.

The course begins by defining four levels of emergencies and their corresponding response management activities. Levels range from a limited impact emergency, which is managed by the operation's scene response team, to a more serious impact incident requiring corporate-level response management.

Course modules include, but are not limited to, the following:

- Benefits of Effective Communication
- Emergency Levels
- Management of the Incident
- Interactive Emergency Response Guide
- Example Scenarios
- Accessing emergency response resources on the company online portal

Emergency Response Exercises

First Student executive management and members of the FirstGroup America Shared Services team (leaders within safety and security, information technology, communications, maintenance and operations) have participated in a one-and-a-half-day training. The training consists of a review of FirstGroup's emergency plan and role play through emergency "tabletop" exercises. The exercises include 10 scenarios of varying levels of severity, challenging participants to think through actions in an environment of evolving set of facts and communication needs.

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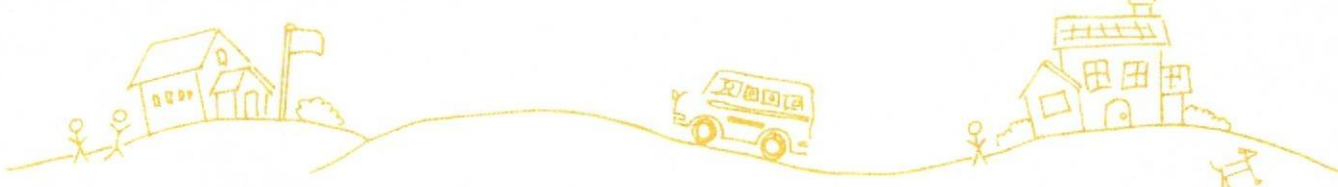
RECRUITING, RETAINING & ENGAGEMENT



RECRUITING, RETAINING AND ENGAGEMENT

The transportation industry's workforce challenges will continue into 2022, according to a joint study by the U.S. Departments of Education, Transportation and Labor. School bus and special client drivers are positions with the second highest number of job openings — approximately 330,000 unfilled jobs. To meet the challenge of the industry-wide school bus driver shortage, First Student has developed comprehensive approaches to recruiting and retaining.

A NEW WAY TO RECRUIT

The students we serve are at the heart of all we do at First Student; we look for potential employees who not only know their community but also clearly share this core value. Our most successful efforts involve recruiting from a targeted group of job seekers, specifically, veterans, spouses of our active military men and women, retirees and stay-at-home mothers/fathers. Employee referral bonuses have also been effective in getting everyone involved in building a driving team supportive of students and each other.

RetirementJobs.com named FirstGroup America a "Certified Age-Friendly Employer" — meaning we make a special effort to improve age and experience diversity in the FirstGroup workforce. FirstGroup America also partners with RecruitMilitary.com to provide transitioning veterans and military spouses with employment opportunities.

Talent Acquisition Team

A major component of a First Student location manager's role is to understand the cycle of his or her workforce needs — retention trends during the start-up period, variation of vehicle and driver needs related to seasonal activities, and other unique service expectations. To be successful, each location manager must be extremely knowledgeable of the local job market in addition to leading our teams toward delivering safe and dependable service every day. That is why we make certain they are never alone in their recruiting efforts.

First Student's talent acquisition team provides an unmatched level of recruitment support. This team of ten specialists — three who focus solely on technician recruiting and seven who focus solely on driver recruiting — work with our local teams and the region human resources managers to keep the process moving.

The role of a talent acquisition specialist includes the following:

- Posts all job openings to the Applicant Tracking System
- Managing online job boards
- Supporting hiring events (producing promotional pieces, modifying advertising copy, providing giveaways and verifying labor law and equal opportunity employer compliance)
- Monitoring submissions and ensuring applicants are contacted by locations within 48 hours
- Assisting applicants through the process as needed

Local Driver Recruitment Action Plan and Toolkit

First Student's school year start-up process includes the formation of a local driver recruitment team and creation or update of the location's recruitment action plan for the year. The action plan is led by our location manager who works with his or her trained location recruitment team to implement the plan as well as track the status of goals, tasks and events. We support these local efforts with the assistance of a central talent acquisition specialist.

Local and Targeted Outreach

Location Contact:

Signs posted on location building or yard

Park buses in lots and hang signs from the bus

Hand-out cards provided to drivers for potential candidates

Driver trainers encouraged to spread the word about opportunities

Local Scouting:

Flyers distributed at target locations, for example: retirement communities, schools and colleges, daycares, YMCAs/YWCAs, local recreation centers

Job fairs

Location open house

Local and state employment agencies and centers

Diverse recruiting outreach

Local Media:

Newspaper advertisements, community newsletters, church bulletins, school district publications

Publics service announcements on local radio stations

Social media
Billboards

33%
Of our current hired come from employee referrals

Applicant Tracking System

Transportation employers are all competing for skilled and dependable drivers. Finding and attracting the right applicants requires time, expertise and resources. First Student's Applicant Tracking System enables a streamlined, full-cycle recruitment process — monitoring vacancies, sourcing, interviewing and placing. Our central talent acquisition team monitors submissions on our Applicant Tracking System to ensure application flow. Centralizing a portion of the process allows managers to focus on local recruitment channels and contacts within the community.

In addition to centralizing the more standard phases of the process, the system controls recruitment costs by negotiating single contracts with national and local vendors.

Know What's Working

The Applicant Tracking System generates a series of reports that help our teams understand what works best for a particular location. The talent acquisition specialists are able to research where our hires are coming from exactly, allowing recruitment efforts to be directed and redirected wisely.

Metrics used to measure the effectiveness of our recruitment strategy include:

- Time from offer to hire
- Completed applications to hired ratio
- Time to fill

Keep Candidates Moving

First Student works hard to be an employer of choice and that means being responsive and communicative. Tools within the Applicant Tracking System keep applicants informed of where they are in the process, and they enable our teams to keep the process moving before a great candidate is lost.

The following are some of the ways we strengthen communication with candidates:

- Completion status monitored by talent acquisition specialists to conduct follow-up calls
- Automated alerts and notifications sent directly to applicants
- Self-selection of interview date and time made by applicants

Data-Driven Recruitment Campaigns

We reinforce our driver staffing efforts in job markets with persistent workforce challenges by bringing together our talent acquisition and marketing and communications expertise. An integrated recruitment campaign, which leverages paid, earned and owned media, is then tailored to local market needs and opportunities. Our cross-functional teams are also able to help locations strategically re-allocate resources based on recruitment and local media data analysis. This ensures our recruitment efforts are cost-effective and productive.

Promoting from Within

Our strongest employees and managers have entered the company through various roles. Many of our location managers and central support staff, for example, began their tenure with us as drivers. We believe giving our most talented team members the opportunity for career growth and advancement within the business is what makes First Student an industry leader.

HIRING QUALIFIED EMPLOYEES

Screening and Selection Process

First Student's screening and selection process consists of the following steps:

01 APPLICATION	02 INTERVIEW	03 JOB OFFER	04 BACKGROUND CHECKS AND EXAMS	05 TRAINING AND TESTING
Candidate completes application Location manager reviews application Pre-screen interview as appropriate	In-person interview, with review of: 1. Job description 2. Local and state mandated equal employment information	Conditional offer of employment	1. Pre-employment record checks (MVR, criminal records, employment verification) 2. State, local, client require checks 3. Pre-employment drug test 4. Physical exam 5. Physical dexterity performance test	On-board and new hire training Driver/ monitor training Candidate takes CDL test and obtains CDL license (drivers only)

Pre-Employment Qualifications

Employment and Residency History

- Employment history verification for prior three (3) years
- Residency history verification for prior seven (7) years

Driving History Check

- Must be 21 years of age or older unless otherwise specified by contract (drivers and monitors only)
  - Participants in our technician development program must be at least 18 years of age
- Must possess a valid driver's license in the state or province of residency (drivers only)
- Must have three (3) years of licensed driving experience (drivers only)
- No more than three (3) moving violations or three (3) minor accidents in past three (3) years (drivers only)
- Must have ability to obtain a Commercial Driver's License (CDL) as required by position

Criminal Background Check

- The applicant's entire conviction history is viewed holistically
- A DUI/DWI conviction may disqualify a candidate from employment
- Certain criminal convictions may disqualify a candidate from employment

Illegal Substances Exam

- No positive result or refusal of a pre- or post-employment, random, post-accident or reasonable suspicion drug/alcohol test

Physical and Physical Dexterity Exam

- Qualified applicants must be able to pass a U.S. Department of Transportation physical exam (driving positions only) and a First Student Physical Dexterity Performance Test (drivers and monitors), which verifies an applicant's "fitness for duty" and ability to operate bus controls and conduct an evacuation, including opening emergency exits to carry or drag an incapacitated child out of the bus to safety.

Employee Records and Reporting

The Employment Standards team conducts pre-employment records checks and manages the drug/alcohol screening process. This unit ensures that 1) company hiring standards are applied consistently throughout our locations and 2) reviews are compliant with federal, state and local laws.

Our CBCU reviews any potentially disqualifying record, discrepancy or new finding before it is passed on to a committee of adjudicators who confirm the individual meets or exceeds hiring standards. With an internal team to manage verifications, our locations can focus on other aspects of the staffing process such as interviewing and hiring.

Criminal Record Checks

To verify that applicants are suitable for employment at your district, the Employment Standards Team runs a series of criminal background checks. First Student also conducts periodic record checks required or requested by your district or state.

Motor Vehicle Report Review

We require the location manager or designee to order and review an MVR annually for all drivers. New violations or collisions are reviewed for compliance with any company or school district regulation or policy. Each driver must then complete, sign and date a Certificate of Violations listing all moving traffic violations and collisions within the past 12 months. New driver applications are reviewed thoroughly to make sure applicants meet the standards of our company as well as your district. These standards include the following minimum criteria:

- Minimum of three (3) years licensed driving experience
- Must be at least 21 years old (drivers and monitors only)
- No more than three (3) moving violations or three (3) minor accidents in past three (3) years

We also examine MVRs for any pattern of unsafe driving behaviors exhibited by a continual accumulation of minor infractions.

Reference Verification

In addition to the required MVR and Criminal Record Checks, we work with HireRight, one of the world's largest providers of employment screening services, to complete Employment Verification checks on all applicants. These additional checks help validate employment records and experience. The Verification Check takes place after the Department of Motor Vehicle Records Check and Criminal Records Check are completed. HireRight conducts thorough previous employment record checks on all new trainees.

EMPLOYEE RETENTION AND ENGAGEMENT

Our employees gain personal fulfilment from helping students make a safe and positive transition between home and school. We do whatever we can as an employer to make sure our people know we value their commitment and their voice.

Benefits and Incentives

First Student's wage and benefits package for drivers and monitors is designed to provide attractive and competitive compensation tailored for a part-time workforce, while at the same time being sensitive to cost considerations. We offer a host of flexible features including medical and dental coverage with low co-payments, free life insurance, and savings and retirement options.

Health Benefits

We understand that every employee is unique, and therefore, offer a variety of options to ensure that every employee's needs are met. Employees are eligible for medical, pharmacy, dental and vision coverage, with plan selections available respectively.

Additional Driver Advantages

Some of the other advantages of being a First Student driver include:

- Additional income opportunities through First Student Charter Bus
- 401K retirement plan with company match
- Employee discount program on cell phone service (Sprint, AT&T, Verizon), hotels, travel accommodations, cars, jewelry, computers, electronics and events

Awards and Recognition:

- Service awards
- "Driver of the Year" awards
- Opportunities to represent First Student and FirstGroup America in local, regional and national competitions

Local Programs and Events:

- Special "Thank You" lunches and potluck dinners throughout the year
- Yearly holiday party
- School bus safety week activities and special meals
- Regional contests for DriveSMART campaign; winners can receive prizes and the location receives national recognition with publications and location banner

EMPLOYEE ENGAGEMENT ACTIVITIES

Employee Appreciation Day

In addition to building a supportive culture every day, First Student formally recognizes the hard work and dedication of our team members at our annual Employee Appreciation Day. Employees enjoy a catered breakfast or cookout lunch together and receive a new company shirt. To make certain all 460+ locations know they are a valued member of the First Student family, First Student President Paul Osland records a video message of thanks, which each location receives for their event.

Community Engagement

The well-being of our team members is a part of our corporate responsibility. First Student employees feel a deep sense of fulfillment when they can aid the broader community in tangible ways. We support employee-led charitable initiatives and volunteer projects. And when our employees, school faculty, students and families are working together for the betterment of the community, great things are accomplished.

Summer Events

One of the steps First Student is taking to retain drivers is staying connected over the summers. Before the break starts, we give locations a video message from our company president, Paul Osland, in which he expresses his appreciation for their service and urges them to have a safe summer. To keep the "First Student Family" engaged, location managers host back-to-school picnics, BBQs, lunches or other community events for drivers and their families. With these frequent communications, drivers are encouraged to stay in touch with their location manager and to share their intention to return to the driving team as soon as possible.

First Student had an overall employee engagement score of 82% in 2018, 12% higher than benchmark scores across the transportation sector.

TOOLS FOR COMMUNICATION

Our local teams provide the insight that makes us better at what we do. They interact directly with students, families, schools and communities. The relationships they build serve as the foundation of the customer-oriented service First Student offers to our district partners.

All full- and part-time employees are empowered to report ethics or compliance issues, to share service or business improvement ideas and to provide feedback.

- Employee Hotline: Toll-free number used to report ethics or compliance issues; monitored 24 hours, 7 days a week
- Employee Suggestion Program: Rewards employees for ideas adopted by the company; suggestion forms are sent directly to the appropriate executive for consideration
- "Your Voice" Employee Survey: Confidential survey conducted every 18 months by a third-party firm; measures employee satisfaction and gathers frontline management feedback

Employee Mobile App – First Student Connect

First Student Connect is a tool designed exclusively for First Student employee communication and engagement. With the mobile app, regular, timely and consistent messaging is delivered to drive a successful company culture and further embed the company's vision and values.

First Student Connect is now in its third year, and we continue to engage employees through contests, giveaways and videos that help to promote driver retention. The app delivers a regular cadence of news from a corporate and location level.

Through the app, employees have access to company information, tools and relevant content important to their personal success, as well as employee/company information via self-service functionality, including access to policies and procedures, payroll, tax information, job opportunities, and more.

Drivers and monitors will have access to local information including school calendars, information about local meetings, notifications about early dismissals, messages from the location management staff, immediate access to charter run availability, and a quick and easy way to fill out safety reports and employee referrals.

First Student

Caring for students today, tomorrow, together.

EQUIPMENT AND TECHNOLOGY

EQUIPMENT AND TECHNOLOGY

At First Student, we believe safety evolves from a partnership between schools, students, parents, communities and equipment manufacturers. We work with industry leaders to ensure our vehicles are equipped with the most effective safety features available to student transportation providers.

SAFETY AND INJURY PREVENTION FEATURES

Passengers: Bus Entry and Exit Support

- Pebble-stop treads and yellow or white nosing to avert slips and falls on the stairwell
- Yellow textured hand rails, decreasing the likelihood of slips in the stairwell
- Three-piece rubber floor

Drivers: Workplace Injury Prevention

- Orange reflective seat belts
- Suspension seats for greater comfort and lumbar support
- Electric arm doors to decrease repetitive stress injuries

Vehicles and Pedestrians: Movement Alert and Signal Devices

- LED lighting (stop/tail, license plate, side/direction, ID, clearance and interior and warning)
- Stop-arm sign
- Side marker lights to alert people who are not able to see the front or rear turn signals or may be in the blind spot of a bus
- Backing alarm to signal those in the danger zone when a bus is backing up

SAFETY AND COMMUNICATIONS EQUIPMENT

Our buses are equipped with industry-leading safety features and communications systems needed to deliver safe, consistent service. We install a comprehensive set of safety and communications equipment on all our buses: GPS, two-way radios, Child Check-Mate System®, Theft-Mate Security System™ and crossing control arms.

Global Positioning Systems. With GPS devices on all vehicles, we are able to integrate technology systems and platforms for more efficient planning and management, higher quality communication and greater operational transparency. We use GPS to capture near real-time transmission of vehicle subsystem data, driver performance and route event information.

Two-Way Narrowband Radios. First Student buses are connected by two-way radios permitting dispatchers and drivers to circulate information regarding road conditions, traffic delays and route detours. This also allows dispatchers to respond to parent inquiries sooner and with greater accuracy. Our two-way radios and supporting equipment comply with the Federal Communications Commission's (FCC) narrowband mandate

Child Check-Mate System®, Theft-Mate™ Security System. First Student installs the Child Check-Mate System on all buses as an integral part of our child search operating procedure. When our drivers complete a run, they walk the entire length of the bus and search each seat before deactivating the Child Check-Mate System alarm. If the driver does not complete this task, the system will sound a secondary alarm.

To add a layer of protection for our passengers, staff and property, First Student installs the Child Check-Mate System with the Theft-Mate™ Security System. The motion-activated alarm system detects and deters unauthorized entry with voice messaging alerts and flashing lights.

Crossing Control Arms. All First Student buses include a crossing control arm unless prohibited by state or province law. The flexible crossing arm extends to direct children toward the driver's line of sight.

SERVICE-ENHANCING TECHNOLOGY

First On-board Component Utilization System (FOCUS)™

First Student's custom-built operations platform, FOCUS™, serves primarily as a dispatch and payroll tool. The system is used by our dispatchers to assign routes and monitor activity in real time; safety managers to verify pre- and post-trip inspections; and payroll staff to validate staff hours. It is a company standard to equip vehicles with GPS units because we use Automatic Vehicle Locator (AVL) messages transmitted from each vehicle's GPS unit to correlate driver, vehicle and route-level data.

- **How we validate driver hours:** Our team enters routes into FOCUS™ with the associated addresses and stop and arrival times. This creates a Master Schedule of Tasks and Assignments and estimates Depart and Return times for all routes. As the driver progresses along his/her bus route, key points are tracked using GPS. If the recorded GPS times match the driver's scheduled time, then his/her payroll record for the run will be validated automatically.

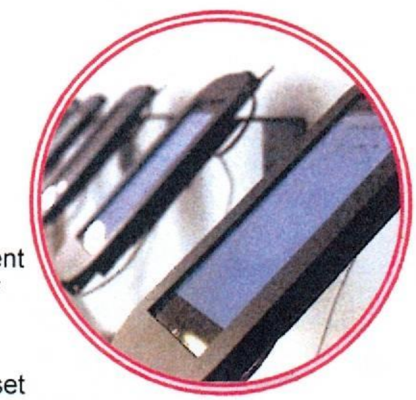
- **How we manage daily route assignments**: Our dispatcher uses the FOCUS™ Daily Screen feature to mark employee absences, reassign tasks and vehicles, and monitor route performance. The Daily Screen is populated with data from the Master Schedule, which is automatically updated nightly, eliminating the need for manual dispatching.

Enhanced Mapping Technology

The infrastructure connecting schools to the communities they serve is constantly changing. This is a persistent transportation challenge faced by school districts both in terms of route planning and on-time performance. To achieve best-in-class navigation and estimated time of arrival, First Student uses a standardized mapping platform, Trimble Maps, to build and operate proprietary and third-party map-centered applications. Trimble Maps, which is compatible with all routing systems, is designed specifically for the transportation and logistics industries, which must adapt safely and efficiently to both anticipated and unanticipated changes in planned routes. Some of the other benefits of the mapping technology we use to operate our school buses include the following:

- Improved actual time of arrival accuracy by enabling input of an established gate
- Greater geocode accuracy for determining planned route path and validating stop completion
- Higher quality map display with dynamic school zone traffic patterns and real-time weather, traffic and road condition alerts
- Sophisticated program for delivering school bus directions for all planned routes
- Enhanced Actual vs. Planned Analysis for visibility across the entire First Student fleet

FOCUS KEY-OSK

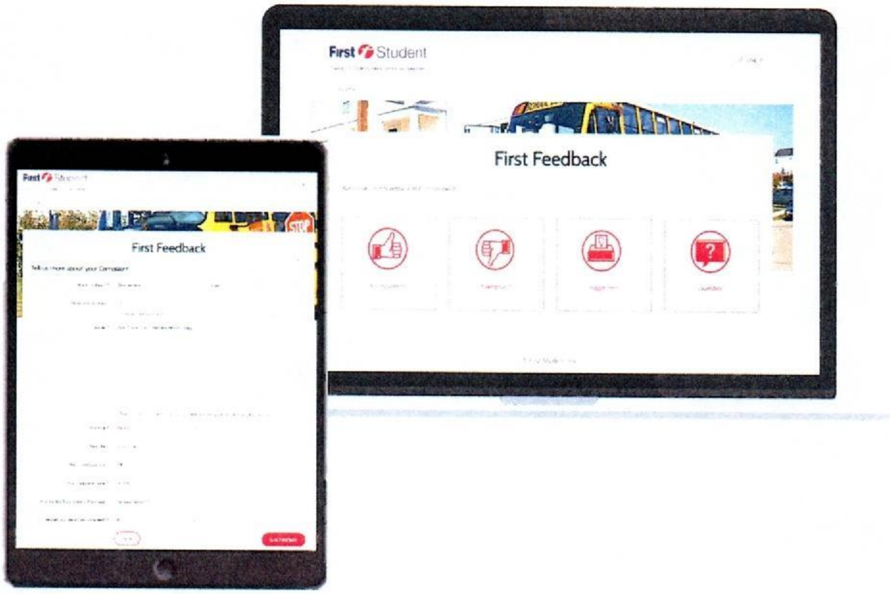


First Student has deployed a tablet solution to ensure route assignment accuracy. The FOCUS Key-Osk is installed near the Dispatch area of our location and provides the following operational advantages:

- Control of driver swipe in and out with verified schedule and set allowances
- Task assignments are automatically populated from First Student's FOCUS™ operations management system
- Improves ability for location to drive swipe compliance as the FOCUS Key-Osk uses a driver defined 4-digit pin to swipe in and out, eliminating the need for a physical card to be carried by the driver
- Direct schedule feedback at Task Start and swipe allowances around that schedule results in increased driver schedule awareness
- Elimination of paper exception log allows for improved Payroll review

First Feedback

First Feedback – First Student's proprietary online feedback management system – provides parents, community members, and school personnel the opportunity to submit feedback about a driver, bus, or experience via a simple, easy-to-use online tool. First Feedback accelerates our ability to gather information, research, respond, and track service compliments and concerns, ensuring we continuously improve on the service we provide to our community partners.



Valuable Feedback in One Place

- First Feedback is a straightforward, user-friendly system for compliments, complaints, suggestions, and questions
- Users submitting feedback can opt in to be contacted via phone or email for follow-up
- All users who request follow-up will be contacted
- All submitted feedback and applicable follow-ups are retained in the system for long-term reporting
- Feedback reporting will help identify potential systematic local issues and trends

Enhanced Feedback Reporting

First Feedback allows First Student to ensure that comments and concerns from the Northbrook community do not go unheard. The site opens a communication channel between community members and First Student staff that gives us the opportunity to identify potential issues in the field, evaluate our customer service and ensure we are closing the loop. The feedback administrator is fed insights through this channel which identify trends in certain kinds of feedback or in certain areas, helps them to provide further transparency to District officials, and ensures we are following up in a timely manner.

What First Feedback means for West Northfield School District 31

- **Reliability of Information:** Key details are collected upfront, meaning we won't waste time backtracking for information
- **Transparency:** The system keeps stakeholders informed, allowing district leaders to be well-versed and prepared when incidents are escalated
- **Consistent Records**: Confidence that your transportation partner is holding the right people accountable, is taking opportunities for coaching and giving recognition to those going above and beyond – insuring that no incident, big or small, slips through the cracks

AVAILABLE TECHNOLOGY OPTIONS

While our main objective is addressing the specific needs you have today, we are also your partner in bringing West Northfield School District 31's fleet and technology goals to fruition. The following are some of First Student's technology offerings.

Digital Camera System

Seon is First Student's preferred source of onboard camera technology. They are the world's leading manufacturer of video surveillance systems for new and aftermarket buses and motor coaches. Trusted by 4,000+ school districts and 180,000+ systems in the market, Seon has a reputation for quality and reliability and is ranked consistently as the world's top provider of mobile video surveillance equipment on school buses by IHS Group, an independent electronics research firm.
High-resolution video cameras offer an additional safeguard for both students and drivers. School administrators can view images and footage in the event of an incident, which allows for an immediate and informed response.

FirstView® Bus Tracking and Parent Communication Platform

The FirstView® Product Suite by First Student brings together GPS, electronic routing software and First Student's operations platform, FOCUS™, to provide enhanced communication and visibility into your transportation system. The suite consists of the FirstView® District Dashboard and the FirstView® Parent App.

FirstView® Parent App

The FirstView® parent app gives parents direct access to the status of their child's bus. Whether deciding the best time to meet at the stop, or seeking detailed delay notifications, FirstView® gives parents and students the information they need to plan their day and stay connected. Our app was developed in collaboration with parents/caregivers and district officials, so all features and capabilities were designed to meet the specific communication needs of these school community members. The app can be accessed from any smartphone or desktop and includes in-app ability to provide feedback for future updates.

Live Tracking and Predictive Stop Arrival Times: Shows location and direction of a student's bus, stop times for the day and times for school arrivals and departures.

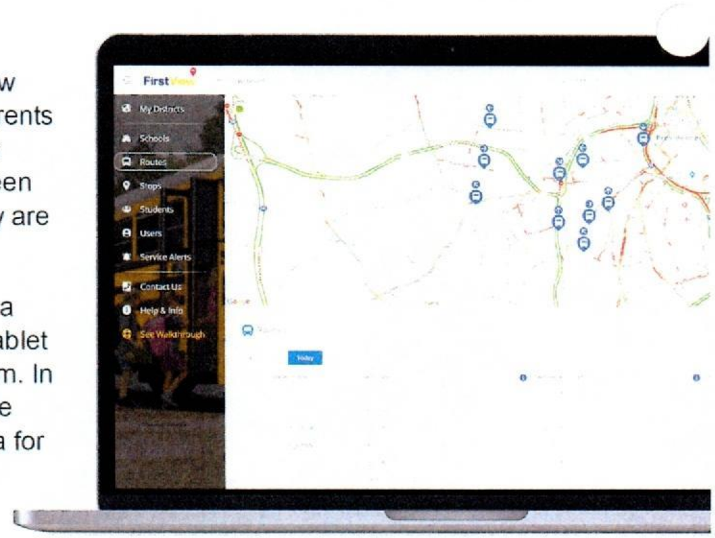
Custom Alerts and Messages: Set up push or email alerts for when a student's bus is a chosen distance or number of minutes away from the stop. Alerts provide messages and an estimated length of delays.

Additional User Notifications: Main users of the FirstView® Parent App can connect three additional email accounts to receive email alerts.

FirstView® District Dashboard

A smooth start and finish to the school day depends on how well communication systems keep teachers, principals, parents and transportation staff on the same page. And with all the activity in a school building requiring communication between staff and school officials, information accuracy and mobility are key.

The FirstView® District Dashboard can be incorporated as a stand-alone pro duct and easily accessed via desktop or tablet for clear, mobile access to your entire transportation system. In addition to helping manage daily communication needs, the platform gathers accurate, system-wide transportation data for administrative-level decision making.



Tracking: View when buses will arrive at schools and stops in real-time

Reporting: One-stop view of bus arrival status at school and stops in real-time

Messaging: Push custom notifications to FirstView® subscribers

Visibility: Drill down to analyze school-, route-, stop- and student-level information

Security: Control user access and app security

Customization: Configure settings to the exact information needs of your district personnel

FirstACTS® Student Conduct Tracking

FirstACTS® (Active Conduct Tracking System) is a powerful web-based communication tool that helps you easily and efficiently track student conduct on school buses. Designed to improve reliability and speed, FirstACTS® delivers driver notifications directly to the school, tracks the school's actions and provides a response back to the driver. This platform offers a range of reporting capabilities and tools to assist in tracking specific actions by driver, student, school or bus. Student incident histories can be searched, and trends and patterns can be identified and addressed.

Connect: Easily identify, communicate and escalate issues to the right people

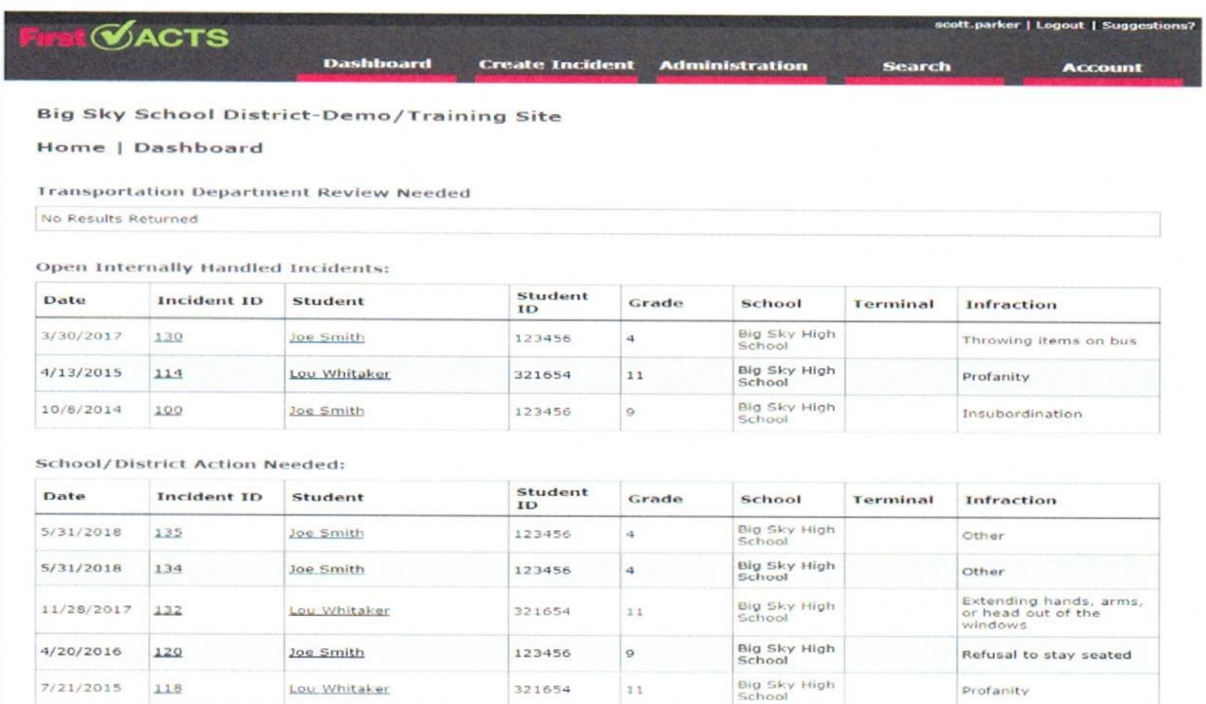
- Eliminate tedious and time-consuming tasks of tracking, filing, locating, and delivering paper documents
- Preloaded student and driver information makes it easy to report student behavior incidents
- Streamlined reporting process to administrators gives school bus drives confidence that issues will be quickly resolved, improving job satisfaction

Customize: Implemented to deliver what your district needs

- Flexible tool configured to meet the specific needs of your school district
- Student incident histories can be easily searched to quickly identify trends for prompt action
- Timely information provided to you quickly after the event, with the option to upload into your Student Information System

Control: Safe, secure, workflow access to critical information and updates

- Improved workflow management allows administrators and teachers to focus on their primary objective-education
- Administrators identify appropriate personnel to receive incident notifications and reports, ensuring privacy
- Proactive reminders keep administrators and staff informed, expediting resolution times



Big Sky School District-Demo/Training Site

Home | Dashboard

Transportation Department Review Needed

No Results Returned

Open Internally Handled Incidents:

Date	Incident ID	Student	Student ID	Grade	School	Terminal	Infraction
3/30/2017	130	Joe Smith	123456	4	Big Sky High School		Throwing items on bus
4/13/2015	114	Lou Whitaker	321654	11	Big Sky High School		Profanity
10/8/2014	100	Joe Smith	123456	9	Big Sky High School		Insubordination

School/District Action Needed:

Date	Incident ID	Student	Student ID	Grade	School	Terminal	Infraction
5/31/2018	135	Joe Smith	123456	4	Big Sky High School		Other
5/31/2018	134	Joe Smith	123456	4	Big Sky High School		Other
11/28/2017	132	Lou Whitaker	321654	11	Big Sky High School		Extending hands, arms, or head out of the windows
4/20/2016	120	Joe Smith	123456	9	Big Sky High School		Refusal to stay seated
7/21/2015	118	Lou Whitaker	321654	11	Big Sky High School		Profanity

TH4

4-Channel High-definition Hybrid DVR

Hybrid HD Surveillance

This high-definition (HD) digital video recorder (DVR) records up to four high-definition camera views, while offering the flexibility to support existing standard resolution (analog) cameras. The TH4 supports up to four cameras in total – any combination of your choice of HD or Standard resolution. HYBRID technology allows you to upgrade to HD at your own pace while preserving your initial camera investment.

Ideal for:

School Bus, Para-transit, Shuttle, Commercial Vehicle, Fire & Emergency Vehicle

Full High-definition Surveillance

Record up to four high-definition camera views with audio at up to 30 FPS on all channels simultaneously.

Hybrid Technology: Your Choice – Analog or HD

Support your existing cameras while upgrading to HD with your choice of recording resolution from D1 to 720p.

Flexibility & Easy Installation

Choose any combination of standard or HD cameras with simple plug & play installation.

Compatible with any Seon analog and new high-definition dome and wedge Cameras:


HD1Q Interior Dome


HD1W Outdoor Wedge

Accessories:


Event/ Diagnostic Button


Hard Drive Reader


GPS


G-Force Sensor

Optional Add-ons:

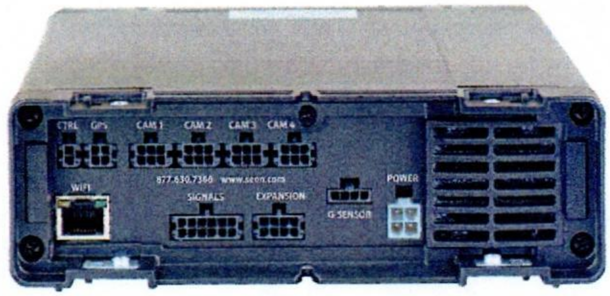
- Wi-Fi auto-download & Video management
- Live GPS Tracking
- Live Video Streaming

1.877.630.SEON
www.seon.com

SEON
A Safe Fleet Brand

TH4

4-Channel High-definition Hybrid DVR



Video	
Recording Channels	4 channels (HD or Std Res), 4 audio channels
Video Resolution	Total of 4 CH, configurable per CH: 1280x720 (720p) up to 4 CH main stream 720x480 (D1) up to 4 CH main stream CIF all CH for second stream recording
Recording Rate Main Stream	30 FPS on all video channels (120 FPS aggregate)
Recording Rate Second Stream	1 - 5 FPS independent of the main stream
Quality Settings	Adjustable, 4 levels
Auto Overwrite	Selectable On/Off
Display Modes	Single camera, four-up on the DVR video out Single camera, four-up on the vMax Web
Playback Rate	Frame advance, FFD and REV playback up to 32x
Search Function	Segment, alarm, date/time, event
User Interface	OSD with mouse, vMax Web (web browser), vMax® View software suite
Delay On/Off	Record Delay on ≤1 hr Record Delay off ≤1 hr Power Delay off ≤4 hr
On-Screen Display	Main title, time & date, record status
Dual Streaming	Capable of sending low-bandwidth video images live over an optional broadband (cellular) network
Storage	
Capacity	Up to 2 TB (HDD)
Input/Output	
Network Interface	2-port Ethernet switch (TCP/IP)
Wiring Harness	20' (6 m) harness for power
Panic Alarm Input	20' (6 m) harness with panic button

Smart Features	
Smart-Temp™	Ensures the DVR stays at its optimal operational temperature
Smart-Start™	Safeguards the DVR against electrical spikes with vehicle start-up voltage protection
Inertia Sensor	3 axis external G-sensor option
Electrical	
Voltage Range	8 to 32 VDC
Transient Protection	600 W for power input, 400 W per signal input
Configuration Backup	Time & programmed info (retained up to 10 years)
Mechanical/General	
Dimensions (H x W x D)	2.5 x 7 x 9.5 in (64 x 188 x 241 mm)
DVR Weight	5.3 lbs (2.4 kg) with lock-box
Environmental	
Operating Temperature	-30 to 50°C (-22 to 122°F)
Approvals	
Emissions	FCC Part 15, Class B
Vibration	Vibration Tested against SAE-1455 and MIL-STD 810F
Specifications – Plus System	
Signals	5 external signal inputs + 5 internal signals
Alarms	4 internal alarms to connect to signals or internal triggers, + 1 external alarm
Event/Diagnostic Button	An indicator panel that marks events for quick searches and displays DVR status
GPS Ready	Records vehicle speed and location with optional GPS receiver; enables synchronized mapping when used with vMax® software
Geo-fencing	Uses GPS technology to set a geographical boundary for a vehicle; receive an alert if it deviates

For vMax View minimum PC requirements please visit https://community.seon.com/vmax-view-system-req/

1022-TH4-Spec-Sheet-SS-ST-051718

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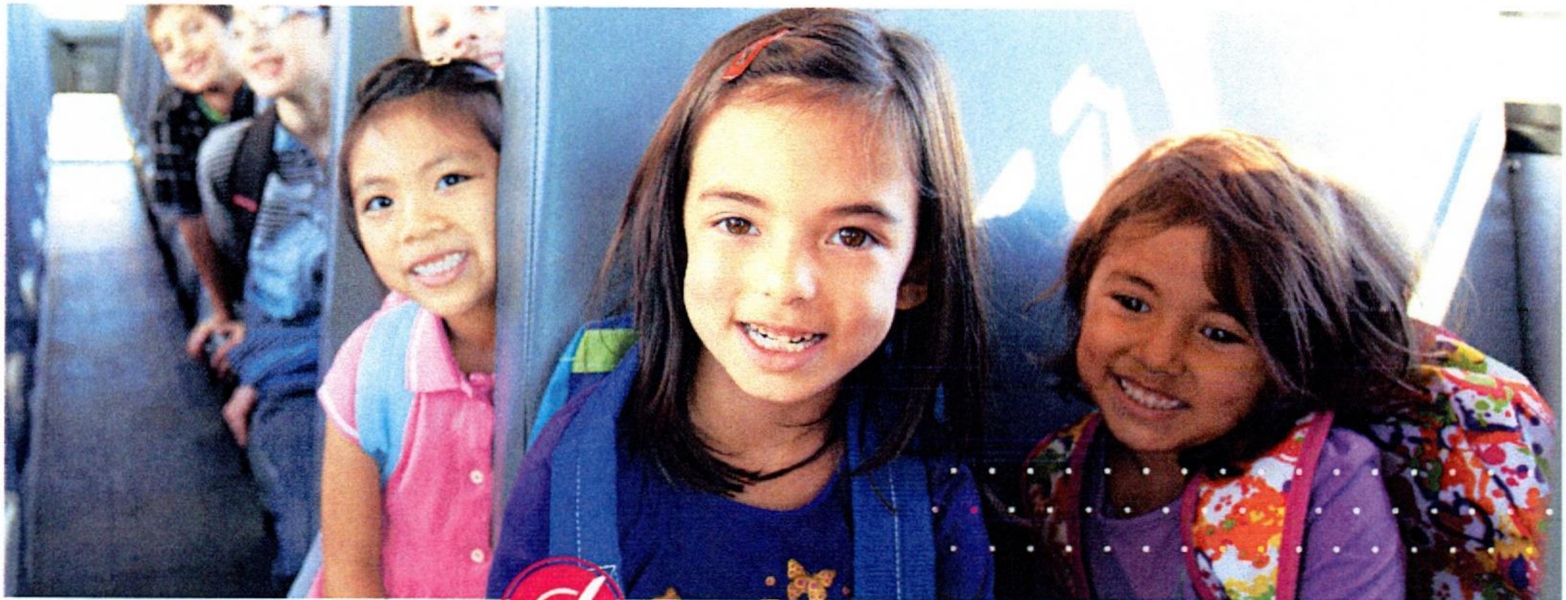
www.seon.com

SEON
A Safe Fleet Brand

First Transportation Solutions
Driven by First Student



FirstACTS®: Student Ridership Incident Tracking System

The ride from home to school and back again is an important part of a student's day. While administrators and transportation personnel try to minimize incidents, sometimes they occur. FirstACTS® (Active Conduct Tracking System) is a web-based tool that easily and efficiently reports and tracks student behavior concerns on the school bus. We connect drivers, transportation providers and school administrators, enhancing our communities' ongoing efforts to keep your children safe each and every day.

Connect: Easily identify, communicate, and escalate issues to the right people

- Eliminate tedious and time-consuming tasks of tracking, filing, locating, and delivering paper documents
- Preloaded student and driver information makes it easy to report student behavior incidents
- Streamlined reporting process to administrators gives school bus drivers confidence that issues will be quickly resolved, improving job satisfaction

Customize: Implemented to deliver what your district needs

- Flexible tool configured to meet the specific needs of your school district
- Student incident histories can be easily searched to quickly identify trends for prompt action
- Timely information provided to you quickly after the event, with the option to upload into your Student Information System

Control: Safe, secure, workflow access to critical information and updates

- Improved workflow management allows administrators and teachers to focus on their primary objective – education
- Administrators identify appropriate personnel to receive incident notifications and reports, ensuring privacy
- Proactive reminders keep administrators and staff informed, expediting resolution times

For more information, email us at FirstTransportationSolutions@firstgroup.com.

First Student

Leveraging Tech to Track Buses & Give Parents Peace of Mind

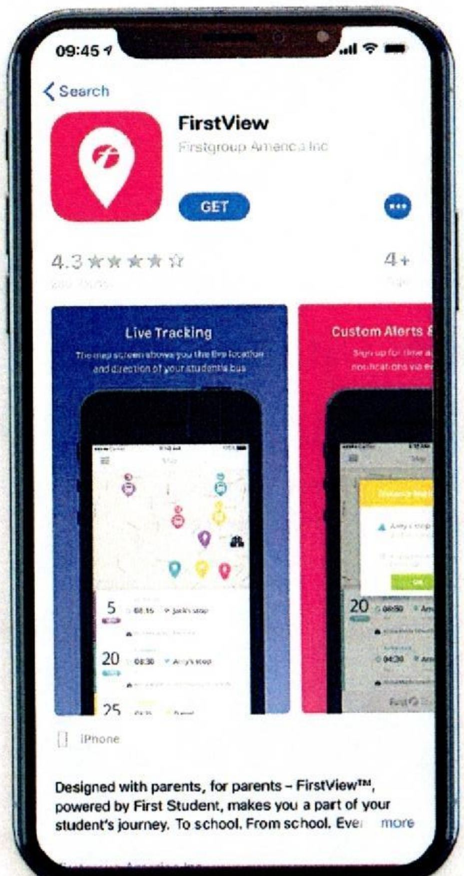
What is FirstView®?

FirstView®

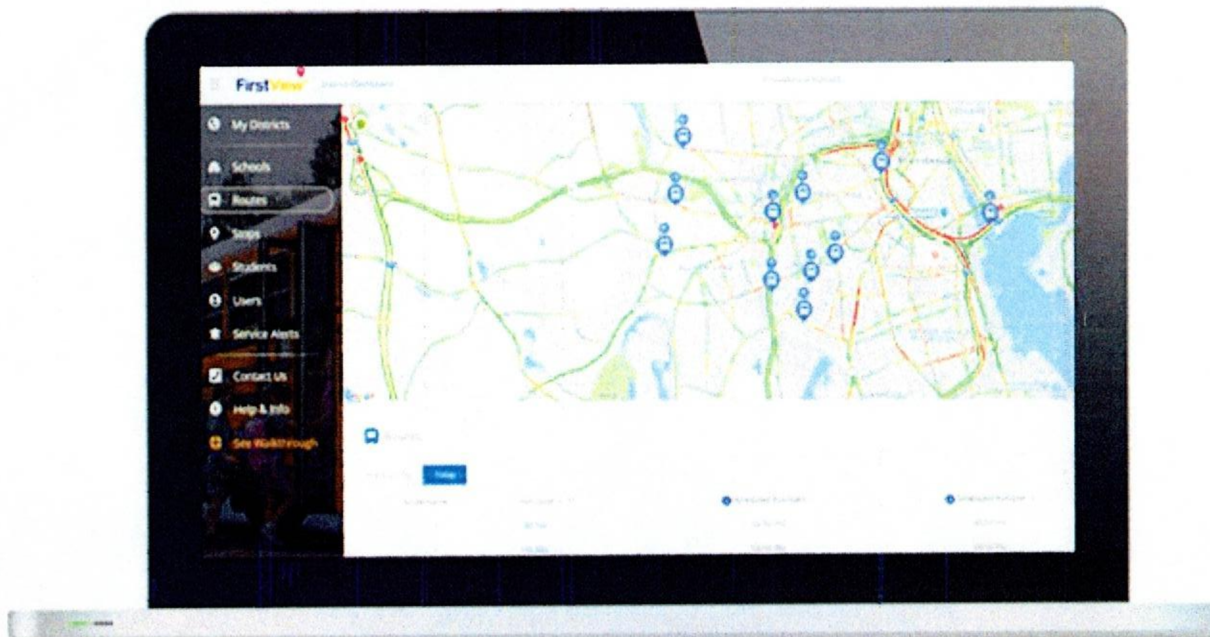
… provides principals, administrative staff, and parents secure and real-time access to bus insights - such as where they are and when they'll arrive.

What Is The FirstView® Suite Of Solutions?

FirstView® ParentApp



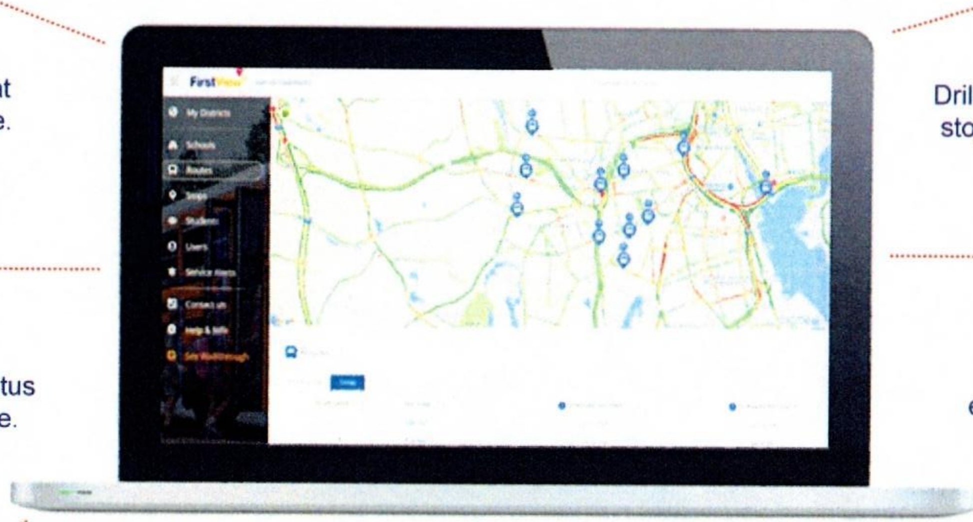
FirstView® District Dashboard



DISTRICT DASHBOARD

FirstView®

The FirstView® District Dashboard gives you access to your entire transportation system in an easy to use web based portal. In addition to helping manage daily communication needs, the platform gathers accurate, system-wide transportation data for administrative-level decision making.



Tracking
View when buses will arrive at schools and stops in real-time.

Insights
One-stop view of bus arrival status at school and stops in real-time.

Messaging
Push custom notifications to FirstView® subscribers.

Visibility
Drill down to analyze school-, route-, stop- and student-level information.

Customization
Configure settings to the exact information needs of your district personnel.

Security
Control user access and app security.

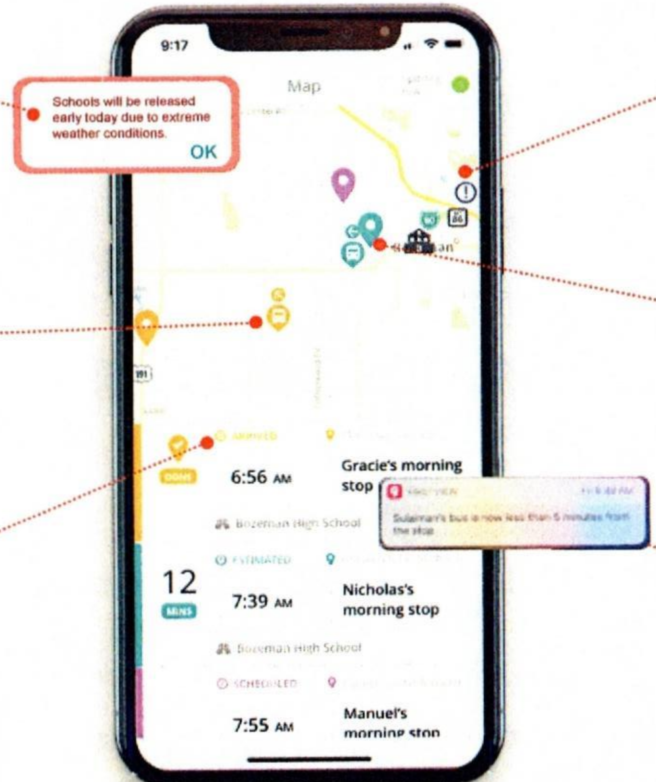
PARENT APP

The FirstView® parent app gives parents direct access to the status of their child's bus. Whether deciding the best time to meet at the stop, or seeking detailed delay notifications, FirstView® gives parents and students the information they need to plan their day and stay connected.

Instant Notifications from your District
From delays to important schedule changes. Stay in the know!

Know Where the Bus Is
Check real-time progress with GPS tracking.

Arrival/Departure Confirmation
Know when the bus arrives at your child's school and stop.



Parent Support
Dedicated support at your fingertips.

Multiple Kids - One App
Track multiple students at one time.

Time + Distance Notifications
Get in-app alerts when the bus is getting close.

FirstView® District Dashboard Messaging

- Proactively and easily communicate with parents about schedule changes
- Send messages district-wide, by route or down to a specific bus stop
- The district or bus depot can send boilerplate messages

				
Traffic	Weather	No GPS	Mechanical Issues	Custom District Message

FirstView® in Recent News

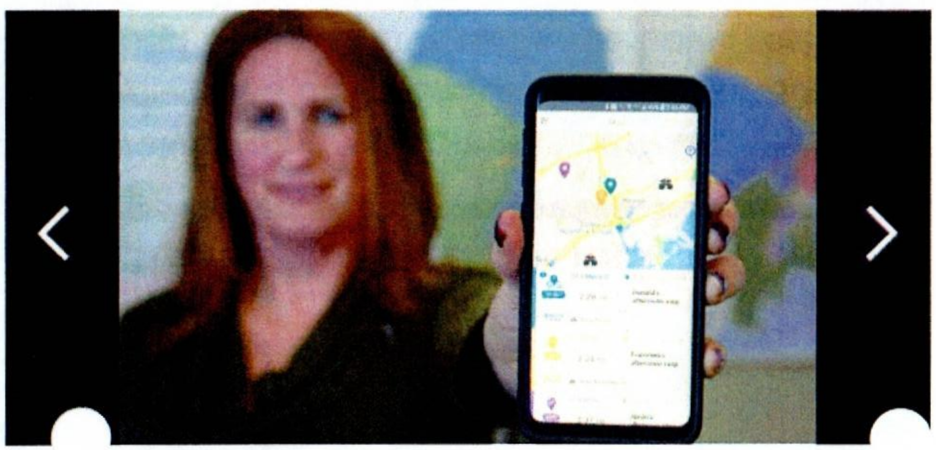
NEW APP TO ALLOW GERING, SCOTTSBLUFF PARENTS TO TRACK PROGRESS OF BUSES

BY Scott Miller | March 28, 2019

Home › News › Regional News

Norwalk School District rolls out new bus-tracking app

By Tatiana Flowers Updated 4:16 pm EST, Saturday, December 1, 2018



Wichita Public Schools launches app for parents to track school buses in real-time

By Anna Auzi | Posted: Tue 5:56 PM, Mar 26, 2019 | Updated: Tue 6:32 PM, Mar 26, 2019

School app keeps track of buses

Posted: Mar 26, 2019 6:52 PM CDT

written by Austin Breasette CONNECT

THANK YOU

First Student

Driver Tablets and Workflow Management: First Student will utilize tablets in conjunction with our proprietary Driver Workflow App to combine driver workflow with route efficiency. As a driver begins their day, they log into the tablet, which connects them to their route and bus. The system provides advanced view of the route and turn-by-turn directions, as well as a real-time traffic check during the route preview to allow for any necessary route changes. This combined technology enhances driver and passenger experience. Additionally, with district-provided student data, the tablet can be leveraged for additional functionality like student ridership tracking. After the last stop, the tablet will track the completion of a child check and bus inspection.

Zonar® Zpass™

First Student has partnered directly with Zonar® to provide the next generation of child safety technology

- Zonar® Zpass™ provides the ability to identify the location of a <u>child</u> on a school bus, including when and where they boarded and departed

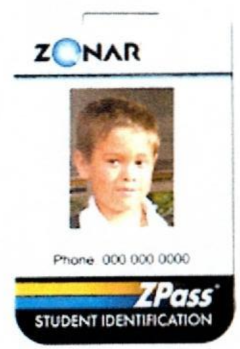
First Student

Caring for students today, tomorrow, together.

What is ZPass™?

ZPass™ is a next-generation student ridership and safety monitoring system that uses a radio frequency identification device (RFID) reader on the bus and student identification cards to track the date, time and location of each student's entry or exit

- Unique RFID card-based system ensures accuracy
- Performs without impeding normal loading process
- Web-based solution that's easy and safe

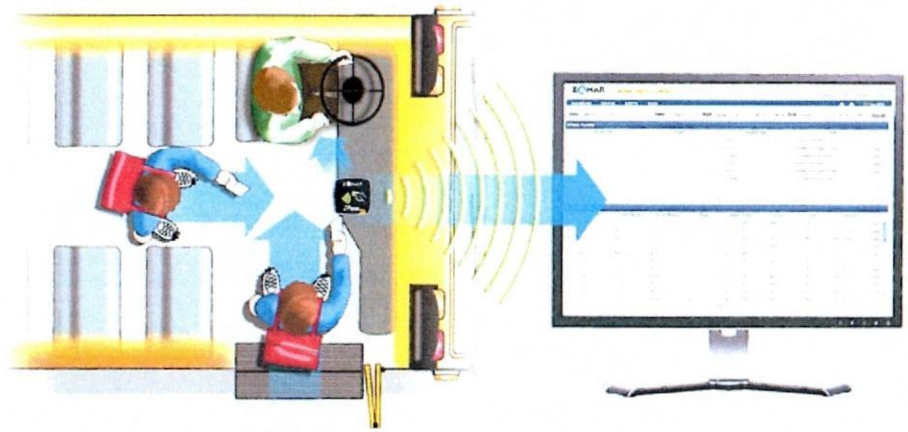


First Student

Caring for students today, tomorrow, together.

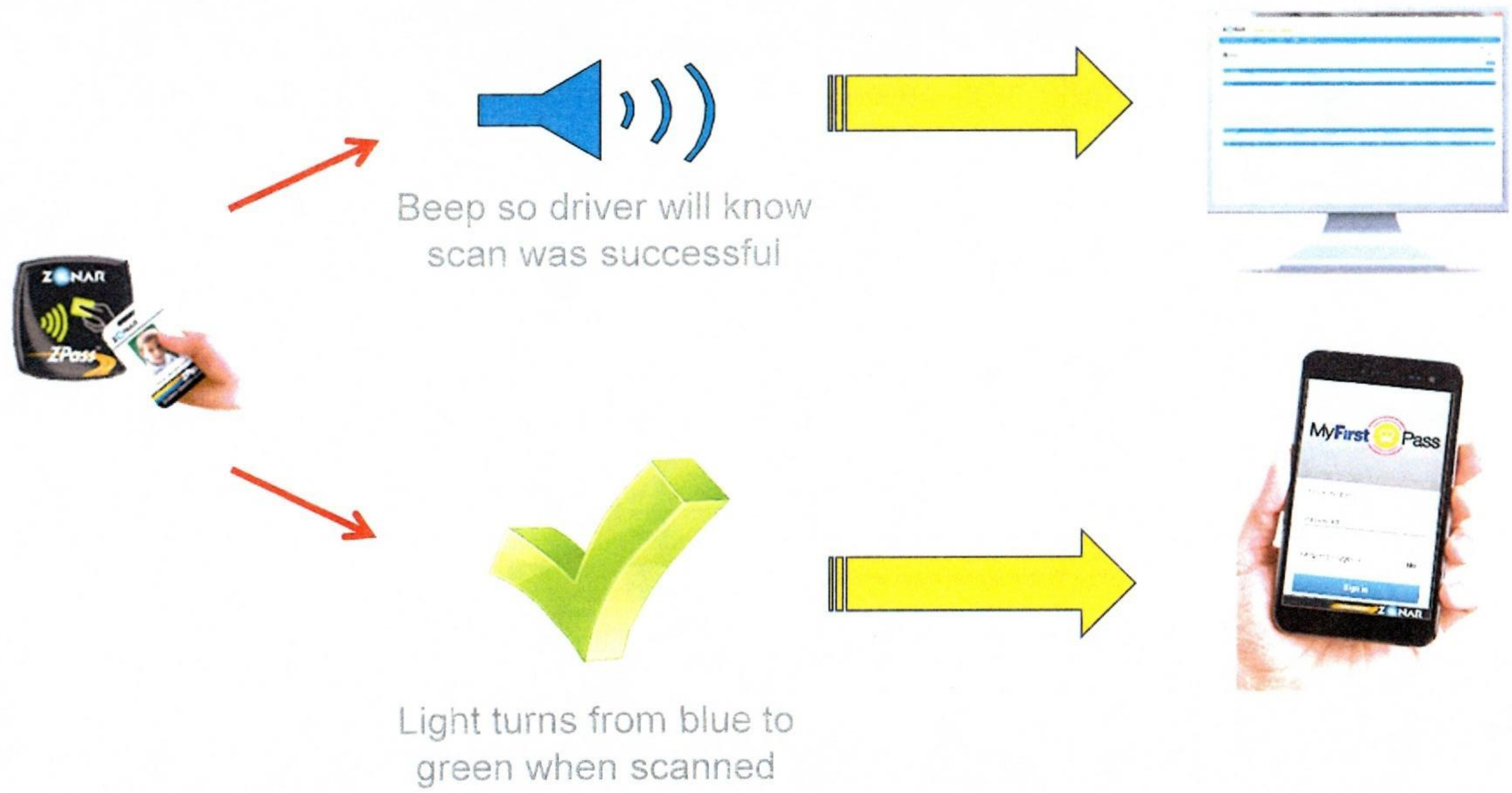
ZPass™: How it works

A few easy steps to accurate and secure student ridership data



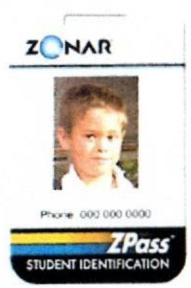
1. Student entering and exiting the bus swipes their ZPass™ ID card
2. As the student enter/exits the bus, the ZPass™ reader returns audible and visual signals confirmation the student's card was read, and records time and location
3. The ridership data is immediately and securely transmitted for administrative alerting and reporting

When a Student is Scanning



ZPass™ Components

- RFID Cards
- Telematics (GPS) & Engine Diagnostics Device
- ZPass™ Card Reader
- Ground Traffic Control™ Fleet Management Portal & ZPass™ Application



ZPass™ Cards

- Provided ZPass™ cards
  - 2 1/8" x 3 3/8" - 30 mil thick
  - 125KHz proximity
  - Blank and pre-punched
  - Cards with printed barcode available
- Any card printer and software that can accommodate this card can be utilized to populate the card with the desired information, pictures or graphics
- The ZPass™ cards can be attached to the student's backpack to help ensure it is not lost and available to swipe

ZPass™ Web Application

- Key members of the your district's transportation staff will have access to a map view of exactly where a student entered or exited a ZPass™ equipped bus
- FOCUS™ provides route association for further investigation when necessary

First Student
Caring for students today, tomorrow, together.

First Student

Caring for students today, tomorrow, together.

MAINTENANCE PROGRAM

MAINTENANCE PROGRAM

Knowing your students are getting where they need to be safely and reliably gives school administrators and families peace of mind. Where possible, we go beyond original equipment manufacturer (OEM) recommendations to heighten vehicle safety, maximize equipment life cycle and minimize vehicle down-time through scheduling efficiency. The foundation of First Student's maintenance program is quality control, data capture and work efficiency. Our core national team – made up of operations, technology, maintenance and engineering professionals – leverages FirstGroup America's scale to draw insights from the resources and expertise found across its transportation divisions: First Student, First Transit and First Vehicle Services. They also collaborate with equipment manufacturers to conduct research and identify solutions to complex repairs.

SKILLED MAINTENANCE PROFESSIONALS

First Student provides 40 hours of training for technicians annually. Technicians are encouraged to participate in vendor trainings and pursue self-directed continuing education credits to advance their knowledge and skills. We provide an online community where technicians can tap into the collective expertise of our 450+ maintenance locations. Many of our shop managers and technicians-in-charge began their careers as apprentices or level one technicians. Raising our people through the ranks allows First Student to bring a depth of knowledge and experience that spans the entire spectrum of maintenance operations.

ASE-Certifications

We encourage our team members to expand their understanding of parts and systems through completing the Center for Automotive Service Excellence (ASE) technician training and certification program. ASE offers a series of more than 40 tests to measure the skill level of technicians in vehicle repair and maintenance, grouped into specialties as automotive (front-end alignment, brakes, air conditioning, etc.), heavy equipment and alternate fuel vehicles.

Technician Bonus Program

First Student's ASE Bonus Program provides technicians the rewarding opportunity for their career development as well as earning additional hourly pay for passing ASE certification testing. This hourly pay bump can be sustained as long as the status of approved certifications remains current.

Our arrangement with ASE provides each technician the following training assistance:

- Pre-testing of skill levels to determine if training is appropriate
- Tailor-made study and training programs to prepare for later skill testing
- Manuals, books and on-site training to help prepare for second round testing
- Re-testing of skill levels after training to become ASE-certified in that skill area

ASE Blue Seal Shop – Recognition Program

Similarly, First Student acknowledges the hard work of shop managers and technicians-in-charge who actively encourage and lead their teams to acquire a higher skill set. They can earn an annual bonus for reaching and maintaining ASE Blue Seal of Excellence status. We award the annual bonus, which is based on the number of technicians in the shop, to the shop manager or technician-in-charge after verification of the ASE Blue Seal Shop certification/recertification. To reach ASE Blue Seal recognition, the repair shop must have at least 75% of technicians ASE certified.

LEAN SIGMA SHOP PRACTICES

We provide guidance for First Student maintenance shops to raise the level of shop performance through lean practices. These practices aim to reduce supplementary outside repair, parts supply waste, unscheduled work and maintenance overtime while developing a high-performance culture, proper organization of tools and parts, clear goals and performance measurements and a safe working environment.

83% of First Student shops are classified as Lean

Lean Shop Program

First Student's Lean Shop program developed to help teams work — and succeed — together along the path towards continuous improvement. The key metrics used for Lean are stringent and each milestone is set to make a pronounced improvement in workflow efficiency and shop performance.

A few of the KPIs by which we measure our lean shops include the following:

- Preventive maintenance compliance
- Outside-shop service
- Towing incidents
- Maintenance overtime
- Inventory turnover
- Audits by region maintenance manager
- Shop ability measured by training completion and success
- Scheduled vs. unscheduled maintenance work

To reward our maintenance teams for their dedication to safety and commitment to the highest standards, we evaluate each shop yearly and award them with Bronze, Silver or Gold Wrench Awards. Technicians earn a monetary bonus if they help lead their shop to becoming a Gold Wrench shop.

INSPECTIONS AND REPAIRS

Driver Pre-Trip Inspections

A pre-trip inspection is a required task for each bus run. Inspections are conducted using electronic verified inspection reporting to generate an electronic inspection report on more than 40 critical safety components. We devote an entire driver-training module to pre- and post-trip inspections so buses with critical defects are identified and immediately withdrawn from service. If defects are found, our service manager or technician-in-charge will determine if the repair can be completed on the spot or postponed until trip completion. We will not release unsafe vehicles for use. If immediate repair is required, we notify dispatch to issue a replacement bus.

Interval-Based Preventive Maintenance Scheduling

Our industry-leading preventive maintenance practices are designed to optimize each piece of equipment's service interval. We base scheduling on 1) usage profile, 2) manufacturer's recommendations, 3) timing of regulatory agency inspections and 4) proven best practices. Additionally, we take into consideration the specific skills and expertise found within our local maintenance team.

PM Inspections	PM Inspections	PM Inspections	PM Inspections
Every 3 months	**Every 6 months**	**Every 12 months**	**Every 24 months**
Includes all 100+ points of inspection in standard PM inspection, plus an additional 150 points of inspection including: ▪ Tires/wheels ▪ Air system ▪ Under-vehicle ▪ Air conditioning ▪ Lubrication and oil change ▪ Bus interior and exterior ▪ Indicator lights/systems ▪ Add-on technology ▪ Safety equipment	Includes all points of inspection in 3-months, plus: ▪ Fuel filter replacement	Includes all 150 points of inspection covered in 3- and 6-month inspections plus an additional 15 points of inspection including: ▪ Engine oil sample ▪ Freeze protection level ▪ External transmission filter ▪ Auto transmission cable ▪ Wheel bearings ▪ HVAC systems ▪ Heater systems	Includes all inspection points covered in 3- and 12-month inspections plus an additional 3 points of inspection including: ▪ Automatic transmission fluid ▪ Power steering fluid ▪ Coolant filter

During all standard PM inspections, our technicians review six inspection categories and determine any adjustments and lubrications necessary for each class of equipment as well as any issues that require additional attention for follow-up repair.

All categories are a part of every PM inspection and feature more than 100+ items that include, but are not limited to, the following:

- Tire pressure, condition and alignment
- Primary and secondary brakes
- Engine
- Transmission
- Instruments and accessories
- Safety equipment
- Radiator and belts
- Valve stems and caps
- Fan assemblies and cooling system
- Steering and brake fluids
- Battery and related attachments
- Steering components

General and Accident Repair Services

We perform vehicle repairs in response to accidents, driver concerns and defect identification. When diagnosing specific repair needs, our team takes into consideration age, mileage and cost to repair criteria consistent with industry standards.

CORRECTING DEFECTS IN A LOGICAL ORDER

During the preventative maintenance inspection, all identified defects are entered into our maintenance program. Any safety critical items are repaired at the time of inspection with no exceptions. A purchase order (PO) is typically created for noncritical items that have not been repaired due to component availability. This PO creates a work order tied to the bus number, and it will stay open until the defect has been repaired. Our corporate purchase agreements (CPA's) and local vendor relationships enable our teams to receive parts within a 5-7-day range.

A shop white board is used as a visual management system to display key information for technicians and highlight changes and abnormalities in schedule.

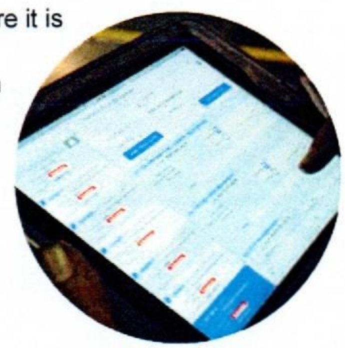
COMPUTERIZED FLEET MAINTENANCE

In-House Vehicle Diagnostic Equipment

All First Student maintenance shops are outfitted with Noregon JPRO diagnostic systems and have access to OEM software to identify the root cause of defects quickly and cost efficiently. External repairs (outside of manufacturer required repairs, tooling and diagnostic equipment repairs, and those that require specialized skillset/training) are kept to a minimum.

Infor Enterprise Asset Management (EAM) System

In a typical shop, a paper-based work order is touched 10 times on average before it is closed in the maintenance system. All First Student maintenance shops are now operating on Infor Enterprise Asset Management (EAM). The system has been in operation in FirstGroup America since 2000 and continually developed for greater analysis and depth.



Infor allows for greater service efficiency, data quality control and team communication, and it raises productivity by automating elements of maintenance work processes. Our technicians use Wi-Fi enabled tablets pre-loaded with all required forms, work orders and detailed task assignments.

Work Process Efficiency to Minimize Vehicle Downtime:

- **Faster Response Time to Electronic Vehicle Inspection Reports:** electronic inspection results are available from each vehicle and can be viewed on the tablet by the shop manager for review and technician assignment
- **Activities and Materials:** Activities screen displays needed repairs or inspection actions as well as a materials list, which automatically associates the parts with an activity task plan
- **Asset Based Checklists:** Electronic checklists are linked to each PM repair activity line and follow-ups can be tracked and automatically moved to a new work order
- **Task Associated Instructions:** Technicians can instantly review repair instructions, campaign descriptions, PM standard operating procedures and safety documents
- **Bus Manuals and Equipment History:** OEM bus manuals and equipment history are available to technician's on the tablet and can be viewed directly from a work order with one click

Enhanced Shop Management and Performance Measurement:

- **Real-Time Visibility to Downed Lists:** Downed bus information is quickly and easily accessible, eliminating the need for paper-based communication
- **Customizable Home Screens:** Manager dashboards can be customized to reporting needs or priorities
- **Purchase Order Approvals:** Purchase order requests can be viewed and approved through tablet device, enabling our shop manager to be more mobile and visible on the shop floor

EXTREME TEMPERATURE PROCEDURE

First Student meets the need for reliable transportation solutions even in the coldest of temperatures. To achieve this goal for West Northfield School District 31, the following extreme temperature plan has been implemented:

In anticipation of very cold/Extremely cold weather First Student is proactive in providing a 5-team maintenance crew overnight, along with 8 trained bus starters to make sure the buses are warmed, fueled and ready to service the district during extreme cold days. We also provide 2 staff members that are available for real time communication updates during the extreme weather.

First Student understands that weather conditions can change rapidly through the course of a day or week. We are equipped to alter these plans on a case-by-case basis in accordance with any inclement weather conditions faced in Illinois. We value the partnership with West Northfield School District 31 in arranging for the safest transportation possible for our students.

First Student

Caring for students today, tomorrow, together.®

ROUTING SERVICES &
CAPABILITIES

ROUTING SERVICES AND CAPABILITIES

Many factors go into student transportation school bus routing: community profile and expectations, enrollment guidelines, geographic context, school programming, transportation rules and state/local policies. Routing plays a fundamental role in balancing these factors with passenger and driver safety, service quality, and overall efficiency.

First Student's routing department, First Planning Solutions (FPS), is made up of specialists who are experienced in route planning and state-of-the-art routing software, including Edulog, Versatrans and Transfinder. Their capabilities include new school year planning support, routing software set up and implementation, technical assistance and training, and analysis and consulting for system optimization.

CAPABILITIES AND EXPERTISE

First Planning Solutions has been in operation for over 25 years and brings wide-ranging expertise in routing system deployment and management. The team provides a range of services to school districts seeking to optimize routing systems and operations and has done so in a breadth of system scenarios. This team works with several routing software packages used by school districts with distinct budgetary, demographic, geographic and operational circumstances.

New School Year Planning

During new school year start-up, our local team works with West Northfield School District 31 to obtain student files with grade rollovers. Our dispatcher begins by creating initial bus routes and ensuring all key stakeholders are involved in developing the safest and most efficient routes possible; this could include, but is not limited to, our area general manager, local police departments and/or First Planning Solutions.

Software Set Up and Implementation

First Planning Solutions manages new system builds and installations. Project managers provide onsite leadership, resources and support throughout the set-up process. They are dedicated to delivering effective, service-ready systems.

FPS delivers the insights, expertise and resources for all your new system needs including:

- Identifying a routing software solution most suitable to district needs
- Loading student data and integrating student information systems (SIS)
- Analyzing and configuring your data
- Installing and configuring the software system and area maps
- Building and optimizing stops and routes
- Validating, refining and implementing the new system

Technical Assistance

First Student ensures the right people and systems are in place to make best use of school district transportation resources, respond effectively to changing needs and ensure our location has the support it needs to manage bus routing effectively.

- **Help Desk:** We operate a help desk staffed by routing software experts available to assist West Northfield School District 31 with troubleshooting system and technical issues.
- **Software Training:** FPS offers all levels of training, which we customize to fit your district's specific needs — we can focus on a special topic area or broaden the scope to cover overall system utilization. Training durations range from a one-hour session to a full week onsite course.
- **System Upgrades and Support:** We can upgrade your existing software to the most recent release and work with your routing data to ensure it is current and reflective of routes presently in operation.
- **Hosting:** We can host your routing system in a state of the art data center environment.
- **Student File Integration:** We can work with the district's IT/technical team to build a routing system/student information system (SIS) whereby student data is systematically fed to the routing system. Further, student transportation data (stop location and time) can be fed back to your SIS.

SYSTEM OPTIMIZATION, ANALYSIS AND CONSULTING

For districts seeking efficiencies or other types of route management improvements within an existing system, FPS offers best-in-class analysis and consulting services.

Scenario Modeling

If you are considering modifications that may impact West Northfield School District 31's current transportation requirements, your district may benefit greatly from scenario modeling. This is a powerful opportunity to weigh the costs and benefits and understanding the impacts of changes and considerations.

Scenario modeling helps districts make smart, strategic decisions related to a variety of system changes:

- Changing school bell times
- Opening, closing or moving schools
- Re-drawing attendance boundaries
- Modifying transportation eligibility changes such as walk zones or walk to stop distances
- Review of the Change Management process, including how changes are requested, approved and tracked

FPS Annual Projects

100+
SYSTEM BUILDS/UPDATES
CONSULTING STUDIES
ROUTING-ONLY PROJECTS

WE HELP PROVIDE ROUTING FOR
~200,000
STUDENTS WITH DISABILITIES EACH YEAR

3,100
SUPPORT CASES
(99% RESOLVED THE SAME DAY!)

300
ONLINE/ONSITE TRAINING SESSIONS

+

WE ROUTE OVER
30,000
BUSES ANNUALLY

Routing Analysis

During a formal routing analysis, FPS identifies and evaluates improvements in routing operations that add organizational value or address persistent system challenges. For example, we can offer recommendations on aligning resources to required service levels, propose remedies for early/late arrival or departures, or demonstrate how bell times can be shifted to facilitate more route tiers, reducing the number of routes and/or vehicles.

- **Efficiency Analysis:** Determines the efficiency of current routes and whether opportunities for improvement exist.
- **Bell Schedule Analysis:** Analyzes bell schedules impact on bus requirements and costs. Looks to identify changes that can maximize route tiering opportunities reducing bus requirements.
- **Route to Actual Ridership:** Many eligible riders do not use transportation. Routing to eligible ridership can increase leverage of existing equipment. Transportation eligibility exceptions, including "Courtesy stops" can significantly impact transportation demand.
- **Time & Capacity Analysis (TCA):** Examines bus run times and seat utilization to identify potential vehicle reductions through bus run consolidation. In order to reduce bus runs, both time and seating capacity must be available. A full TCA also considers actual bus run time versus operating windows in identifying reductions. A TCA identifies opportunities for route reduction. Actual reductions can only be achieved through route level route planning and design.

ROUTE REQUEST XCHANGE

First Student Request Management Tool (RMT)

First Student RMT is a mobile friendly web-based application with a responsive design which allows users to communicate and perform school bus routing activities. RMT helps to organize and streamline the process of route change request. Prior to the tool, route planning activities and change requests would be received via phone, fax and email. With the RMT, users can go online and submit a request that is queued, routes and processed-allowing users to be notified by email upon completion.

The RMT provides:

- a streamlined workflow for managing routing requests
- an audit trail to ensure all routing requests are tracked in each stage of processing
- increased accountability for schools, districts and transportation providers.
- Reporting functionality that will allow robust access to recently changed bus routes, recently completed route requests, route requests that are still in queue, etc.

LEADERSHIP TEAM BIOGRAPHIES

The First Planning Solutions (FPS) team averages more than 15 years of routing experience. They actively support, in a variety of capacities, approximately 200 school districts across North America — from system implementation to training and support to consulting services.

Senior Director

Scott Parker

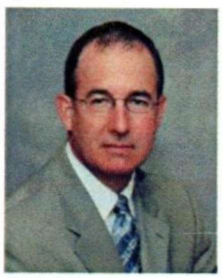
Scott joined FirstGroup America as a general manager for First Planning Solutions (FPS) in September 2006. In his current role as FPS senior director, Scott brings 20 years of progressive management and technical leadership to the organization. He is based in Chicago, Illinois.

Prior to joining First, Scott served as CIO for a $1.4 billion division of GE Energy, based in Atlanta, Georgia. In this capacity, Scott led a team responsible for all aspects of the division's IT operations, including program development, infrastructure, technical leadership, end-user support and strategic planning. Prior to GE, Scott was the vice president and general manager for American Administrative Group (AAG), a third-party health insurance administration firm based in Schaumburg, Illinois.

Scott holds a degree in economics from the University of Illinois.

Director of Project Delivery

Colton Graham



Colton joined First Planning Solutions (FPS) in February 1993 as a software trainer and quickly advanced roles of increasing responsibility. Today he serves as FPS' director of project delivery and is responsible for all new system deployment, customer support and consulting activities.

Colton has been instrumental in the installation and support of more than 100 Edulog and Versatrans software projects, personally leading or assisting in the optimization of school bus routes for districts that include Detroit; Lewisville, TX; Oakland CA special needs; Cincinnati Public Schools; Euclid, OH; Pawtucket, RI; and Norwich, CT. His experience and extensive knowledge of routing software systems has provided districts with studies and analyses of routing and policy that illustrate potential savings. In addition, Colton has lent his expertise to school districts requiring assistance with redistricting issues and attendance boundary modification.

Colton holds a Bachelor of Arts degree in English from California State University. He has also completed extensive coursework in mathematics and computer science.