

Directors' remuneration report



Roger Devlin

Remuneration Committee overview

Dear Shareholder

2010 has continued to see a growing focus on levels of executive remuneration within UK listed PLCs. The Association of British Insurers, NAPF and RREV have each issued or refined their guidance for the chairmen of remuneration committees during the year.

During 2010, the Remuneration Committee has, with the assistance of its independent remuneration consultants, Hewitt New Bridge Street, reviewed its practices and policies to ensure they are in line with what it perceives to be best practice and the Company's strategic objectives. As a result of this the following features have been introduced into elements of the remuneration package during 2010:

- Deferral into Company shares of part of the annual bonus of the Executive Directors;
- Provisions allowing clawback of part of the annual bonus of the Executive Directors in the event of a material misstatement of financial results becoming evident;
- Retention of two performance conditions in the Company's long-term incentive plan that ensure that executives are only rewarded over the longer-term for the achievement of challenging EPS growth conditions and relative outperformance of the Company's closest comparator companies on a TSR basis;
- The introduction of a safety performance improvement condition to any payment under the annual bonus plan for 2011; and
- An increase in the maximum bonus potential of the Executive Directors tied directly to margin improvement targets which form the backbone of the Company's strategic plan for 2011.

The Committee considers that the remuneration paid to our management team fairly reflects their performance during the year. The annual bonus paid out at 100% of maximum reflecting more than 110% of 2010 budgeted normalised profit being achieved. None of the 2008 LTIP awards vested as the challenging EPS and TSR targets set immediately prior to the awards being granted were not met.

We directors on the Remuneration Committee are clearly mindful of our role of balancing the increased focus by, and guidance from, stakeholders on remuneration issues with the need of the Company to attract and retain the best available talent. I believe in 2010 we have achieved an appropriate balance in this regard.

Roger Devlin
Remuneration Committee Chairman

24 February 2011

This report sets out the policy for the financial year just ended, for the forthcoming year and, subject to ongoing review, for subsequent years. The report has been approved by the Board and the Remuneration Committee (the "Committee"). Shareholders will be invited to approve the report at the 2011 Annual General Meeting.

Remuneration Committee

List of Members

List of Members	Position
Roger Devlin	Chairman
Miranda Curtis	Non-Executive Director
Tim Score	Senior Independent Director

Role of the Remuneration Committee

The key responsibilities of the Committee are to:

- determine the fees of the Chairman;
- determine the remuneration and conditions of employment (including any termination arrangements) of the Executive Directors;
- approve the remuneration and conditions of employment of the Divisional Chief Executives and Company Secretary;
- review the remuneration and conditions of employment of the senior management team; and
- select and appoint any remuneration consultants who advise the Committee.

The full terms of reference of the Committee are available on the Company's website at www.nationalexpressgroup.com.

The members of the Committee who served during the year were all independent Directors.

Directors' remuneration report continued

Advisors to the Committee

The Committee has appointed independent remuneration consultants, Hewitt New Bridge Street ("HNBS") to advise on all aspects of senior executive remuneration. HNBS has no other connection with the Group other than in the provision of advice on executive and employee remuneration.

Dean Finch, the Group Chief Executive, provided advice to the Remuneration Committee in respect of the remuneration of the senior executive team (other than himself).

Activities in 2010

During the year the Committee considered the following items of business:

- Executive Directors' and senior executives' salary levels;
- Annual bonus scheme terms for 2010;
- Review of the Non-Executive fees;
- The total shareholder return comparator group used in the Long Term Incentive Plan's performance condition;
- 2010 award levels under the Company's share plans;
- Recruitment packages for new senior executives;
- Testing of performance conditions and vesting of Long Term Incentive Plan awards granted in 2007;
- Long Term Incentive Plan entitlements upon redundancy; and
- Outline of 2011 bonus scheme.

The Committee's recommendations in 2010 were all accepted and implemented by the Board.

Remuneration of Non-Executive Directors

The fees of the Non-Executive Directors are set by the Board as a whole and those of the Chairman are set by the Remuneration Committee in both cases following an annual review. The review takes account of fees paid for similar positions in the market, the time commitment required from the Director (estimated to be 100 days per year for the Chairman and 20 days per year for the other Non-Executive Directors) and any additional responsibilities undertaken, such as acting as Chairman to one of the Board Committees or fulfilling the role of Senior Independent Director. Non-Executive Directors are not eligible to receive pension entitlements or bonuses and may not participate in share option schemes.

	2010 £	2009 £
Chairman's fee	225,000	225,000
Non-Executive Director basic fee	44,000	44,000
Senior Independent Director additional fee	5,000	5,000
Committee Chairman additional fee	7,000	7,000

For 2011 the basic fee for acting as a Non-Executive Director will increase to £45,500 and the fee for chairing a Committee will increase to £10,000. There will be no increase in the additional fee paid to the Senior Independent Director nor to the fee of the Chairman.

Remuneration policy for Executive Directors

Remuneration policy is based on the following broad principles set by the Committee:

- to provide a competitive remuneration package to attract and retain quality individuals;
- to align remuneration to drive the overall objectives of the business;
- to align the interests of management with the interests of shareholders; and
- to provide the foundation for overall reward and remuneration beyond the specific roles falling within the direct remit of the Remuneration Committee.

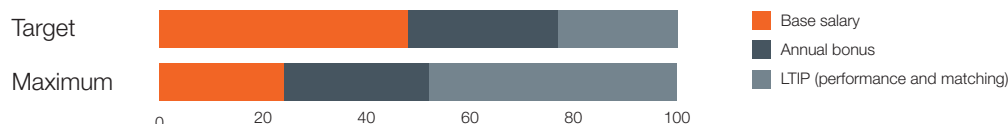
The objective of this policy is aligned with the recommendation of the UK Corporate Governance Code on Directors' remuneration. That is to provide a level of remuneration "to attract, retain and motivate Directors of the quality required to run the Company successfully, but avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance."

In implementing its policy, the Committee gives full consideration to the principles set out in the UK Corporate Governance Code with regard to Directors' remuneration and due regard is given to the guidance issued by investor protection bodies and institutional investors more generally.

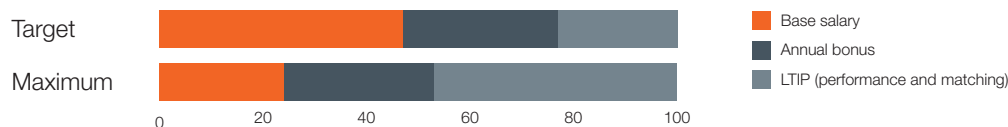
Remuneration policy is reviewed on an ongoing basis against the Committee's broad principles and in light of emerging best practice in corporate governance. The Committee believes that it continues to take into account the principles of sound risk management when setting pay. Appropriate liaison takes place between the Remuneration and Audit Committees as part of an effective remuneration risk assessment process. In line with the Association of British Insurers' ("ABI's") Guidelines on Responsible Investment Disclosure, the Committee ensures that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance ("ESG") risks by inadvertently motivating irresponsible behaviour. More generally, with regard to the overall remuneration structure, there is no restriction on the Committee which prevents it from taking into account corporate governance on ESG matters and it takes due account of issues of general operational risk when structuring incentives. The Committee takes due account of remuneration structures elsewhere in the Group when setting pay for the Executive Directors (for example, consideration is given to the overall salary increase budget and the incentive structures that operate across the Group).

The Group operates a leadership and development programme which includes an appraisal system for Directors and senior management. In 2010 the appraisal system used balanced scorecards to assess performance against financial, customer, operational and people objectives. The results of the annual appraisal system are taken into consideration when setting remuneration levels.

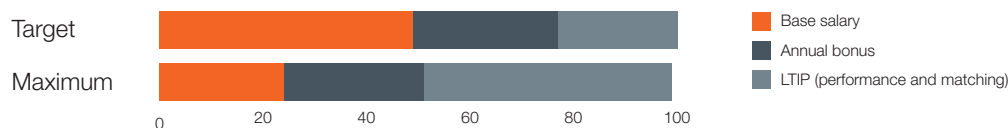
2010: Fixed and variable pay: Average Executive Director at target and maximum performance levels



2011: Fixed and variable pay: Group Chief Executive at target and maximum performance levels



2011: Fixed and variable pay: Group Finance Director at target and maximum performance levels



Fixed versus variable remuneration

A substantial proportion of the Executive Directors' pay is performance related. The charts above show the balance between fixed and performance related pay at target and maximum performance levels based on the elements of National Express's remuneration package set out below. Maximum performance assumes achievement of maximum bonus and full vesting of shares under the LTIP.

Directors' remuneration report continued

Elements of remuneration¹

Summary of the components of the Executive Directors' remuneration.

	Objective	Performance period	Policy
Basic salary	To position at a competitive level for similar roles within comparable markets	Annually	Individual pay levels (using comparable mid-market data for guidance) as appropriate are determined by reference to the individual's performance, experience in post and potential
Performance related bonus	To incentivise delivery of performance objectives	1 year	Bonus payments are based on the achievement of specified corporate (70% financial and 30% non-financial) objectives
Pension	To provide competitive benefits in line with market practice and to act as a retention mechanism and reward long service	Ongoing	The policy is to provide market competitive retirement benefits or, depending on individual circumstances, to provide a cash alternative with which the executive may make his own arrangements. Only basic salary is pensionable
Long Term Incentive Plan	To drive performance, aid retention and align the interests of Executive Directors with shareholders	3 years	Half of any award is subject to EPS growth. The remaining half is subject to the relative total shareholder return ("TSR") of the Company compared against a bespoke peer group
Other benefits	To provide competitive benefits in line with market practice	Ongoing	Executive Directors receive a fully expensed car, private health and long-term sickness insurance. A cash alternative may be provided according to individual circumstances

¹ Awards granted to Directors in respect of buy-out of share awards lost upon leaving previous employment have not been included as an element of remuneration and they are not recurring.

(i) Basic salary

The salary of individual Executive Directors is reviewed at 1 January each year. Account is taken of the performance of the individual concerned, together with any change in responsibilities that may have occurred and the rates for similar roles in two comparator groups of companies. The comparator groups for the 2010 financial year were (i) a group of transport/leisure sector companies and (ii) a group of companies from the FTSE Mid 250 drawn from across all sectors. The constituents of each group were selected to be broadly reflective of the size (market capitalisation and turnover) and complexity of National Express at the time of completing the review. For 2011 the comparator groups will be based on similar groups of transport/leisure and general sector companies drawn from the FTSE 250.

In setting the Executive Directors' remuneration, due account is taken of the salary budget for the Group as a whole and the policy that is applied across all employees when setting individual salary levels. In line with this policy, the performance of each Executive Director is taken into account along with the results of comparative benchmarking. In light of these factors, and after taking into account broader economic conditions, salary levels are then set by the Committee. In 2010 employees received an inflationary uplift but Executive Directors were not awarded a pay increase. In 2011 Dean Finch's salary will increase to £550,000 and Jez Maiden's salary to £420,000. The salary of Dean Finch upon appointment was set at a level which the Committee believed was reasonable given that he had not previously held the post of Group Chief Executive of a listed company. The benchmarking undertaken by the Committee, taken together with Mr Finch's demonstrable achievements since his appointment, indicated that a salary of £550,000 was now appropriate for Mr Finch. Mr Maiden's salary was also subject to a benchmarking exercise and performance appraisal which the Committee believes justifies a salary of £420,000.

(ii) Performance related bonus

The maximum potential bonus payable to Executive Directors in 2010 was 100% of salary. 70% of the bonus payable was based on financial targets and 30% based on non-financial targets. The non-financial targets encompassed customer, operational excellence and people objectives. The financial target set for 2010 was normalised profit (the definition of normalised profit is set out in the Glossary on page 150).

In relation to the proportion of the bonus determined by performance against financial targets, Executive Directors receive 25% of the bonus upon achieving 95% of budget, 50% of the bonus upon achieving budget and 100% upon achieving a stretch target which, for 2010, was 110% of budget.

The targets set in relation to non-financial performance are key strategic Group objectives that are tailored to the responsibilities of each individual Executive Director and, in aggregate, are considered to be similarly challenging to the range of financial targets set. In addition, no bonus in respect of non-financial performance is payable unless 95% of the Group's normalised profit budget is achieved. Irrespective of the performance achieved in respect of the financial and non-financial performance targets, the Committee will, in exceptional circumstances, have the ability to scale back (to zero) bonus awards based on safety performance if it feels that there are sufficiently extenuating circumstances.

In terms of actual performance against the financial targets set for the financial year under review, more than 110% of budgeted normalised profit was delivered resulting in a bonus payable of the financial targets of 70% of salary. In terms of performance against non-financial targets, the performance delivered resulted in the full 30% of targets being achieved. In total, bonuses were payable at 100% of salary.

Bonuses awarded in 2009 were deferred for a period of one year and vested, subject to the terms of the award and the relevant Director's continuing employment, on 10 March 2010. Half of each award was a cash deferred bonus conditional upon the continued employment of the relevant director. The other half of the award was converted into deferred forfeitable ordinary shares of the Company. Both cash deferred bonus and the deferred forfeitable ordinary shares were awarded under the terms of The National Express Group Executive Deferred Bonus Plan.

The National Express Group Executive Deferred Bonus Plan ("Executive Deferred Bonus Plan")

As at 1 January 2010									
	Cash Award	Deferred Shares Award	Granted	Exercised	Lapsed	At 31 December 2010	Option price	Market price at date of vesting	Date of vesting
Jez Maiden	£16,000	15,241	–	15,241	–	–	–	218.9p	10.03.10
Ray O'Toole (resigned as director 5 May 2010)	£115,178	109,721	–	109,721	–	–	–	218.9p	10.03.10

The principal terms of awards under the Executive Deferred Bonus Plan ("EDBP") are summarised below:

- Awards under the Plan may be cash awards, conditional awards or forfeitable shares awards.
- Awards normally vest one year from the date of grant, subject to the relevant Director's continued employment with the Company.
- The Committee may decide that Participants shall be entitled to receive a benefit determined by reference to the value of the dividends that would have been paid on the vested shares in respect of dividend record dates occurring during the period between the Grant date and the date of vesting.
- The awards will normally lapse on cessation of employment save in certain compassionate "good leaver" circumstances (eg death or disability).
- In the event of a variation of the share capital the Committee may make such adjustments to the awards as it considers appropriate.

For 2011 bonus payments will be based on a similar structure but with the maximum potential bonus opportunity increasing to 125% of salary for Dean Finch and 112.5% of salary for Jez Maiden. The additional 25% and 12.5% of salary respectively will be awarded by reference to a challenging sliding scale of margin improvement targets which, along with normalised profit, reflect the key short-term objectives of the Group. In light of the fact that bonuses are to operate in 2011 with higher maximum potential reward, 25% of any bonus earned will be the subject of a mandatory deferral into the Company's shares for a period of one year. Since the deferred shares will be awarded under the EDBP, receipt of the deferred shares will be subject to continued service and the same 'good leaver' provisions and other terms as noted above. The 2011 bonus will also operate with an additional clawback feature that would require the deferred shares to be forfeited or repaid should it be necessary for the Company to restate materially its 2011 results within a two year period following the deferred bonus being awarded. The proportion of the bonus that would be the subject to a clawback would depend on the extent to which the original bonus payment turned out to be false following the publication of corrected results. In addition, the Committee has decided that no bonus will be awarded unless there is a continued improvement in safety statistics in 2011 in place of the more general safety override that is described above in respect of the annual bonus year under review.

(iii) Pensions

Under the terms of their service agreements, Executive Directors are either entitled to become members of one of the Group pension schemes or to receive payment of a fixed percentage of salary.

Ray O'Toole was a member of The National Express Group Staff Pension Plan ("the Plan") until 7 April 2006. This Plan is an HM Revenue & Customs ("HMRC") approved defined benefit scheme. The benefits from this Plan are subject to HMRC limits. Spouses' pensions are provided in accordance with the terms of the Plan. Life assurance of four times' basic annual salary is provided for the Executive Directors. From 7 April 2006, Ray O'Toole has received a salary supplement of 44% in lieu of pension contributions.

Dean Finch and Jez Maiden are not members of a company pension scheme. Dean Finch receives a 35% salary supplement and Jez Maiden receives a 25% salary supplement in lieu of pension contributions.

(iv) Incentive scheme and share options

(a) Long-term incentive arrangements

The National Express Group Long Term Incentive Plan ("LTIP") was approved by shareholders at the 2005 Annual General Meeting and operates as the Company's sole type of executive long term incentive arrangement. The LTIP consists of annual awards of performance and matching shares. Details of the plan are provided below.

Performance shares

Executive Directors are eligible to receive a conditional award of shares up to an equivalent of 100% of basic salary. The vesting of the award is conditional on meeting the performance conditions set out below.

Matching shares

Executive Directors are also eligible to receive awards of matching shares that are based on a personal investment in National Express Group PLC shares funded either through a personal investment (for example using an annual bonus award) or through pledging of shares not already allocated to the LTIP. The maximum matching award is restricted to 100% of basic salary and matching awards are made on the basis of up to two matching shares being awarded on a net of tax basis for each National Express share pledged or purchased from net of tax income. Matching share awards are also conditional on the performance conditions set out below.

If a participant ceases employment before vesting for a 'compassionate' reason (eg redundancy, retirement, death in service, sale of business out of the Company's group) his/her awards will ordinarily vest. The extent of vesting will be determined by applying the relevant performance conditions to the date of cessation and scaling back the number of shares awarded on a pro rata basis (rounded up to the next complete six month period from the date of grant) unless the Committee determines that it would be inappropriate to apply a pro rata reduction. Awards lapse on cessation of employment for any other reason.

Performance conditions

There are normally two distinct performance conditions applying to awards made. First, the performance condition attached to one-half of an award (Part "A") is based on the Company's normalised diluted earnings per share ("EPS") growth performance in excess of inflation over a fixed three-year period (three financial years commencing with the financial year in which the award is made). The performance condition attached to the other half of an award (Part "B") is based on the Company's Total Shareholder Return ("TSR") performance over the same fixed three-year period relative to the TSR performance of a comparator group of up to around 20 transport companies taken predominantly from the FTSE Industrial Transportation and FTSE Travel & Leisure sectors. The companies comprising the comparator group have been chosen on the basis of their comparability to National Express Group PLC (based on their size and scope of business operations). There is no ability to retest either performance condition. EPS and TSR have generally been chosen for the LTIP as the most appropriate measures of the Group's long term performance, since EPS is an important growth measure and driver and TSR improves shareholder alignment and is consistent with the Company objective of providing superior long-term returns to shareholders.

For awards made in 2008 Parts A and B will vest to the extent that the performance conditions set out in the tables below are met:

Average growth in the Company's normalised diluted EPS* in excess of inflation ("CPI")*	Percentage of Part A that vests
Less than 3%	0%
3%	30%
6%	100%
Between 3% and 6%	30%–100% pro rata

* Normalised diluted earnings per share and CPI are as defined in the Glossary on page 150.

Rank of the Company's Total Shareholder Return against a bespoke comparator group of transport companies (as noted above)	Percentage of Part B that vests
Below median	0%
Median	30%
20th percentile	100%
Between median and 20th percentile	30% and 100% pro rata

Exceptionally in 2009, relative TSR was applied as the sole performance condition as the prevailing economic conditions made it difficult to set a robust range of earnings targets at National Express.

However, to ensure that the relative condition was supported by improved underlying financial performance, the awards made in September 2009 were also subject to an earnings underpin that will apply to the extent that the performance condition set out in the table below is met:

Rank of the Company's Total Shareholder Return against a bespoke comparator group of transport companies (as noted above)	Percentage that vests
Below median	0%
Median	30%
20th percentile	100%
Between median and 20th percentile	30% and 100% pro rata

For Awards granted in 2010, it was considered appropriate to return to the use of relative TSR in tandem with a challenging range of EPS growth targets. As a result, the awards were granted in two parts with Part A vesting to the extent that the EPS performance condition set out below is met and Part B vesting based on the same sliding scale of TSR targets set out above. The TSR peer group applying to the awards granted in 2010 was an appropriately weighted group of transport-related comparator companies.

EPS for the financial year ending 31 December 2012	Percentage of Part A that vests
Less than 23 pence	0%
23 pence	30%
28 pence	100%
Between 23 pence and 28 pence	30%–100% pro rata

Directors' remuneration report continued

The following table sets out the percentage of each extant award that would have vested if the performance conditions had been tested as at 31 December 2010 (without making any allowance for pro rata reduction for any period of less than three years).

Indicative percentage of LTIP awards vesting based on performance to 31 December 2010

Year of award	TSR element ¹	EPS element ¹	Total (max 100%)
2008	0.00%	0.00%	0.00%
2009	70.10%	Not applicable	70.10%
2010	37.04%	100%	87.04%

¹ For 2008 and 2010 TSR applies to 50% of the award and EPS applies to 50% of the award. For 2009 TSR applies to 100% of the award.

To determine vesting of LTIP awards, the Committee retains independent consultants to test the proportion of an award vesting under the relative TSR test and then reviews the conclusion of this analysis before shares formally vest. With regard to the EPS targets, vesting is based on the Company's audited results with liaison, as required, between the Audit and Remuneration Committees.

(b) Savings Related Share Option Scheme ("Sharesave Scheme")

The Company operates an HMRC approved Sharesave Scheme which is open to all UK employees, including the Executive Directors, who have completed at least six months' service at the date of grant. The options are exercisable after three years at a discount of 10% to the market value of the shares at the time of grant.

Performance criteria

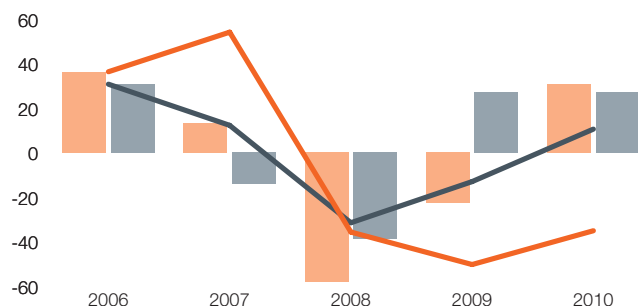
The Committee believes that budgeted profit and/or EPS growth as performance measures for the discretionary bonus scheme and long term incentives, in most normal circumstances, provide a transparent and accessible method of gauging the performance of the Company. The Company calculates performance against these performance measures by reference to the profit or earnings per share figures reported in the Company's audited accounts, which the Company believes to be the most transparent and objective measure of the Company's profit or EPS. The Committee also monitors the Group's TSR against the FTSE All-Share Travel & Leisure Index as a broad measure of the Company's performance. TSR measured against a more tailored group of comparators has been used by the Company as a primary performance measure for awards made to Executive Directors under the LTIP as outlined above.

As noted earlier, it is currently intended that the performance targets that will apply to awards granted in 2011 will again be an equal blend of EPS and TSR. If it were considered appropriate to make any fundamental changes to the performance targets in 2011, it is anticipated that this would be accompanied by a consultation with major shareholders.

The following graphs show a comparison of National Express Group PLC total cumulative shareholder return against that achieved by the FTSE All-Share Travel & Leisure Index and the FTSE 250 Index. These indices have been selected because the Company is a constituent of each index (with the former including many members of the LTIP TSR peer group) and the Committee, therefore, feels that these are the most appropriate indices to represent the Company's relative performance.

Total shareholder return versus FTSE All-Share Travel & Leisure Index

Source: Thomson Reuters

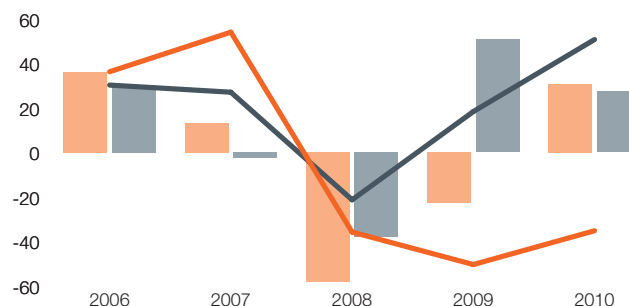


— National Express Cumulative Return
— FTSE All-Share Travel & Leisure Cumulative Return
■ National Express Annual Return
■ FTSE All-Share Travel & Leisure Annual Return

Each point plotted on the graph above represents the total cumulative shareholder return on an investment made in National Express Group on 31 December 2005 compared with an investment in the FTSE All-Share Travel & Leisure Index, with the corresponding annual returns.

Total shareholder return versus FTSE 250 Index

Source: Thomson Reuters



— National Express Cumulative Return
— FTSE 250 Cumulative Return
■ National Express Annual Return
■ FTSE 250 Annual Return

Each point plotted on the graph above represents the total cumulative shareholder return on an investment made in National Express Group on 31 December 2005 compared with an investment in the FTSE 250 Index, with the corresponding annual returns.

Directors' service contracts, notice periods and termination payments

Executive Directors

The contract dates and notice periods for the Executive Directors are as follows:

Director	Contract date	Notice period from the Company	Notice period from the Director
Jez Maiden	17 November 2008	12 months	12 months
Dean Finch	16 December 2009	12 months	6 months
Former Director			
Ray O'Toole (resigned as a director 5 May 2010)	11 September 2003	12 months	6 months

The service contracts of all the Executive Directors, which are rolling contracts, contain a provision, exercisable at the option of the Company, to pay an amount on early termination of employment equal to one year's salary or, in the case of Dean Finch, one year's salary, salary supplement in lieu of pension and car allowance. The Company will use the payment in lieu of notice provisions when the speed, certainty and protection of restrictive covenants afforded by such clauses are thought to be in the best interests of the Company and the circumstances surrounding the departure of the relevant Director justify their use.

The service contract of Ray O'Toole has a further provision that, where the Company initiates a termination, other than for cause, within six months of a change of control taking place the Company will exercise its option to make a payment in lieu of notice of an amount equal to the salary and benefits that the Director would have received during the notice period.

The service contract of Dean Finch contains a provision that, if there is a change of control within 24 months of his commencement date and directly or indirectly in connection with it the Company initiates a termination, other than for cause, or Dean Finch serves notice of termination on the Company on account of provable constructive dismissal, then the period of notice required from the Company will increase to 24 months. The Company waives any requirement for the Director's duty to mitigate his losses in respect of such termination in these circumstances. This clause, while not reflective of the Company's policy, was considered necessary by the Committee to facilitate the appointment of Dean Finch given that the Company had been formally approached in relation to a takeover during the year in which he was recruited.

In any event the Committee's policy is that payments to Directors on termination should reflect the circumstances that prevail at the time, also taking account, if applicable and appropriate, the Director's duty to mitigate.

The Committee continuously reviews its policies on executive remuneration and severance in the best interests of shareholders. Guidance on best practice expectations is taken into account prior to agreeing directors' contractual provisions.

Executive Directors' external appointments

Under the terms of their service agreements, Board approval is required before any external appointment may be accepted by an Executive Director. The Executive Director is permitted to retain any fees paid for such services. Details of fees received by Executive Directors in 2010 are as follows:

Jez Maiden	£36,000	(Yule Catto & Co plc)
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Non-Executive Directors

The Non-Executive Directors do not have service contracts with the Company but are appointed for an initial three-year term. Non-Executive Directors are typically expected to serve for two three-year terms, although their appointment can be terminated either by them or the Company on one month's written notice. It is open to the Company to invite a Non-Executive to serve for a further period after the expiry of two three-year terms. All Directors are required to stand at least once every three years for re-appointment by shareholders. The original appointment dates of the Chairman and Non-Executive Directors are:

Jorge Cosmen	1 December 2005
Miranda Curtis	1 June 2008
John Devaney	2 April 2009
Roger Devlin	1 October 2007
Sir Andrew Foster	1 August 2004
Tim Score	21 February 2005

Directors' remuneration report continued

Senior executive remuneration

The Remuneration Committee reviews and notes the salaries of senior executives within the Group. The salaries of this group of employees by band are as follows:

Salary band £000	Number of executives 2010
>201–410	7
>151–200	7
>101–150	38
>75–100	44

Information subject to audit: Directors' remuneration

Directors' emoluments

	Salary/fees £000	Performance related bonus £000 ⁴	Benefits ¹ £000	Benefits in lieu of pension £000	Total 2010 ² £000	Total 2009 £000
Executive Directors						
Dean Finch (appointed 15 February 2010)	690	500	13	153	1,356	–
Jez Maiden	400	400	23	100	923	621
Former Executive Directors						
Ray O'Toole (resigned 5 May 2010)	472	400	24	176	1,072	644
Richard Bowker (resigned 10 July 2009)	–	–	–	–	–	465
Non-Executive Directors						
John Devaney (Chairman) ³	250	–	–	–	250	315
Tim Score (Senior Independent Director)	56	–	–	–	56	76
Jorge Cosmen (Deputy Chairman)	44	–	–	–	44	44
Miranda Curtis	51	–	–	–	51	51
Roger Devlin	51	–	–	–	51	53
Sir Andrew Foster	44	–	–	–	44	44

¹ Benefits in kind include a company car, fuel, life assurance and health insurance. Relocation expenses of £100,000 were also incurred in respect of Jez Maiden.

² Total remuneration excludes Company pension contributions which are shown below.

³ John Devaney received a temporary additional fee in 2010 for the period during which he held the role of Executive Chairman.

⁴ Ray O'Toole's 2010 bonus was calculated solely on the basis of the Company's financial performance using the same stretch targets as applied to the continuing directors.

Former Director

Ray O'Toole stepped down as an Executive Director of the Company on 5 May 2010. He will remain in full time employment with the Group until 4 May 2011. He will continue to receive his usual salary and benefits in accordance with the terms of his contract until this date. On 4 May 2011 Ray O'Toole will receive, in accordance with his contractual entitlements any accrued but unused holiday entitlement. On retirement, any unvested awards held by Ray O'Toole under the Long Term Incentive Plan (the "Plan") shall vest subject to a pro-rating reduction and the fulfilment of the applicable performance conditions in accordance with the rules of the Plan.

Pensions

Pension benefits earned by Directors in the year to 31 December 2010 from both the approved and unapproved plans were:

	Age	NRA ¹	Accrued benefit at 1 January 2010 £000	Increase in period (net of indexation) £000	Transfer value of increase in period £000	Accrued benefit at 31 December 2010 £000	Transfer value at 1 January 2010 £000	Transfer value at 31 December 2010 £000	Movement in transfer value during period less Director's contributions £000
Ray O'Toole (resigned as a director 5 May 2010) ²	55	60	38.2	(0.6)	–	37.6	842.6	845.1	2.5

¹ Normal Retirement Age.

² Ray O'Toole ceased to accrue pension benefits on 7 April 2006.

Directors' shareholdings

Directors' interests and transactions

The beneficial and non-beneficial interests of the Directors in office as at 31 December 2010 are shown below:

	At 31 December 2010 ¹	At 1 January 2010 or on appointment if later	Change from 31 December 2010 to 24 February 2011
Executive Directors			
Dean Finch	68,275	–	–
Jez Maiden	116,347	77,255	–
Non-Executive Directors			
Jorge Cosmen	88,860,685	92,591,971	–
John Devaney	66,666	66,666	–
Roger Devlin	65,916	20,961	–
Miranda Curtis	–	–	–
Sir Andrew Foster	22,893	14,160	–
Tim Score	–	–	–
Former Executive Director			
Ray O'Toole (resigned 5 May 2010)	146,757	146,757	N/A

(The above table is not subject to audit.)

¹ For Ray O'Toole as at date of resignation.

In order to align the interests of the Directors more closely with the shareholders, the Remuneration Committee has also determined that the Executive Directors should build up a share fund equal to at least one year's salary over a period of five years.

Sharesave Share Option Awards

	At 1 January 2010	During year			At 31 December 2010	Option price	Market price at date of exercise	Date from which exercisable	Expiry date
		Granted	Exercised	Lapsed					
Former Executive Director									
Ray O'Toole (resigned 5 May 2010)	600	–	–	–	600	479.01p	–	01.11.11	30.04.12

Conditional award of shares to Dean Finch

As disclosed in last year's Directors' Remuneration Report, in relation to his appointment as Group Chief Executive, the Committee granted Dean Finch share awards under a one-off arrangement in accordance with Listing Rule 9.4.2 (2). The Committee felt that the award was appropriate to provide compensation for share arrangements forfeited in the process of joining National Express Group PLC and assisted with his recruitment and provided alignment with the interests of the Company's shareholders.

The share award comprised two parts, an award of 28,023 shares (the "First Award") and an award of 18,281 shares (the "Second Award"). Each award is structured as an award of forfeitable shares. Subject to the terms of the awards, the First Award and Second Award will ordinarily vest on 1 April 2011 and 1 April 2012 respectively. At the time of vesting the relevant shares subject to the awards will cease to be subject to a risk of forfeiture.

In connection with the awards, a cash payment was also made to Dean Finch of equal value to the prevailing market value of 32,177 ordinary shares in National Express Group PLC. This was also agreed at the time of recruitment in compensation for forfeited remuneration in relation to joining the Company.

In addition, as part of compensation for remuneration forfeited on joining National Express, and to align Dean Finch with other key executives, it was agreed that he would also receive separate awards of performance shares and matching shares under the LTIP. These awards were each equal in value to £500,000 at grant and comprised his sole LTIP awards in 2010. These awards were subject to the same performance targets described above.

The Matching Award was granted on the basis of shares acquired from a cash payment of £254,250 that was made in lieu of remuneration forfeited in joining National Express Group PLC.

Conditional award of shares to Jez Maiden

As disclosed in prior years, Jez Maiden was granted a share award under a similar one-off arrangement to that described above for Dean Finch in respect of his appointment as Group Finance Director in 2008.

The award comprised three parts, an award over 21,074 shares (the "First Award"), an award over 21,075 shares (the "Second Award") and an award over 28,666 shares (the "Third Award"). Each award is structured as a conditional right to free shares, the terms of which were set after taking account of Jez Maiden's forfeited awards (which included performance and non-performance awards).

The First and Second Awards have now vested with the Third Award, subject to the terms of the Award, due to vest on 17 November 2011. The extent of vesting of the Third Award is also dependent on the satisfaction of performance targets assessed over a three-year performance period.

The performance targets applying to the Third Award are identical to those set for the 2008 LTIP awards, details of which are set out above (a mix of earnings per share and shareholder return targets).

Awards of shares granted under one-off arrangements to Dean Finch and Jez Maiden in relation to their appointments are shown below:

		At 1	During year			At 31	Option price	Market price at date of exercise	Date of vesting
		January 2010 ³	Granted	Exercised	Lapsed	December 2010			
Dean Finch	First Award ¹	–	28,023	–	–	28,023	–	–	1.4.11
	Second Award ¹	–	18,281	–	–	18,281	–	–	1.4.12
Jez Maiden	Second Award	40,565	–	40,565	–	–	–	233.7p	17.11.10
	Third Award ²	55,176	–	–	–	55,176	–	–	17.11.11

Notes

¹ Each award is structured as an award of forfeitable shares. At the time of vesting the relevant shares subject to the awards will cease to be subject to a risk of forfeiture.

² The extent of vesting of the Third Award will be dependent on the satisfaction of performance targets assessed over a three year performance period. The performance targets applying to the Third Award are identical to those set for the 2008 LTIP awards, details of which are set out above (a mix of earning per share and shareholder return targets).

³ The number of shares subject to The First Award, the Second Award and the Third Award was adjusted to incorporate the effects of the Rights Issue, effective 15 December 2009 and multiplied by a factor of 1.9248. The adjustment process is standard practice and results in the impact of the Rights Issue being neutral on outstanding awards (where the Rights Issue is undertaken at a discount as was the case at National Express) and ensures consistency of treatment (in value terms) between shareholders and award holders.

Long Term Incentive Plan (“LTIP”) Awards

Performance shares of 1 x salary are awarded to Executive Directors as nil cost options under the Long Term Incentive Plan. In addition 100 matching shares are awarded for every 30 investment shares pledged or invested by the Director under the share matching element of the LTIP. Further details of the LTIP and the performance conditions that have applied to each award below are shown on page 57.

	LTIP Share Awards	At 1 January 2010	During year			At 31 December 2010	Market price on date of award	Market price at date of exercise	Date from which exercisable	Expiry date
			Granted	Exercised	Lapsed ¹					
Dean Finch	Performance Shares	–	227,272	–	–	227,272	220.3p	–	15.03.13	15.09.13
	Matching Shares	–	227,270	–	–	227,270	220.3p	–	15.03.13	15.09.13
Jez Maiden	Performance shares	176,342	–	–	–	176,342	405.0p	–	01.09.12	01.03.13
	Matching shares	132,637	–	–	–	132,637	405.0p	–	01.09.12	01.03.13
	Performance shares	–	174,672	–	–	174,672	230.0p	–	01.04.13	01.10.13
	Matching shares	–	174,670	–	–	174,670	230.0p	–	01.04.13	01.10.13
Ray O’Toole (resigned 5 May 2010)	Performance shares	54,681	–	–	54,681	–	1320.0p	–	11.04.10	11.10.10
	Performance shares	77,573	–	–	–	77,573	992.5p	–	10.04.11	10.10.11
	Matching shares	12,830	–	–	–	12,830	992.5p	–	10.04.11	10.10.11
	Performance shares	193,251	–	–	–	193,251	405.0p	–	01.09.12	01.03.13
	Matching shares	193,249	–	–	–	193,249	405.0p	–	01.09.12	01.03.13
	Performance shares	–	174,672	–	–	174,672	230.0p	–	01.04.13	01.10.13
	Matching shares	–	174,670	–	–	174,670	230.0p	–	01.04.13	01.10.13

Notes

¹ Performance and matching shares granted under the LTIP on 11 April 2007 lapsed on 11 April 2010. TSR performance had been such as to result in 0% of that part of the performance and matching share awards that were subject to the TSR performance condition to vest and the EPS performance had been such as to result in 0% of that part of the performance and matching share awards that were subject to the EPS performance condition to vest.

In respect of the operation of the Long Term Incentive Plan the Company operates the National Express Group Employee Benefit Trust which currently holds 429,222 shares as at 24 February 2011.

The Register of Directors’ Interests maintained by the Company contains full details of the Directors’ holdings of shares and options over shares in the Company. No LTIPs vested during the year. The aggregate value of the LTIPs which vested in 2009 was £92,021. The mid-market price of the Company’s ordinary shares at 31 December 2010 was 251p (2009: 191.9p) and the range during the year ended 31 December 2010 was 259.6p to 194p.

By order of the Board

Roger Devlin

Director and Chairman of the Remuneration Committee

24 February 2011