

Chief Executive's Report



“We provide a socially inclusive community service which also brings environmental benefits.”

Phil White
Chief Executive

Welcome to our Corporate Responsibility Report (CR) for the year ended 31 December 2005.

I am delighted to report that during the year we continued to make a positive contribution to the quality and accessibility of public transport in the communities where we operated. This year was notable for the Group as our operations grew organically as well as by acquisition through the merger with Alsa, Spain's largest private bus and coach operator.

Public transport competes with other transport modes such as the car or plane. As there are considerable economic, social and environmental benefits in using public transport, we believe encouraging customers to use these services is good for society as a whole. Transport is fundamental to the success of communities. It affects productivity, stability and growth, and by influencing the movement of people and goods, it has a wide social impact on the economy. By the very nature of what we do, we contribute positively to communities. At National Express Group, we provide a socially inclusive service with environmental benefits. We provide a solution to many of the sustainability issues that concern key stakeholders.

Our Group is responsible for providing services that customers want to use. The safety of our customers and employees continues to be a major focus. The London bombings in July 2005 illustrated that public transport remains a target for terrorist attack. However, supported by many selfless contributions to passenger safety by our employees, and backed by the determination of customers, travel patterns have on the whole returned to normal.

Our business is impacted by Government policy and we work with national, regional and local politicians to promote the benefits of public service provision.

We welcomed the opportunity to participate in the Government's Eddington Transport Study focusing on the needs of transport provision in the future. We recognise that we need to influence the views of policy makers by promoting policies that benefit public transport. For example, with increasing congestion there is a risk that the transportation system could constrain the economy. We have been lobbying key opinion formers to encourage them to introduce priority bus lanes thereby ensuring public transport can play its role in the community. In February last year we held our first bus conference which focused on ways

in which we can stimulate further growth in the bus market. Well attended by a range of key stakeholders with interests in the growth of public transport, the conference provided an excellent platform for the sharing of best practice across the industry. We also continue to focus on how technology and innovation can make public transport more accessible. Through the development of our new "Levante" fully integrated accessible coach, coach travel is for the first time easy for customers with mobility issues. In rail, we have worked with the Department for Transport to develop a UK rail system for the future. Operationally, we believe that improving service performance, which was a key focus in 2005, will encourage more customers onto the rail network. Overseas, our North American and Spanish divisions pride themselves on the provision of first class services.

We constantly look for ways to improve our products. However, we believe there are still further opportunities to improve the utilisation of the existing infrastructure such as through the use of 'smart' technology; and through the increased roll-out of priority schemes for public transport and better use of road space. We also believe that as national and regional transport infrastructure is developed, the planning system needs to show greater linkage between the provision of housing and the location of jobs.

In developing transport for the future, we must consider the requirements of users, whether business, commuter or leisure travellers. Transport planning requires long-term strategy, as demonstrated by the transport plans submitted for the 2012 Olympics. As a major service provider and employer in the area, we look forward to playing a key part in the Games.

During the coming year we will look at ways in which we can continue to meet the needs of our stakeholders and the travelling public. We value your comments and would appreciate your feedback on this document.

Phil White
Chief Executive