



RICHARD BOWKER AGM SCRIPT

FINAL VERSION

Making Travel Simpler

[Richard Bowker header slide]

Good afternoon ladies and gentlemen. It's a pleasure to be here today having joined the Group just some eight months ago.

First of all I'd like to say how pleased I am to be leading one of the best transport groups in the world. National Express is a Group I have long admired and for good reason. It has a proven tradition of being bold and brave. Of innovation and delivery.

We offer a unique combination – one of the strongest brands in the transport sector combined with a focus on local delivery to our customers. As we all know, customers are increasingly demanding and they have genuine choices to make as to how, when and on what they spend their money. Travel requires an active and positive purchase decision, particularly with competition from other modes



such as the car hot on our heels.

As some of you know, my background has covered the consumer, service and transport industries, as well as working closely with the Government and its agencies to deliver quality services to the general public. I was responsible for delivery of the Government's rail strategy at the Strategic Rail Authority and prior to that gained extensive commercial experience from my time with the Virgin Group. So I shall be bringing extensive experience of both the public and private sectors to this role.

I'd like to turn now to what the Group achieved in 2006. Before I do, I'd like to pay tribute and say thank you to the 40,000 people who work for National Express Group. They achieve remarkable things every day, often in challenging circumstances. Never has it been more true that our people are our greatest assets.

[2006 financials]

Well I'm pleased to report much to be proud of:



- Revenue up 14% to £2.5bn (2005: £2.2bn)
- Operating profit up 19% to £184.8m (2005: £155.5m)
- EPS at 76.5p (2005: 76.3p)

And

- Dividend up 8% to 34.75p

Across each of our divisions we saw excellent progress;

[Coaches customer shot]

- Passenger growth of over 4% in coaches and 6% in trains

[Midland Mainline train shot]

- Rail businesses leading the industry performance tables. Indeed in the last two weeks, every single one of our TOCs, has achieved over 90% reliability. In addition, we have submitted two exciting and attractive rail bids to the Department for Transport, and are working on another one for Inter-City East Coast franchise.



[Coaches ticket website technology shot]

- Investment in new technology including easier booking technology, yield management and customer relationship marketing

[North America School bus shot]

- We experienced an excellent North American bidding season with \$30.0 million new business won with contract expansion into Florida, New Jersey, Louisiana and Arkansas. We also saw contract retention of around 95%.

[Alsa coach travelling shot]

- The successful integration of Alsa with growth in all areas of the business in first full year of operation and the award of new contracts

We also agreed the sale of Stewart airport, subject to regulatory approvals, with completion anticipated later this year.



But now I really want to focus on the future.

[MML customer shot]

We need to show our customers that we are the best way to travel; providing a value for money, safe, punctual, reliable and environmentally friendly way to travel.

We need to attract new customers, many of whom may never have thought of using our services. In fact, we need to show all those who are not currently our customers that we are the best possible option for their travel and related needs.

We want National Express Group to be universally regarded as the number one choice in every region and market where it operates. This is a realistic goal but only if we put our customers first in everything we do, every time. We have to deliver consistently, day in day out.

[Coaches customer shot]



So what is the Group's future likely to look like?

Well, we have a diversified portfolio of businesses run by quality management teams who deliver exceptional operational performance. We manage our costs well and we have a strong balance sheet. So we won't be changing any of the things where we have proven excellence and on which this Group's success is based.

[TWM bus shot]

We will invest in the necessary products and systems to maximise the value of our customer base. We believe through a co-ordinated and Group-wide approach to sales & marketing and customer relationship management strategy we can develop and deliver products and a level of service and innovation that customers want and that will stimulate repeat business. We have just recently appointed our first Group Sales and Marketing Director, Frazer Smith, who will be responsible for leading this area to ensure we achieve an even greater return from our sales and marketing investment.



[Picture of Continental Auto Bus]

We are an ambitious Group. We aim to grow through acquisitions and new developments, both in the UK and overseas. We have been looking at a number of potential opportunities recently and we were delighted to announce on 27th April that we had signed a deal with the Spanish Grupo ACS to buy Continental Auto for £449.7 million. Continental Auto is one of the leading bus and coach operations in Spain and together with Alsa, makes the National Express Group one of the leading operators of public transport in that country.

[North America kids shot with bus]

Our investment strategy is driven by long term value creation for shareholders.

In future National Express Group will work even harder to put the customer at the heart of every decision we take and every plan we deliver. We believe this is not just because it is the right thing to do for our customers, but because it makes good business sense.



[Making Travel Simpler words and NEL coaches logo slide]

For our customers as well as all those contemplating using our services we want to focus on Making Travel Simpler.

We will do this by promoting the real benefits of public transport and particularly attracting customers to use our services over the competition.

This will manifest itself in a number of ways

- In how our people and systems make buying and using our services an easy and hassle free experience, including increasingly through the web and other innovative sales distribution channels

[FA shot]

- In how the Group promotes itself – you may have noticed the recent announcement that the Group has become an official partner of the FA and our coach division has become the official transport supplier to Wembley Stadium until 2010. There is real commercial gain to be made through this sponsorship. Wembley



Stadium is a landmark events venue and with a capacity of 90,000 and only 2,000 car park spaces, the coach division's expertise in providing transport to such events is a unique opportunity. These ventures will also benefit a wide range of stakeholders including our people – many of whom will be given the opportunity to attend events as part of our reward and recognition schemes.

[CR Report front page shot]

- We are also keen to promote the environmental credentials of public transport. Our Corporate Responsibility Report published today highlights that buses, coaches and trains can improve the quality of life with modal shift from cars and planes to coaches, trains and buses significantly reducing green house emissions. We can prove that travel doesn't need to cost the earth and we will be raising the public's awareness of this giving them another reason to travel with us.

[PAUSE]



A key focus of our corporate responsibility is safety. Public transport has an excellent record on safety and it is always top of mind for operators such as ourselves.

It was with great sadness that on 3rd January this year, the tragic coach accident took place at the junction of the M25 and M4 in which two people died and others were injured. Our sympathy and condolences go to those families affected by this accident and we continue to work with the police on their investigations. I would like to take this opportunity to publicly thank all our people who were involved in this accident either directly or indirectly and for the support they gave to customers and each other at and after the event. Such tragic events can't fail but have an impact on everyone. Whilst they fortunately don't take place very often, we are never complacent.

['one' staff lady shot]

We are aware that being in the frontline can be a tough job - when things go right it can also be a rewarding job and a job of great public service.



[Travel London bus driver shot]

When things go wrong they are the public face of the company and they do a sterling job in getting our customers to and from their destinations, day in day out.

[AGM words slide]

The future for National Express Group has never looked brighter. Our businesses lead the industry in terms of operational and performance excellence. We have made some bold and brave decisions in the last 8 months and during 2007 we will see an even greater focus on the customer.

2006 has been a great year. 2007 is destined to be even better.

Thank you