

PHIL WHITE AGM SCRIPT

FINAL

[slide 1: Phil White CEO]

Good morning ladies and gentlemen. As most of you know, I'm Phil White, CEO of National Express Group and it's a pleasure to welcome you all here today at our AGM.

I'd just like to start the meeting by showing you a short video. Just to give you a bit of background at last year's AGM, one of our shareholders told me that although she enjoyed our presentation we should recognise the efforts of our people more and of course she's absolutely right.

National Express is very much a people business. Across all our businesses our people do a really fantastic job and always rise to the challenge. The words of the song in the video are as important as the images, because they capture the spirit of our people. Put simply, given the choice to sit it out or dance ladies and gentlemen as you will see our people most certainly choose to dance.

[play video]

2005 was another successful and also exciting year for the Group. Our earnings in the year were at the top end of our shareholders expectations.

[slide 2: financial highlights]

If we take a brief look at the numbers:

- We earned revenue of over £2 billion
- Our operating profits were up by 8.5% and
- We increased our Earnings Per Share by over 10% and
- As you can see we are proposing a final dividend of 7.7%, which together with the interim award, makes a full year increase of 7.5%.

[slide 3: ALSA shot]

During the year, all our divisions in the UK and North America performed exceptionally well, despite some challenging moments. Furthermore, we're delighted to welcome ALSA, Spain's largest private bus and coach operator, into the Group. ALSA represents our first major entry into the European transport market a key move for us.

[slide 4: ALSA shot]

ALSA is a deal that we'd been working on for a number of years and it was certainly a memorable moment for all of us when we finally completed last December. This deal has seen the merger of two significant businesses with very

similar cultures. Our plan to integrate ALSA into National Express Group is well under way.

[slide 5 – ALSA shot]

ALSA dates back to the early 1700s, when it was founded by the highly respected Cosmen family in Northern Spain and has since grown into one of the most important transport businesses in continental Europe. ALSA is the clear leader in the Spanish coach market, where it provides an extensive network of long distance and regional routes. ALSA also operates urban bus networks in Spain, Portugal and Morocco. The Cosmen family continue to be closely involved in the business through their significant shareholding in National Express Group and their seat on the main board.

We are looking forward to working with our people at ALSA to exploit the many growth opportunities that exist in the Spanish market and also to share the knowledge and expertise that those businesses have acquired. ALSA's management team have an excellent reputation in the transport industry for delivering a quality product and we are absolutely delighted that they are now part of the National Express Group.

[slide 6: trains - generic trains shot]

At home, the performance of our Trains division was second to none.

Five of our Train Operating Companies are now in the top seven positions in the industry operational performance league.

The public's anxiety in the aftermath of the July terrorist attacks affected our trains business in the second half of the year but we're delighted that passenger numbers are now back to pre-July levels.

[slide 7: trains – product shot]

At the same time we're pleased that we've secured extensions to our Central Trains and Silverlink franchises until the end of 2007.

Going forward, our strategy is to focus on winning those rail franchises where we are the incumbent operator.

[slide 8: new coach image]

Our UK coaches division continued to grow despite the difficult trading circumstances in the wake of the July bombings.

A whole range of measures were put in place to develop the business. 2005 saw the continuing roll out of our dynamic pricing strategies, aimed at attracting more and more customers to our coach services.

[slide 9: Heathrow Coach station – interior shot]

Meanwhile, large scale investment in coach stations, such as the new facility at Heathrow Central, and our plans for Digbeth in Birmingham, are aimed to enhance our customer experience. This investment coupled with our continued focus on increasing the availability and distribution of ticketing options has ensured that our customers remain attracted to the brand.

[slide 10: inside bus shot]

Turning to buses, our UK operations benefited from a year of improved operational and customer satisfaction performance. Despite a challenging environment in the West Midlands, we remain committed to delivering a first-class bus network for all. Our Travel Dundee operation in

Scotland continues to be one of the best examples of close co-operation between bus operators and local authorities in achieving improved service quality for passengers.

[slide 11: Travel London image]

And in London our Travel London business working closely with TfL continues to grow and prosper.

[slide 12: two NA drivers]

In North America, we decided to withdraw from the more risky public transit market and to concentrate our efforts on our high quality school bus operations. **[slide 13: NA**

children shot] In 2005, we achieved 16% overall growth in our North American business with the addition of nearly

2,000 buses. We now operate some 7% of the total North American privatised school bus market.

[slide 14: bus driver shot]

As I mentioned before, we are very much a people business, whether it's the people we provide services for our customers, whether it's the people who work with us or whether its our partners and our stakeholders. It's important that we listen to all these people and to consider their views seriously in order to continue to make National Express a successful business.

[slide 15 – employee in uniform shot]

We recognise and are fully committed to the belief that a highly motivated, well-rewarded team leads to highly

satisfied customers. To achieve this, it's important that our managers walk the job and take every opportunity to listen and talk to their people.

[slide 16 – pink poster shot]

To support this, we've introduced a number of new initiatives including employee surveys and focus groups to understand the needs of our people better. We need to know what our people are thinking. They are aware more than anybody else how we can improve the quality of service we offer to our customers and how we can make their job easier. It's not just paying lip-service and there's no shying away from difficult issues.

[slide 17: manager shot]

We are also focussing on the development of our people, providing them with the opportunity to learn new skills and through bespoke training programmes to realise and fulfil their potential.

We're totally committed to investing in first-rate training centres to facilitate these developments. **[slide 18: Ray O'Toole with Derek Twigg]** Indeed, we're now leaders in the provision of employee training facilities in the transport industry, with the opening of the first Customer Service Academy – at Midland Mainline in 2004, followed by Central Trains in 2005 and, most recently, our third in Stratford, east London for our 'one' business which was opened by the Transport Minister last month.

[slide 19: Karen Beasley award shot]

How our people are looking after our customers is now gaining recognition. For example, our Coach division won the Team of the Year award in the 2005 National Customer Service Awards.

[slide 20: Gatwick Express image]

Across the Group, we are working hard to achieve Investors in People, a quality standard for the improvement of business performance through employee involvement and development. Gatwick Express was our first business to gain this accreditation, in 2004 and during 2005 both Travel Dundee and Wessex Trains were also accredited.

[slide 21: North America shot]

Similarly, in North America, the launch of our Driver Care programme has provided a front-line support service and communications channel for all our new recruit drivers. As part of the scheme, senior drivers act in both an advisory and mentoring capacity, as well as facilitating communication and feedback to management.

[slide 22: image of Liverpool Street and members of public]

As well as listening to and investing in our people, their safety and that of our customers is of paramount importance to us.

2005 will be remembered for the tragic events in London on 7th July and the subsequent incidents around the country which involved our operations, particularly in Birmingham. Whilst our London operations were not directly targeted, many of our people played an active role in helping the public to get home when many normal routes were not operating. At this very difficult time I'm proud to be able to say to you that when given the choice to either sit it out or dance all our people, **without hesitation**, took the decision to put their customers first, not themselves.

The letters of commendation we received for the actions of our people at that time speaks volumes. One customer described our people's dedication and professionalism as **inspirational and awe inspiring.**

[slide 23: general customer shot]

Ultimately, however, all our employees are dedicated to providing a service for our customers, without whom we have no business. This means we listen to our customers as well as our people.

We receive extensive feedback through customer research and mystery shopping surveys, and we've worked hard to address many of their concerns. Our results show how successful this process has been.

[slide 24: Midland Mainline shot]

Midland Mainline now tops the punctuality tables for inter-city operators, **[slide 25: c2c shot]** and C2C comes first amongst the London commuter TOCs.

We've secured the top three places in the most recent National Rail Passenger Survey, with Gatwick Express, C2C and Midland Mainline filling these top positions.

[slide 26: Levante shot]

This year, one of the key successes of the coach division has been the introduction of our new, easy access coach, known as the Levante. This will greatly improve accessibility for our wheelchair users – a concern that our customer research has identified. The Levante itself was designed and built solely from ideas created within our coach division.

[slide 27: 997 shot]

Furthermore, in our bus division, 2005 saw the introduction of our new 'Premier' 997 route in north Birmingham. This service was the result of a comprehensive market research and focus group exercise with customers along the corridor and has seen double digit growth in patronage since it was launched.

In short, across our organisation we're listening to all the people that make this business what it is – and we're acting on their thoughts, concerns and ideas in order to drive the business from strength to strength.