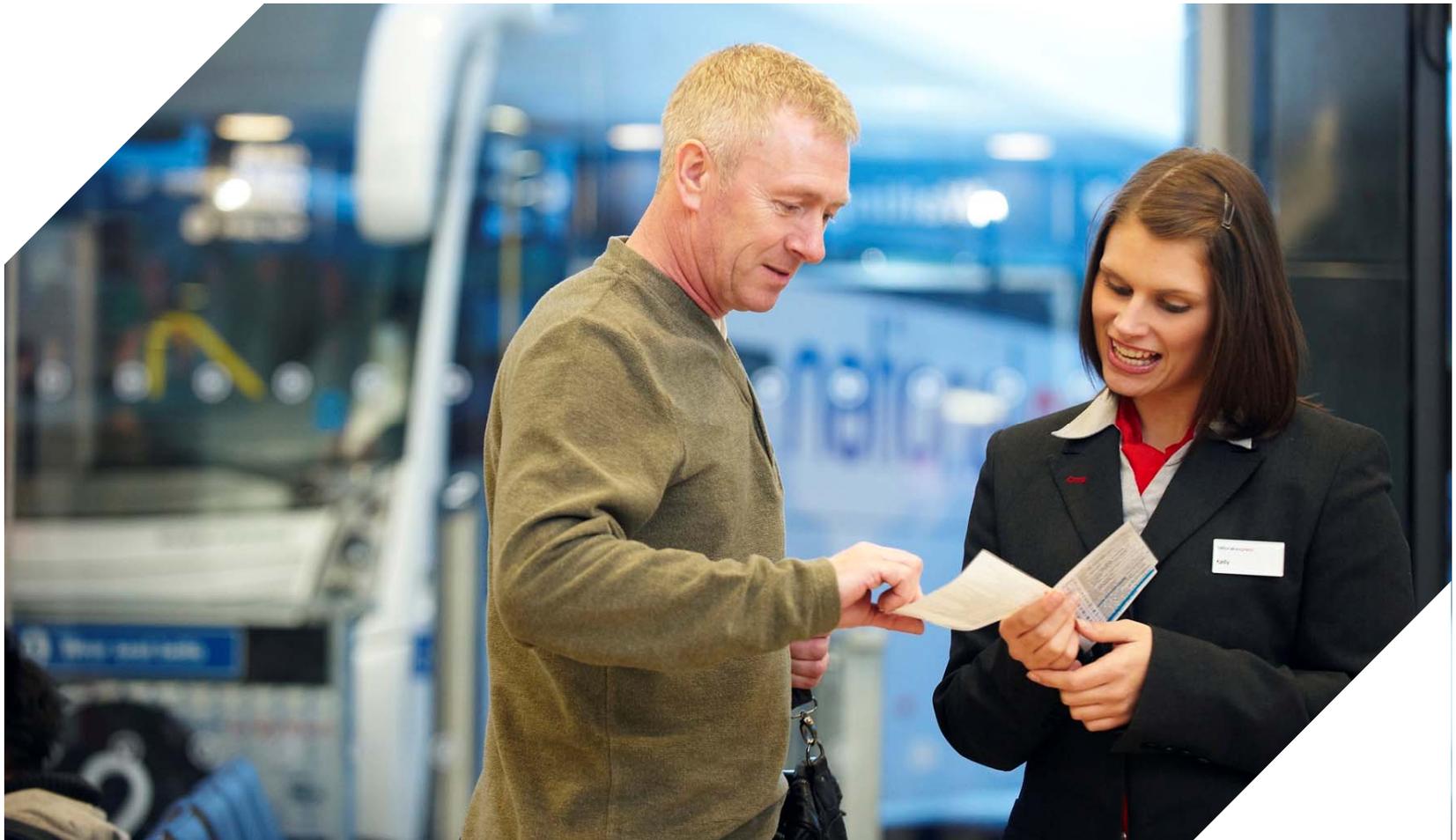


ASSESSMENT OF NATIONAL EXPRESS' ALTERNATIVES

Long-term Shareholder Value is Superior to a Short-term Disposal

April 2011



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Roadmap to Shareholder Value Creation



Industry Themes Offer Robust Long-term Growth Opportunities,
Underpinned by National Express' Differentiated Proposition

National Express Has Outlined a Clear Path to Shareholder Value Maximisation

1. Margin Improvement 2. Organic Growth
3. 'Bolt-on' Acquisitions 4. 'New Growth Options'

We Have Delivered On Our 2009 Promises and
Our Strategy Remains Compelling

Elliott's Proposals are Focused on the Short-Term, Produce Inferior Returns for
Shareholders and Involve More Risk

Current NX Strategy is Positioned to Maximise Long-Term Value for Shareholders

Our Strategy Delivers Sustainable Value Creation



- National Express has developed a clear strategic path, based on two key pillars, on which it has begun to deliver and to receive market recognition
 - 1 Driving recovery in the existing core businesses
 - 2 Expanding our presence into alternative new growth markets
- Management has delivered significant improvements in performance and value over the last 12 months
- The Board continues to be open to all routes which enhance long-term value and keeps its strategy under continual review; it continues to believe that the current strategy is the right one to maximise value
- The Board believes that Elliott's proposals are focused on the short-term, produce inferior returns for shareholders and involve more risk than the existing strategy
- Furthermore, their proposals reflect factual inaccuracies and strategic misconceptions
- **The Board believes that the current NX strategy will deliver significant long-term value creation for all shareholders of NX**

Sustainable Long-term Industry Growth



Growth Potential Underpinned by Compelling Macro Themes

'GDP+' Industry

- Industry growth will accelerate as economy recovers
- Continued outsourcing of public sector expenditure and transport needs

Mobility

- Increasing urbanisation and flexibility of work-life structures
- Required innovative approach to public/private sector co-operation in transport management

Environment

- Climate and 'green agenda' an everyday issue
- Public transport solutions offer environmental benefits

De-regulation

- Further liberalisation expected driven by pricing pressures on public budgets
- Significant number of contracts will be tendered in the next few years

National Express Offers a Differentiated Proposition



National Express is Well Positioned to Capitalise for Future Growth...

- ✓ **Diversified portfolio of transport assets in regulated and unregulated markets**
- ✓ **Leadership position underpinned by service quality**
- ✓ **Track record developing innovative partnerships with public sector bodies**
- ✓ **Best-in-class operator e.g. in Bus (ALSA) and Rail (c2c)**
- ✓ **Extensive management expertise and resources**

Whereas European State-owned Operators Face A Number Of Challenges

Funding Pressures

- Large European players are state-owned facing significant governmental budget constraints

Defensible Market Positions

- NX has highly defensible market positions (e.g. in UK bus: high quality service with high frequencies; in Spain: long-term concessions)
- Difficult to enter consolidated markets without acquisition or JV opportunities

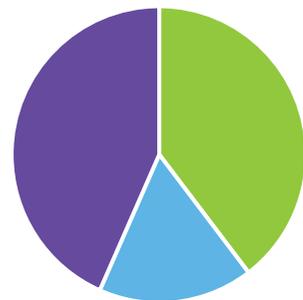
Incumbents hold strong positions

- NX has a highly successful track record of bidding for privatised contracts supported by acquisitions
- Strength of branding and private sector independence key differentiators

A Diversified Portfolio of Attractive Businesses

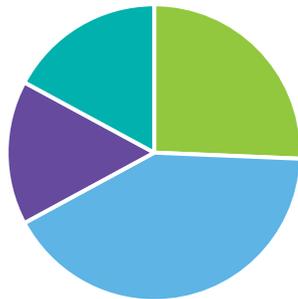


Leadership in 3 Key Markets ⁽¹⁾

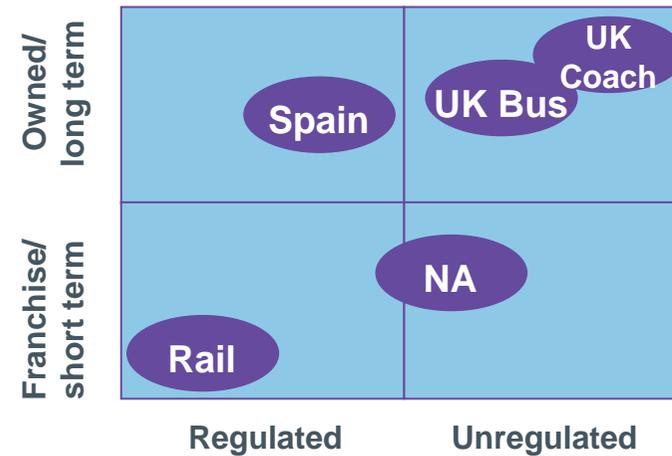


■ Spain ■ NA ■ UK

Strong Modal Breadth ⁽¹⁾



■ Bus ■ Coach ■ Rail ■ School



Our Core Bus And Coach Assets Reflect Lower Regulation, Owned/Long-term Contract Businesses

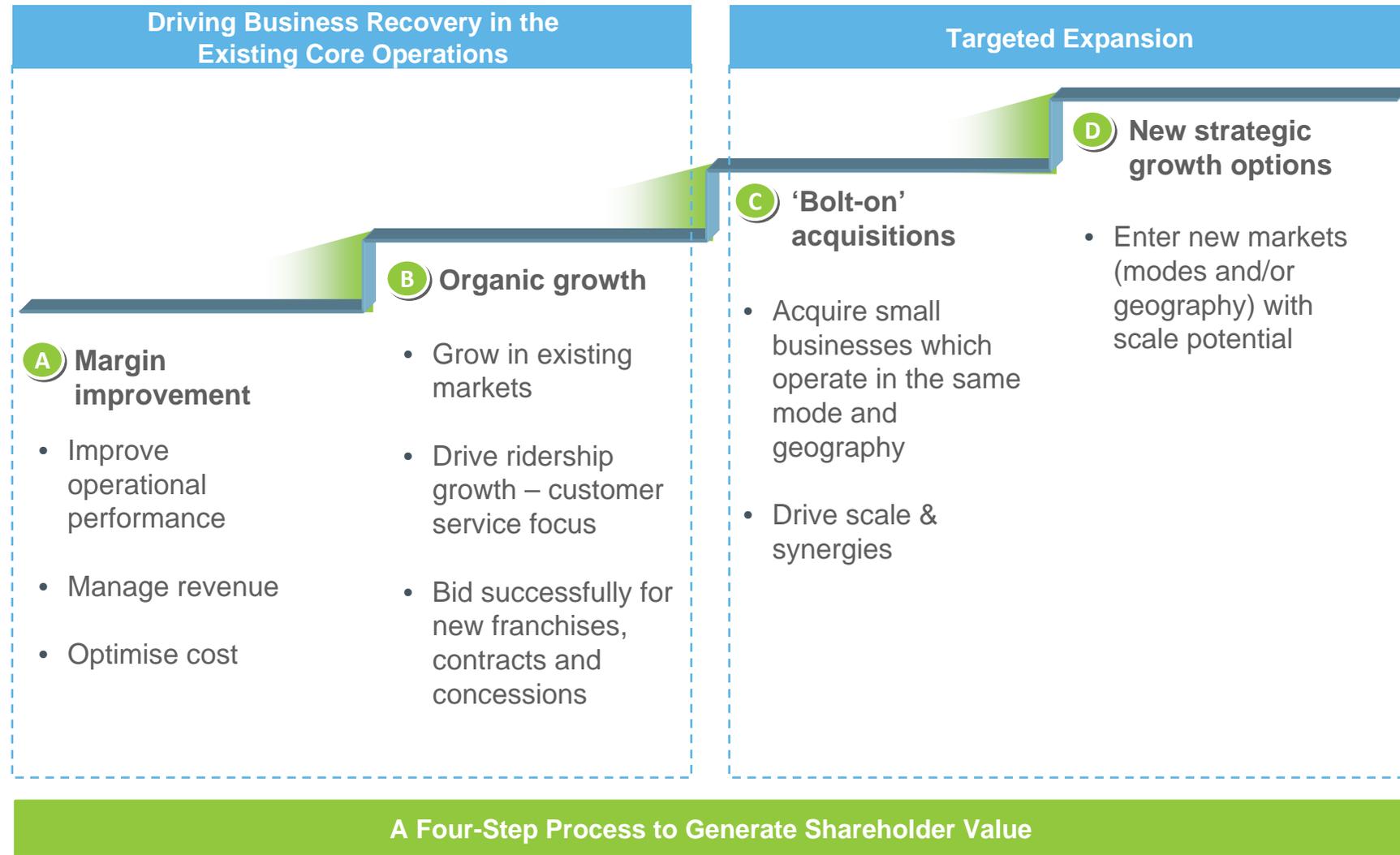
¹ Data: 2010 normalised operating profit, excluding corporate costs and other activity in Spain

We Have Consistently Delivered on our 2009 Promises

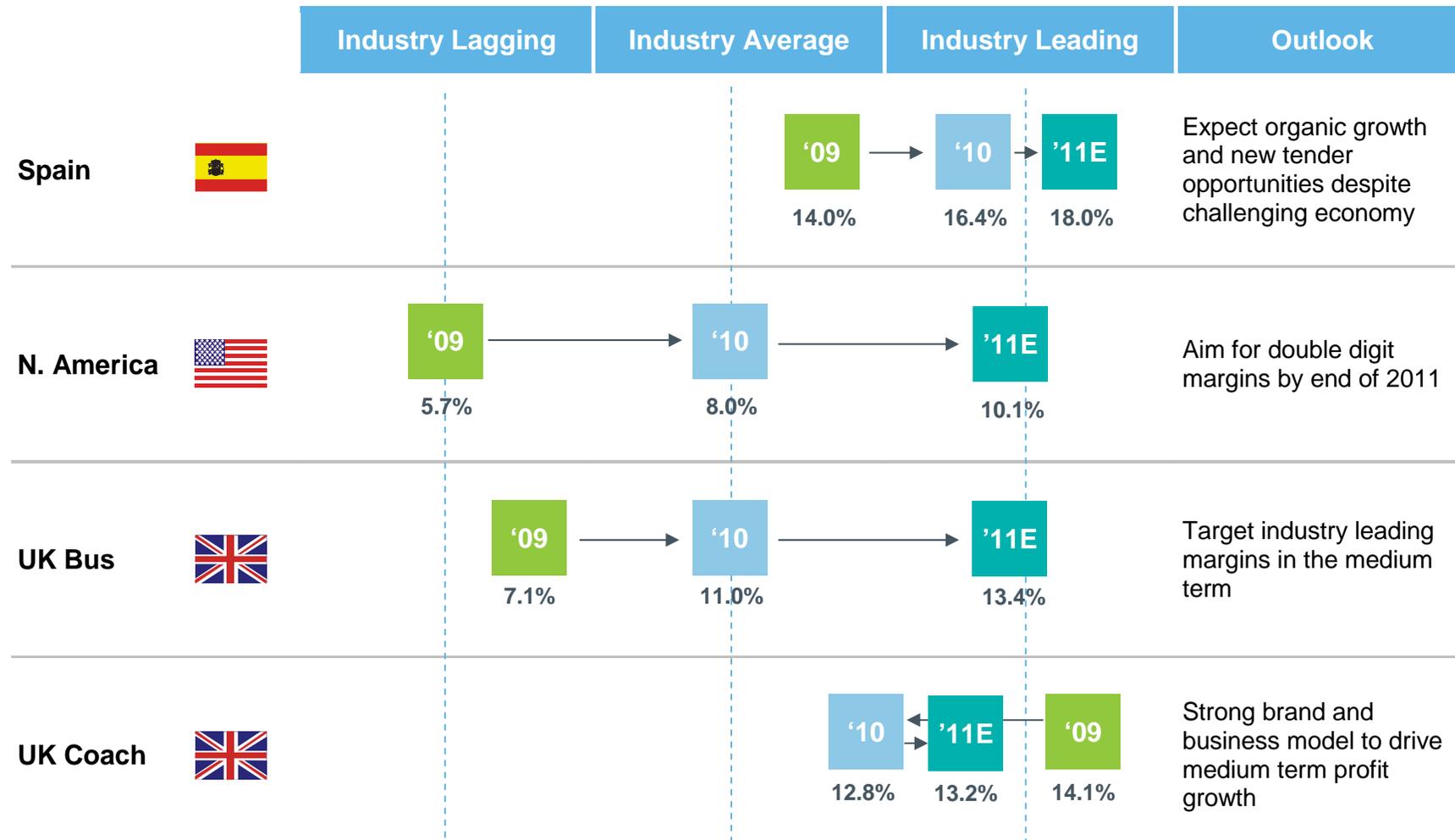


Objectives at Rights Issue	Track Record
<ul style="list-style-type: none"> Significantly reduce the Group's net debt 	<ul style="list-style-type: none"> ✓ Sustainable capital structure in place – strong cash flow supporting dividend payments and investment in growth
<ul style="list-style-type: none"> Support objective of investment grade equivalent credit rating; allow access to a broader range of financing markets 	<ul style="list-style-type: none"> ✓ Secured investment grade public credit ratings and refinanced to 2014-2020; bond issuance well received
<ul style="list-style-type: none"> Allow Group to pursue longer term strategic objectives to maximise shareholder value 	<ul style="list-style-type: none"> ✓ Four-step strategic plan in place; strong performance in 2010 and continued momentum in 2011
<ul style="list-style-type: none"> Cost saving programmes to deliver £50m of annualised savings 	<ul style="list-style-type: none"> ✓ Delivered on targeted cost savings and continue to drive margin improvement (from 5.9% to 9.6% in 2010)
<ul style="list-style-type: none"> Focused on achieving excellence in service delivery 	<ul style="list-style-type: none"> ✓ Operational excellence in service
<ul style="list-style-type: none"> Self help programme delivering sustainable improvement in cash management 	<ul style="list-style-type: none"> ✓ Embedded cash management across the business; strong cash conversion, selected investment, return to dividend in 2011
<ul style="list-style-type: none"> Appoint new CEO 	<ul style="list-style-type: none"> ✓ Dean Finch appointed as CEO in December 2009; senior management also revitalised

Our Strategy Remains Compelling and We Are Building on Delivery to Date



Core Business Recovery Plan in Full Motion – Margin Progress Driving Earnings Growth



Note: Chart shows normalised operating profit margins – not shown to scale. 2011E margins based on analyst consensus

The Market Believes in our Strategy and Growth Potential



Focus Area	Recent Analyst Quotes
<p>1</p> <p>High Quality Businesses</p>	<ul style="list-style-type: none"> • “NEX is the largest scheduled coach operator in the UK (c.60% share)... driving significant economies of scale” • “the Spanish management of Alsa (who in our view are very high quality) were reassuring on the resilience of the business to government budget cuts”
<p>2</p> <p>Strategic Clarity</p>	<ul style="list-style-type: none"> • “a new management, which has turned round woeful performance in express time, has identified a high-quality strategic goal to rebase the business on its pipeline of opportunities in perpetuity operations” • “the turnaround strategy continues to progress well, with margins improving across the business. We see efficiency improvements continuing into FY11”
<p>3</p> <p>Substantial Growth Opportunities</p>	<ul style="list-style-type: none"> • “NEX’s outlook is positive thanks to contracts in the pipeline which underpin our growth forecasts. It also seems better disposed to consider new geographies such as France, Germany, South/Central America, and new ventures such as transit, coach & rail in the US” • “a total portfolio of revenue opportunities worth EBIT of £500m... management is confident it can replace the £15m lost from the Anglia rail franchise”
<p>4</p> <p>Management Delivering</p>	<ul style="list-style-type: none"> • “the CEO has introduced experienced new managers for each division who seem ready to deliver on the turnaround” • “the influx of new (and in our view high quality) management, largely outside Spain, has reinvigorated the business and is fundamental to the transformation process”

Key National Express Priorities for 2011



- Complete margin improvement programmes:
 - North America – fleet, procurement, further overhead savings
 - UK Bus – lean engineering, driver productivity, further yield management
- Target growth opportunities:
 - UK Coach – new journey opportunities, smarter marketing, yield management
 - Spain – economy favouring coach, bid opportunities
 - North America – acquisitions, bids & conversions
- Business development:
 - Team focused on selective market development
 - Review of rail positioning
 - Focus on replacing declining rail income in 2012 with high quality, core business profits

National Express Perspectives on Elliott's Proposals



<p>Areas of Agreement</p>	<ul style="list-style-type: none"> • The Board welcomes views and feedback from all of its shareholders • The Board agrees with several of Elliott's points, including the potential opportunities in North America and other global markets as sources of building long term shareholder value growth • NX has a dedicated Business Development team which is currently pursuing a significant pipeline of bids, tenders and growth opportunities in targeted geographies and markets
<p>Areas of Disagreement</p>	<ul style="list-style-type: none"> • However, the Board disagrees with Elliott that NX does not have an independent future in its existing markets • As the 5th largest Europe-based bus and coach operator, NX believes that its scale is a significant competitive advantage in a liberalising European market • The Board also believes that Elliott's proposed strategic options are focused on the short-term and ignore the Group's superior longer term value creation opportunities
<p>Corporate Governance</p>	<ul style="list-style-type: none"> • The Board believes that its Nominations Committee is best placed to add appropriate fully independent NED expertise, consistent with best corporate governance practice • The Nominations Committee process of identifying and appointing new NEDs is going well • Elliott's proposals to appoint three NEDs nominated by them contravenes corporate governance best practice by circumventing the Nomination Committee's process

Elliott's Proposals Reflect Factual Inaccuracies and Strategic Misconceptions



	Elliott's Misperception	The Reality
Factual Inaccuracies	<ul style="list-style-type: none"> ✗ NX too small to successfully compete with large European national players 	<ul style="list-style-type: none"> • 5th largest European operator with powerful market positions and a 20 year track record
	<ul style="list-style-type: none"> ✗ NX does not offer world class international operations 	<ul style="list-style-type: none"> • NX is a world class operator; examples of first class operations include ALSA and c2c
	<ul style="list-style-type: none"> ✗ Scale in UK Rail required to succeed in UK Bus and Coach 	<ul style="list-style-type: none"> • Minimal revenue synergies, different stakeholders and capabilities – no evidence to support claim
Strategic Misconceptions	<ul style="list-style-type: none"> ✗ Slow growth in NX's core markets 	<ul style="list-style-type: none"> • NX will deliver superior growth and industry-leading margins, gaining market share from European liberalisation
	<ul style="list-style-type: none"> ✗ NX has not communicated a clear strategy post the recovery plan 	<ul style="list-style-type: none"> • Business development team in place; NX has well developed growth plans which will be unveiled to the market as commercial opportunities are secured
	<ul style="list-style-type: none"> ✗ Break-up strategy would unlock conglomerate discount currently in NX share price 	<ul style="list-style-type: none"> • A high risk strategy offering inferior value to shareholders

Elliott's Alternatives – Focused on Short-Term Value



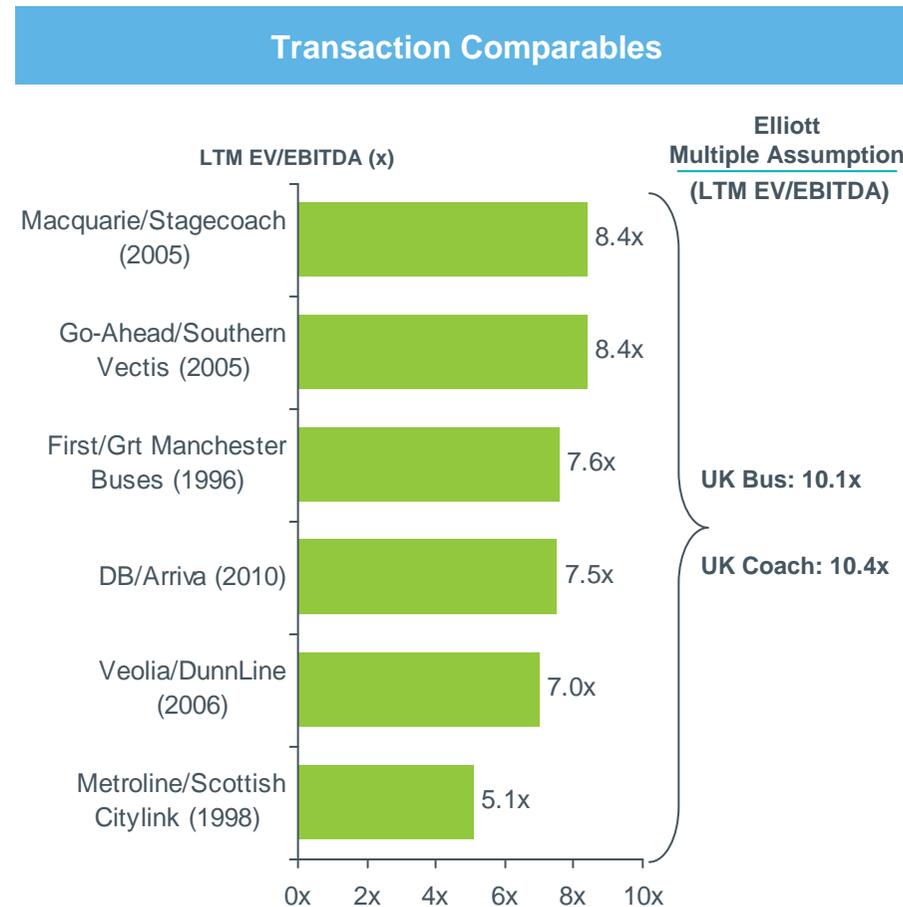
Elliott Proposal	Target Share Price ⁽¹⁾ (p)	Why the Arguments are Flawed
<p>1</p> <p>Strategic sale of assets to natural owners</p>	<p>330-340</p>	<ul style="list-style-type: none"> • Unrealistic transaction multiple assumptions • Arguments driven by current strong capital markets conditions (e.g. LBO valuations), not strategic logic • Greater long-term value creation through earnings growth via current strategy
<p>2</p> <p>Transformational merger (e.g., with Stagecoach)</p>	<p>310-330</p>	<ul style="list-style-type: none"> • Synergies overestimated; ignores dis-synergies and antitrust issues • Unlikely to achieve a trade merger at a reasonable premium • Limited ability to cross-utilise US assets
<p>3</p> <p>The “Anglo” growth strategy</p>	<p>300-320</p>	<ul style="list-style-type: none"> • Disposal of UK’s unregulated and owned business increases the risk profile of business • Investment in US is already a key priority and NX has the financial capacity to pursue our growth without the need for disposals • Actively looking at a number of organic and M&A growth options – strong pipeline

¹ Based on Elliott presentation

1 The Break-up and Sale Thesis – Why It is Flawed



- Elliott analysis premised on unrealistic transaction multiple assumptions
 - 9.0x and 10x 2011E EV/EBITDA assumed for UK Bus and Coach
 - Represents 10.1x and 10.4x on an LTM EV/EBITDA basis⁽¹⁾
 - Significantly above precedent transaction multiples
- Arguments driven by current strong capital markets conditions (e.g. LBO valuations), not strategic logic
 - Now is not the time to sell
 - Existing NX strategy poised to deliver greater shareholder value via earnings growth
 - Additional potential for multiple re-rating given sector trading at relative historic lows
- A break-up strategy would bring massive execution risk and uncertainty
- **Elliott proposal is focused on the short-term, practically challenging and offers inferior value for long term shareholders**



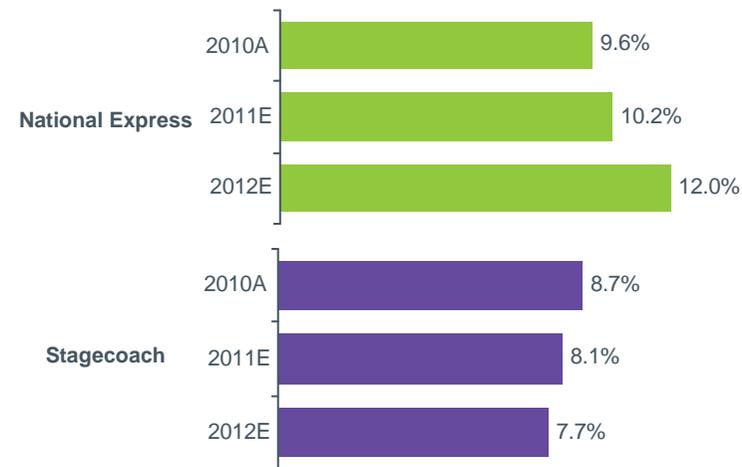
¹ Page 21 of Elliott's presentation assumes 2011E UK Bus EBITDA of £50m (450 / 9) and 2011E UK Coach EBITDA of £39m (390 / 10). In the full year to 2010, UK Bus delivered c.£44.5m of EBITDA and UK Coach delivered c.£37.5m of EBITDA

2 The Transformational Merger Thesis – Why It is Flawed

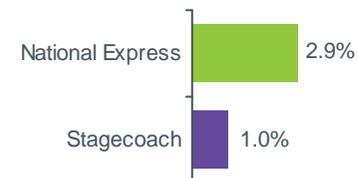


- Elliott argues for a transformational “merger” with Stagecoach
 - In practice this would be a takeover of NX at no / a low premium. The 2009 approach from SGC was opportunistic; valuation gap has eroded as NX has delivered
- Nil premium merger with Stagecoach fundamentally unattractive
 - NX in midst of turnaround and growth phase, whilst Stagecoach margins in retreat
- Synergy potential overestimated (£50m-£65m p.a.)
 - Cost synergies likely less than £20m p.a.
 - Revenue synergies limited due to basic differences between US coach and bus depots
 - Elliott ignores potential anti-trust dis-synergies and transaction costs
- **Transformational “merger” concept both unrealistic and ultimately value destructive to NX shareholders**

Analyst Consensus EBIT Margins



Analyst Consensus EPS CAGR (2010-12E) ⁽¹⁾



¹ Includes impact of rail concession forecasts for 2012E; higher underlying growth for National Express excluding rail

3 The UK Disposal Thesis – Why It is Flawed



- Elliott value release analysis premised on the same unrealistic transaction multiple assumptions for UK Bus and Coach as for break-up thesis
- Elliott proposes a disposal of NX's UK assets, resulting in a smaller, US-focused company and a sale of our attractive unregulated, perpetuity UK assets where we are delivering on our recovery plan
- This would significantly increase the risk profile of the business
 - Discards the significant strategic value in NX's strong competitive positions in both UK Bus and Coach (as well as potential to re-emerge in Rail)
 - Loses the UK's unregulated and owned/long-term contract businesses
 - Disrupts balance of the Group – UK cash flow is able to fund growth opportunities in North America, Spain and other investments
- Investing in North and Latin America growth is a key strategic opportunity, which the NX Board and management are fully committed to delivering
 - NX has the financial capacity to execute the right growth investments in the North and Latin America
- **Current balance of the Group supports investment in US growth for the long term – Elliott strategy short-term focused and fundamentally unattractive to long-term holders**

Significant Long Term Value Creation for All Shareholders of National Express



- The market is supportive of our strategic plan
- Clear recovery path to industry - leading margins
- Further revenue growth potential to come
- Significant value upside from driving margins to industry leading levels
- Also from potential sector re-rating to historical levels
- Could result in a National Express share price well in excess of 300p



1 Rights adjusted price on 10 November 2009 (last trading day before rights issue announcement)

2 Undisturbed share price prior to Elliott announcement on 29 March 2011

3 Based on recent broker Dec-11E EPS forecast (BofAML, Morgan Stanley, Nomura)

4 Assumes industry-leading operating margins applied to recent broker 2011E revenue forecast (BofAML, Morgan Stanley, Nomura): Spain (18.0%), North America (11.0%), UK Bus (15.0%), UK Coach (14.1%), Rail (5.3%)

5 Illustrative re-rating based on historical cross-cycle sector multiple average (12.3x since 2001)



Appendix

Strategic Roadmap to Delivering Shareholder Value



	UK Bus	UK Coach	UK Rail	Spain	North America
Perpetuity/ franchise based	<ul style="list-style-type: none"> Perpetuity, owned 	<ul style="list-style-type: none"> Perpetuity, owned 	<ul style="list-style-type: none"> Franchise based 	<ul style="list-style-type: none"> Franchise based, long term 	<ul style="list-style-type: none"> Franchise based, medium term
Regulated/ unregulated	<ul style="list-style-type: none"> Unregulated 	<ul style="list-style-type: none"> Unregulated 	<ul style="list-style-type: none"> Highly regulated, inflexible 	<ul style="list-style-type: none"> Lightly regulated 	<ul style="list-style-type: none"> Largely unregulated
Market share	<ul style="list-style-type: none"> 80% share in relevant localities 	<ul style="list-style-type: none"> 60% share of national passengers 	<ul style="list-style-type: none"> 9% of national market 	<ul style="list-style-type: none"> 30% of national coach market Largest private bus & coach operator 	<ul style="list-style-type: none"> 9% of privatised market Second largest private operator
Return on capital	<ul style="list-style-type: none"> Strong 	<ul style="list-style-type: none"> High (capital light) 	<ul style="list-style-type: none"> High (capital light) 	<ul style="list-style-type: none"> Strong 	<ul style="list-style-type: none"> Acceptable (improving)
Impact of delivering recovery plans	 <p>Margin growth</p>	 <p>Organic revenue growth</p>	 <p>Manage franchises</p>	 <p>Returning to growth</p>	 <p>Margin/revenue growth</p>
Risks to manage	<ul style="list-style-type: none"> Results of Competition Commission inquiry BSOG reduction 	<ul style="list-style-type: none"> CSOG loss 	<ul style="list-style-type: none"> Bid success potential 	<ul style="list-style-type: none"> Concession re-bidding 	<ul style="list-style-type: none"> School Board funding

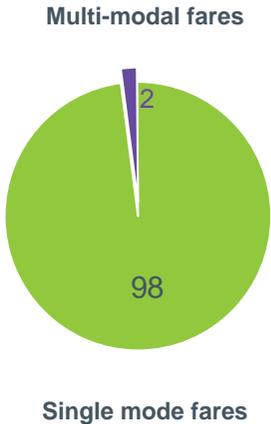
No Evidence That Scale in Rail is Needed to Win in UK Bus/Coach



UK EXAMPLE

Integrated Ticketing Between Bus and Rail is Minimal

National Express West Midlands revenue, by type



Stakeholders are Different for Different Modes

Regulatory agency	UK Bus	UK Coach	UK Rail
1 Department for Transport	Highly involved	Highly involved	Highly involved
2 Office of Rail Regulation	Uninvolved	Uninvolved	Highly involved
3 Local governments (eg. Centro)	Highly involved	Uninvolved	Uninvolved
4 Network Rail	Uninvolved	Uninvolved	Highly involved

● Highly involved ○ Uninvolved

Capabilities are not Directly Transferrable

- **Non-complementary skill-sets**, as Bus staff tend to remain in the Bus industry while Rail staff remain in the Rail industry
- **Negative past experiences**, when National Express tried to:
 - Merge Bus, Coach and Rail businesses
 - Move to a shared brand
 - Rotate staff between businesses

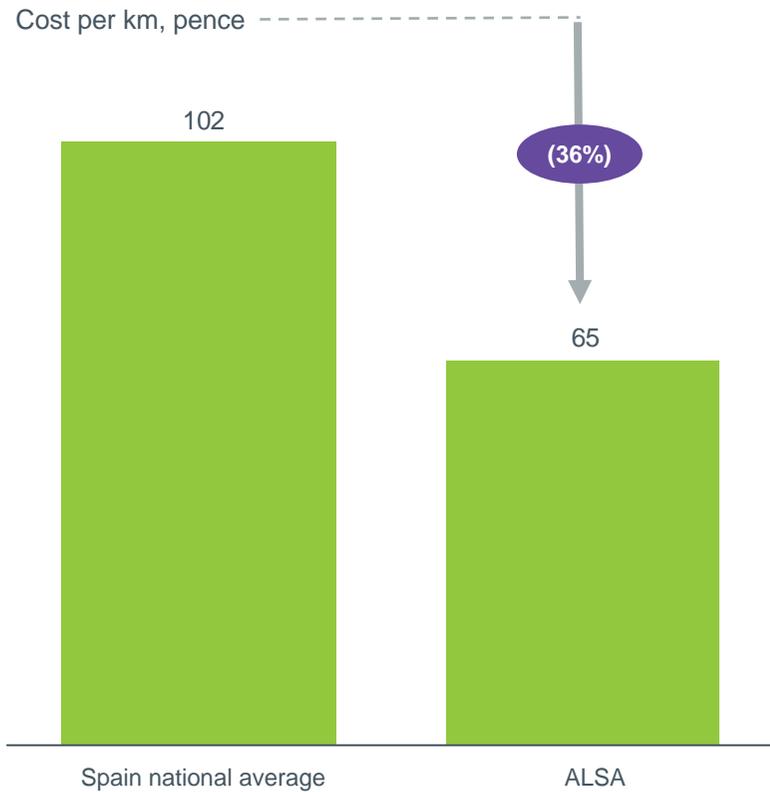
Source: National Express UK Bus P&L, 2009; National Express management

National Express – a Best-in-Class Operator

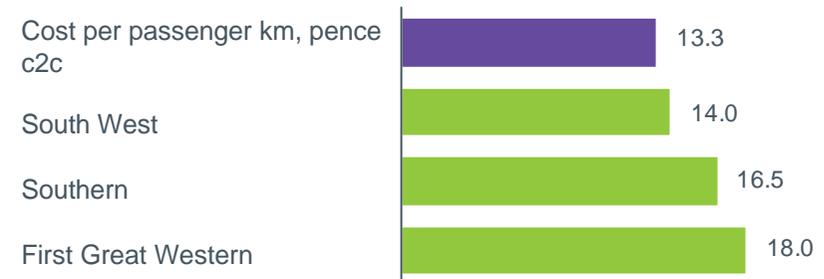
Examples: ALSA and c2c



ALSA's Costs are 36% Below the National Average for Long-distance



c2c is Among the Lowest Cost UK TOCs...



... and has the best performance



Source: ORR; company annual reports; National Passenger Survey, National Express management, Cost Observatory: Ministry of Transport (Spain)

Bus and Rail Sector Currently Trading at Significant Discount to Historical Levels



Bus and Rail Sector P/E FY+1⁽¹⁾



¹ Sector includes Stagecoach, FirstGroup, Go-Ahead and National Express