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## Elliott to sell half National Express stake

By Rose Jacobs



Elliott Advisors, the activist investor that spent the spring of 2011 attempting to overthrow the board of [National Express](#), is selling half its stake in the UK transport group, cutting its holding in the company's shares to a tenth.

The New York hedge fund said on Wednesday that while it was “a strong believer in National Express’ management team and its strategy for continued outperformance”, it was looking to sell shares representing 9.9 per cent of the company’s outstanding share capital.

Elliott lobbied for the sale or break-up of the coach, bus and train operator as a way of boosting a share price that was stuck at less than half its 2007 highs.

While the management said it agreed with some of the suggestions, including that the company increase its presence in the US school bus market, it questioned the timeframe proposed by Elliott.

The fund appeared to struggle to persuade other investors to back its request for three board seats and agreed a compromise ahead of an expected showdown at the group’s annual meeting.

That deal included a one-year gagging order from Elliott, which is run by billionaire Paul Singer. When the order ran up, Elliott continued to refrain from public criticisms.

National Express shares were trading below their levels at the time of the truce but have rallied, rising 30 per cent since early December, about half of which came in the past 10 days.

Elliott has agreed with Bank of America Merrill Lynch, the bank handling the placing, that it will not sell down further for another three months once the deal is complete.

It said: “The sale of the placing shares reflects Elliott’s desire to diversify its portfolio and invest in new opportunities. National Express still remains one of Elliott’s most important investments.”

Separately on Wednesday, National Express alongside rivals Arriva, [FirstGroup](#) and

Stagecoach signalled it was still considering suing the UK government over the decision to cancel the tender for the Great Western rail franchise and not reimburse the shortlisted bidders for their costs.

The four companies filed requests with the courts for an extension of the deadline by which they would need to file a suit.

A statement from the bidders and the Department for Transport said all parties anticipated the extension would be granted “to allow the department sufficient time to respond to detailed letters received from us and the other bidders last week, and for the bidders to then consider the department’s response”.

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