

# SUMMARY DIRECTORS' REPORT

## PRINCIPAL ACTIVITIES

National Express Group PLC is the holding company of the National Express Group of companies. Its subsidiary companies provide mass passenger transport services in the UK and overseas.

## BUSINESS REVIEW

More detailed information about the Group's activities, performance and future development can be found in the Chairman's Statement, the Chief Executive's Review and reviews of the Group's businesses on pages 3 to 33, which are incorporated into this report by reference.

## DIVIDENDS

The Directors recommend a final net dividend of 24.0p per share which, together with the interim net dividend of 10.75p per share paid on 20 October 2006, gives a total net dividend for the year of 34.75p per share (2005: 32.25p). If approved by shareholders, the final dividend will be paid on 4 May 2007 to shareholders on the register at 27 April 2007.

## DIRECTORS

The Directors of the Company who served during the year were:

David Ross  
Richard Bowker (appointed 12 September 2006)  
Jorge Cosmen  
Sir Andrew Foster  
Barry Gibson  
Sue Lyons  
Ray O'Toole  
Tim Score  
Adam Walker  
Phil White (resigned 11 September 2006)

David Ross and Barry Gibson will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election. Richard Bowker will stand for election at the Annual General Meeting following his appointment to the Board on 12 September 2006. Phil White resigned as Chief Executive and a Director of the Company on 11 September 2006.

The names and biographies of the current Directors appear on pages 34 and 35. Details of the remuneration of the Directors, their interests in shares of the Company and service contracts are contained in the Summary Directors' Remuneration Report on pages 39 to 44.

## SUBSTANTIAL SHAREHOLDINGS

The Company has been notified of the following holders of 3% or more of its issued share capital (excluding treasury shares) for the purpose of Section 198 of the Companies Act 1985, as at 26 February 2007:

European Express Enterprises Ltd	19,976,298	13.08%*
Newton Investment Management Ltd	15,320,955	10.09%*
Standard Life Group	6,696,605	4.40%*
Aegon Asset Management UK plc	6,425,409	4.23%*
Barclays Bank PLC	5,116,365	3.37%*
Legal & General Group Plc	5,070,738	3.33%*

\*Percentages as at date of notification.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 1 May 2007. Shareholders will be asked to approve five items of special business, details of which are given in the Notice of Meeting accompanying this report.

## PURCHASE OF OWN SHARES

The Company was granted authority at the Annual General Meeting in 2006 to purchase its own shares up to an aggregate value of 10% of the issued nominal capital. This authority expires at this year's Annual General Meeting and a resolution will be proposed for its renewal.

The share buy back programme initiated by the Company in 2005 as part of its overall finance strategy, continued in 2006. During the period 10 May 2006 to 15 June 2006 the Company made the following purchases of its ordinary 5p shares:

	Number of shares	Percentage of issued share capital	Nominal value	Average purchase price
Shares purchased	1,425,000	0.93%	£71,250	£8.11
Shares cancelled	—	—	—	—
Shares put into treasury	1,425,000	0.93%	£71,250	—

As at 26 February 2007 the Company held a total of 1,825,000 ordinary 5p shares (nominal value £91,250) in treasury equal to 1.2% of the issued share capital.

## DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of the Directors' Report confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## GOING CONCERN

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. Nevertheless, at the time of preparation of these accounts and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.