

“Solid value. Good prospects.”

**Address to Vossloh AG’s stockholders at the
AGM in Düsseldorf on May 19, 2010
Werner Andree, CEO**

Check against delivery

**Stockholders,
Stockholder Representatives,
Ladies and Gentlemen:**

Also on behalf of my Executive Board colleague, Dr. Norbert Schiedeck, and our employees, I would like to extend a warm welcome to this annual general meeting of Vossloh AG. I am delighted that so many of you have traveled here to Düsseldorf today, thus demonstrating your interest in our company.

**Vossloh Group, fiscal 2009
Highlights**

Holding up very well in a difficult market

- ▶ Despite financial and economic crises, EBIT at prior year's record level

Acquisition of Rail Services, a new business unit

- ▶ Accessing the attractive rail welding and maintenance market
- ▶ Bolstering Rail Infrastructure's strategic position and capabilities



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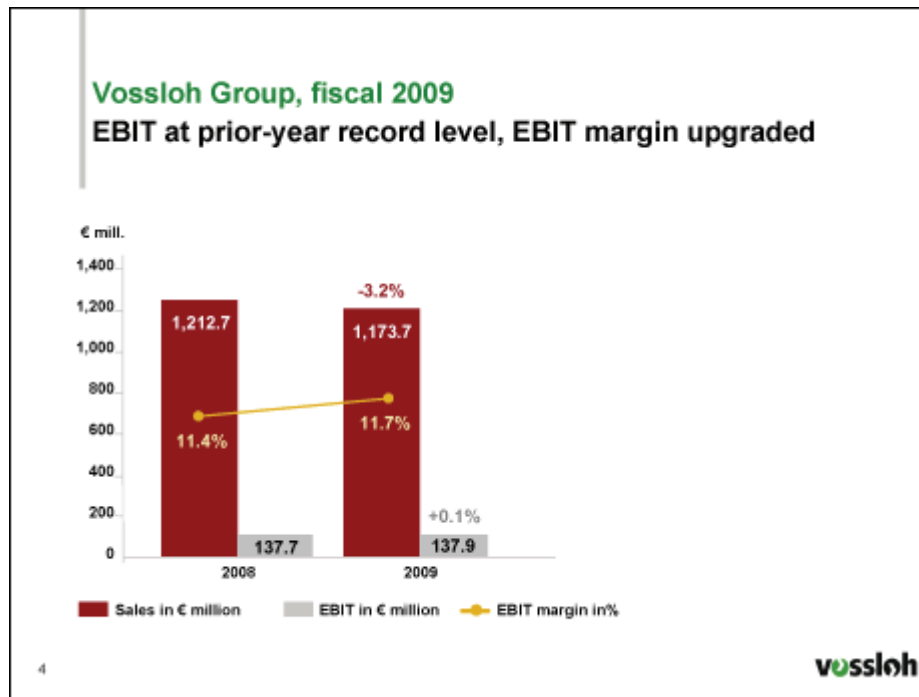
Ladies and Gentlemen:

Last year the global economy suffered its greatest setback since World War II. Economic output in Germany alone shrank by around five percent. Most of us had never before experienced in such a short time such a dramatic economic collapse.

Within this extremely tough market environment, our company, Vossloh AG, upheld its position very well. This is underscored by our solid EBIT for 2009, equal to the previous year's record level.

Strategically, too, we made good progress during the period. In December we gained access to the attractive rail welding and maintenance market through the **acquisition of the Rail Services business unit**, thereby bolstering our strategic market position and capabilities in the rail infrastructure segment.

With sales of around €80 million in 2009, the newcomers are market leaders and profitable operations within their segments in Germany. Since January 1, 2010, Vossloh Rail Services, a business unit assigned to the Rail Infrastructure division, has been included in our consolidated financial statements. Our aim is to expand this business internationally, too.

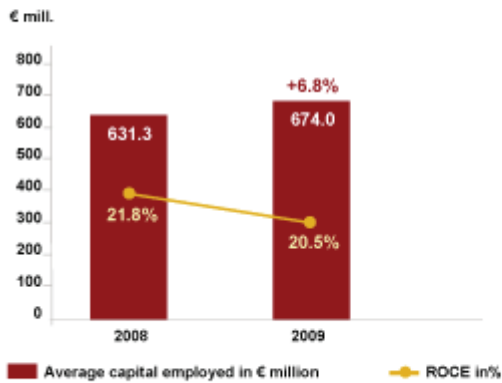


Ladies and Gentlemen:

Allow me to take a closer look at fiscal 2009. Admittedly, we just failed to repeat the previous year's sales magnitude, an all-time high in our corporate history. In particular, the collapse of the freight haulage sector in the wake of the economic crisis impacted on our figures, with the result that **revenue** receded 3.2 percent to €1.17 billion.

However, our **earnings before interest and taxes**, or **EBIT**, was once again at the record level of 2008, rising slightly to €137.9 million. Our **EBIT margin** improved, climbing from 11.4 to 11.7 percent. Hence, we easily exceeded our corporate benchmark of 10 percent.

Vossloh Group, fiscal 2009
ROCE again clearly outreaching 15% benchmark

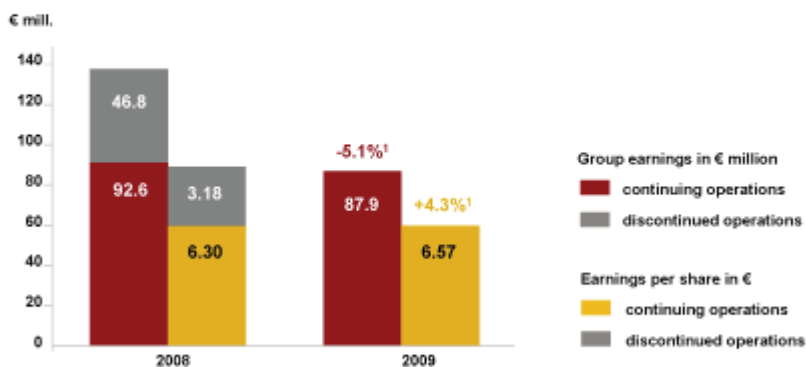


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We can altogether be satisfied with our **return on capital employed, or ROCE**. Particularly because of the higher average capital employed in 2009, ROCE slipped slightly from 21.8 to 20.5 percent. Nonetheless, it remained robust and well above our self-set benchmark of 15 percent.

Vossloh Group, fiscal 2009
Like-for-like earnings per share up 4.3%



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¹ Like-for-like

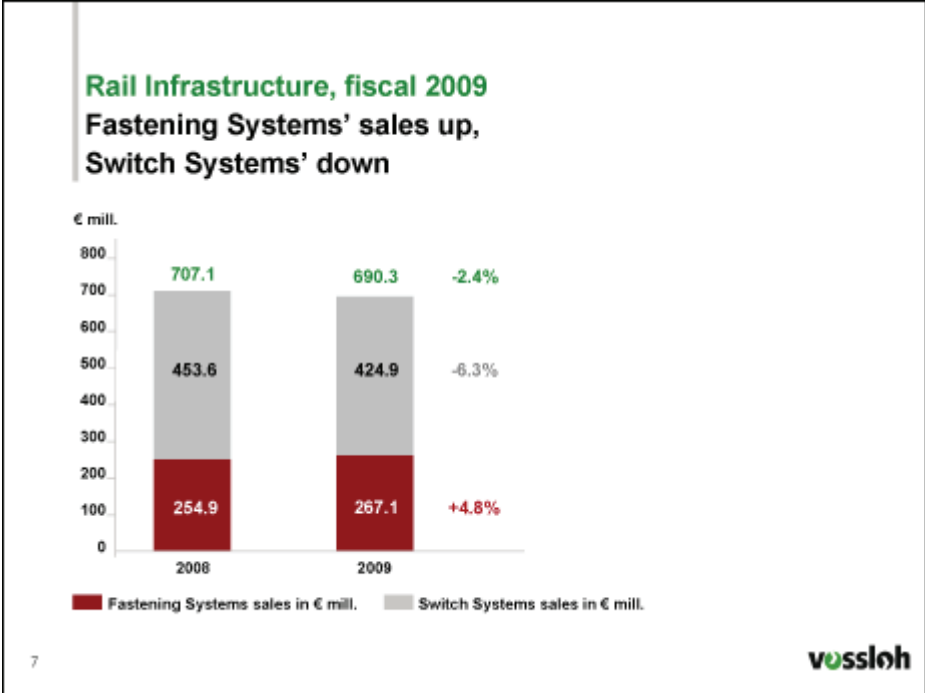


Our **group earnings** added up to €87.9 million. The prior year's figure had included €46.8 million from discontinued operations, attributable to the disposal of the former Infrastructure Services business unit. Excluding this one-time effect, group earnings in 2008 amounted to €92.6 million. The like-for-like 5.1 percent lower group earnings in 2009 is due to the higher tax burden and higher minority interests.

Earnings per share last year amounted to €6.57. Extracting from the previous year's figure the nonrecurring effect of the Vossloh Infrastructure Services divestment, this represents a like-for-like rise of 4.3 percent. The increase reflects, in particular, the lower number of shares as a consequence of the treasury stock repurchase program in 2008 and 2009.

Ladies and Gentlemen:

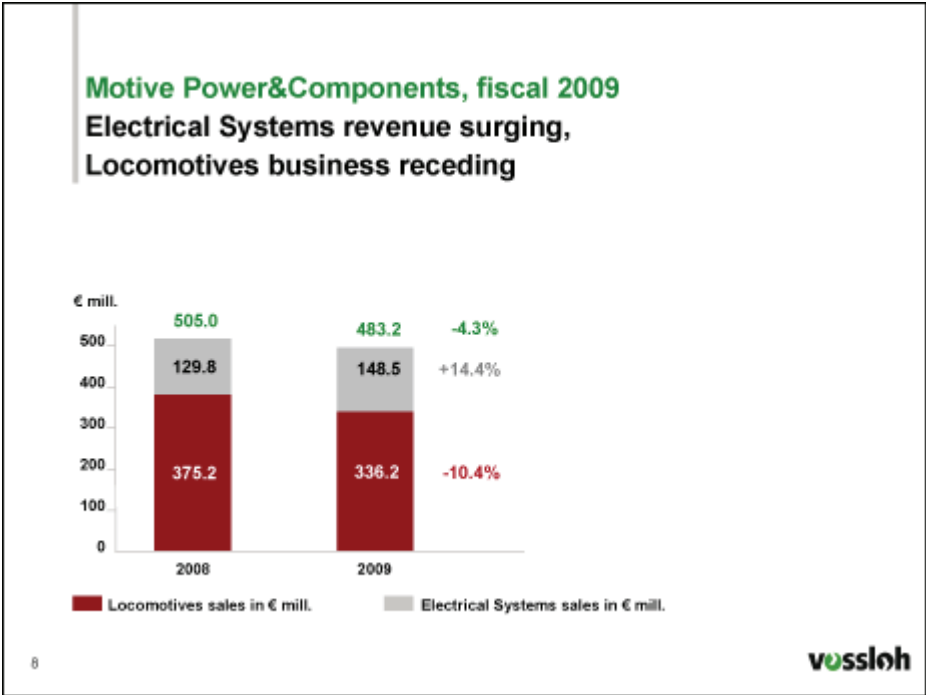
Our segments delivered mixed performances during the period. Whereas our Fastening Systems and Electrical System business units fared well in fiscal 2009, the economic crisis left its mark on our switch and, in particular, locomotive businesses. Let me explain this in more detail.



The **Rail Infrastructure division** with its two business units, Fastening Systems and Switch Systems, generated sales of €690.3 million in 2009, a decrease of 2.4 percent.

The reason for the decline was the fall in sales at Vossloh Switch Systems. In contrast, revenue from rail fasteners rose by 4.8 percent, solely due to higher sales in Asia. The contract for fitting out the high-speed Beijing–Shanghai line, which we signed last September, is also mirrored in this figure.

Business at **Vossloh Switch Systems** was especially hard hit by sinking demand in North America. Most of the major US network operators are privately funded and active in the cargo haulage sector, particularly affected by the economic crisis. As a consequence, they spent less on their infrastructure. Also hurting our business were project delays in the Central American metro market. In all, sales by this business unit fell 6.3 percent from the prior year’s record level.



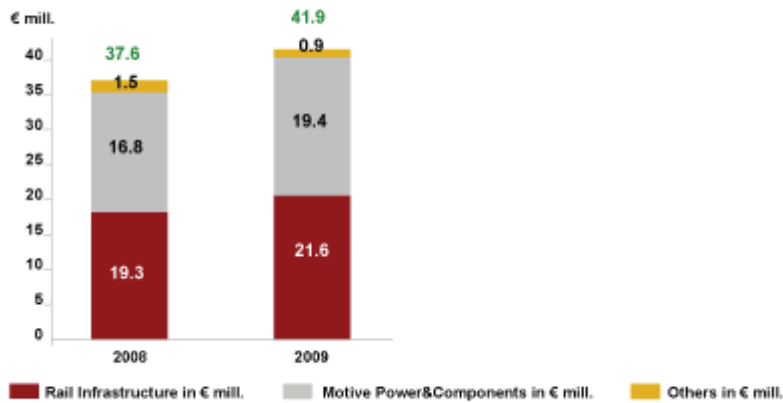
Our **Motive Power&Components** division, comprising Vossloh Locomotives and Vossloh Electrical Systems, also had to contend with lower sales which dropped 4.3 percent to €483.2 million.

Responsible for this decline was the **Locomotives** business unit whose sales decreased 10.4 percent. As a manufacturer of center-cab locomotives for shunting operations, our Kiel-based location was particularly hit by the economic crisis and the resulting shrinkage in freight haulage. Here, too, operators in many instances shelved their expenditures. Accordingly, orders for new locomotives dropped appreciably. In contrast, our Valencia location generated a large share of its sales with local-transport trains. Hence, sales here were only marginally down year-on-year.

Vossloh Electrical Systems had a very good year and boosted its sales by 14.4 percent. Key growth drivers were contracts covering electrical equipment for trams and light rail vehicles. Shipped out in the course of 2009 were kits for rail projects in Porto, Dortmund, Manchester, Krefeld, and Düsseldorf. International demand continues to be strong for electric buses, with and without overhead lines (trolleybuses).

This closes my remarks, ladies and gentlemen, on the divisions and their business units. I would now like to take a look at capital expenditures and the financial position of the Vossloh Group.

Vossloh Group, fiscal 2009 Capital expenditures swelling



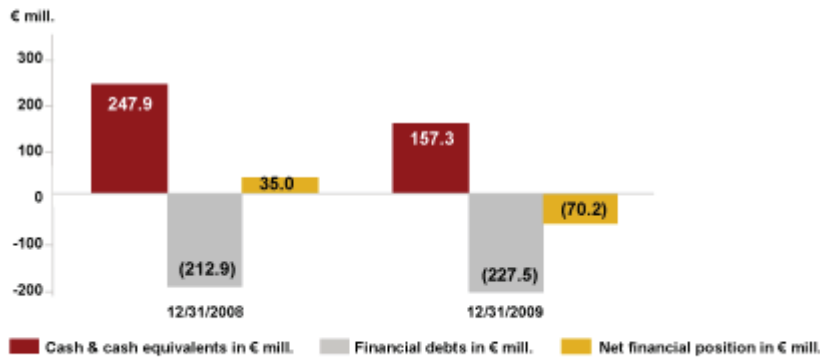
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Due to project postponements, our **capital expenditures** fell short of the originally budgeted level, nonetheless rising clearly from €37.6 million to €41.9 million.

Both Rail Infrastructure business units invested in the refurbishment of their plants. Additional funds went toward the Turkish production facility of Vossloh Fastening Systems. This plant, which we opened in March 2009, is handling mainly shipments for the expansion of the Turkish high-speed rail network. As in the previous years, our two locomotive locations in Kiel and Valencia prioritized the development of new products.

Vossloh Group, fiscal 2009
Net financial debt moderate

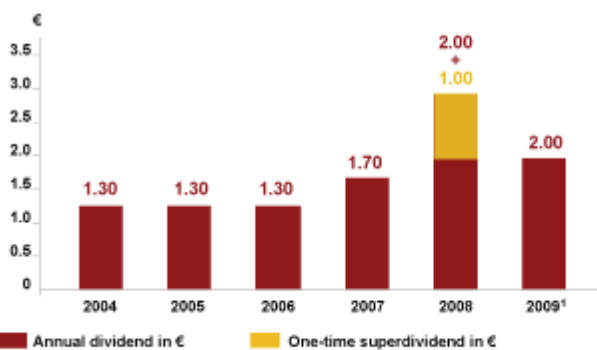


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While we had closed fiscal 2008 with net financial assets of €35.0 million, we reported **net financial debt** of €70.2 million as of December 31, 2009. Financial debts of €227.5 million contrasted at year-end 2009 with cash and cash equivalents (including short-term securities) of €157.3 million. However, our net leverage of 14.3 percent is quite moderate, and we have enough financial latitude to fund our growth.

Vossloh Group, fiscal 2009
Proposed annual dividend at prior-year record level



11 ¹ Subject to AGM approval



Ladies and Gentlemen:

As you can see, 2009 turned out to be a solid fiscal period for Vossloh, despite an economic environment that was anything but congenial. With earnings at the prior year's record level, we delivered a respectable performance.

We want you, our stockholders, to share in these commendable results. Hence, Vossloh AG's Executive and Supervisory Boards propose to today's annual general meeting for fiscal 2009 a **dividend** of €2.00 per eligible share of stock. This means that the annual dividend is again at the record level of the previous year and equivalent to 30.3 percent of group earnings.

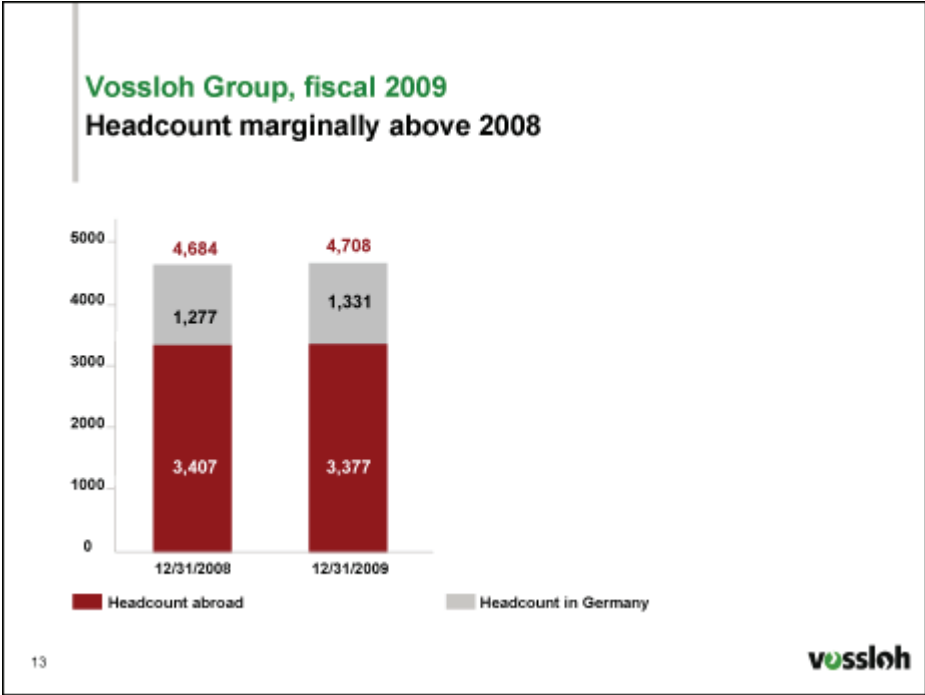


Let me now take a look at our **stock market performance**. Last year's market turbulences did not prove beneficial to Vossloh stock. In all, DAX and MDAX did show gains, the latter being fueled in particular from the rebound in a number of cyclic sectors. Our own stock, in contrast, declined altogether 12.5 percent in the course of 2009.

We are pleased, however, that this trend has not continued into the current year. Just as during the tough market environment of 2008, our stock in the course of Q1/2010

easily outperformed the market as such, advancing almost 14 percent, well superior to the DAX and MDAX.

Most of the financial analysts currently following our stock performance consider Vossloh stock to be a sound investment with appealing prospects. A clear majority at the end of March 2010 recommended either “buy” or “hold.”



Ladies and Gentlemen:

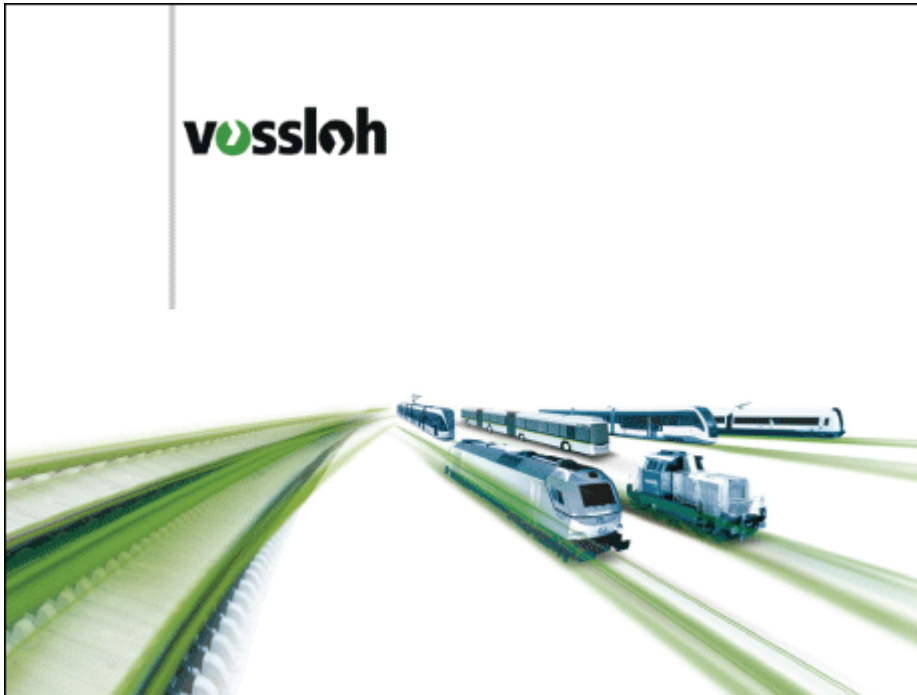
Our **employees** played a major role in the solid performance of fiscal 2009. Our progress is again due to the outstanding achievements of the Vossloh team. To all these employees my Executive Board colleague, Dr. Norbert Schiedeck, and I extend our sincere thanks.

Employee fluctuation is still very low. With such human resources, continuously demonstrating their close dedication and capabilities, we can very confidently cope with the challenges ahead.

Let me close this part with a few details on workforce breakdown. With a worldwide workforce of 4,708, the year-end headcount was just over that at December 2008.

Our workforce in Germany at the end of 2009 added up to 1,331.

The period saw the formation of a **European Works Council** for the purpose of asserting transnational employee rights. The EWC consists of 12 members from Austria, Belgium, Finland, France, Germany, Luxembourg, Netherlands, Poland, Spain, and Sweden.



Before coming to 2010 and what lies even further ahead for the Company, a number of **comments on today's agenda**.

In **agenda item 7** we have asked you—an annually recurring request—to **authorize the acquisition and use of treasury stock**. In line with the Stock Corporation Act amendment of 2009, the authorization we have submitted to your vote today will remain effective for five years, instead of expiring after 18 months as to date. Thus an annually recurring request for reauthorization will no longer be required.

Since Vossloh AG presently holds treasury stock of some 9.98 percent, I would like to state that the Company may at no point in time own treasury stock in excess of 10 percent of our total capital stock. Therefore, we will not be permitted as long as we have not used our current treasury stock portfolio, to exercise the new authority.

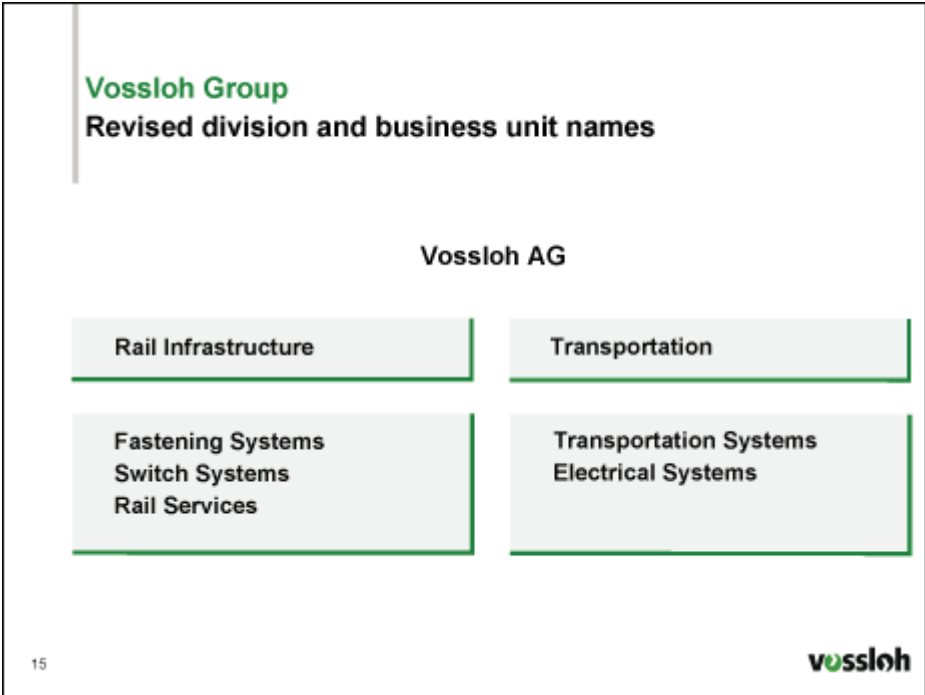
However, with a view to offering our company the latitude to flexibly respond to intragroup or capital-market trends as and when opportunities emerge, we are now asking you to reauthorize us accordingly.

Agenda item 8 deals with the request to authorize the issuance of **convertible, warrant and income bonds and/or participating rights or any combination of these financial instruments**. We are basically permitted to use treasury stock or newly issued shares to settle the obligations from conversion and/or option rights exercised by the holders of bonds which are floated under this authority. In order to also issue new shares, we are additionally proposing the authorization of conditional capital.

This authority—to be granted for five years, too—should enable Vossloh AG to swiftly benefit from **favorable funding options** wherever available when needed. You as our stockholders will be entitled to subscribe for any such bonds, especially convertible or warrant bonds that grant their holders the right to subscribe for Vossloh's new or treasury shares. Admittedly, while such bonds may in precisely defined cases be issued ex rights, adequate precautions have been taken to **protect your shareholding** from being unduly diluted. For details, see the Executive Board report in our published AGM invitation on the option of excluding subscription rights, also available at the desk where requests to speak should be submitted.

A favorable advance vote on convertible, warrant and income bonds and/or participating rights will give Vossloh's senior management sufficient latitude for funding M&A transactions, if any. The option of having such financial resources at our command as and when needed may turn out to be pivotal particularly in acquisitions. Moreover—as I have just mentioned—obligations under conversion and option rights could also be met by delivering treasury shares, an attractive use for our treasury stock and thus a welcome funding source. However, no specific plans or decisions on issuing bonds have to date been made.

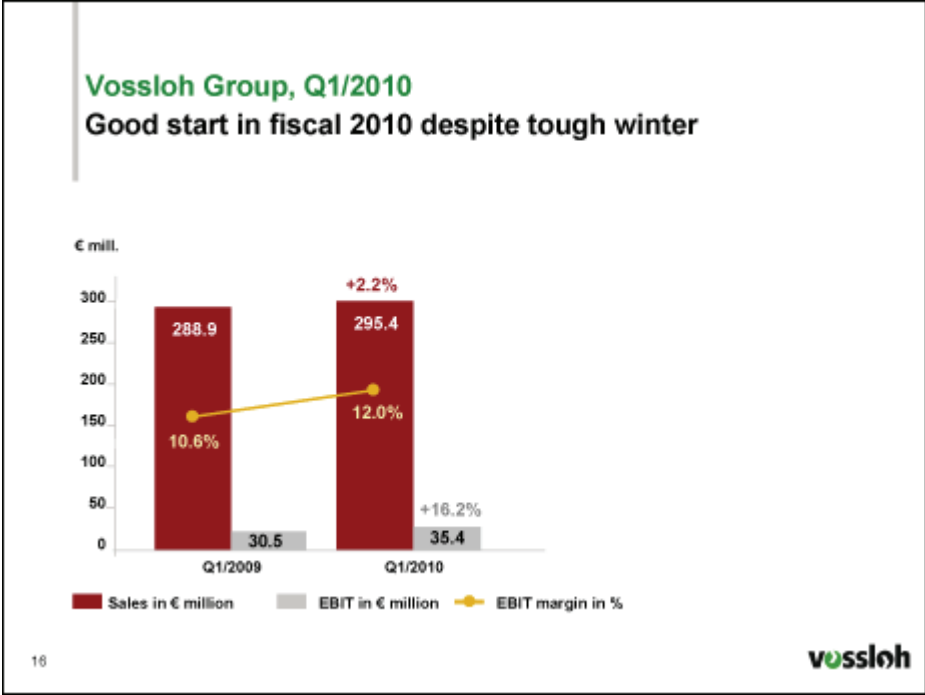
Allow me to briefly comment on three more items on our today's agenda. In **agenda item 9** we are asking you to vote on an update of our bylaws to reflect recent legislative amendments, mainly ARUG, which implements a number of new stockholder right provisions in several German acts. The key amendments to our bylaws refer to AGM attendance. **Agenda items 10 and 11** deal with the conclusion and update of intragroup direct-control and profit & loss transfer agreements. We wish to create a **tax group** with **Vossloh Rail Services GmbH**, our wholly owned subsidiary that parents our new Rail Services business unit. Furthermore, the current subordination agreement with Vossloh Locomotives GmbH calls for amendments to conform to present tax legislation. The Executive Board has reported on both subordination agreements, as required by the law. Both reports have been published at our website and also made available today at the above-mentioned desk. Before taking a look at the current trend and this year's prospects I would like to make a number of comments on **division and business unit renaming**.



As you will see from the 2009 annual report, at the turn of 2009/2010 we slightly revised the names of one division and one business unit. Our purpose was, in particular, to express more clearly the type of operations involved.

Our Rail Infrastructure division consists, just as hitherto, of the Fastening Systems and Switch Systems business units. They are joined by a third and new business unit, as already mentioned, Rail Services.

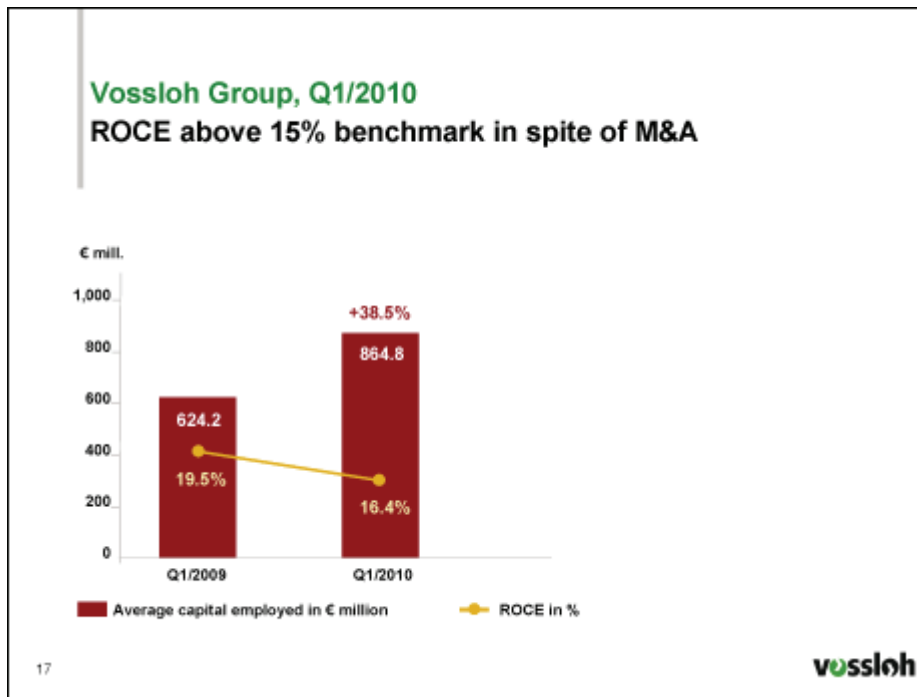
The second division, Motive Power&Components, has been renamed Transportation. Its Locomotives business unit has been renamed Transportation Systems. The second business unit at Transportation is still known as Electrical Systems.



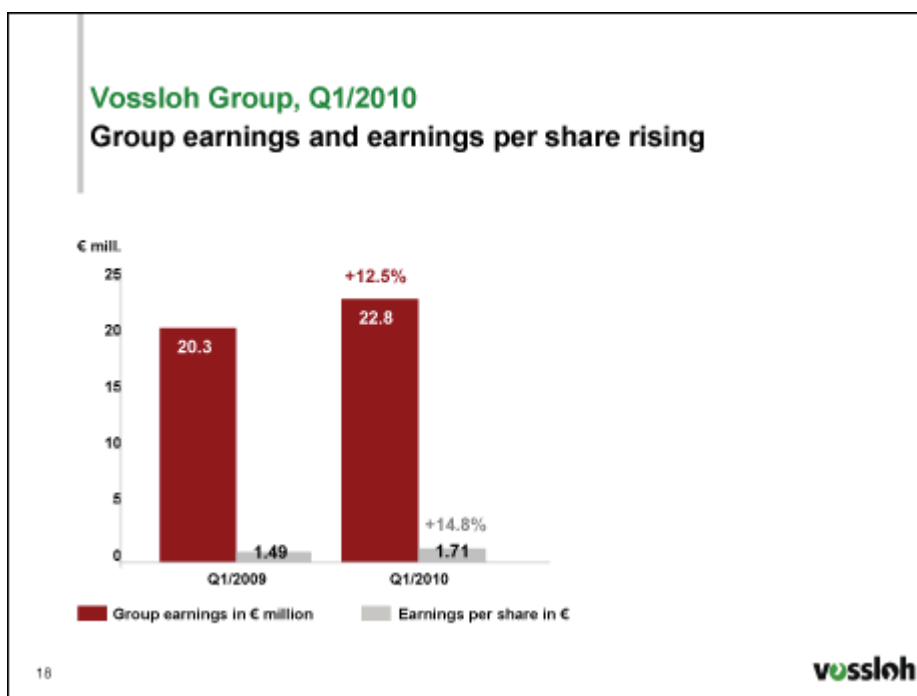
Ladies and Gentlemen:

Despite the tough winter we had a **good start to 2010**. Our Q1 sales advanced 2.2 percent to €295.4 million. If we extract the revenue generated by the new Rail Services business unit, newly consolidated at January 1, 2010, sales were down by 2.5 percent. At €35.4 million, EBIT showed a clear improvement of 16.2 percent.

The Vossloh Group's Q1 EBIT margin also improved, rising from 10.6 to 12.0 percent.

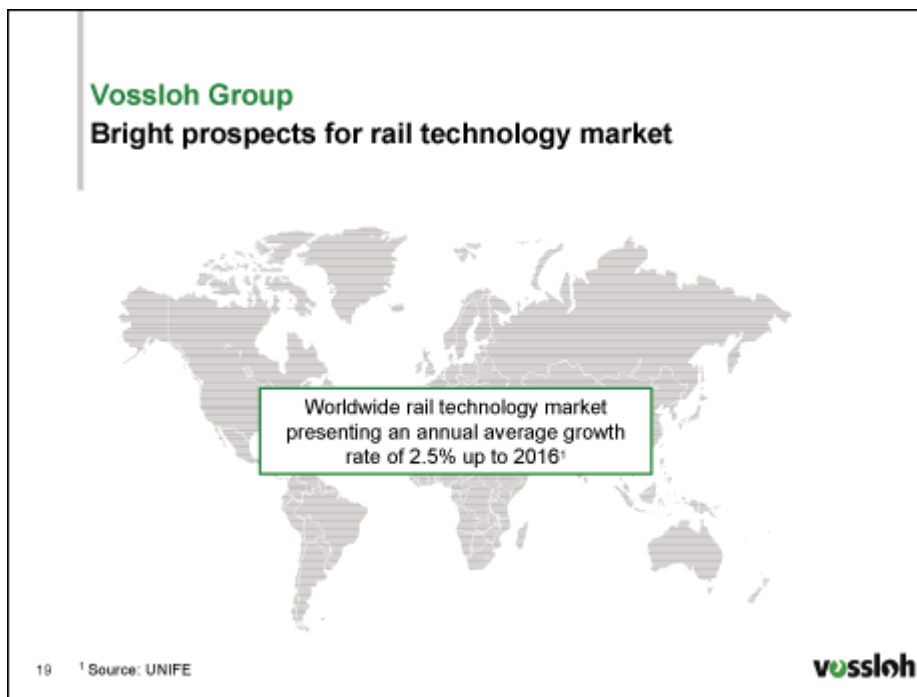


Our Q1/2010 ROCE, in contrast, was down, particularly on account of the first-time consolidation of the Rail Services business unit. At 16.4 percent, it was nonetheless in excess of our 15-percent benchmark.



Both group earnings and earnings per share (EpS) advanced in the first three months of 2010; the former grew 12.5 percent to €22.8 million, the latter 14.8 percent to €1.71.

In the first three months of this year we were hit by the harsh winter which led to delays in a number of rail infrastructure projects. Especially in January and February, snow and frost sapped sales at Switch Systems and Rail Services. Business then returned to normal in March. As expected, we also had to contend with falling sales in diesel locomotive business. We are happy, however, that meanwhile people are again investing in cargo haulage and hence there appears to be an end to the weak demand for diesel locomotives.




“Solid value. Sound prospects.” This is the motto of our 2009 annual report. Indeed, we have every reason to expect sound prospects for our business. Not only does our Q1 performance endorse our prospects, the forecasts for the market in which we operate worldwide are highly promising, too.

In 2008, the Association for the European Rail Industry, **UNIFE**, forecast in a study covering the period 2007 to 2016 an average order-intake growth annually of 2.5 to 3 percent for the rail technology market. By 2016, the accessible rail technology market is expected to have a volume of €110 billion. In April 2009, UNIFE then had this forecast reviewed against the backdrop of the global crisis. The study comes to the conclusion that the average growth expectation of 2.5 percent annually up to 2016 is still valid.

There are a variety of factors driving this expansion. On a global scale, it is particularly such far-reaching trends as population growth, urbanization, climate change and advancing environmental awareness that deliver most momentum for our market. Also playing a role are the finite nature of fossil fuels and the international division of labor accompanied by the corresponding growth in global trade. The railways are the ideal mode of transportation for satisfying the consequential rise in demand for green, safe and economic mobility for people and goods.

Vossloh Group, 2010p–2011p
Outlook reaffirmed

	2009	2010p	2011p
Sales	€1,173.7 mill.	>€1.3 bill.	up >2.5%
EBIT	€137.9 mill.	>€145 mill.	approx. €150 mill.
EBIT margin	11.7%	11%–11.5%	11%–11.5%
Earnings per share	€6.57	€6.50–€7.00	€6.50–€7.00
Average working capital	€231.7 mill.	up approx. 10%	→
Capital expenditures	€41.9 mill.	>€60 mill.	>€60 mill.
Average capital employed	€674.0 mill.	€850–900 mill.	€850–900 mill.
ROCE	20.5%	approx. 17%	approx. 18%
Value added	€63.7 mill.	€55–60 mill.	€55–60 mill.
Net financial debt	€70.2 mill.	€100–150 mill.	→

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Ladies and Gentlemen:

As you can see, we need not fear what lies ahead. Our industry has a highly promising future. And we at Vossloh AG are attempting to depict for you this future of our group as far as is accurately possible.

You will already be aware of our **forecasts for 2010 and 2011** which we have revised following the acquisition of the Rail Services business unit and in view of business trends this year. Today, I can reaffirm our expectations regarding the future development of the Vossloh Group. This forecast is endorsed by resurgence in order intake at the Kiel location evident in the second quarter of 2010.

Accordingly, we are predicting a sales increase of 11 to 15 percent in **2010** and this includes Vossloh Rail Services. The figure is equivalent to group sales of over €1.3 billion. From today's viewpoint, our EBIT will climb 5 to 7 percent to over €145 million.

For **2011** we are expecting a sales growth of at least 2.5 percent and EBIT of around €150 million. The EBIT margin is set at 11 to 11.5 percent for 2010 and 2011, hence above our corporate benchmark of 10 percent. Likewise ROCE will from today's vantage point remain above the 15-percent target, albeit dropping to around 17 percent in fiscal 2010. The main reason for this is the first-time consolidation of the Rail Services business unit. In 2011, ROCE will rise to around 18 percent. For 2010 and 2011 we are expecting earnings per share to reach between €6.50 and €7.00.

From today's viewpoint, we predict our net financial debt to total €100 million to €150 million on account of the funding of the acquisition of the new Rail Services business unit. This is still at a conservative level, however.

Ladies and Gentlemen:

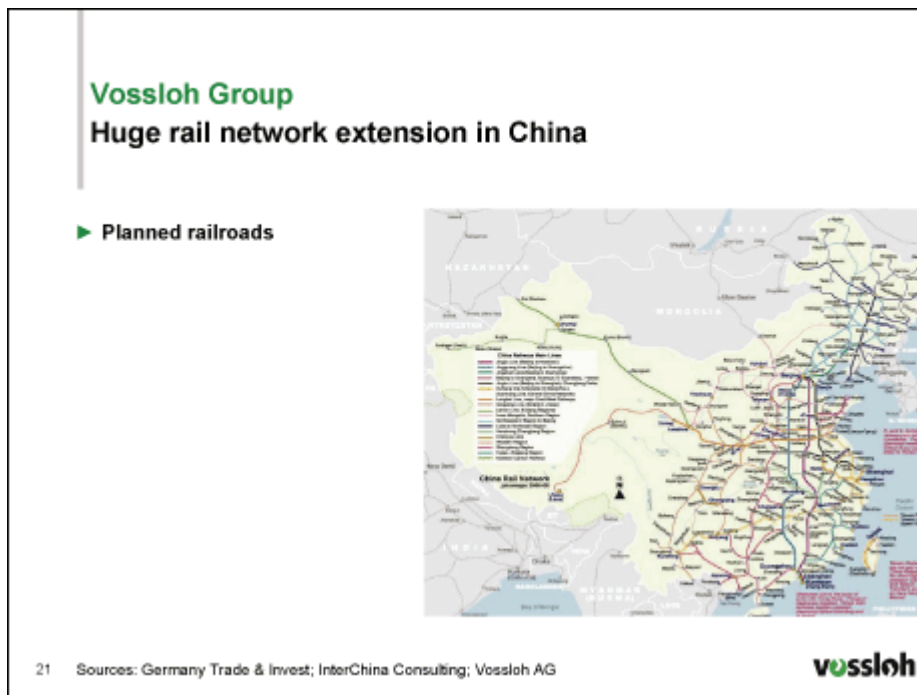
In 2010 and 2011 we will continue to invest in our corporate assets. We intend to strengthen our market position and accelerate our growth.

M&A deals continue to play an important role as far as we are concerned. We have meanwhile occasionally mentioned that the purchase price of companies in which we are interested, is still very high despite the economic crisis. The price is frequently so high that an acquisition does not make sense as far as we're concerned. After all, our strategic policy continues to be that acquisitions should contribute toward profitability basically from the start. Given this situation, we will push ahead with growth of an organic nature. Such growth driven by our own resources is best achieved with new products.

Hence, for 2010 and 2011 we have each allocated over €60 million for capital expenditures. At our two locomotive locations, we will invest in an extension to the product ranges. A further item will be the modernization and expansion of the plants of Rail Infrastructure and Electrical Systems.

What will be the situation regarding business operations at our two divisions?
Basically, we expect that both Rail Infrastructure and Transportation will contribute toward added sales over the next two years. Locomotive business at Kiel in 2010 will probably be somewhat weaker compared with 2009.

Our Fastening Systems business unit will have plenty to do in China. We are also looking to growth opportunities in Eastern Europe, North America, and North Africa. In Switch Systems, we are likely to benefit, in particular, from resurgence in demand in North and Central America. The North African market offers good business prospects. And, finally, on today's assumptions we expect the **Transportation** division to pick up as a result of demand for efficient local transport systems in Europe and North America.



Ladies and Gentlemen:

Vossloh is deriving vast benefits from the enormous expansion of the **Chinese** rail network. We have, for example, delivered rail fasteners for what is currently the fastest rail service in the world, opened in late 2009, the high-speed link between

Wuhan and Guangzhou in China. The approximately 1,000-km service is run at an average speed of 350 km/h. Presently, we are supplying rail fasteners for another high-speed line, from Beijing to Shanghai.

On the subject of China, let me digress for a second. “The sport of soccer is complicated by the presence of an opposing side,” was a comment once made by the French philosopher Jean-Paul Sartre. We, too, are by no means solitary players in our sectors. Throughout all our product groups we are battling against fierce competition at international and local level.

The situation is much the same in China. Of course, we are not awarded each and every invitation to bid. But the reverse is true, too: we may well come out winners the next time round. Chinese competitors are catching up, indeed. But this is not something we fear. Until now we have impressively demonstrated in our markets that we are faster and superior to competition. In China we have a strong position through our local production plant and our products, a position that allows us to cope with local competition and maintain our solid market position.

I would like to again emphasize that there are attractive growth opportunities above and beyond China. Vossloh is a global enterprise. Hence, we have the best possible prerequisites for consistently seizing growth opportunities in other countries. Let me, as an example, refer to two large regions, the USA and the MENA nations, in other words, the Middle East and North Africa.

Vossloh Group Promising US market

- ▶ Market opportunities from need to revamp rail network and re-equip tracks for higher speeds
- ▶ Growth potentials also in local public transport/rapid transit



22 Sources: US Department of Transportation/Federal Railroad Administration; Vossloh AG

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The **USA**, whose rail networks are largely obsolete, will within the foreseeable future have to revamp and reequip them for higher speeds. Local public transport in the USA is being upgraded, too.

Even now, Vossloh is firmly anchored in this promising American market. Our Switch Systems business unit is number three on the US turnout sector and commands a strong position in local transport and cargo haulage. Admittedly, the business unit did suffer from soft demand for switches and trading products in North America last year. This was, however, due to the recession and in the first quarter of this year, business has bounced back. We are particularly pleased that the Electrical Systems business unit has obtained another prestigious contract from the United States. **Houston**, after Dallas the second city with a light rail system in Texas, has ordered 103 low-floor light rail vehicles to be fitted with our traction kits.

Vossloh Group

Growth potentials in North Africa and Near & Middle East

- ▶ New rail corridors in North Africa between 2010 and 2015
- ▶ Arabian Peninsula to commission several new lines extending to a total 2,770 km by 2014
- ▶ Most cities in the UAE planning to expand their rail networks with new local transport systems for connecting uptown with downtown areas



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North Africa and the Near & Middle East (“MENA”) are other regions offering growth prospects over the years ahead. New rail corridors will be built in North Africa between 2010 and 2015. On the Arabian Peninsula, it is planned to commission several new rail lines with a total length of around 2,770 km during the period up to 2014. The United Arab Emirates is planning a substantial expansion of its local rail network in order to link the suburbs with the downtown centers through new local transport systems.

For several years, Vossloh has enjoyed a strong presence in the high-growth countries of North Africa and the Near & Middle East. In North Africa, rail lines in Algeria, Mauretania and Morocco already feature rail fasteners from Vossloh. The Switch Systems business unit has traditionally generated between five and ten percent of its sales in North Africa. In Saudi Arabia, rail fasteners and switches from Vossloh have been in use since the 1950s. The Dubai metro is fitted with our switches, the metro in Mecca with our rail fasteners. And for years now, our diesel locomotives with dust filtration systems specially engineered for desert regions, have been successfully in operation.


It is not only our strong global market presence that opens up opportunities for us in these and other high-growth regions. Our **products** are likewise an important launch

pad for further growth. Our technologies are proven and offer our customers as well as society sustainable, economical and reliable solutions. Let me give you a few current examples.


Vossloh Group
High-speed grinding

The lineup of Vossloh Rail Services

Rail logistics Long-rail production by welding




Mobile welding Rail maintenance



High-speed grinding

- ▶ Preventive grinding
- ▶ Maintains track quality and safety
- ▶ Reduces rolling noise

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Rail Services. As already mentioned, a few months ago Vossloh Rail Services was added to our operations. This business unit comprises seven German locations specializing primarily in complex rail-related logistic solutions, rail welding and maintenance. Included among the services is so-called **high-speed grinding**. This is a technique designed to prevent fatigue damage to the rails. Its big advantage: a grinding speed of 80 km/h. This means that the rails can be serviced without the line having to be shut down. High-speed grinding ensures durable track quality and safety. This not only significantly improves longevity; it reduces rolling noise and helps to make rail traffic altogether quieter.

Vossloh Group

G 6 the first model of a new locomotive family



DE 12/18, G 12/18



G 6

Locomotives. About a month ago we reported on a contract covering 18 diesel locomotives, model G 6, awarded to Kiel-based Vossloh Locomotives by Verkehrsbetriebe Peine-Salzgitter. The contract is worth around €25 million; the first vehicles will be shipped out at the start of 2011. The G 6, the first model of a new generation of locomotives, is presently our **most modern shunting locomotive**. It achieves top specifications in terms of tractive force and travel speed and is especially suitable for cargo transshipment. Compared with four-axle locomotives, the triple-axle G 6 costs about 20 percent less.

This year will see further progress on the **development of our new locomotive family**. Following the G 6 are four-axle models intended for shunting and regular service in cargo haulage, available with either diesel-hydraulic or diesel-electric driveline. The locomotive family is based on the principle of parts commonality, in other words, as far as possible the same parts are used for the various members of the family. Our new series of locomotives already has 50-percent parts commonality; on the vehicles with the same driveline, this is as high as 70 percent. The advantage of this platform approach: lower costs for the customer and for us.

The diesel-electric center-cab locomotives will feature a **new driveline** developed by the Electrical Systems business unit. This driveline represents a new approach: until

now, diesel-electrical systems have suffered from a drawback in that their electrical components had a much shorter service life than the locomotives themselves. As a rule, the manufacturers guarantee electrical parts availability for a maximum of ten years. We at Vossloh, however, have engineered the electrical system in such a way that it is not dependent on the life cycle of the individual components which, in the course of technological progress, may change. As a consequence, we can guarantee availability of all electrical parts for 30 years. For our customers, this means that the life cycle of their investment is tripled.



Train-tram. We are presently working on the first complete train “made by Vossloh”—a milestone in our corporate history. Our Valencia plant is building the vehicles, Vossloh Electrical Systems is supplying the electrical kits. This all-Vossloh train, the so-called train-tram, has the ability to operate both downtown as a tram and uptown, outside the city, as a regional train. At the start of 2011, this “Vossloh train” will go into service on the island of Mallorca.

Vossloh Group

Electrically powered buses in service



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City buses. Our hybrid drive systems for conventional buses and trolleybuses provide local transport solutions superior to conventional modes of transport in terms of energy consumption and environmental impact. The first standard-production vehicles featuring our hybrid drive have been on regular service in Luxembourg since mid-2009.

Our Electrical Systems business unit is currently heading a consortium consisting of Dutch and German partners developing the first standard-production **hydrogen fuel-cell bus**. On this vehicle, we are combining the electrical part of the hybrid drive with fuel cells. The exhaust pipe emits nothing but pollutant-free steam. The first model of this bus has just been displayed at the World Hydrogen Energy Conference this year in Essen.

When it comes to the electrical equipment for **trolleybuses**, electrically driven buses with an overhead line, we are world market leader. An important reference for us in this part of the market are the Olympic cities of Athens and Vancouver. These quiet and clean trolleybuses fitted with our equipment, are a characteristic feature of the cityscape.

Vossloh Group Strategy

- ▶ We supply products and services for the worldwide rail technology market, focusing on segments in which we either already command, or can command, a leading position.
- ▶ We intend to grow at a rate at least equal to the overall rail technology market.
- ▶ In our core businesses we intend to be more profitable than the rail technology market in general and add sustainable value. These requirements apply to our existing operations, as well as to any potential acquirees.



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Ladies and Gentlemen:

I hope my comments have given you some notion of the current position of your company. In all its activities, the Vossloh Group will continue to be run according to a number of clearly defined **strategic principles**.

Exactly what are these strategic principles?

Firstly: We offer products and services for the worldwide rail technology market. We are of the opinion that this is an attractive market with good opportunities. The many reasons endorsing this opinion we have already outlined.

In doing so, we focus on segments where we either already command or can command within the foreseeable future a leading position. We will only achieve our ambitious profitability targets if we train our sights on markets that are attractive for us.

Secondly: We intend to grow at a rate at least equal to the overall rail technology market.

Thirdly: We pursue a value-driven growth strategy. This means that we are not aiming solely for sales growth but intend to be more profitable in our core businesses than the rail technology market as such and add sustainable value. These requirements apply to our existing operations and any potential acquirees.

In a nutshell, Vossloh's **business model is long-term and based on steady value addition** for our company and for you as stockholders. This is a principle we have repeatedly practiced in the past. And over the years ahead we will continue to do our utmost to successfully pursue this path.

I would be happy if you again joined us on our journey. Thank you very much for your attention.