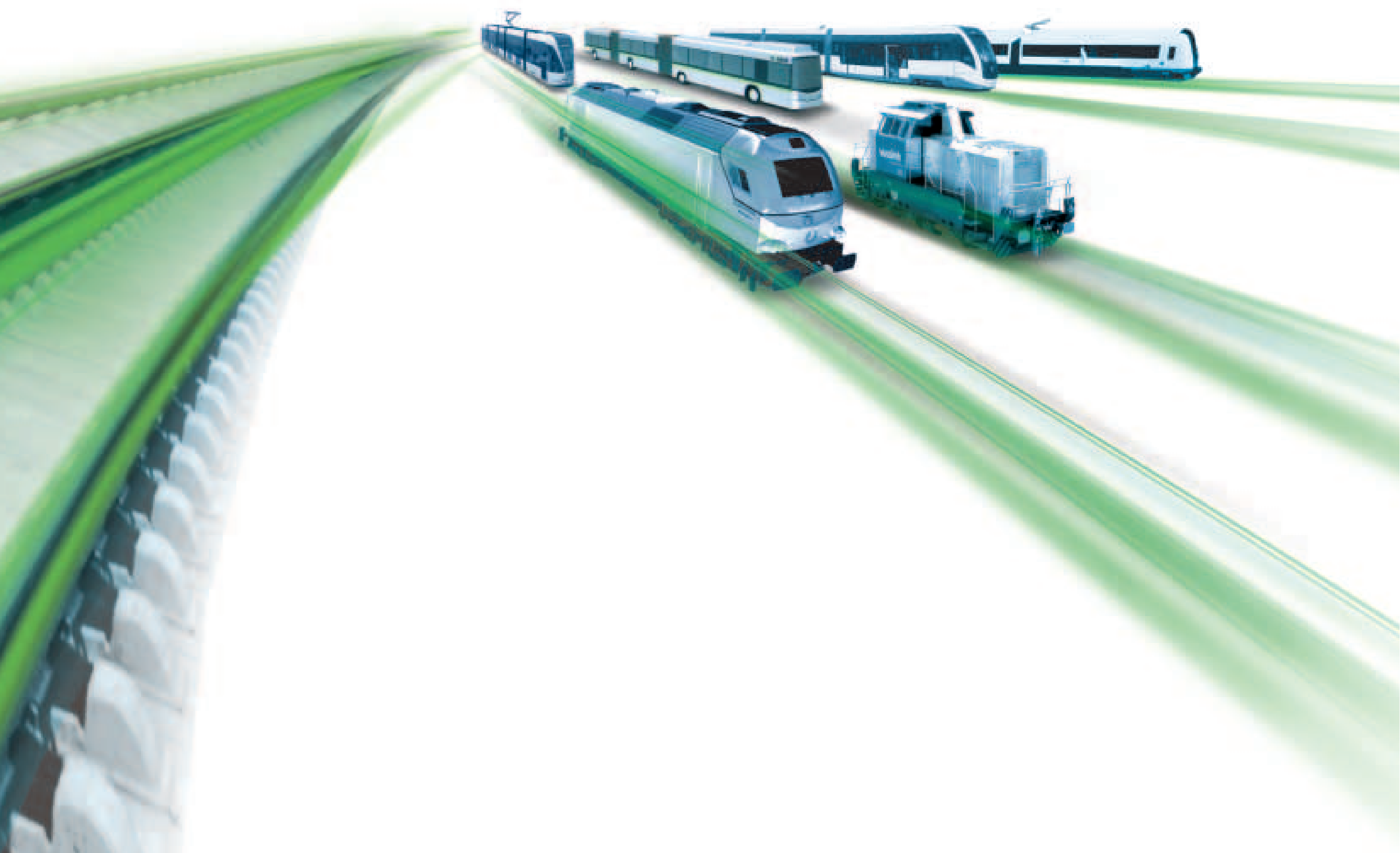
Solid value. Sound prospects.

Interim financial report as of September 30, 2010



Group figures and indicators		9 months (3Q) 2010	9 months (3Q) 2009
Income statement data			
Net sales	€ mill.	1,011.9	851.4
thereof Rail Infrastructure	€ mill.	672.2	477.5
Transportation	€ mill.	339.6	373.6
EBIT	€ mill.	122.6	92.1
Net interest expense	€ mill.	(9.1)	(5.6)
EBT	€ mill.	113.5	86.4
Group earnings (total)	€ mill.	75.9	59.5
Earnings per share	€	5.70	4.44
EBIT margin	%	12.1	10.8
Pretax return on equity (ROE)	%	27.2	25.0
Return on capital employed (ROCE)[1]	%	18.4	18.5
Value added[1]	€ mill.	49.5	37.4
Balance sheet data			
Fixed assets[2]		580.0	444.7
capital expenditures	€ mill.	41.1	28.6
amortization/depreciation	€ mill.	26.0	17.9
Closing working capital	€ mill.	324.7	262.1
Working capital intensity[3]	%	24.1	23.1
Closing capital employed	€ mill.	904.7	706.8
Total equity	€ mill.	556.1	460.1
thereof minority interests	€ mill.	25.2	14.8
Net financial debt	€ mill.	173.5	115.4
Net leverage	%	31.2	25.1
Total assets	€ mill.	1,452.9	1,291.6
Equity ratio	%	38.3	35.6
Cash flow statement data			
Gross cash flow	€ mill.	164.9	113.8
Cash flow from operating activities	€ mill.	71.2	(29.3)
Cash flow from investing activities	€ mill.	(134.0)	(31.8)
Cash flow from financing activities	€ mill.	(22.0)	(73.4)
Change in cash & cash equivalents	€ mill.	(84.8)	(134.5)
Workforce			
Average headcount in the period		4,951	4,708
Rail Infrastructure		3,109	2,697
Transportation		1,794	1,960
Vossloh AG		48	51
Payroll intensity	%	59.7	64.3
Personnel expenses	€ mill.	184.9	170.1
Share data			
Stock price at September 30	€	78.09	77.43
Market capitalization at September 30	€ mill.	1,040.1	1,031.1

[1] Based on average capital employed
[2] Fixed assets = Intangible and tangible assets + investment properties + associated affiliates + other noncurrent financial instruments
[3] Based on closing working capital
Where required, figures annualized.

Dear Stockholders:

Vossloh AG continued into the third quarter of 2010 the strong performance shown during the first six months. Sales and earnings rose sharply. We won, moreover, a number of important contracts from promising markets of the future.

Three-quarter (3Q) sales by the Group in 2010 came to €1,012 million, an increase of €161 million or 19 percent. Organically (excluding the new Rail Services business unit added in January), revenue was up by 11 percent. Nine-month EBIT likewise surged, by 33 percent to around €123 million; the 3Q EBIT margin jumped from 10.8 to 12.1 percent. And, ROCE at 18.4 percent virtually repeated the year-earlier level, well above our benchmark of 15.0 percent.

Particularly vigorous 3-quarter growth was reported by the Rail Infrastructure division whose three business units (Fastening Systems, Switch Systems, Rail Services) all fared very well. Especially gratifying is the pickup in pace at our Kiel-based locomotives business. This location, which had suffered from the fallout of the recession last year and was still burdened in the first half of 2010, reported for the third quarter (Q3) a year-on-year rise in sales.

Vossloh AG's success is not only reflected in the sales and earnings figures quoted in this interim report. It is also mirrored in orders booked during past months which will fuel organic growth. At the start of August, we had reported on two megacontracts from Libya which will again further Vossloh's already strong presence in North Africa. This was followed mid-August by another big contract, this time from Sweden: With our Easyswitch system specially designed to customer needs we managed to win a highly competitive invitation to bid put out by the Swedish infrastructure agency Trafikverket. In late August we secured another major contract from China to supply rail fasteners. Finally and only recently we were awarded a contract by the Russian rail company RZD which will allow us to access this country's rail infrastructure market.

China is a market where our future activities will extend beyond the high-speed sector. A joint venture founded in October with two Chinese counterparts will allow us to share in the strong expansion of local public transport and the rising infrastructure needs of Chinese industry. By the end of 2011 we will have set up a local production plant for switches to serve as a second launchpad for our Chinese business.

These recent orders and our involvement in China's switch and turnout market underscore the global presence of Vossloh wherever rail technology markets are seen to grow. During the period under review and for the first time we generated over 30 percent of our sales outside of Europe.

Our accelerated product development efforts are the key to ongoing growth. At the international trade fair InnoTrans in September we showcased numerous new products which found a very favorable response on the part of customers and industry decision-makers. This was especially the case with the EURO*LIGHT* diesel locomotive; with the train-tram for both inner city and regional services, and with our new modular family of center-cab locomotives which are remarkable for their efficiency thanks to low fuel consumption and parts costs. Drawing particular attention was the first diesel-electric locomotive whose driveline is sourced from our own production facilities, the DE 18.

The strong operating performance of the past nine months, the recently acquired new contracts and the favorable signals emitted at InnoTrans confirm that we have the right strategy and are steadfastly meeting our standards of value-driven growth. So, we continue to expect 2010 to turn out a record-breaking year as announced. For the entire period, we again predict a good €1.35 billion sales and an EBIT of at least €150 million.

Regards,

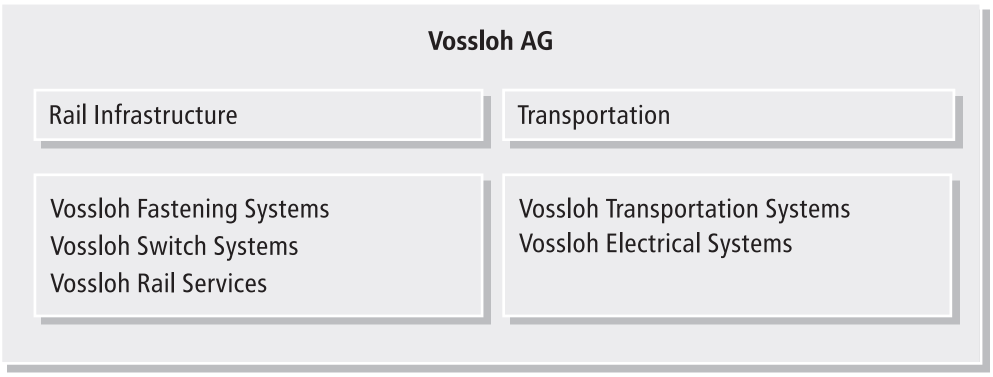
Werner Andree
CEO

Vossloh's corporate structure

Vossloh is a global player in selected rail infrastructure and rail technology markets. Under the roof of Vossloh AG as the management and financial holding parent, the Group has organized its business operations into two divisions subdivided into altogether five business units.

New names within existing corporate structure

To make the type of activities more obvious, the Vossloh Group slightly revised some of its division and business unit names at the turn of 2009/2010.



Rail Infrastructure division

This division provides products and services for rail infrastructure and now includes, besides its Fastening Systems and Switch Systems business units, Rail Services as a third and new business unit.

Vossloh Fastening Systems is a foremost supplier of rail fastening systems for every application: from light-rail via heavy-haul to high-speed.

Vossloh Switch Systems equips rail networks with switches (turnouts, crossings, etc.), as well as with the related control and monitoring systems all of which it also installs and maintains. Here, too, the lineup extends from light-rail to high-speed.

Since January 1, 2010, Vossloh Rail Services has been a member of the Vossloh Group and offers wide-ranging rail-related services including complex logistics and welding work as well as preventive maintenance for the rails.

Transportation division (formerly Motive Power&Components)

The second division, up to year-end 2009 known as *Motive Power&Components*, has been renamed *Transportation* and covers the operations concerned with rail vehicles and vehicle systems/components including the related services. The division has two business units: Transportation Systems (formerly *Locomotives*) and Electrical Systems.

The Transportation Systems business unit, whose portfolio includes both locomotives and (sub)urban trains, is Europe's leading manufacturer of diesel locomotives while in addition supplying comprehensive services.

Within the business unit, the Kiel location, which only builds locomotives, keeps the name of Vossloh Locomotives. The Valencia location, which also manufactures local transport vehicles, is now called Vossloh Rail Vehicles.

Unchanged, the Transportation division also includes the Electrical Systems business unit. Vossloh Electrical Systems develops and manufactures key electrical components and systems for local transport vehicles. It is the world's foremost supplier of electrical equipment for (trolley)buses and, since 2008, has also offered hybrid traction for installation in buses.

Vossloh stock

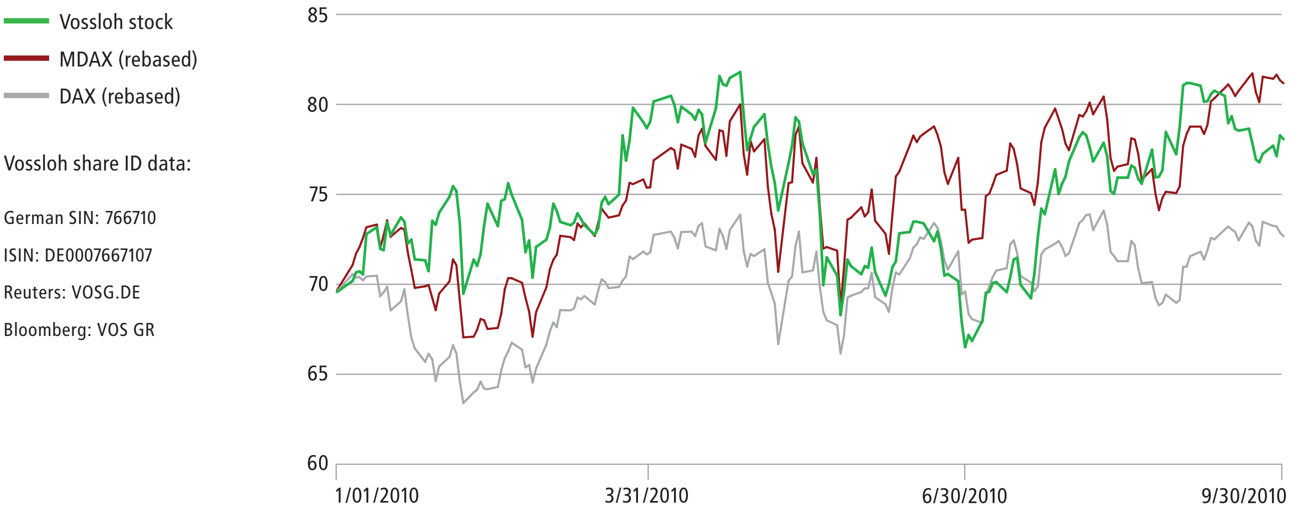
Stock markets rallying in Q3

The first six months of 2010 had seen the stock markets generally overshadowed by currency uncertainties, with key indexes on balance down. Then in July, good news from corporate USA and Europe plus brighter economic data from Europe prompted stock exchanges to recover. Scares of a repeated recession depressed share prices in August and only in September did the markets begin to rally. At the close of the third quarter 2010, all the major indexes apart from the Nikkei, had gained over their year-end 2009 level.

The DAX patterned its performance on the international stock markets. Following a mixed first six months, it reached its annual high to date of 6,387 on August 6 and closed September at 6,229, hence a nine-month advance of 4.6 percent and a Q3 rise of 4.4 percent for the leading German index.

The MDAX, which includes Vossloh, easily outperformed the DAX on both a nine-month and third-quarter comparison, especially due to the solid performance of those MDAX companies impervious to the general economy and strongly represented in this index. It reached 8,872 on September 27, its annual high until then, and closed the quarter somewhat lower on September 30 at 8,768, equivalent to a 9-month hike of 16.8 percent in 2010 and one of 9.5 percent in Q3.

Vossloh stock price trend from January 1 to September 30, 2010



Vossloh share ID data:

German SIN: 766710

ISIN: DE0007667107

Reuters: VOSG.DE

Bloomberg: VOS GR

Having started out strong in 2010 and peaking at €82.98 on April 26, Vossloh stock initially slipped by midyear, falling to €65.75 on July 1, its lowest level so far in 2010. Following the semiannual report and the announcement of new projects and contracts, the price rallied sharply in August and September. Closing September at €78.09, it showed a gain of 12.3 percent for the first nine months and as much as 17.4 percent for the third quarter, well superior to both the DAX and MDAX.

Double-digit gain for Vossloh stock in Q3

Vossloh stock's aggregate trading volume in Q3/2010 reached around 3.6 million shares, a slight 2.8 percent down year-on-year from some 3.7 million. In Q3 an average of about 54,800 shares were traded daily. In the first nine months, the trading volume amounted to approximately 13.4 million, thus averaging 69,900 per trading day. The 3-quarter (3Q) trading volume was therefore up by 10.7 percent over the year-earlier 12.1 million.

In Q3/2010, altogether 20 financial analysts were regularly monitoring Vossloh's stock performance and providing updated assessments. The average price expectation at the end of September was €87, within an almost unchanged bandwidth of between €70 and €100. There were 14 "buy," one "sell" and five "hold" recommendations.

For further details on Vossloh stock (including dates, publications, and Creditor Relations information) see the Investors section at www.vossloh.com

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	MDAX
Number of shares outstanding at 9/30/2010	13,319,690
Stock price (9/30/2010)	€78.09
9-month 2010 high/low	€82.98/€65.75
Reuters code	VOSG.DE
Bloomberg code	VOS GR

Interim management report

The Group's business trend

Rail Services business unit newly consolidated as from January 1, 2010

Since January 1, 2010, the rail services companies of the Stahlberg-Roensch Group as well as LOG Logistikgesellschaft Gleisbau mbH and ISB Instandhaltungssysteme Bahn GmbH of the Contrack Group have been included in Vossloh's consolidated financial statements and additionally covered by the segment report as the Rail Services business unit.

Results of operations

Q3 group sales up 30.3 percent year-on-year, like-for-like 20.5 percent

The first six months of 2010 had already seen a strong performance by the Vossloh Group and in Q3, revenue again rose conspicuously. It was the Rail Infrastructure division, in particular, that showed high third-quarter (Q3) growth rates and thus propelled total group revenue. The Kiel locomotives location, which in the preceding quarters just as in fiscal 2009 had suffered from the recession, posted rebounding sales in Q3/2010. Only the Valencia location reported year-on-year quarterly sales that remained down since local demand for locomotives is recovering less rapidly than reckoned. Q3 group sales climbed altogether by 30.3 percent or €76.4 million to €328.8 million compared with 2009.

Organic sales growth of 11.0 percent after 9 months, 18.9 percent including new business unit

In the first nine months (3Q) of fiscal 2010, the Vossloh Group generated sales of €1,011.9 million, up €160.5 million or 18.9 percent from the year-earlier €851.4 million. The Rail Services business unit, first consolidated at January 1, 2010, has since contributed €66.8 million to group sales. Like-for-like, the Group's sales moved up 11.0 percent. Q3 organic growth amounted to 20.5 percent; during this period, Vossloh Rail Services accounted for sales of €24.7 million.

Three-quarter sales at the Rail Infrastructure division totaled €672.2 million, a surge of €194.7 million or 40.8 percent over the year-earlier €477.5 million. Excluding sales at Vossloh Rail Services, the division's LFL revenue for the period advanced 26.8 percent. This healthy organic growth was particularly due to very good business at Vossloh Fastening Systems as well as mounting sales at Vossloh Switch Systems.

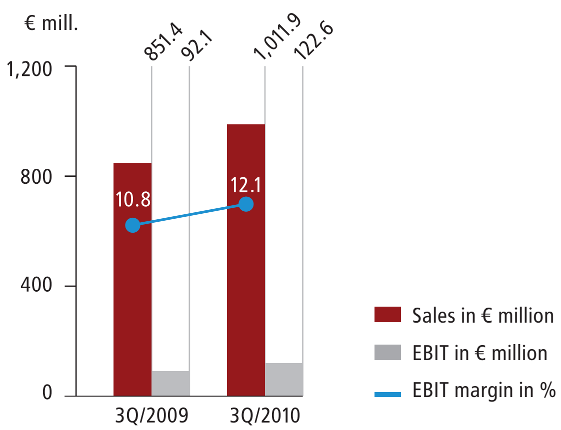
The Transportation division's 3-quarter sales in 2010 shrank from €373.6 million to €339.6 million (down €34.0 million or 9.1 percent), due to the business downtrend at Vossloh Transportation Systems whose nine-month decline was attributable both to the Kiel and Valencia locations. During the period, Vossloh Electrical Systems again expanded sales.

Nine-month EBIT at the Vossloh Group came to €122.6 million, a substantial improvement of €30.5 million or 33.2 percent over the year-earlier €92.1 million. The 3Q EBIT margin climbed from 10.8 to 12.1 percent year-on-year. Rail Infrastructure reported an EBIT leap and maintained its EBIT margin virtually at the year-earlier level. For the period January through September 2010, Transportation reported a lower EBIT, albeit its EBIT margin did inch up.

3-quarter EBIT leap of 33.2 percent

Nine-month (3Q) group earnings (i.e., net income allocable to Vossloh stockholders) surged in 2010 to €75.9 million, up €16.4 million or 27.6 percent from €59.5 million. Hence, earnings per share (EpS) leapt from €4.44 to €5.70.

EpS for 9 months hiking from €4.44 to €5.70



Vossloh Group: sales and EBIT

3-quarter ROCE virtually unchanged at 18.4 percent

At 18.4 percent, the (annualized) 3Q ROCE was just a little shy of the year-earlier 18.5 percent despite the steep climb in capital employed, primarily a result of the first-time inclusion of the Rail Services business unit. Third-quarter (Q3) ROCE jumped year-on-year from 14.1 to 18.6 percent, thanks to an EBIT hike in this period.

The Group's value added (VA) in nine months swelled considerably in 2010, rising €12.1 million or 32.4 percent from €37.4 million a year ago to €49.5 million. Based on the current WACC, posttax value added in three quarters came to €40.6 million.

Vossloh Group

		3Q/2010	3Q/2009	Q3/2010	Q3/2009
Sales	€ mill.	1,011.9	851.4	328.8	252.4
EBITDA	€ mill.	148.7	109.9	50.8	29.6
EBIT	€ mill.	122.6	92.1	42.2	24.2
EBIT margin	%	12.1	10.8	12.8	9.6
EBT	€ mill.	113.5	86.4	39.2	22.3
Group earnings	€ mill.	75.9	59.5	25.2	14.6
ROCE [1, 2]	%	18.4	18.5	18.6	14.1
Value added [1, 2]	€ mill.	49.5	37.4	17.3	5.4

[1]Annualized
[2]Based on average capital employed

Order intake by the Group advancing by 14.2 percent to €1,043.4 million

Order intake by the Vossloh Group in 3Q/2010 rose from €914.0 million to €1,043.4 million (up €129.4 million or 14.2 percent), including €70.0 million contributed by the Rail Services business unit. The Vossloh Group's order backlog at September 30, 2010, totaled €1,123.7 million, down €65.1 million or 5.5 percent from the year-earlier €1,188.8 million.

European 3-quarter sales reached €704.3 million, up €68.2 million or 10.7 percent. During the same period, sales outside of Europe soared by €92.3 million or 42.9 percent to €307.6 million. Hence and despite the addition of the Rail Services business unit, whose activities have to date been almost solely inside Germany, non-European business rose from 25.3 to 30.5 percent.

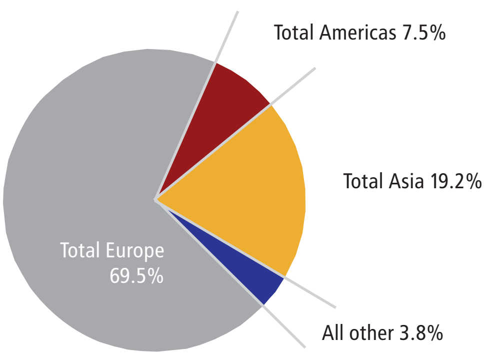
Geographically, Western Europe again accounted for the lion's share of 9-month sales. Particularly thanks to Vossloh Rail Services, consolidated since January 1 and with business focus on Germany, domestic sales just about doubled and in the third quarter alone, surged by nigh 140 percent. Excluding this M&A effect, LFL sales in Germany grew in January through September by 31.4 percent and, in the third quarter, 60.0 percent. In contrast, the sales downturn in France and elsewhere in Western Europe continued in Q3, just as in the preceding quarters of this year. In the other Western European countries, plunging sales in Britain impacted in particular.

Sales surging in Germany and outside Europe; non-European sales share up to 30.5 percent

In Northern and, particularly, Southern Europe, the Vossloh Group expanded its 3Q sales. In the North, business in Norway and Sweden was especially buoyant; in the South, primarily Turkey and Spain reported added sales.

Asian 3-quarter sales again well outnumbered the year-earlier volume, largely thanks to additional business in China and the Near & Middle East, Malaysia, and Kazakhstan.

North and Central American business had last year suffered in particular from the economic and financial crises. The business revival, already evident in the first half of 2010, continued in July through September. Especially in the United States, sales picked up.



Geographical breakdown of 3Q/2010 sales

As in H1, sales in Australia and Africa were again up in Q3/2010.

Sales by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	3Q/2010		3Q/2009		Q3/2010		Q3/2009	
Germany	191.1	18.9	94.9	11.2	75.7	23.0	32.0	12.7
France	94.1	9.3	125.9	14.8	25.1	7.6	35.6	14.1
Other Western Europe	104.6	10.3	125.4	14.7	34.8	10.6	38.3	15.2
Northern Europe	76.2	7.5	71.0	8.3	20.8	6.4	24.3	9.6
Southern Europe	214.9	21.2	193.8	22.8	53.3	16.2	51.1	20.2
Eastern Europe	23.4	2.3	25.1	2.9	8.3	2.5	10.4	4.1
Total Europe	**704.3**	**69.5**	**636.1**	**74.7**	**218.0**	**66.3**	**191.7**	**75.9**
Americas	75.3	7.5	67.1	7.9	25.7	7.9	17.7	7.0
Asia	193.4	19.2	114.9	13.5	70.2	21.3	28.7	11.4
Africa	18.7	1.8	15.0	1.8	8.6	2.6	5.5	2.2
Australia	20.2	2.0	18.3	2.1	6.3	1.9	8.8	3.5
Total	**1,011.9**	**100.0**	**851.4**	**100.0**	**328.8**	**100.0**	**252.4**	**100.0**

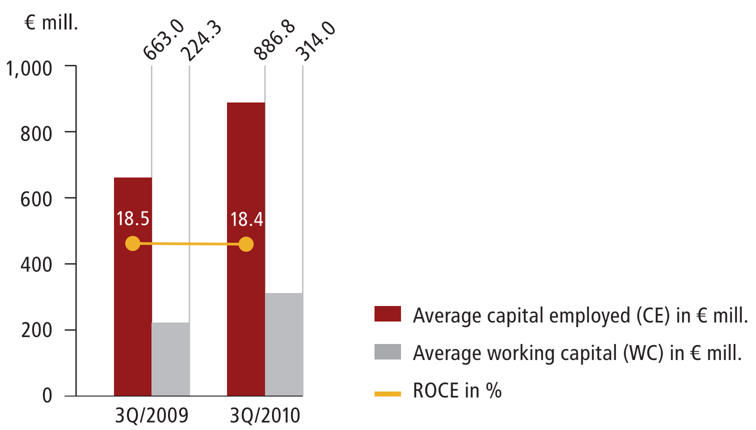
Asset and capital structure, financial position

As of September 30, 2010, the Vossloh Group's total assets amounted to €1,452.9 million, hence up €114.5 million or 8.6 percent from year-end 2009 and €161.3 million or 12.5 percent year-on-year, primarily due to the first-time consolidation of the Rail Services business unit as of January 1, 2010.

Equity ratio climbing to 38.3 percent

At September 30, 2010, the Vossloh Group's equity totaled €556.1 million, thus climbing €63.5 million or 12.9 percent from December 31, 2009. As of Q3-end, the equity ratio rose to 38.3 percent.

In the first nine months 2010, the Group's working capital averaged €314.0 million, a year-on-year surge from €224.3 million, attributable to higher trade receivables in the wake of Rail Infrastructure's expansion and lower trade payables and prepayments mainly within Transportation. The (annualized) 3-quarter working capital intensity moved up year-on-year, from 19.8 to 23.3 percent.



Vossloh Group: CE, WC and ROCE trends

Both average and closing capital employed climbed year-on-year. Capital employed at the close of Q3/2010 soared from €706.8 million to €904.7 million, the 9-month average being €886.8 million in 2010 (up from €663.0 million). The prime drivers were the higher fixed assets as of September 30, 2010 (up €135.3 million or 30.4 percent year-on-year) in the wake of the acquisition of Vossloh Rail Services.

Vossloh Group

		9/30/2010	12/31/2009	9/30/2009
Total assets	€ mill.	1,452.9	1,338.4	1,291.6
Total equity	€ mill.	556.1	492.6	460.1
Equity ratio	%	38.3	36.8	35.6
Average working capital	€ mill.	314.0	231.7	224.3
Working capital intensity[1]	%	23.3	19.7	19.8
Fixed assets	€ mill.	580.0	458.2	444.7
Closing capital employed	€ mill.	904.7	703.2	706.8
Average capital employed	€ mill.	886.8	674.0	663.0
ROE[1]	%	27.2	26.1	25.0
Net financial debt	€ mill.	173.5	70.2	115.4
Net leverage	%	31.2	14.3	25.1

[1]Annualized

Net financial debt in Q3 downsized from H1 level, at €173.5 million moderate despite M&A deal

Mainly due to the cash outflow for the Vossloh Rail Services purchase price, the Vossloh Group reported net financial debt of €173.5 million as of September 30, 2010, which compares with €70.2 million at year-end 2009 and €115.4 million a year ago. As of September 30, 2010, cash and cash equivalents (including short-term securities) of €77.3 million contrasted with financial debts of €250.8 million.

Rail Infrastructure business

The Rail Infrastructure division comprises the Fastening Systems and Switch Systems business units along with the new Rail Services business unit added as from January 1, 2010.

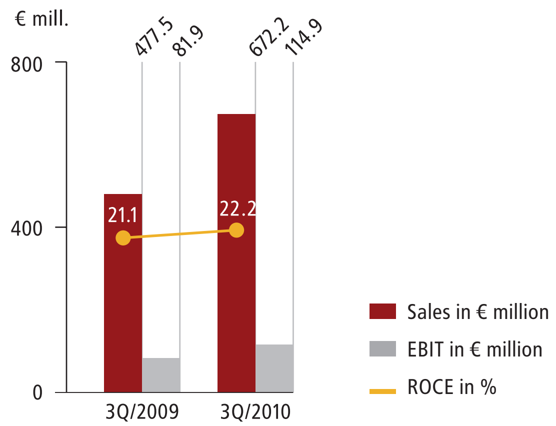
Results of operations

In the first nine months of 2010, Rail Infrastructure generated sales of €672.2 million, up by €194.7 million or 40.8 percent over the year-earlier €477.5 million. Appreciably contributing to this steep upturn was Q3 business which, compared with the year before, surged €79.2 million or 51.3 percent to €233.7 million.

The incremental business reported by Rail Infrastructure this year was partly due to the first-time inclusion of the new Rail Services business unit. Most, however, was of an organic nature. Excluding Vossloh Rail Services, like-for-like 3Q sales increased €127.9 million or 26.8 percent; on a Q3 comparison, €54.4 million or 35.2 percent. In both periods, Vossloh Fastening Systems accounted for most of the expansion in revenue.

Rail Infrastructure's 9-month sales soaring 40.8 percent, organically up 26.8 percent

Three-quarter (3Q) sales by Fastening Systems totaled €284.3 million, compared with the year-earlier €181.3 million a rise of €103.0 million or 56.8 percent. Q3/2010 largely accounted for the substantial growth, its sales virtually doubling from €53.9 million to €107.0 million.



Rail Infrastructure: sales, EBIT and ROCE

This unit's business in 2010 benefited in particular from the megacontract for fitting out the high-speed Beijing–Shanghai line. Other regions with added sales were, in particular, Turkey, Kazakhstan, Austria, the USA, and Saudi Arabia.

9-month order intake by Rail Infrastructure boosted year-on-year

Nine-month order intake at Fastening Systems totaled €363.1 million, up 12.1 percent over the already high €323.8 million of the year-earlier period. Major new orders included a bid put out by the Chinese Ministry of Railways to equip the high-speed Lanzhou–Urumqi line in Northwestern China, won in August, and the order placed in March 2010 for supplying fastening systems to Libya. At €232.9 million, order backlog at Fastening Systems as of September 30, 2010, considerably outstripped the year-earlier €214.7 million.

The Switch Systems business unit likewise reported strong sales in 3Q/2010, at €321.9 million up by €24.4 million or 8.2 percent over the year-earlier €297.5 million. Largely contributing toward this increase was higher revenue from Turkey, Italy, and Sweden. In the United States, where in 2009 the economic crisis had stifled demand for switches and trading products, this business unit managed to expand sales, too.

Order intake at Switch Systems during the period climbed to €395.1 million, clearly in excess of the year-earlier €285.9 million. A major reason for this growth was the order booked this summer to equip Libyan rail lines with switches and turnouts worth €77.5 million. Order backlog at this business unit also rose sharply, improving from €274.7 million at September 30, 2009, to €340.3 million at the close of Q3/2010.

Newcomer Rail Services generating sales of €66.8 million in 3 quarters

The new Rail Services business unit reported in 2010 three-quarter sales of €66.8 million. Orders booked during the period added up to €70.0 million; order backlog at September 30, 2010, totaled €3.2 million.

Rail Infrastructure

		3Q/2010	3Q/2009	Q3/2010	Q3/2009
Sales	€ mill.	672.2	477.5	233.7	154.5
EBITDA	€ mill.	131.4	90.4	45.9	28.1
EBIT	€ mill.	114.9	81.9	40.2	25.4
EBIT margin	%	17.1	17.2	17.2	16.4
ROCE[1, 2]	%	22.2	21.1	23.0	19.1
Value added[1, 2]	€ mill.	57.9	39.2	21.0	10.8

[1] Annualized
[2] Based on average capital employed

The Rail Infrastructure division's 9-month EBIT showed a remarkable improvement in 2010, surging €33.0 million or 40.2 percent from €81.9 million to €114.9 million. The corresponding EBIT margin remained at the virtually unchanged high level of 17.1 percent (down from 17.2).

Notwithstanding the basically M&A-related CE boost, Rail Infrastructure's 3-quarter ROCE was upgraded from 21.1 to 22.2 percent. In a year-on-year comparison, the value added (VA) by the division in nine months hiked up, improving by €18.7 million or 47.7 percent from €39.2 million to €57.9 million. Based on current WACC, the division added value of €45.2 million after taxes in the first nine months of 2010.

Rail Infrastructure's ROCE of 22.2 percent outstripping year-earlier return despite higher CE

Vossloh Fastening Systems' 3Q VA of €47.8 million for 2010 outgrew the year-earlier €35.8 million. Vossloh Rail Services added value of €9.0 million in the period. The value added in nine months by Vossloh Switch Systems came to €1.2 million, down from €3.4 million substantially due to the mounting capital employed.

Asset and capital structure

Rail Infrastructure

		3Q/2010	FY 2009	3Q/2009
Average working capital	€ mill.	273.3	220.3	217.4
Working capital intensity[1]	%	30.5	31.9	34.2
Fixed assets	€ mill.	421.7	310.6	304.6
Closing capital employed	€ mill.	692.3	520.8	551.1
Average capital employed	€ mill.	690.8	522.3	517.7

[1]Annualized

Intensity of Rail Infrastructure's working capital upgraded to 30.5 percent

The Rail Infrastructure division's 9-month working capital averaged €273.3 million (up from €217.4 million), due to the trade receivables portfolio bulging thanks to booming business. In contrast to this rise, the division's 3Q working capital intensity improved appreciably in 2010, from 34.2 percent a year ago to 30.5.

The division's 3-quarter closing capital employed jumped to €692.3 million, the period's average to €690.8 million in 2010; both values were up over the year-earlier levels of €551.1 million and €517.7 million, respectively. Reasons for this growth were not only the increased working capital but also the M&A-related higher fixed assets.

Transportation business

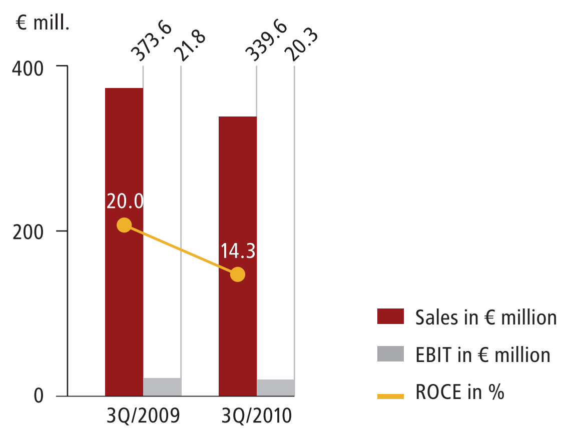
Results of operations

In 3Q/2010, the Transportation division achieved sales of €339.6 million, down €34.0 million or 9.1 percent from the year-earlier €373.6 million. In Q3/2010, revenue slipped by €2.7 million or 2.8 percent to €95.1 million.

Notwithstanding continued uptrend at Electrical Systems, Transportation's total sales shrinking 9.1 percent

Both in Q3 and 3Q, Vossloh Electrical Systems reported rising sales, which however failed to offset the revenue shortfall at the Transportation Systems business unit. This latter suffered from declining sales at the Valencia location both during the three quarters and the third quarter where any resurgence in demand for locomotives is taking longer than planned for. In the third quarter (Q3) of 2010, business at the Kiel location picked up appreciably and for the first time since H1/2008, Kiel reported an increase in sales.

Three-quarter sales at Transportation Systems totaled €223.8 million in 2010, a drop of €43.2 million or 16.2 percent from the year-earlier €267.0 million. The shrinkage was equally due to lower sales at both the Valencia and Kiel locations. However, in the course of Q3/2010 the decline was abated as a result of rebounding revenue at Kiel. During these months, sales at Vossloh Transportation Systems amounted to €60.6 million, €3.9 million or 6.1 percent short of the year-earlier period.



Transportation: sales, EBIT and ROCE

Nine-month sales at Vossloh Rail Vehicles in Valencia fell from €174.9 million in 2009 to €154.7 million (down €20.2 million or 11.6 percent) in the course of 3Q/2009, caused by poorer locomotive sales which were only partly offset by added local transport vehicle business and revenue from maintenance work.

Q3 seeing Vossloh Locomotives' first sales upturn since 2008

The Kiel location's 3Q sales slipped from €92.8 million to €69.3 million. Investment reluctance on the part of private customers, which had marred Vossloh Locomotives' business in Kiel in fiscal 2009, was still reflected in weaker sales in H1/2010. However, in the course of the third quarter this trend abated visibly and in the months July through September 2010, Vossloh Locomotives' sales jumped to €35.4 million, a hike of €7.8 million or 28.2 percent.

3Q/2010 order intake at Transportation Systems totaled €131.9 million (down from €229.6 million). The shortfall was attributable to the Valencia location whose order backlog in Q1/2010 had been eroded by a contract cancellation while in the following quarters, only minor new orders were received. In contrast, 9-month order intake at Kiel was easily more than double the year-earlier volume. At September 30, 2010, order backlog at Vossloh Transportation Systems amounted to €356.2 million, well short of the year-earlier €494.0 million.

Three-quarter revenue reported by Vossloh Electrical Systems in 2010 rose appreciably by €11.6 million or 10.9 percent, from €106.6 million to €118.2 million.

3Q/2010 order intake at the Electrical Systems business unit amounted to €86.8 million, a clear gain over the year-earlier €75.8 million. Order backlog was short of the 2009 level, falling from €205.5 million at September 30, 2009, to €190.7 million at the close of the period.

Transportation

		3Q/2010	3Q/2009	Q3/2010	Q3/2009
Sales	€ mill.	339.6	373.6	95.1	97.9
EBITDA	€ mill.	29.3	30.5	8.4	3.7
EBIT	€ mill.	20.3	21.8	5.7	1.3
EBIT margin	%	6.0	5.8	6.0	1.3
ROCE[1, 2]	%	14.3	20.0	11.1	3.3
Value added[1, 2]	€ mill.	4.7	9.8	0.1	(3.0)

[1] Annualized
[2] Based on average capital employed

Vossloh Transportation's 9-month (3Q) EBIT inched down year-on-year by €1.5 million or 6.5 percent, from €21.8 million to €20.3 million. Third-quarter (Q3) EBIT soared in 2010 to €5.7 million, up from €1.3 million since provisions for penalties had weighed on the Q3/2009 EBIT. The division's EBIT margin of 6.0 percent for the nine months slightly outstripped the year-earlier 5.8 percent.

At €20.3 million, Transportation's 3-quarter EBIT only slightly down

The division's 3-quarter ROCE and VA showed a downturn. In the first nine months, annualized ROCE contracted from 20.0 percent in 2009 to 14.3 in 2010. The value added by the division fell by €5.1 million (52.0 percent) from €9.8 million to €4.7 million. Applying the current WACC brings the division's posttax value added in 3Q/2010 to €4.6 million. Value added by Vossloh Transportation Systems in 9 months remained negative, increasing from a year-earlier red €0.6 million to an equally red €5.6 million in 2010. Vossloh Electrical Systems, in contrast, added a virtually unchanged €10.3 million in the period (down from €10.4 million).

Division ROCE at 14.3 percent after 9 months

Asset and capital structure

Transportation

		3Q/2010	FY 2009	3Q/2009
Average working capital	€ mill.	46.9	18.1	13.4
Working capital intensity[1]	%	10.4	3.7	2.7
Fixed assets	€ mill.	146.8	136.6	133.9
Closing capital employed	€ mill.	205.7	177.5	156.5
Average capital employed	€ mill.	189.0	150.8	145.4

[1]Annualized

Working capital intensity rising to 10.4 percent

The Transportation division's 9-month working capital soared from a low year-earlier €13.4 million to €46.9 million, due to shrinking prepayments on orders and clipped trade payables as a result of poor locomotive business. Working capital intensity surged accordingly, from 2.7 percent a year ago to 10.4.

Both closing and average capital employed grew: year-on-year, the division's CE swelled from €156.5 million at September 30, 2009, to €205.7 million. Three-quarter average capital employed likewise mounted, by €43.6 million to €189.0 million, the primary reason being the increased working capital.

Capital expenditures

Three-quarter capital expenditures by the Vossloh Group totaled €41.1 million, up €12.5 million or 43.7 percent. Both divisions considerably stepped up their investing activities in these 9 months. Rail Infrastructure's expenditures totaled €19.6 million, up €4.0 million or 25.6 percent from €15.6 million; Vossloh Transportation's capital outlays surged to €18.8 million, up €6.3 million or 50.4 percent over the year-earlier €12.5 million.

Current capex program for strengthening market position and stimulating growth progressing well: outlays of €41.1 million in 9 months benefiting both divisions

At €9.8 million, the bulk of the Rail Infrastructure division's expenditures was allocated to Vossloh Switch Systems, another €8.2 million to Vossloh Fastening Systems. The Switch Systems business unit invested in both modernization programs and capacity expansions at individual locations; at Vossloh Fastening Systems, the priority was to extend existing capacities. At €17.0 million, most of the expenditures at the Transportation division was incurred at the Transportation Systems business unit, including around €14 million in the development of new types of locomotives.

Additions to tangible/intangible assets

€ million	3Q/2010	3Q/2009	Q3/2010	Q3/2009
Rail Infrastructure	19.6	15.6	7.5	9.4
Transportation	18.8	12.5	6.2	4.1
Vossloh AG	2.7	0.5	0.9	0.2
Total	**41.1**	**28.6**	**14.6**	**13.7**

As part of its present capital expenditure program by which the Vossloh Group intends to strengthen its market position and further power its growth rates, in 2010 and 2011 each year over €60 million has been allocated to revamping and individual capacity expansion projects at the Rail Infrastructure division and in broadening the product lineup at Vossloh Transportation. The first fruits of the program were served up by Vossloh at the InnoTrans industry fair in September 2010.

Research & development

The Vossloh Group’s nine-month R&D expenses amounted to €8.0 million, up by €0.5 million or 6.0 percent from €7.5 million.

R&D expenses totaling €8.0 million, capitalized costs for developing new locomotives at €14.0 million

Three-quarter R&D expenses at Rail Infrastructure totaled €4.1 million (up from €2.4 million). Of this, Vossloh Switch Systems accounted for €1.8 million, Vossloh Fastening Systems for €1.5 million, and the new Rail Services business unit for €0.8 million. R&D expenses at the Transportation division for the period January through September added up to €3.9 million (down from €5.1 million): €3.0 million was incurred at Vossloh Electrical Systems and €0.9 million at Vossloh Transportation Systems.

In addition to the directly expensed items, the Group (solely its Transportation Systems business unit) capitalized development costs of €14.0 million (up from €5.4 million) in accordance with IAS 38.

Workforce

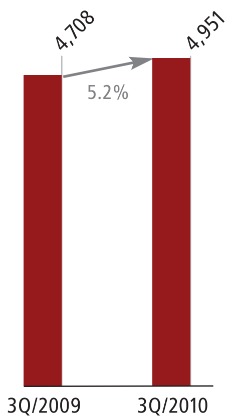
At the end of September 2010, the Vossloh Group employed a workforce of 4,937, which was 229 or 4.9 percent more than at year-end 2009, and 174 or 3.7 percent above the headcount at September 30, 2009. The increase was in both cases due to the new Rail Services business unit which employed 330 persons at the end of September. The first-time consolidation of this business unit was also why Rail Infrastructure's headcount had risen to 3,123 at the end of the third quarter, a gain of 366 or 13.3 percent and 379 or 13.8 percent over December 31 and September 30, 2009, respectively.

Headcount up year-on-year to 4,937 due to new acquiree

At the close of the period, the number of employees at the Transportation division totaled 1,766, a decline of 136 or 7.2 percent over year-end 2009. Year-on-year, the decrease was 203 or 10.3 percent.

Headcount at

	9/30/2010	12/31/2009	9/30/2009
Rail Infrastructure	3,123	2,757	2,744
Transportation	1,766	1,902	1,969
Vossloh AG	48	49	50
Total	**4,937**	**4,708**	**4,763**



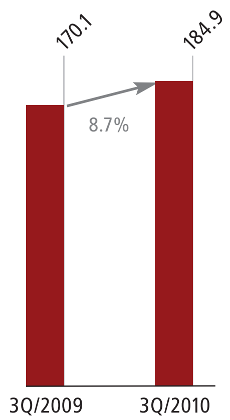
Average headcount (Group)

At September 30, 2010, the number of employees in Germany added up to 1,704 or 34.5 percent of the total workforce (up year-on-year from 27.8 percent). The rise is, in particular, attributable to the new Rail Services business unit whose locations are all in Germany.

Sales per capita raised to k€204.4

Nine-month personnel expenses per capita (based on an average group workforce of 4,951) climbed 3.3 percent from k€36.1 to k€37.3. Sales per capita during the period were stepped up by 13.1 percent, from k€180.8 to k€204.4.

The ratio of payroll to value created (a.k.a. payroll intensity) in the first nine months improved from 64.3 to 59.7 percent.



Personnel expenses in € million

Prospects, risks and rewards

The main risks and rewards impacting on the Vossloh Group's future development are depicted in the combined management report 2009. Within the framework of ongoing risk monitoring and control through our risk management system no risks are identifiable which either individually, combined or in their aggregate might threaten the Group's very survival as a going concern (unchanged).

Predictions for 2010 and 2011 endorsed

The assessment of ongoing business in the Vossloh Group in 2010 as reaffirmed with greater precision when submitting the H1/2010 figures, can be fully endorsed from today's vantage point. For all of 2010 we therefore continue to expect sales to rise to a good €1.35 billion and EBIT to at least €150 million. ROCE will slip to 17 or 18 percent (down from a very high 20.5 percent in 2009), mainly due to the acquisition of Vossloh Rail Services. From today's viewpoint, the Group's EBIT margin will range between 11 and 11.5 percent, EpS at around €7.00. For 2011, we are sticking to our predictions so far regarding group sales and earnings. Right now we are working on detailed budgets for 2011 and 2012 to be announced on December 2, 2010.

Condensed interim financial statements of the Vossloh Group as of Sep. 30, 2010

Income statement for the 9 (3Q) and 3 months (Q3) ended September 30, 2010

€ million	3Q/2010	3Q/2009	Q3/2010	Q3/2009
Net sales	1,011.9	851.4	328.8	252.4
Cost of sales	(778.7)	(666.4)	(249.0)	(195.0)
General administrative and selling expenses	(113.8)	(95.6)	(39.7)	(33.7)
R&D expenses	(8.0)	(7.5)	(2.4)	(2.5)
Other operating income/expenses, net	10.3	10.1	3.9	2.6
Operating result	**121.7**	**92.0**	**41.6**	**23.8**
Net P/L from associated affiliates	0.8	(0.3)	0.6	0.0
Other financial income	0.1	0.4	0.0	0.4
Other financial expenses	0.0	0.0	0.0	0.0
EBIT	**122.6**	**92.1**	**42.2**	**24.2**
Interest income	7.7	9.6	2.5	3.0
Interest expense	(16.8)	(15.3)	(5.5)	(4.9)
EBT	**113.5**	**86.4**	**39.2**	**22.3**
Income taxes	(26.1)	(22.4)	(9.8)	(6.7)
Total net income	**87.4**	**64.0**	**29.4**	**15.6**
thereof:				
group earnings (Vossloh stockholders)	75.9	59.5	25.2	14.6
minority interests	11.5	4.5	4.2	1.0
Earnings per share (EpS)				
Undiluted (basic) earnings per share (€)	5.70	4.44	1.89	1.09
Fully diluted earnings per share (€)	5.70	4.44	1.89	1.09

Statement of comprehensive income for 3Q and Q3/2010

€ million	3Q/2010	3Q/2009	Q3/2010	Q3/2009
Total net income	87.4	64.0	29.4	15.6
Statement at fair value of derivatives in CFHs				
Change in OCI	10.5	(7.7)	6.5	0.4
Reclassification adjustments	0.1	–	0.0	–
Statement at fair value of securities available for sale				
Change in OCI	–	–	–	–
Currency translation differences				
Change in OCI	6.7	(1.9)	(5.5)	(0.3)
Deferred taxes				
on OCI changes	(4.3)	2.4	(3.1)	(0.2)
Other comprehensive income (OCI)	**13.0**	**(7.2)**	**(2.1)**	**(0.1)**
Total comprehensive income	**100.4**	**56.8**	**27.3**	**15.5**
thereof:				
Vossloh stockholders	87.5	53.0	24.9	14.4
minority interests	12.9	3.8	2.4	1.1

Cash flow statement for the 9 months (3Q) ended September 30, 2010

€ million	3Q/2010	3Q/2009
Cash flow from operating activities		
EBIT	122.6	92.1
Amortization/depreciation/write-down (less write-up) of noncurrent assets	26.0	17.9
Change in noncurrent accruals	16.3	3.8
Gross cash flow	**164.9**	**113.8**
Changes in shares in associated affiliates (if noncash)	(0.8)	0.3
Other noncash income/expenses, net	5.0	(2.0)
Net book gain/loss from the disposal of intangible/tangible assets	0.2	0.1
Cash outflow for income taxes	(19.9)	(19.7)
Change in working capital	(75.2)	(111.6)
Changes in other assets/liabilities, net	(3.0)	(10.2)
Net cash provided by/(used in) operating activities	**71.2**	**(29.3)**
Cash flow from investing activities		
Cash outflow for additions to intangibles/tangibles	(41.1)	(28.6)
Cash outflow for investments in noncurrent financial instruments	(3.6)	(0.2)
Cash inflow from the disposal of intangibles/tangibles	0.2	0.1
Cash (outflow for)/inflow from short-term securities (purchased)/sold, net	(2.5)	(0.3)
Cash inflow from the disposal of noncurrent financial instruments	0.4	0.0
Cash outflow for M&A transactions	(87.4)	(2.8)
Net cash used in investing activities	**(134.0)**	**(31.8)**
Cash flow from financing activities		
Change in treasury stock	–	(43.7)
Cash inflow from transfers to equity	0.0	0.0
Cash outflow to stockholders and minority interest holders	(35.9)	(45.9)
Net finance from short-term loans	9.7	21.5
Net finance from medium-/long-term loans	2.5	(1.2)
Cash inflow from interest	15.9	8.4
Cash outflow for interest	(14.2)	(12.5)
Net cash used in financing activities	**(22.0)**	**(73.4)**
Net outflow of cash and cash equivalents	(84.8)	(134.5)
Change in cash and cash equivalents from initial consolidation	2.3	0.2
Opening cash and cash equivalents	**156.5**	**247.8**
Closing cash and cash equivalents	**74.0**	**113.5**

Balance sheet

Assets in € million	9/30/2010	12/31/2009	9/30/2009
Intangible assets	406.4	322.1	319.0
Tangible assets	156.4	121.6	116.7
Investment properties	6.3	4.5	4.5
Shares in associated affiliates	4.9	0.4	0.2
Other noncurrent financial instruments	9.4	9.6	4.6
Other noncurrent assets	0.6	0.8	0.3
Deferred tax assets	31.2	30.6	25.3
Total noncurrent assets	**615.2**	**489.6**	**470.6**
Inventories	333.8	342.0	358.9
Trade receivables	381.7	298.9	295.8
Income tax assets	7.0	3.8	5.3
Sundry current assets	37.9	46.8	47.1
Short-term securities	3.3	0.8	0.4
Cash and cash equivalents	74.0	156.5	113.5
Total current assets	**837.7**	**848.8**	**821.0**
Total assets	**1,452.9**	**1,338.4**	**1,291.6**

Equity & liabilities in € million	9/30/2010	12/31/2009	9/30/2009
Capital stock	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.7
Treasury stock	(106.2)	(106.2)	(106.4)
Reserves retained from earnings	467.5	410.5	410.6
Undistributed group profit	7.0	4.5	4.5
Group earnings	75.9	87.9	59.5
Accumulated other comprehensive income	6.2	(5.0)	(3.4)
Stockholders' equity	**530.9**	**472.2**	**445.3**
Minority interests	25.2	20.4	14.8
Total equity	**556.1**	**492.6**	**460.1**
Pension accruals	12.0	9.7	9.0
Noncurrent tax accruals	2.8	2.7	4.0
Other noncurrent accruals	99.1	83.7	66.9
Noncurrent financial debts	182.0	167.9	164.5
Other noncurrent liabilities	33.4	47.2	44.0
Deferred tax liabilities	36.1	24.3	26.0
Total noncurrent liabilities and accruals	**365.4**	**335.5**	**314.4**
Current tax accruals	8.9	3.8	2.1
Other current accruals	147.2	137.3	150.1
Current financial debts	68.9	59.6	64.9
Trade payables	204.0	229.9	216.2
Current income tax liabilities	6.4	5.3	5.2
Other current liabilities	96.0	74.4	78.6
Total current liabilities and accruals	**531.4**	**510.3**	**517.1**
Total equity & liabilities	**1,452.9**	**1,338.4**	**1,291.6**

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Reserves retained from earnings	Undistributed group profit	Group earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
Balance at 12/31/2008	**37.8**	**42.7**	**(62.7)**	**315.4**	**0.1**	**139.4**	**3.1**	**475.8**	**16.9**	**492.7**
Carryforward to new account					139.4	(139.4)		0.0		0.0
Transfer to reserves retained from earnings				95.0	(95.0)			0.0		0.0
Change due to initial consolidation				0.2				0.2		0.2
Comprehensive income						59.5	(6.5)	53.0	3.8	56.8
Capital increases from SOPs	0.0	0.0						0.0		0.0
Dividend payout					(40.0)			(40.0)	(5.9)	(45.9)
Repurchase of treasury stock			(43.7)					(43.7)		(43.7)
Balance at 9/30/2009	**37.8**	**42.7**	**(106.4)**	**410.6**	**4.5**	**59.5**	**(3.4)**	**445.3**	**14.8**	**460.1**
Changes in equity interests				(0.1)			(0.4)	(0.5)	1.4	0.9
Change due to initial consolidation								0.0		0.0
Comprehensive income						28.4	(1.2)	27.2	4.2	31.4
Capital increases from SOPs	0.0	0.0						0.0		0.0
Repurchase/sale of treasury stock			0.2					0.2		0.2
Balance at 12/31/2009	**37.8**	**42.7**	**(106.2)**	**410.5**	**4.5**	**87.9**	**(5.0)**	**472.2**	**20.4**	**492.6**
Carryforward to new account					87.9	(87.9)		0.0		0.0
Transfer to reserves retained from earnings				57.0	(57.0)			0.0		0.0
Change due to derecognition					(0.5)		(0.4)	(0.9)	(0.3)	(1.2)
Change due to initial consolidation					(1.3)			(1.3)	1.5	0.2
Comprehensive income						75.9	11.6	87.5	12.9	100.4
Capital increases from SOPs	0.0	0.0						0.0		0.0
Dividend payout					(26.6)			(26.6)	(9.3)	(35.9)
Balance at 9/30/2010	**37.8**	**42.7**	**(106.2)**	**467.5**	**7.0**	**75.9**	**6.2**	**530.9**	**25.2**	**556.1**

Explanatory notes

Corporate background

Vossloh AG is a listed resident company based in Werdohl, Germany, and registered under number HRB 5292 at the Commercial Register of the Iserlohn Local Court. The Vossloh Group's key activities include the manufacture and marketing of rail infrastructure, locomotives, electrical systems for local transport vehicles, as well as all rail-related services (logistics, welding, preventive maintenance).

Accounting principles

The interim financial statements as of September 30, 2010, have been prepared in accordance with the International Financial Reporting Standards (IFRS) which are applicable in the European Union (EU).

The accounting and valuation principles applied in interim reporting conform with those used for the consolidated financial statements as of December 31, 2009, however, with due regard to International Accounting Standard (IAS) 34 Interim Reporting and German Accounting Standard (GAS) 16 Interim Reporting. Preparing interim financial statements requires management to make certain assumptions and estimates. Actual values may differ from those estimates and hence from the amounts disclosed in the interim report.

For German companies, income taxes have been calculated by applying a rate of 30 percent while for foreign subsidiaries, the applicable local tax rates are used.

Consolidation group

The consolidation group has changed since June 30, 2010, to only insignificant an extent.

Q3/2010 saw the first-time inclusion of Vossloh Fastening Systems America Corp., Chicago, IL, USA, within the Fastening Systems business unit. Since the subsidiary had been incorporated some years ago by Werdohl-based Vossloh-Werke GmbH, the consolidation has not resulted in any additional goodwill.

Consequently, including Vossloh AG, 29 German and 34 foreign companies were consolidated fully at September 30, 2010. Moreover, two non-German companies were consolidated pro rata, three domestic associated affiliates being included at equity.

Equity

In comparison to the consolidated financial statements as of December 31, 2009, the total capital stock has been raised by 50 common shares upon option exercise under the 2005 employee stock option program (ESOP) while it has remained unchanged versus June 30, 2010.

As of September 30, 2010, Vossloh AG's capital stock consequently amounted to €37,825,168.86, divided into 14,795,920 shares, of which 13,319,690 were then outstanding, another 1,476,230 shares being held as treasury stock.

Earnings per share

		3Q/2010	3Q/2009
Weighted average number of common shares		14,795,904	14,795,860
Repurchased shares (weighted)		(1,476,230)	(1,393,900)
Weighted average number of shares outstanding		13,319,674	13,401,960
Dilutive shares from stock options under the ESOP/LTIP		8	30
Fully diluted weighted average number of shares outstanding		13,319,682	13,401,990
Group earnings	€ mill.	75.9	59.5
Undiluted (basic) EpS	**€**	**5.70**	**4.44**
Fully diluted EpS	**€**	**5.70**	**4.44**

Cash flow statement

The cash flow statement shows the changes in the Vossloh Group's cash and cash equivalents; cash includes checks, other cash on hand, as well as cash in bank, while cash equivalents comprise any financial instruments maturing within three months and readily convertible into cash.

Prepared in accordance with IAS 7, the cash flow statement breaks down the change in cash and cash equivalents into the cash flows from operating, investing and financing activities. The cash flow is determined according to the indirect method.

Segment information

The Vossloh Group's primary reporting segments are defined by its internal organizational and reporting structure which is based on the products and services offered by Vossloh's business units. In line with IFRS 8, segment reporting encompasses not only the two divisions (Rail Infrastructure and Transportation) but also separately presents their business units.

The Rail Infrastructure division covers the Group's related products and services and comprises the Fastening Systems, Switch Systems and Rail Services business units.

The Fastening Systems business unit is one of the foremost suppliers of rail fastening systems. The range embraces fasteners for every application: from light-rail via heavy-haul to high-speed.

Vossloh Switch Systems is the world's second biggest rail switch manufacturer. The business unit equips rail networks with switches (turnouts, crossings, etc.), as well as with the related control and monitoring systems all of which it also installs and maintains. Here, too, the lineup extends from light-rail to high-speed.

The Rail Services business unit's activities include rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection, and construction site supervision. The unit organizes and monitors just-in-time rail shipments to construction sites and ensures on-site availability of the approved (un)loading systems.

The Transportation division subsumes the rail vehicle and vehicle system/component operations plus the related services, and comprises the Transportation Systems and Electrical Systems business units.

Vossloh Transportation Systems with its two production locations in Valencia, Spain, and Kiel, Germany, is Europe's leading manufacturer of diesel locomotives for which it also provides maintenance services. In addition, the Valencia location builds vehicles for local transport rail services. The business unit's customers encompass state and private rail operators, as well as leasing companies.

Vossloh Electrical Systems equips light rail vehicles and buses with advanced electrical systems. The product range includes traction systems, onboard power supply units, vehicle controls, heating and air-conditioning systems. The kits are integrated into a complete customer-specific package and supplied from a single source. The business unit is the world's leading supplier of electrical equipment for trolleybuses and other electric buses which since 2008 have optionally been available with hybrid drive systems. Besides complete vehicle kits, the unit's business also covers retrofitted air-conditioning systems for rail vehicles, parts, components and subassemblies, revamping, servicing and M&R work.

Consolidation eliminates all intersegment transactions, such as primarily by mutually offsetting intragroup income/expenses and receivables/payables, as well as by eliminating intragroup income from profit distribution.

The accounting methods of all segments are identical. Intersegment business is transacted on terms as if at arm's length.

In the analysis of its results of operations in the interim management report, the Vossloh Group reports the pretax value added (VA) as a key performance indicator. Besides this pretax VA used for internal controlling purposes, also the posttax value added is communicated in external reports at group and division levels, based on the current WACC—6.8 percent posttax for the nine months ended September 30, 2010—in order to disclose the actual value trend of relevance to stockholders.

The analysis below shows how the Group's total value added (according to the segment report) is reconciled with its recognized EBIT:

Reconciliation of value added with EBIT

€ million	3Q/2010	3Q/2009	Q3/2010	Q3/2009
Value added	49.5	37.4	17.3	5.4
Cost of capital employed	73.1	54.7	24.9	18.8
EBIT	**122.6**	**92.1**	**42.2**	**24.2**

Related-party transactions

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated subsidiaries, joint ventures, and its associated affiliates. All transactions with these companies conform to the arm's length principle.
The table below presents the recognized income/expenses and receivables/payables which originate from related-party transactions with, and only with, unconsolidated subsidiaries. Transactions in 3Q/2010 with related individuals were altogether insignificant.

€ million	3Q/2010	3Q/2009
Sale/purchase of goods		
Net sales	4.7	2.8
Expenses	1.4	1.6
Trade receivables	2.3	4.6
Trade payables	0.3	1.4
Sale/purchase of other assets		
Receivables from the sale of other assets	0.1	1.1
Finance		
Interest income from loans granted	0.0	0.1
Interest expense for loans raised	0.0	0.0
Receivables under loans	0.5	1.6
Guaranties/collateral furnished		
Bonds/guaranties furnished	13.5	10.6
Other collateral furnished	3.5	1.3

Contingent liabilities

In comparison to December 31, 2009, the Group's contingent liabilities rose €2.4 million to €17.0 million; this total includes guaranties for €13.5 million, as well as contingent liabilities from the collateralization of third-party debts of €3.5 million.

Subsequent events

The sale and transfer in Q2/2010 of the Indian company J.S. Industries Pvt. Ltd. plus its subsidiary Dakshin Transtek Pvt. Ltd. were contingent on the satisfaction by the acquirer of certain financing conditions. In early October, information about the acquirer's noncompliance with such conditions gradually became a virtual certainty; if the conditions are definitively not met by mid-December, the deadline, the entire deal will be rescinded.

Segment information by business unit

		Fastening Systems	Switch Systems	Rail Services	Consolidation	Rail Infrastructure
Value added						
3Q/2010	€ mill.	47.8	1.2	9.0	(0.1)	57.9
3Q/2009	€ mill.	35.8	3.4	–	0.0	39.2
Q3/2010	€ mill.	17.9	(2.0)	5.2	(0.1)	21.0
Q3/2009	€ mill.	9.4	1.3	–	0.1	10.8
Total assets						
9/30/2010	€ mill.	236.3	396.3	118.5	212.7	963.8
9/30/2009	€ mill.	164.3	380.0	–	194.6	738.9
Liabilities						
9/30/2010	€ mill.	98.2	153.7	72.2	(0.5)	323.6
9/30/2009	€ mill.	58.7	148.0	–	8.7	215.4
Net external sales						
3Q/2010	€ mill.	279.5	321.8	66.8	0.0	668.1
3Q/2009	€ mill.	177.7	297.5	–	0.1	475.3
Q3/2010	€ mill.	105.8	102.3	24.7	0.0	232.8
Q3/2009	€ mill.	52.4	101.2	–	0.0	153.6
Intersegment transfers						
3Q/2010	€ mill.	4.8	0.1	0.0	(0.8)	4.1
3Q/2009	€ mill.	3.6	0.0	–	(1.4)	2.2
Q3/2010	€ mill.	1.2	0.1	0.0	(0.4)	0.9
Q3/2009	€ mill.	1.5	0.0	–	(0.6)	0.9
Interest income						
3Q/2010	€ mill.	0.1	0.3	0.1	(0.1)	0.4
3Q/2009	€ mill.	0.1	0.3	–	(0.1)	0.3
Q3/2010	€ mill.	0.1	0.1	0.1	(0.1)	0.2
Q3/2009	€ mill.	0.0	0.1	–	0.0	0.1
Interest expense						
3Q/2010	€ mill.	(2.1)	(2.3)	(1.3)	0.0	(5.7)
3Q/2009	€ mill.	(1.0)	(1.8)	–	(0.2)	(3.0)
Q3/2010	€ mill.	(0.8)	(0.7)	(0.4)	0.0	(1.9)
Q3/2009	€ mill.	(0.4)	(0.6)	–	(0.1)	(1.1)
Amortization/depreciation						
3Q/2010	€ mill.	3.4	7.3	5.8	0.0	16.5
3Q/2009	€ mill.	2.4	6.1	–	0.0	8.5
Q3/2010	€ mill.	1.4	2.6	1.7	0.0	5.7
Q3/2009	€ mill.	0.7	2.0	–	0.0	2.7
Expenditures for noncurrent assets						
3Q/2010	€ mill.	8.2	9.8	1.6	0.0	19.6
3Q/2009	€ mill.	3.6	12.0	–	0.0	15.6
Q3/2010	€ mill.	3.3	3.5	0.7	0.0	7.5
Q3/2009	€ mill.	2.4	7.0	–	0.0	9.4
Average headcount						
3Q/2010		490	2,302	317	–	3,109
3Q/2009		444	2,253	–	–	2,697

Transportation Systems	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
(5.6)	10.3	0.0	4.7	(14.4)	1.3	49.5
(0.6)	10.4	0.0	9.8	(14.0)	2.4	37.4
(2.3)	2.4	0.0	0.1	(5.3)	1.5	17.3
(4.0)	1.0	0.0	(3.0)	(3.4)	1.0	5.4
411.1	175.9	(1.0)	586.0	792.2	(889.1)	1,452.9
385.8	168.5	0.0	554.3	699.2	(700.8)	1,291.6
163.0	55.0	(1.1)	216.9	380.0	(330.7)	589.8
163.8	64.0	0.0	227.8	300.7	(170.5)	573.4
223.8	115.0	0.0	338.8	0.2	0.1	1,007.2
267.0	106.0	0.0	373.0	0.2	0.1	848.6
60.6	34.2	0.0	94.8	0.1	0.0	327.7
64.6	33.0	0.0	97.6	0.1	0.0	251.3
0.0	3.2	(2.4)	0.8	0.6	(0.8)	4.7
0.0	0.6	0.0	0.6	0.7	(0.7)	2.8
0.0	1.7	(1.4)	0.3	0.2	(0.3)	1.1
0.0	0.3	0.0	0.3	0.2	(0.3)	1.1
7.4	0.1	0.0	7.5	5.2	(5.4)	7.7
8.3	0.6	0.0	8.9	4.9	(4.5)	9.6
2.5	0.0	0.0	2.5	1.8	(1.9)	2.5
2.9	0.0	0.0	2.9	1.4	(1.4)	3.0
(4.4)	(0.9)	0.0	(5.3)	(11.4)	5.6	(16.8)
(5.1)	(0.7)	0.0	(5.8)	(11.1)	4.6	(15.3)
(1.5)	(0.3)	0.0	(1.8)	(3.8)	2.0	(5.5)
(1.5)	(0.3)	0.0	(1.8)	(3.4)	1.4	(4.9)
7.0	2.0	0.0	9.0	0.5	0.0	26.0
7.0	1.7	0.0	8.7	0.7	0.0	17.9
2.1	0.7	0.0	2.8	0.0	0.0	8.5
1.7	0.7	0.0	2.4	0.3	0.0	5.4
17.0	1.8	0.0	18.8	2.7	0.0	41.1
9.6	2.9	0.0	12.5	0.5	0.0	28.6
5.5	0.7	0.0	6.2	0.9	0.0	14.6
3.3	0.8	0.0	4.1	0.2	0.0	13.7
1,161	633	0	1,794	48	0	4,951
1,372	588	0	1,960	51	0	4,708

Financial diary 2010

DVFA analysts conference	December 2, 2010

For further information go to www.vossloh.com

Financial diary 2011

Publication of financial information 2010	March 31, 2011
Press conference	March 31, 2011
DVFA analysts conference	March 31, 2011
Annual general meeting	May 25, 2011
DVFA analysts conference	December 2011
Publication of interim reports	
as of March 31	May 4, 2011
as of June 30	July 27, 2011
as of September 30	October 27, 2011

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Vossloh AG’s boards

Executive Board	Werner Andree
	Dr.-Ing. Norbert Schiedeck
Supervisory Board	Dr.-Ing. Dipl.-Ing. Wilfried Kaiser, former executive board member of Asea Brown Boveri AG, Munich, Chairman
	Peter Langenbach, lawyer, Wuppertal, Vice-Chairman
	Dr. Jürgen Blume, sworn public auditor and tax accountant, Bad Bentheim
	Dr. Christoph Kirsch, former CFO of Südzucker AG, Weinheim
	Wolfgang Klein, galvanizer, Werdohl
	Michael Ulrich, mechanic, Kiel

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