

Press Release

Deutsche Bahn Makes Offer to Acquire Arriva

Supervisory board chairman Prof. Felcht: "Germany will remain the core market for Deutsche Bahn" • Grube: Acquisition of Arriva provides an excellent opportunity for achieving sustainable and profitable growth in Europe • Supervisory board gives go-ahead for largest acquisition in the company's history • Deutsche Bahn offers 775 pence per share

(Berlin, 22 April 2010) Deutsche Bahn has announced its intention to acquire transport provider Arriva, offering 775 pence per share to shareholders of the UK-listed company. Today's announcement follows the decision yesterday of the supervisory board of Deutsche Bahn AG to give the go-ahead for the planned takeover. According to the Chairman of the supervisory board Prof. Utz-Hellmuth Felcht, the supervisory board approved the deal following intense discussions and an independent valuation report from a major bank. "Having taken this decision, we want to stress that Germany will remain the key market for Deutsche Bahn. This will not have any negative impact on German customers", he said.

Dr. Rüdiger Grube said he was "delighted at the supervisory board's decision. Arriva is a very successful, commercial transport provider in Europe." As well as in the UK, Arriva manages both bus and rail operations in eleven other European countries, including Germany. In 2009, the company's annual revenue amounted to around 3.15 billion pounds with a workforce of 42,300 employees.

Once the deal has been successfully completed, Deutsche Bahn can strengthen its market position in Europe significantly, Grube explained, as competition in Germany and across Europe continues to intensify. According to Grube, Deutsche Bahn must rise to this challenge – especially in the interests of its customers and employees. "Deutsche Bahn's market share of regional transport in Germany will decline in the coming years as a result of government strategy", he said. "At the same time, the regional transport markets in Europe will be further liberalised. We can use this opportunity to take part in this market development within Europe or will see a downsizing of our operations. Deutsche Bahn, however, aims to drive the market rather than be driven by it", he added.

According to Grube, Deutsche Bahn can expand either through organic growth, tenders abroad or acquisitions. "Arriva offers us excellent opportunities. Without this acquisition, we would need many years to gain a competitive edge like this." The CEO stated that this would not restrict competition in Germany. Following initial discussions with the competition authorities, Deutsche Bahn assumes that "we will sell Arriva's rail activities in Germany".

Grube also stated that the deal will not go ahead at any price. "The deal must be economically viable", he said. He rejected claims that Deutsche Bahn might

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neglect its customers in Germany following its purchase of Arriva. "We will continue to focus on improving our core business at home", he commented. Of the 41 billion euro that Deutsche Bahn plans to invest over the next five years, not one single euro earmarked for safety, service or quality in Germany will be lost through the acquisition. "It's a well known fact that jobs abroad also secure jobs at home. The stronger we are in Europe, the more secure our jobs are in Germany", he added.

According to Deutsche Bahn, Arriva's headquarters will remain in Sunderland. DB will also continue its close relationship with Arriva's current management. In addition, the Arriva brand will be retained outside Germany. "Once the deal has been successfully completed we will bundle our European public transport activities. This means that the future structure will be defined together with the top management", Grube said.