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## **Annual General Meeting**

**MTU Aero Engines Holding AG**  
**on**  
**22. April 2010**

### **Report by the Management Board to the Annual General Meeting on agenda items no. 6 / 8 / 9 / 11**

#### **1. Report of the Management Board pursuant to Item no. 6 of the Agenda (Resolution on authorization to acquire and use own shares pursuant to Sec. 71 (1) no. 8 of the Stock Corporation Act and to exclude subscription rights)**

In accordance with customary business practice, the proposal for a resolution put forward by the Management Board and the Supervisory Board provides on the basis of Sec. 71 (1) no. 8 of the Stock Corporation Act for authorization by the General Meeting for the Company to acquire own shares amounting to up to 10 % of the current share capital. The Management Board already has such an authorization, of which use has been made in part; a total of 3,078,192 shares have been acquired by the Company in the exercise of this authorization (as on: 12 March 2010). This time-limited authorization to acquire own shares adopted at the General Meeting of MTU Aero Engines Holding AG of 26 May 2009 is to be renewed.

Under § 71(1) no. 8 of the Stock Corporation Act, as amended by the Act Implementing the Shareholders' Rights Directive, such authorization may now be granted for a period of five years instead of the previous 18 months. Granting authorization for whole-year periods will prevent the expiry of such authorization between two General Meetings in the future. In addition, a longer authorization period will provide greater flexibility in structuring a long-term share-based compensation scheme. Moreover, a five-year authorization ensures parallelism with the five-year authorization for Authorized Capital (Sec. 202(1) of the Stock Corporation Act) and the issue of convertible bonds (Sec. 221(2) of the Stock Corporation Act). Consequently, the Management Board and the Supervisory Board propose that the General Meeting pass a resolution granting the Company authorization to acquire its own shares which is valid for five-years.

In deciding on the use of the own shares, the Management Board shall be guided solely by the interests of the shareholders and of the Company. The Management Board shall report to the General Meeting on any exercise of the proposed authorization.

In acquisition of own shares, the principle of equal treatment is to be applied pursuant to Sec. 53a of the Stock Corporation Act. Such envisioned acquisition of the shares on the

Stock Exchange or through a public offer to buy (or a public call to submit a sell offer) adheres to this principle. Insofar as a public offer or a public call to submit an offer is oversubscribed, acquisition must take place pro rata. For the re-sale of own shares that have been acquired, the law provides in principle for the sale on the Stock Exchange or through an offer to all shareholders, by which means the principle of equal treatment pursuant to Sec. 53a of the Stock Corporation Act is adhered to.

The General Meeting can however also resolve on disposal by other means in appropriate application of Sec. 186(3) and (4) of the Stock Corporation Act. In this respect, the resolution provides that the Management Board is authorized to effect disposal of the acquired own shares in another manner than on the Stock Exchange or through an offer addressed to all shareholders, if the own shares that have been acquired are sold in return for a cash payment at a price which is not significantly lower than the stock exchange price of shares of the Company of a similar class and terms of issue at the time of disposal. According to the current state of discussion in the reference material, a deduction from the current stock exchange price is considered permissible in an amount of up to 10 % of the stock exchange price. This authorization makes use of the possibility to exclude subscription rights as permitted in Sec. 71(1) no. 8 of the Stock Corporation Act, in appropriate application of Sec. 186(3) sentence 4 of the Stock Corporation Act. All in all, the shareholders' assets and voting right interests are suitably maintained in the case of disposal of the own shares to third parties, excluding the shareholders from the subscription right on the basis of Sec. 71 (1) no. 8 of the Stock Corporation Act. The authorization is restricted to a total of a maximum of 10 % of the Company's share capital which is in existence at the time when the resolution is passed. Shareholders who are interested in maintaining their quota of voting rights may on principle acquire a corresponding additional number of shares on the Stock Exchange. The Management Board and the Supervisory Board take the view that this framework serves the Company's interests, given the strategy pursued by the Company, and is also suitable for serving the shareholders' interests.

The resolution further provides for an authorization for the Management Board, with the consent of the Supervisory Board, to use the acquired own shares in whole or in part to satisfy the claims of the Company's employees accruing from the Company's Stock Program. In respect of details, reference is made to the notes to the consolidated financial statements and the section entitled "Remuneration Report" in the annual report for the fiscal year 2009. In practical terms, this form of use is contingent on the subscription right of the shareholders being ruled out in this respect with regard to their own shares; this is provided for by the resolution.

Furthermore, the resolution provides for authorization of the Management Board to offer to third parties, and/or to make use of, all or some of the acquired own shares as (part) consideration, in the context of mergers or in the (also indirect) acquisition of enterprises, parts of enterprises or holdings in enterprises. When opportunities arise, the Company is to be enabled to implement targeted acquisitions of enterprises or of holdings in the context of the Company's object, as set out in its Articles of Association. In the international context in particular, owners of enterprises and holdings frequently expect to receive shares in the acquiring company as consideration for the sale of the enterprise or holding. The proposed authorization places the Company in a position in which it is also able for instance to make use of available own shares as consideration in concrete acquisition projects in which it may be in competition with other prospective buyers, and hence under certain circumstances to be able to forego increasing the share capital in return for capital subscribed in kind as would otherwise be necessary. In practical terms, this form of use is also contingent on the subscription right of the shareholders being ruled out in this respect with regard to their own shares, which is provided for by the resolution in this sense.

The Management Board is to be authorized, with the consent of the supervisory board, to use own shares that have been acquired to meet obligations from conversion rights or duties

or from conversion bonds, warrant-linked bonds, profit participation bonds or participatory rights (or combinations of such instruments). This authorization is in the interest of the Company and of the shareholders because it enables the Company, insofar as is proper in the concrete case, to avoid issuing new shares from the authorized but unissued capital, and hence increasing the capital and diluting shareholders' voting rights and quotas. The price at which the shares are issued depends in such a case on the respective circumstances of the individual case and on the time. In setting prices, the Management Board will be guided by the interests of the Company. If the shares are used to service bonds, the price at which the shares are sold will correspond to the respective exercise price for the bonds. It is once more a prerequisite in practical terms for the subscription right of the shareholders to be ruled out in this respect with regard to their own shares, which is a constitutive element of the resolution.

Own shares acquired on the basis of the present authorizing resolution may be withdrawn by the Company without a new resolution from the General Meeting if the Supervisory Board consents. In accordance with Sec. 237(3) no. 3 of the Stock Corporation Act, the Company's General Meeting may resolve to withdraw its fully paid-up shares without thereby necessitating a decrease in the share capital of the Company. The proposed authorization explicitly provides for this alternative, in addition to a withdrawal that is coupled with a capital decrease. In the event of withdrawal of the own shares without a capital decrease, the mathematical proportion of the other shares in the Company's share capital increases automatically. The Management Board shall hence be authorized to effect the amendment to the Articles of Association necessitated thereby with regard to the number of shares altered by such withdrawal.

On the basis of the above considerations, the Management Board and the Supervisory Board regard the proposed authorization to acquire own shares as being in the interest of the shareholders, and consider it to justify in individual cases exclusion of the shareholders' subscription right. The corporate bodies shall hence examine and consider in each individual case whether the sale or other use of own shares, leading to the exclusion of the subscription right, is in the overriding interest of the Company.

## **2. Report of the Management Board pursuant to Items no. 8 and 9 of the Agenda (Resolution on the creation of Authorized Capital; amendments to Secs. 4(5) and (6) of the Articles of Association) pursuant to Sec. 203(2) sentence 2 in conjunction with Sec. 186(4) sentence 2 of the Stock Corporation Act**

The Management Board and the Supervisory Board propose that the General Meeting pass a resolution to create authorized capital to enable the Company to react at short notice to market conditions without convening a new General Meeting. The authorizations granted to the Company by the General Meeting of 30 May 2005 (taking into account the second resolution passed on 31 May 2005) to create authorized capital expire on 29 May 2010 and are, therefore, to be replaced by new authorizations. The amounts for the authorized capital reflect the decrease of the share capital from EUR 55,000,000 to EUR 52,000,000 that occurred in the 2008 fiscal year. As before, the authorization is limited to 5 years. In detail:

In total, authorized capital up to the highest amount permitted by applicable law of together EUR 26,000,000 is to be created. This corresponds to 50% of the Company's current share capital. The authorizations are to be granted for the maximum period permitted by law of five years each (until 21 April 2015). In line with the system used for the existing authorizations, it is proposed that the General Meeting pass a resolution with regard to the creation of authorized capital to create two sets of authorized capital (Authorized Capital I 2010 and Authorized Capital II 2010). Within the scope of the Authorized Capital I 2010, the Management Board is only authorized to increase capital against contributions in cash, whilst with the Authorized Capital II 2010 a possibility is created to increase the capital against contributions in cash or in kind. The Authorized Capital I 2005 will be replaced by the Authorized Capital I 2010 and

the Authorized Capital II 2005 will be replaced by the Authorized Capital II 2009. The existing authorized capitals are cancelled.

In general, the new shares originating from the use of the authorized capital must be offered to the shareholders for subscription. The subscription right may be also granted to the shareholders in such way that the new shares are assumed by a bank or a company operating in accordance with Sec. 53 (1) sentence 1 or Sec. 53b (1) sentence 1 or (7) of the of the Banking Act (KWG) with the obligation to offer them to the shareholders for subscription (Secs 203 (1), 186 (5) of the Stock Corporation Act ). However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in whole or in part in certain cases. In detail:

a) Exclusion of subscription rights with regard to the Authorized Capital I 2010

The Management Board and the Supervisory Board propose to the General Meeting to create an Authorized Capital I 2010 in the nominal aggregate amount of EUR 5,200,000, which can be used against contributions in cash.

The Management Board is to be authorized to exclude fractions from the subscription right. This serves to create a practical subscription ratio. Without the exclusion of the subscription right for fractions, the technical implementation of the increase of capital and the exercise of the subscription would be complicated, especially if the capital was increased in rounded amounts. If the fractions are restricted the potential dilution effect is very small. The new shares excluded from the subscription right of shareholders as peak amounts are either sold through the stock exchange or otherwise realized favorably for the Company.

Furthermore, the Management Board is to be authorized, with the consent of the Supervisory Board, to exclude subscription rights to the extent this is necessary for the grant of subscription rights to new shares to the holders of convertible or warrant-linked bonds if provided for in the bond conditions. Bonds normally include protection against dilution to make it easier to place them in capital markets whereby the bondholders can be granted subscription rights to new shares in the event of a subsequent share issue which corresponds to the rights granted to shareholders. This also applies to the convertible bonds issued by the Company in the 2007 fiscal year. Often the Conditional Capital is insufficient to satisfy these subscription rights of bondholders, particularly since the size of the future share issue cannot be predicted at the time the relevant Conditional Capital is created. In order to give the bonds this kind of protection against dilution, the subscription rights must be satisfied from Authorized Capital. Thus when utilizing Authorized Capital the subscription rights of the shareholders in relation to these shares must be excluded. This facilitates the placement of the bonds and thus promotes the interest of the shareholders in an optimal financing structure for the Company .

Furthermore, in accordance with Sections 203(2), 186(3) sentence 4 of the Stock Corporation Act the Management Board is to be authorized, with the consent of the Supervisory Board, with regard to an increase amount not exceeding 10% of the Company's share capital at the time of such resolution to exclude the subscription right of the shareholders if the new shares are issued at an issue amount not substantially lower than the stock market price. This authorization enables the Company to rapidly and flexibly make use of the market opportunities in its various business segments and, if necessary, to satisfy any capital needs for these measures at very short notice. The exclusion of the subscription right does not only enable the Management to operate faster but also to place the shares at a price close to the stock market price, i.e. without the markdown required in case of rights emissions. This results in higher emission proceeds for the benefit of the Company. In addition, with such a placement new groups of shareholders may be acquired.

In case the subscription right is complied with, Sec. 186(2) of the Stock Corporation Act provides for the possibility not to determine the concrete issue amount when publishing the subscription period but to only indicate the basis for its determination. However, even in this

case, it cannot be expected that the best possible placement success will be achieved for the Company because the issue amount must be published at least three days prior to the expiry of the subscription period. In addition, if a subscription right is granted, the successful placement with third parties is jeopardized or entails additional expenses and or time because it is uncertain to what extent the subscription right is exercised (subscription conduct). Thus, the best possible reinforcement of equity capital is achieved by the authorization to exclude the shareholders' subscription rights in the interest of the Company and all shareholders.

When exercising the authorization, the Management Board will calculate the markdown as insignificant as possible taking into account the market situation prevailing after the date of the placement. According to expert literature, a maximum markdown on the stock market price of 5% of the current stock market price at the time the authorized capital is exercised is considered to be legally permissible. The exclusion of the subscription right may not exceed 10% of the Company's current share capital. In calculating this 10% limit of the share capital, an allowance shall be made for the granting of option or conversion rights for company shares with the exclusion of subscription rights after this authorization, i.e. since 22 April 2010, in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act. Finally, in calculating this 10% limit an allowance shall be made for sales of own shares with the exclusion of the subscription right in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act. In addition, this authorization to exclude the subscription right shall only apply under the condition that the shares issued under exclusion of the subscription right since the granting of this authorization, i.e. since 22 April 2010, may not exceed an aggregate of 20% of the share capital at the time of such resolution. This ensures that when exercising the Authorized Capital I 2010 and the Authorized Capital II 2010 (provided the General Meeting grants both authorizations) the exclusion of subscription rights is limited to an aggregate amount of 20%.

In accordance with the statutory provisions, the need for protection of the shareholders with regard to a protection against the dilution of their share ownership is accounted for by these requirements. Because of the issuing price being close to the stock market price and the limiting of the size of the capital increase without subscription rights, in principle, each shareholder has the opportunity to acquire the shares required to maintain his/her/its shareholding at almost identical conditions through the stock exchange. Thus, it is ensured that in accordance with the legal purpose of Sec. 186(3) sentence 4 of the Stock Corporation Act the financial and voting right interests are reasonably safeguarded when exercising the Authorized Capital I with the exclusion of the subscription right, while at the same time the Company gains reasonable freedom to act in the interest of all shareholders.

Having considered all the described facts and circumstances, the Management Board and the Supervisory Board deem the exclusion of the subscription rights in the described cases both adequate and necessary for the above-described reasons even taking into account the dilution effect arising to the detriment of the shareholders.

#### b) Exclusion of subscription rights with regard to the Authorized Capital II 2010

The Management Board and the Supervisory Board propose that the General Meeting pass a resolution to create an Authorized Capital II 2010 in the nominal aggregate amount of EUR 20,800,00, which can be used against contributions in cash and/or in kind, once or several times.

The Management Board is to be authorized to exclude fractions from the subscription right. This is to be carried out for the same reasons as in the case of Authorized Capital I 2010 (see item a) above).

In case of a capital increase against contributions in kind for the purpose of the direct or indirect acquisition of companies, parts of companies or equity interests, the Management Board is furthermore authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders. In this case, however, the exclusion of subscription rights may not exceed 20% of the share capital at the time of the resolution. In calculating this 20% limit, an allowance shall be made after this authorization, i.e. after 22 April 2010, for the granting of option or conversion rights for Company shares with the exclusion of subscription rights in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act . An allowance shall also be made for capital increases exercising other authorized capital (in particular, the Authorized Capital I 2010 should the General Meeting grant the authorization for its creation), to the extent the capital increases take place with the exclusion of subscription rights in accordance with Sec. 203(2) and Sec. 186(3) sentence 4 of the Stock Corporation Act . Finally, in calculating this 20% limit a further allowance shall be made for sales of own shares excluding subscription rights.

By authorizing the capital increase against contributions in kind with the exclusion of subscription rights, the Management Board, without using the stock exchange, will have own Company shares available which it can use in appropriate individual cases to acquire companies, parts of companies or equity interests. Should the opportunity arise, the Company intends to acquire companies, parts of companies or equity interests within the framework of the purpose of the Company as defined by its Articles of Association in order to further strength its competitive position and thus enable long-term and continuous revenue growth. As in case of an acquisition a capital increase must take place at short notice, the capital increase normally cannot be resolved on directly by the General Meeting which only occurs once a year. As it requires much time and effort, here in particular much lead time, the convening of an extraordinary General Meeting is usually not appropriate and therefore not suitable. For that reason, Authorized Capital II which the Management Board can access quickly with the consent of the Supervisory Board must be created.

The Company is in competition with other companies. Therefore it must always be able to act quickly and flexibly in the changing markets in the interest of its shareholders. This includes the direct or indirect acquisition of companies, parts of companies or equity interests in order to strength the Company's competitive position. Experience shows that the direct or indirect acquisition of companies, parts of companies or equity interests is increasingly affecting larger units. Often the seller insists on receiving shares in the acquiring company as a consideration for selling the company or interest, as this may be more favorable for the seller. Therefore the opportunity to offer own shares as acquisition currency creates an advantage when competing for attractive acquisition targets. The proposed authorization gives the Company the necessary scope to quickly and flexibly exploit opportunities to acquire other companies, equity interests or parts of companies and enables the Company to exercise the Authorized Capital to acquire larger companies, equity interests or parts of companies for also offering own shares as consideration should the occasion arise. The exclusion of subscription rights will in fact lead to a reduction of the relative participation ratio and the relative proportion of voting rights of the existing shareholders. However, if a subscription right is granted, it would not be possible to acquire companies, equity interests or parts of companies for offering own shares and the advantages for the Company and its shareholders would be not realized.

Currently, no concrete acquisitions for which this opportunity is to be used are contemplated. In each individual case, the Management Board will carefully examine whether it will make use of the authorization to increase capital with the exclusion of subscription rights if opportunities to acquire companies, equity interests or parts of companies against the issuing of new shares arise. The Management Board will only make use of its authorization if the acquisition of companies or equity interests for granting shares is in the best interest of the

Company. Only if this prerequisite is fulfilled the Supervisory Board will give its required consent.

Naturally, an issue amount cannot be determined at present as there are no concrete plans to make use of this authorization. Therefore, the Management Board, with the consent of the Supervisory Board, shall be authorized by law to determine the relevant issue amount. According to customary practice, the issue amount can also be determined to be the amount of the imputed proportion ratio of the shares in the share capital. This is to mitigate the risk that in case of unobjectifiable valuations payment obligations or liabilities will be linked to the determination of the issue amount as value of the consideration in kind assumed by the Company and the subscriber (Inferent). In the concrete case, the Management Board will, of course, carefully examine whether the number of shares issued to acquire a company, an equity interest or a part of a company correspond to the agreed value of this asset.

Furthermore, the Management Board is to be authorized, with the consent of the Supervisory Board, to exclude subscription rights to the extent this is necessary for the grant of subscription rights to new shares to the holders of convertible or warrant-linked bonds if provided for in the bond conditions. This is done for the same reasons as in the case of Authorized Capital I 2010 (see a) above on this).

The Management Board will report on the exercise of the Authorized Capital in the next General Meeting.

### **3. Report of the Management Board to the General Meeting on Item 11 of the Agenda (Resolution on the authorization to issue convertible bonds and/or warrant-linked bonds, also with the exclusion of a subscription right; creation of Conditional Capital; insertion of a new subsection in Sec. 4 of the Articles of Association) in accordance with Sec. 221(4) sentence 2 in conjunction with Sec. 186(4) sentence 2 of the Stock Corporation Act**

The Management Board and Supervisory Board propose that the General Meeting pass a resolution on the authorization and the creation of conditional capital for the issuance of convertible bonds and/or warrant-linked bonds (collectively the "bonds"). The issuance of bonds (or the combination of these instruments, as the case may be) may provide a further opportunity, in addition to the conventional possibilities of raising debt and equity capital, to make use, depending on the market situation, of attractive financing alternatives on the capital market. The issuance is to be limited to a total nominal value of the bonds of up to EUR 500,000,000 and an entitlement to subscribe up to 22,360,000 no-par value bearer shares of the Company.

The issuance of bonds facilitates the raising of debt capital at favorable conditions (compared to the conventional debt financing) which may be converted into equity capital upon maturity under certain conditions and thus may remain with the Company. The envisaged possibility to create also conversion obligations in addition to the granting of conversion and/or option rights provides more leeway for the structuring of the financing instrument. The authorization will provide the Company with the necessary flexibility to place the bonds itself or via affiliates managed by the Company ("Group Affiliates"). In addition to Euro, the bonds may also be denominated in other legal currency, for example that of an OECD country, and may be issued with limited or unlimited duration.

Shareholders shall generally be granted a subscription right. In case of a placement via Group Affiliates, the Company shall also ensure that the shareholders are granted the statutory subscription right. In order to facilitate the settlement, the possibility is provided to issue the bonds to one or several credit institutions with the obligation to offer the bonds to the shareholders for subscription in accordance with their subscription right.

However, the Management Board shall also be authorized to exclude, with the approval of the Supervisory Board, the subscription right of the shareholders to the extent that the issuance of shares under conversion or option rights or conversion obligations is restricted to a maximum of 10 % of the share capital of the Company. This possibility to exclude the subscription right provides the Company with the flexibility to seize favorable capital market situations on a short-term basis and, by determining the conditions in accordance with prevailing market terms, to achieve better terms regarding the interest rates and issue price of the bond. The decisive factor is that, as opposed to an issue of bonds with subscription right, the issue price can be determined immediately before the placement, thereby avoiding an increased risk of price change for the duration of the subscription period. In contrast, where a subscription right is granted, the subscription price would have to be disclosed until three days prior to the end of the subscription period. In view of the frequently observed volatility on the stock markets, the market risk would still be immanent for a number of days, which would result in safety margins deducted when stipulating the terms and conditions of the bond. The subscription period would also make it more difficult to respond to favorable market conditions on a short-term basis. Particularly in case of bonds, the granting of a subscription right could jeopardize any successful placement with third parties, or result in additional expenses, due to the uncertainty of the exercise thereof. By determining the issue price of the bonds in these cases not materially below the notional market value computed in accordance with generally accepted financial mathematical methods, the shareholders' need for protection with regard to an economic dilution of their shareholding is to be accounted for. If the issue price were equivalent to the market value, the value of the subscription right would virtually be decreased to zero. Thus, the shareholders will not suffer any significant economic disadvantages on account of the exclusion of the subscription rights. The Management Board will endeavor to achieve the highest issue price possible and to keep any economic discount on the price at which the current shareholders can buy additional shares via the market as low as possible. Shareholders who would like to maintain their share in the Company's share capital can achieve this by way of additional purchases via the market on roughly the same terms and conditions. Any relevant losses in the proportions of their shareholdings can also be ruled out from the viewpoint of the shareholders. The authorization is restricted to the issue of conversion and/or option rights (also with conversion obligations), which account for up to 10 % of the Company's share capital. Any other issue of shares against cash consideration or sale of own shares shall be taken into account in these 10 % of the share capital, to the extent that such shares are issued under exclusion of the subscription right pursuant to Sec. 186(3) sentence 4 of the Stock Corporation Act during the term of the proposed authorization. Thereby it is ensured that no bonds are issued where this would result in the exclusion of the subscription right of the shareholders for a total of more than 10 % of the share capital in direct or indirect application of Sec. 186(3) sentence 4 of the Stock Corporation Act. This further restriction is in the best interest of the shareholders who would like to maintain, if possible, the proportion of their shareholding in case of corporate action to this effect; in such cases, their additional investment may be limited to a maximum of 10 % of their shareholding.

Moreover, the Management Board shall be authorized, with the approval of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription right. Such fractional amounts may result from the amount of the respective issuance volume and the need for a practicable subscription ratio. In these cases, the exclusion of the subscription right for fractional amounts facilitates the implementation of the corporate measure. The fractional new shares, which are excluded from the subscription right of the shareholders, will either be sold via the stock exchange or otherwise disposed of best possible to the benefit of the Company. The restriction of the exclusion to fractional amounts does not result in any significant dilution for the shareholders; in the opinion of the Management Board, such restriction is justified in view of the circumstances and appropriate.

Furthermore, the Management Board is to be provided with the possibility to exclude, with the approval of the Supervisory Board, the subscription right of the shareholders in order to



grant to the bearers or holders of conversion and/or option rights or convertible bonds with conversion obligation subscription rights for the same number of shares to which they would be entitled as shareholders upon exercise of their conversion or option rights or upon compliance with their conversion obligations. Thereby it is avoided that the bearers/holders of conversion and/or option rights (also with conversion obligation) are placed at an economic disadvantage; they are granted dilution protection which is in accordance with the capital market practice, which facilitates the placement of the convertible and/or warrant-linked bond, and which enables the Company to have a higher cash inflow, as there is no need in these cases for a reduction of the conversion and/or option price or for any other dilution protection. The only disadvantage for the former shareholders lies in the fact that the bearers/holders of conversion and/or option rights (also with conversion obligation) are granted a subscription right to which they would in any event be entitled if they had already exercised their conversion and/or option rights or complied with their conversion obligation. Consequently, a consideration of the pros and cons, the exclusion of the subscription rights appears reasonable in this case.

**Munich, March 2010**

**MTU Aero Engines Holding AG**

**The Management Board**