

## Q3 2007 Results– MTU Aero Engines



Conference Call with Investors and Analysts  
October 25th, 2007

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## Key Business Issues Q3 2007

### **Commercial Business**

- Strong market fundamentals driving series and spare parts sales
  - Passenger Traffic +7.2% (IATA Jan-Aug 07)
  - Cargo traffic +3.9% (IATA Jan-Aug 07)
- Geared turbofan engine to power new Mitsubishi Regional Jet

### **Military Business**

- Anticipated delay in A400M deliveries has limited impact on MTU
- Saudi Arabian Eurofighter order to be finalized in 2007

### **Commercial MRO**

- Stefan Weingartner to succeed Bernd Kessler as head of MRO division
- ERP system integration completed, MRO recovery progressing

### **Others**

- Share buy backs intensified: currently 3,5 m shares or 6,4% held by company
- Additional 2 m shares to be bought back by year end

## 9 Month Financial Highlights

### Order Backlog

- Group order backlog decreased by 9.3% to 3,032.9m€ compared to 31.12.2006 – nearly stable after adjustment for US\$ exchange rate effects

### Revenues

- Group revenues increased by 5.9% to 1,886.8 m€

### EBITDA adj.

- Group EBITDA up by 21.9% to 280.8 m€, reaching 14.9% margin

### Cash Flow

- Free Cash Flow at 119.7m€

### Underlying Net Income/ EPS

- Underlying Net Income increased by 16.6% to 102.5m€ or 1.94€ EPS
- Adjusted for the HYB redemption premium (19.1m€), the underlying Net Income would have increased to 113.8m € (+29.5%) or 2.16 € EPS

## US\$ Exchange rate / Hedge portfolio

USD daily average exchange rate from 01/02/2004 to 09/30/2007



Hedging in place as of 30 Sept. 2007	% of open exposure hedged	Average exchange rate
2007	58% (175 mUS\$ )	1,2984
2008	45% (375 mUS\$ )	1,3081
2009	7% (70 mUS\$ )	1,3550

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## OEM Segment

	30.09.2007	31.12.2006	Change
<b>Order backlog in m€</b>	<b>2,933.5</b>	<b>3,218.4</b>	<b>-8.9%</b>
Commercial Business in m\$	2,299.1	2,325.4	-1.1%
Military Business in m€	1,312.0	1,452.7	-9.7%

in m€	per 9 2007	per 9 2006	Change
<b>Revenues</b>	<b>1,153.8</b>	<b>1,061.9</b>	<b>8.7%</b>
Commercial Business	811.5	746.5	8.7%
Military Business	342.3	315.4	8.5%
<b>Gross profit</b>	<b>236.8</b>	<b>178.7</b>	<b>32.5%</b>
<i>Gross profit margin</i>	<i>20.5%</i>	<i>16.8%</i>	
<b>R&amp;D self-financed</b>	<b>50.7</b>	<b>50.6</b>	
<b>EBITDA adj.</b>	<b>210.5</b>	<b>152.3</b>	<b>38.2%</b>
<i>EBITDA adj. margin</i>	<i>18.2%</i>	<i>14.3%</i>	

### Order backlog

- Commercial Business US\$ Order Backlog stable.

### Revenues

- Commercial Business organic sales growth + 13% (adjusted for US\$ effects).

### Gross Profit

- Increased by 32.5% to 20.5% margin

### EBITDA adj.

- Increased by 38.2% reaching 18.2% margin

## MRO Segment

in m US\$	30.09.2007	01.01.2007	Change
<b>Contract Volume MRO (in mUS\$)</b>	<b>6,407.8</b>	<b>4,847.0</b>	<b>32.2%</b>
Order backlog (in mUS\$)	141.5	163.4	-13.4%

in m€	per 9 2007	per 9 2006	Change
<b>Revenues</b>	<b>753.2</b>	<b>735.5</b>	<b>2.4%</b>

<b>Gross profit</b>	<b>68.2</b>	<b>92.6</b>	<b>-26.3%</b>
<i>Gross profit margin</i>	<i>9.1%</i>	<i>12.5%</i>	
<b>R&amp;D self-financed IFRS</b>	<b>7.0</b>	<b>4.4</b>	

<b>EBITDA adj.</b>	<b>70.3</b>	<b>79.4</b>	<b>-11.5%</b>
<i>EBITDA adj. margin</i>	<i>9.3%</i>	<i>10.8%</i>	

### Order backlog

- US \$ Contract volume increased by 32.2%

### Revenues

- Organic (US\$) growth 10.6%

### Gross Profit

- Decreased from 12.5% to 9.1% Gross Profit margin. Depreciation of CF34 Licence (14.7m), additional burdens due to ERP Hannover

### EBITDA adj.

- Margin decreased from 10.8% to 9.3%



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## Financial Result

in m€	per 9 2007	per 9 2006	Change
<b>Income non-consolidated subsidiaries companies / Income from associated companies / Loss from shares in affiliated companies</b>	<b>0.4</b>	<b>-0.1</b>	
<b>Interest Result</b>	<b>-27.2</b>	<b>-14.9</b>	<b>82.6%</b>
Interest Income	5.7	14.3	
Interest Payments	-32.9*)	-29.2	
<b>Other Financial Result</b>	<b>-22.1</b>	<b>-8.0</b>	<b>176.3%</b>
Gains/losses US\$ cash/financing/ Capital lease valuation	-1.4	1.1	
Interest expenses for pension provisions	-14.5	-13.8	
Non cash valuations (interest swaps/Nickel hedging)	-6.1	4.9	
Interest R&D provisions and others	-0.1	-0.2	
<b>Total Financial Result</b>	<b>-48.9</b>	<b>-23.0</b>	<b>112.6%</b>

\*) Interest payments include 19.1m€ redemption fee for the High Yield Bond

## Underlying Net Income and EPS underlying

in m€	per 9 2007	per 9 2006	Change
<b>EBITDA adj.</b>	<b>280.8</b>	<b>230.4</b>	<b>21.9%</b>
Depreciation / amortisation w/o PPA	-74.1	-58.7	
w/o extraordinary write-off of CF34 licence	14.7		
<b>EBIT underlying</b>	<b>221.4</b>	<b>171.7</b>	<b>28.9%</b>
Financial result	-49.5	-24.2	
<b>EBT underlying</b>	<b>171.9</b>	<b>147.5</b>	<b>16.5%</b>
underlying Tax (40,4%)	-69.4	-59.6	
<b>Underlying Net Income</b>	<b>102.5</b>	<b>87.9</b>	<b>16.6%</b>
<b>EPS underlying in €</b>	<b>1.94</b>	<b>1.61</b>	<b>20.5%</b>
Avg. weighted number of outstanding shares	52.8m	54.5m	

## Reported Net Income and EPS

in m€	per 9 2007	per 9 2006	Change
<b>EBIT reported</b>	<b>165.3</b>	<b>152.4</b>	<b>8.5%</b>
Financial Result	-49.5	-24.2	
<b>EBT</b>	<b>115.8</b>	<b>128.2</b>	<b>-9.7%</b>
Current tax expense	-51.2	-51.2	
Defered tax expense	52.4 *)	-1.8	
<b>Net Income reported</b>	<b>117.0</b>	<b>75.2</b>	<b>55.6%</b>
<b>EPS in €</b>	<b>2.22</b>	<b>1.38</b>	<b>60.9%</b>
Avg. weighted number of outstanding shares	52.8m	54.5m	

\*) per 09/2007: including one-off effect out of the revaluation of deferred taxes (49.6m€) due to German Corporate Tax Reform.

## Cash Flow

in m€	per 9 2007	per 9 2006	Change
<b>Cash Flow from operating activities</b>	<b>179.8</b>	<b>141.7</b>	<b>26.9%</b>
<b>Cash Flow from investing activities</b>	<b>-60.1</b>	<b>-46.2</b>	<b>30.1%</b>
<b>Free Cash Flow</b>	<b>119.7</b>	<b>95.5</b>	<b>25.3%</b>
<b>Cash Flow from financing activities</b>	<b>-119.9</b>	<b>-30.0</b>	
Neutral changes equity/assets	-0.8	0.7	
Change in cash and cash equivalents	-1.0	66.2	
Liquidity 30.09	101.2	88.2	

Financing activities include:

- Share buybacks: 2007 84.5m vs 37.5m in 2006
- Dividend payment : 2007 43.6m vs 40.2m in 2006

## Forecast 2007 – as Communicated on July 25th

in m€	FY2006	Per 09/2007	Guidance 2007	Delta
<b>Revenues</b>	2,416.2	1,886.8	2,600	+7.6%
<b>EBITDA adj.</b>	318.2	<b>280,8</b>	<b>385</b>	<b>+21.0%</b>
<b>EBITDA adj. margin</b>	13.2%	<b>14.9%</b>	<b>14.8%</b>	
<b>Free Cash Flow</b>	115.7	<b>119.7</b>	<b>120</b>	<b>+3.7%</b>
<b>Underlying Net Income</b>	121.8	<b>102.5</b>	<b>150</b>	<b>+23.2%</b>

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## Profit & Loss

In m€	Q3 2007	Q3 2006	change	Per 09/2007	Per 09/2006	change
<b>Revenues</b>	<b>626.2</b>	<b>612.4</b>	<b>2.3%</b>	<b>1,886.8</b>	<b>1,782.4</b>	<b>5.9%</b>
Total cost of sales	-518.2 *)	-512.5	1.1%	-1,575.2	-1,511.2	4.2%
<b>Gross profit</b>	<b>108.0</b>	<b>99.9</b>	<b>8.1%</b>	<b>311.6</b>	<b>271.2</b>	<b>14.9%</b>
<i>Gross profit margin</i>	<i>17.2%</i>	<i>16.3%</i>		<i>16.5%</i>	<i>15.2%</i>	
R & D company funded	-21.7	-12.7		-55.1	-42.9	
SG&A	-32.0	-31.4		-92.1	88.7	
Other operating income (expense)	-2.7	10.9		0.9	12.8	
<b>EBIT reported</b>	<b>51.6</b>	<b>66.7</b>	<b>-22.6%</b>	<b>165.3</b>	<b>152.4</b>	<b>8.5%</b>
<b>EBITDA reported</b>	<b>99.8</b>	<b>101.3</b>	<b>-1.5%</b>	<b>280.8</b>	<b>261.1</b>	<b>7.5%</b>
<b>EBITDA adjusted</b>	<b>99.8</b>	<b>84.1</b>	<b>18.7%</b>	<b>280.8</b>	<b>230.4</b>	<b>21.9%</b>
Financial result	-10.1	-9.9		-48.9	-23.0	
Share of income/loss of Joint Ventures accounted for using the equity method	0.0	-0.3		-0.6	-1.2	
<b>Profit before Tax (EBT)</b>	<b>41.5</b>	<b>56.5</b>	<b>-26.5%</b>	<b>115.8</b>	<b>128.2</b>	<b>-9.7%</b>
Taxes	30.5	-23.1		1.2	-53.0	
<b>IFRS net income</b>	<b>72.0</b>	<b>33.4</b>	<b>115.6%</b>	<b>117.0</b>	<b>75.2</b>	<b>55.6%</b>

\*) including write-off CF34 licence of 14.7m€



## Revenues / Cost of sales

in m€	Q3 2007	Q3 2006	change	Per 09/ 2007	Per 09/2006	change
<b>Revenues</b>	<b>626.2</b>	<b>612.4</b>	<b>2.3%</b>	<b>1,886.8</b>	<b>1,782.4</b>	<b>5.9%</b>
OEM Commercial	266.6	261.1	2.1%	811.5	746.5	8.7%
OEM Military	119.0	111.0	7.2%	342.3	315.4	8.5%
MRO	247.9	245.7	0.9%	753.2	735.5	2.4%
Consolidation	-7.3	-5.4		-20.2	-15.0	
<b>Cost of Sales</b>	<b>-518.2</b>	<b>-512.5</b>	<b>1.1%</b>	<b>-1,575.2</b>	<b>-1,511.2</b>	<b>4.2%</b>
<b>OEM (commercial / military)</b>	<b>-289.8</b>	<b>-296.6</b>	<b>2.3%</b>	<b>-917.0</b>	<b>-883.2</b>	<b>3.8%</b>
<b>MRO</b>	<b>-237.1</b>	<b>-221.2</b>	<b>7.2%</b>	<b>-685.0</b>	<b>-642.9</b>	<b>6.5%</b>
<b>Consolidation</b>	<b>8.7</b>	<b>5.3</b>		<b>26.8</b>	<b>14.9</b>	

## Gross Profit / EBIT reported

in m€	Q3 2007	Q3 2006	change	Per 09/2007	Per 09/2006	change
<b>Gross Profit</b>	<b>108.0</b>	<b>99.9</b>	<b>8.1%</b>	<b>311.6</b>	<b>271.2</b>	<b>14.9%</b>
OEM (commercial / military)	95.8	75.5	26.9%	236.8	178.7	32.5%
MRO	10.8 *)	24.5	-55.9%	68.2	92.6	-26.3%
Consolidation	1.4	-0.1		6.6	-0.1	
<b>EBIT reported</b>	<b>51.6</b>	<b>66.7</b>	<b>-22.6%</b>	<b>165.3</b>	<b>152.4</b>	<b>8.5%</b>
<b>OEM (commercial / military)</b>	<b>59.3</b>	<b>52.4</b>	<b>13.2%</b>	<b>134.5</b>	<b>100.6</b>	<b>33.7%</b>
<b>MRO</b>	<b>-7.5</b>	<b>14.3</b>	<b>-152.4%</b>	<b>30.8</b>	<b>53.1</b>	<b>-42.0</b>
<b>Consolidation</b>	<b>-0.2</b>	<b>0.0</b>		<b>0.0</b>	<b>-1.3</b>	

\*) including write-off CF34 licence of 14.7m€

## Research & Development

in m€	Q3 2007	Q3 2006	Change	Per 09/2007	Per 09/2006	Change
<b>Company expensed R&amp;D</b>	<b>22.2</b>	<b>16.7</b>	<b>32.9%</b>	<b>57.7</b>	<b>55.0</b>	<b>4.9%</b>
OEM	18.8	16.5		50.7	50.6	
MRO	3.4	0.2		7.0	4.4	
<b>Capitalization of R&amp;D</b>	<b>-0.5</b>			<b>-2.6</b>		
<b>Consumption of R&amp;D provision</b>		<b>-4.0</b>			<b>-12.1</b>	
<b>R&amp;D according to IFRS</b>	<b>21.7</b>	<b>12.7</b>	<b>70.9%</b>	<b>55.1</b>	<b>42.9</b>	<b>28.4%</b>
<b>Customer funded R&amp;D</b>	<b>19.4</b>	<b>19.7</b>	<b>-1.5%</b>	<b>63.4</b>	<b>62.5</b>	<b>1.4%</b>
<b>Total R&amp;D</b>	<b>41.6</b>	<b>36.4</b>	<b>14.3%</b>	<b>121.1</b>	<b>117.5</b>	<b>3.1%</b>

## EBITDA reported / adjusted

in m€	Q3 2007	Q3 2006	Change	Per 09/2007	Per 09/2006	Change
<b>EBITDA reported</b>	<b>99.8</b>	<b>101.3</b>	<b>-1.5%</b>	<b>280.8</b>	<b>261.1</b>	<b>7.5%</b>
OEM (commercial / military)	84.7	78.5	7.9%	210.5	183.0	15.0%
MRO	15.3	22.8	-32.9%	70.3	79.4	-11.5%
Consolidation	-0.2	0.0		0.0	-1.3	
<b>EBITDA adjusted</b>	<b>99.8</b>	<b>84.1</b>	<b>18.7%</b>	<b>280.8</b>	<b>230.4</b>	<b>21.9%</b>
<b>OEM (commercial / military)</b>	84.7	61.3	38.2%	210.5	152.3	38.2%
<b>MRO</b>	15.3	22.8	-32.9%	70.3	79.4	-11.5%
<b>Consolidation</b>	-0.2	0.0		0.0	-1.3	
<b>EBITDA adjusted margin</b>	<b>15.9%</b>	<b>13.7%</b>		<b>14.9%</b>	<b>12.9%</b>	
<b>OEM (commercial / military) margin</b>	22.0%	16.5%		18.2%	14.3%	
<b>MRO margin</b>	6.2%	9.3%		9.3%	10.8%	

## EBITDA Adjustments- Group Level

in m€	Q3 2007	Q3 2006	Change	Per 09/2007	Per 09/2006	Change
<b>EBIT reported</b>	<b>51.6</b>	<b>66.7</b>	<b>-22.6%</b>	<b>165.3</b>	<b>152.4</b>	<b>8.5%</b>
Depreciation and amortization	48.2	34.6		115.5	108.7	
<b>EBITDA reported</b>	<b>99.8</b>	<b>101.3</b>	<b>-1.5%</b>	<b>280.8</b>	<b>261.1</b>	<b>7.5%</b>
R&D provision consumption		-4.0			-12.1	
Program value provision release		-2.7			-8.1	
Property sale		-10.5			-10.5	
<b>Total adjustments</b>	<b>0.0</b>	<b>-17.2</b>		<b>0.0</b>	<b>-30.7</b>	
<b>EBITDA adjusted</b>	<b>99.8</b>	<b>84.1</b>	<b>18.7%</b>	<b>280.8</b>	<b>230.4</b>	<b>21.9%</b>

## EBITDA Adjustments – Segmental Level (in m€)

<b>OEM Segment</b>	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>change</b>	<b>Per 09/2007</b>	<b>Per 09/2006</b>	<b>change</b>
<b>EBITDA reported OEM</b>	<b>84.7</b>	<b>78.5</b>	<b>7.9%</b>	<b>210.5</b>	<b>183.0</b>	<b>15.0%</b>
R&D cost, not expensed under IFRS		-4.0			-12.1	
Program value provision release		-2.7			-8.1	
Property sale		-10.5			-10.5	
<b>EBITDA adjusted OEM</b>	<b>84.7</b>	<b>61.3</b>	<b>38.2%</b>	<b>210.5</b>	<b>152.3</b>	<b>38.2%</b>

<b>MRO Segment</b>	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>change</b>	<b>Per 09/2007</b>	<b>Per 09/2007</b>	<b>change</b>
<b>EBITDA reported MRO</b>	<b>15.3</b>	<b>22.8</b>	<b>-32.9%</b>	<b>70.3</b>	<b>79.4</b>	<b>-11.5%</b>
<b>EBITDA adjusted MRO</b>	<b>15.3</b>	<b>22.8</b>	<b>-32.9%</b>	<b>70.3</b>	<b>79.4</b>	<b>-11.5%</b>

## Financial Result

in m€	Q3 2007	Q3 2006	Change	Per 09/2007	Per 09/2006	Change
<b>Income non-consolidated subsidiaries companies / Income from associated companies / Loss from shares in affiliated companies</b>	<b>0.4</b>	<b>-0.2</b>		<b>0.4</b>	<b>-0.1</b>	
<b>Interest Result</b>	<b>-2.5</b>	<b>-4.7</b>	<b>-46.8%</b>	<b>-27.2</b>	<b>-14.9</b>	<b>82.6%</b>
Interest Income	1.9	1.3		5.7	14.3	
Interest Payments	-4.4	-6.0		-32.9 *)	-29.2	
Interest Swaps						
<b>Other Financial Result</b>	<b>-8.0</b>	<b>-5.0</b>	<b>60.0%</b>	<b>-22.1</b>	<b>-8.0</b>	<b>176.3%</b>
Gains/losses US\$ cash/financing/ Capital lease valuation	0.0	0.7		-1.4	1.1	
Interest expenses for pension provisions	-4.8	-4.6		-14.5	-13.8	
Non cash valuations (swaps/commodity)	-3.0	-1.2		-6.1	4.9	
Interest R&D provisions and others	-0.2	0.1		-0.1	-0.2	
<b>Total Financial Result</b>	<b>-10.1</b>	<b>-9.9</b>	<b>2.0%</b>	<b>-48.9</b>	<b>-23.0</b>	<b>112.6%</b>

\*) Interest payments include 19.1m€ redemption fee for the High Yield Bond

## Cash Flow

in m€	Q3 2007	Q3 2006	Change	Per 09/2007	Per 09/2006	Change
<b>Net income IFRS</b>	<b>72.0</b>	<b>33.4</b>	<b>115.6%</b>	<b>117.0</b>	<b>75.2</b>	<b>55.6%</b>
Depreciation and amortisation	48.2	34.6		115.5	108.7	
Change in Provisions	42.2	33.2		47.1	34.0	
Change in Working Capital	-53.2	-73.8		-44.4	-72.4	
Deferred taxes	-51.3	2.2		-50.9	1.8	
Gains/losses associated comp. /others	1.4	-9.2		-4.5	-5.6	
<b>Cash Flow from operating activities</b>	<b>59.3</b>	<b>20.4</b>	<b>190.7%</b>	<b>179.8</b>	<b>141.7</b>	<b>26.9%</b>
<b>Cash Flow from investing activities</b>	<b>-21.2</b>	<b>-23.5</b>	<b>-9.8%</b>	<b>-60.1</b>	<b>-46.2</b>	<b>30.1%</b>
<b>Free Cash Flow</b>	<b>38.1</b>	<b>-3.1</b>	<b>1,329.0%</b>	<b>119.7</b>	<b>95.5</b>	<b>25,3%</b>
<b>Cash Flow from financing activities</b>	<b>-17.4</b>	<b>-3.6</b>	<b>383.3%</b>	<b>-119.9</b>	<b>-30.0</b>	<b>299.7%</b>
Effect of exchange rate on cash and cash equivalents	-0.3	-0.1		-0.8	0.7	
Change in cash and cash equivalents	20.4	-6.8		-1.0	66.2	



## Working Capital

in m€	30.09.2007	31.12.2006	Change	Change in %
Gross inventories	596.7	529.0	-67.7	
Prepayments	-664.7	-537.7	127.0	
Receivables	889.6	714.2	-175.4	
Payables	-558.8	-487.1	71.7	
<b>Working Capital</b>	<b>262.8</b>	<b>218.4</b>	<b>-44.4</b>	<b>-20.3%</b>

## PPA depreciation/amortisation (in m€)

<b>Total depreciation / amortisation</b>	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>Per 09/2007</b>	<b>Per 09/2006</b>
<b>MTU total</b>	<b>48.2</b>	<b>34.6</b>	<b>115.5</b>	<b>108.7</b>
OEM	25.4	26.1	76.0	82.4
MRO	22.8	8.5	39.5	26.3
<b>PPA depreciation / amortisation</b>	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>Per 09/2007</b>	<b>Per 09/2006</b>
<b>MTU total</b>	<b>13.4</b>	<b>15.1</b>	<b>41.4</b>	<b>50.0</b>
OEM	11.5	13.2	35.6	43.8
MRO	1.9	1.9	5.8	6.2
<b>Depreciation / amortisation w/o PPA</b>	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>Per 09/2007</b>	<b>Per 09/2006</b>
<b>MTU total</b>	<b>34.8</b>	<b>19.5</b>	<b>74.1</b>	<b>58.7</b>
OEM	13.9	12.9	40.4	38.6
MRO	20.9	6.6	33.7	20.1

## Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements that are forward-looking by reason of context, the words "may," "will," "should," "expect," "plan," "intend," "anticipate," "forecast," "believe," "estimate," "predict," "potential," or "continue" and similar expressions identify forward-looking statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) competition from other companies in MTU's industry and MTU's ability to retain or increase its market share, (ii) MTU's reliance on certain customers for its sales, (iii) risks related to MTU's participation in consortia and risk and revenue sharing agreements for new aero engine programs, (iv) the impact of non-compete provisions included in certain of MTU's contracts, (v) the impact of a decline in German or other European defense budgets or changes in funding priorities for military aircraft, (vi) risks associated with government funding, (vii) the impact of significant disruptions in MTU's supply from key vendors, (viii) the continued success of MTU's research and development initiatives, (ix) currency exchange rate fluctuations, (x) changes in tax legislation, (xi) the impact of any product liability claims, (xii) MTU's ability to comply with regulations affecting its business and its ability to respond to changes in the regulatory environment, (xiii) the cyclicity of the airline industry and the current financial difficulties of commercial airlines, (xiv) risks associated with the significant ownership of our equity by affiliates of Kohlberg Kravis Roberts & Co., (xv) our substantial leverage and (xvi) general local and global economic conditions. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The company assumes no obligation to update any forward-looking statement.

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