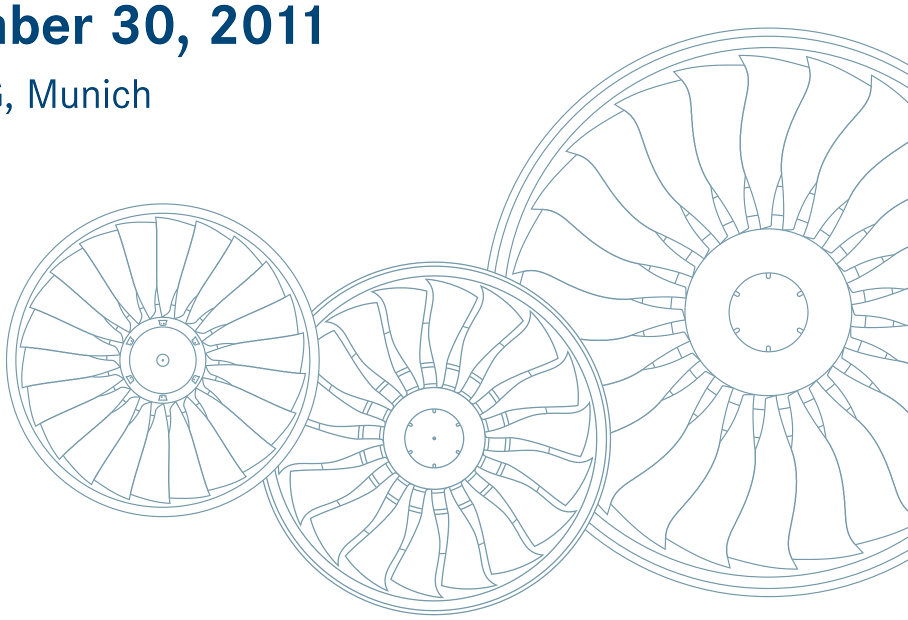
Quarterly Financial Report
January 1 to September 30, 2011

MTU Aero Engines Holding AG, Munich



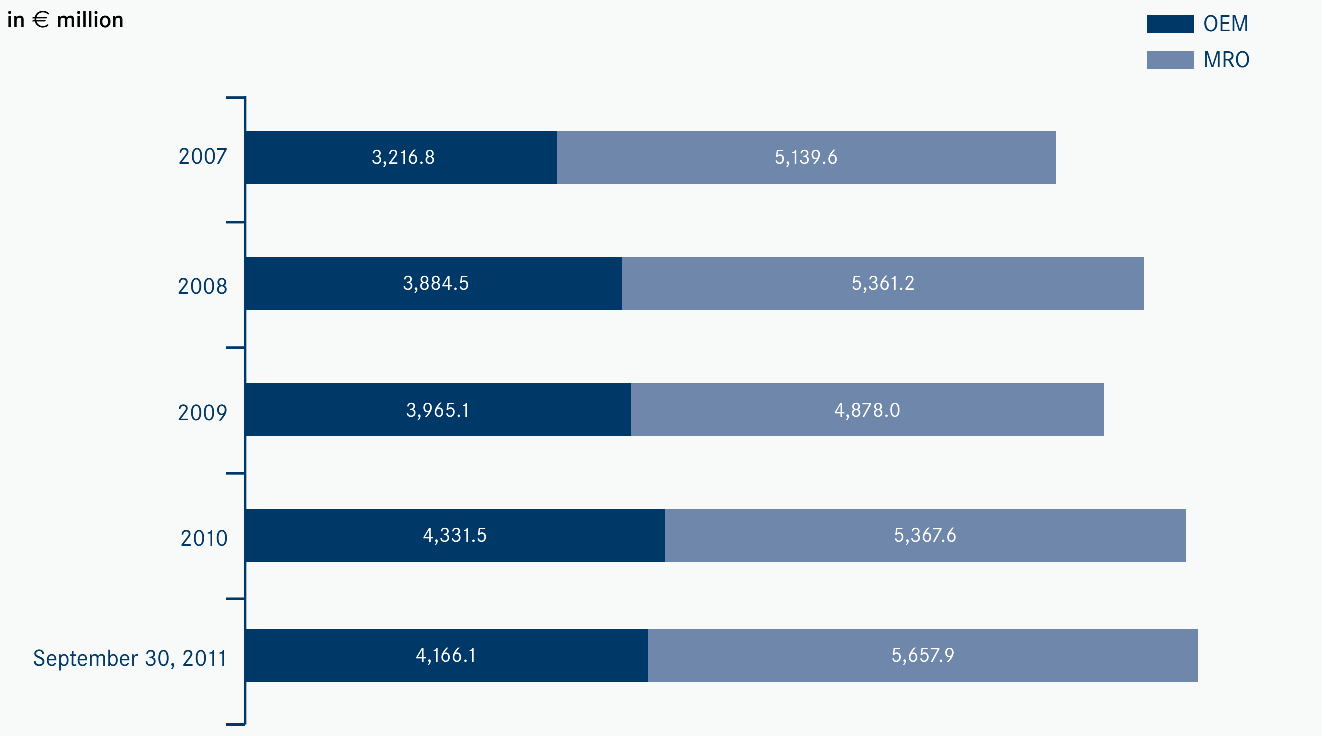
Contents

Key Facts and Figures for the Group

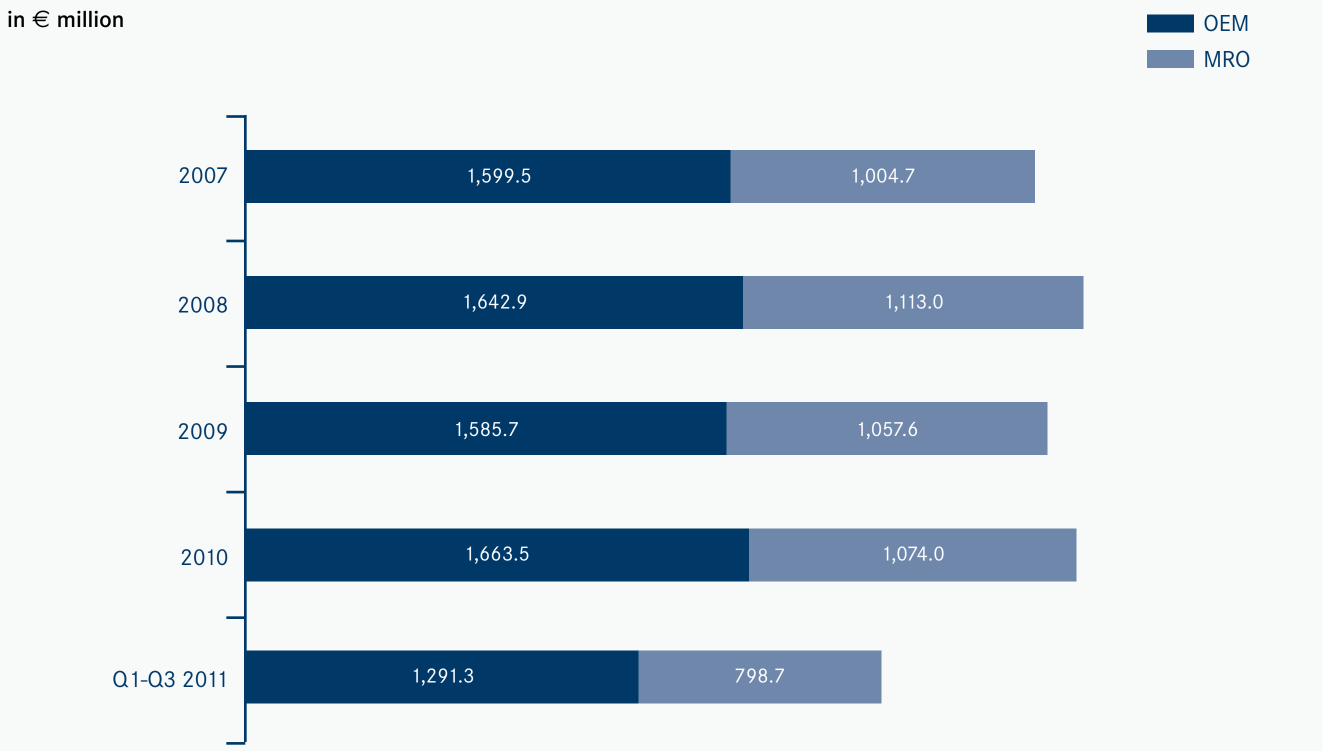
in € million (unless otherwise specified)	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Change against previous year in € million	in %
Income Statement				
Revenues	2,067.3	1,992.3	75.0	3.8
Gross profit	404.9	374.1	30.8	8.2
Earnings before interest and taxes (EBIT)	212.5	193.5	19.0	9.8
Adjusted earnings before interest and taxes (EBIT adjusted)	244.3	226.1	18.2	8.0
Earnings before taxes (EBT)	167.9	151.4	16.5	10.9
Earnings after taxes (EAT)	116.7	99.6	17.1	17.2
Undiluted earnings per share (in €)	2.39	2.04	0.35	17.2
Diluted earnings per share (in €)	2.32	1.99	0.33	16.6
Growth rates in %				
Revenues	3.8	1.9		
Gross profit	8.2	14.7		
Adjusted earnings before interest and taxes (EBIT adjusted)	8.0	7.3		
Earnings before taxes (EBT)	10.9	4.4		
Earnings after taxes (EAT)	17.2	6.6		
Undiluted earnings per share	17.2	6.8		
Diluted earnings per share	16.6	6.4		
Revenue margins in %				
Earnings before interest and taxes (EBIT)	10.3	9.7		
Adjusted earnings before interest and taxes (EBIT adjusted)	11.8	11.3		
Earnings before taxes (EBT)	8.1	7.6		
Earnings after taxes (EAT)	5.6	5.0		
Balance Sheet (previous year: December 31)				
Intangible assets	1,260.0	1,225.4	34.6	2.8
Property, plant and equipment	551.3	559.5	-8.2	-1.5
Financial assets	107.8	103.7	4.1	4.0
Working capital	103.1	140.0	-36.9	-26.4
Cash and cash equivalents	164.5	111.9	52.6	47.0
Pension provisions	442.3	433.2	9.1	2.1
Other provisions	325.1	340.1	-15.0	-4.4
Financial liabilities	271.4	261.9	9.5	3.6
Deferred taxes, current tax liabilities	236.6	302.7	-66.1	-21.8
Equity	874.7	819.3	55.4	6.8
Net financial debt	-10.0	-56.2	46.2	82.2
Order backlog and value of MRO contracts (order volume) (previous year: December 31)	**9,824.0**	**9,699.1**	**124.9**	**1.3**
Commercial and Military Engine business (OEM) *)	4,166.1	4,331.5	-165.4	-3.8
Commercial Maintenance business (MRO) *)	5,657.9	5,367.6	290.3	5.4
Cash flow				
Cash flow from operating activities	187.9	207.1	-19.2	-9.3
Cash flow from investing activities	-79.4	-167.6	88.2	52.6
Free cash flow	109.9	143.0	-33.1	-23.1
Free cash flow margin (in %)	5.3	7.2		
Cash flow from financing activities	-53.7	-73.7	20.0	27.1
Change in cash and cash equivalents	52.6	-32.3	84.9	
Number of employees at quarter end	**8,182**	**7,874**	**308**	**3.9**
Commercial and Military Engine business (OEM)	5,097	4,946	151	3.1
Commercial Maintenance business (MRO)	3,085	2,928	157	5.4

*) before consolidation

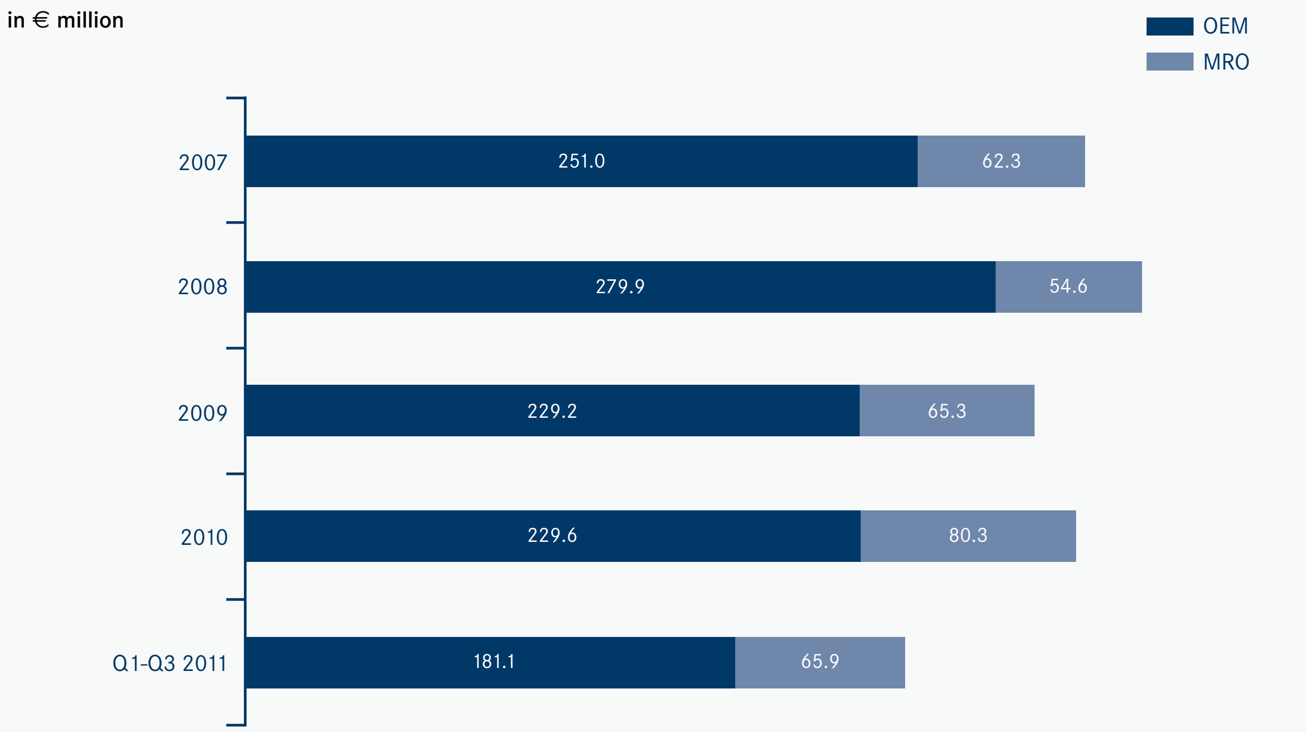
Order backlog incl. value of MRO contracts (order volume) by segment (before consolidation)



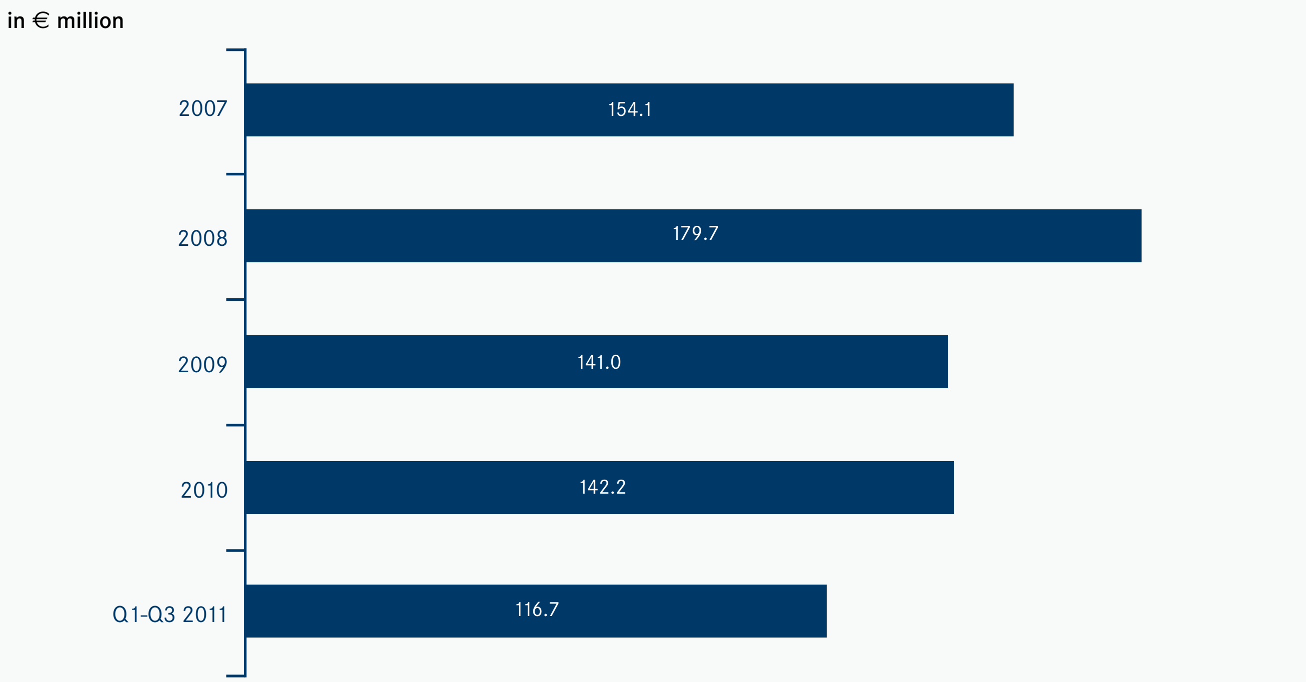
Revenues by segment (before consolidation)



EBIT adjusted by segment (before consolidation)



Earnings after tax



General Economic Environment

Economic growth in industrial countries is slowing down. The US economy grew by 0.1 % in the second quarter 2011 compared to a growth rate of 0.2 % in the first quarter. The euro zone economy grew by a mere 0.2 % in the second quarter 2011 compared to a robust 0.8 % in the first quarter. One cause for optimism is that industrial production and retail trading figures continue to develop positively in most regions within the euro zone – particularly in Germany. The Japanese economy contracted in the period from April to June for the third quarter in succession. Gradually, however, the country is returning to normality after the earthquake and tsunami.

Stock prices fell sharply in August. The financial markets reacted negatively to recent developments in the USA and the sovereign debt debate in Europe.

Economic growth so far in 2011 has been faster on emerging markets than it has been in industrial countries. Gross domestic product (GDP) slowed down generally throughout Asia during the second quarter 2011, albeit at a moderate pace. In China, for example, the growth rate slipped from 9.7 % in the first quarter to 9.5 % in the second. In Latin America, the GNP growth rate is coming back into line with long-term trends after the upswing in 2010. Despite the slow-down, emerging markets continue to grow strongly. This, in turn, has a beneficial impact on exports from industrial countries.

The US dollar is particularly important for MTU's international business. Since the beginning of the year, the US dollar has lost in value against the euro. The average rate of the US dollar to the euro during the nine-month period to September 30, 2011 (US $ 1.41) was higher than in the corresponding period one year earlier (US $ 1.31). Reference is made to section 3.2 (Operating results, financial situation and net assets) of the Interim Group Management Report for a description of the impact of changes in exchange rate parities.

Sector Environment

Despite a slightly negative trend, the growth rate for passenger numbers held up better than expected, and was, according to IATA, 4.5 % higher in August 2011 than in August 2010. The growth rate for the first half of the year had been even higher at 6.5 %. The fastest growing regions in August were Latin America (+6.8 %), the Near and Middle East (+6.8 %) and Europe (+7.4 %).

Freight volumes dropped in August by 3.8 %. However, since cargo aircraft only account for approximately 10 % of the world's aircraft fleet, this downturn only has a limited impact on the engine market.

Aircraft capacity, which has a significant bearing on the spare parts market, increased by 4.6 % in August. Flight hours remained at a high level during the third quarter, some 6.0 % ahead of the volume registered in the corresponding quarter last year.

IATA published its revised forecast for 2011 in September. It now predicts that the airlines will generate net profits amounting to US dollar 6.9 billion in 2011, significantly higher than June's US dollar 4.0 billion forecast. Revenues are expected to rise by 8.7 % in 2011 to almost US dollar 600 billion. This forecast assumes that air traffic will increase in 2011 by 5.9 % – slightly more than the 4.4 % still being predicted in June.

Orders for aircraft remained at a high level during the third quarter. According to Ascend Online, orders were placed for a total of 810 standard and wide-bodied aircraft, including 250 orders for the A320neo. The order backlog climbed from 7,560 aircraft at June 30 to a new record level of 8,050 aircraft at September 30. Airbus and Boeing manufactured 730 aircraft during the first three quarters of 2011, roughly in line with the corresponding period in 2010. Production is likely to be increased during the fourth quarter, with Airbus and Boeing targeting a total of over 1,000 deliveries for the year as a whole.

The business jet sector again fell short of expectations during the period under report. With flight activities and the preowned aircraft market stagnating, it is unlikely that the negative trend for deliveries in this sector will be turned around this year.

1 The Enterprise MTU

MTU Aero Engines Holding AG, Munich, together with its consolidated group of companies (hereafter referred to as "MTU", "group", "enterprise" or "company") is Germany's leading engine manufacturer and one of the world's largest.

2 Research and Development

Technological changes within the aviation sector take place at an extremely rapid pace and require a continuous source of innovation. Research and development expenditure will remain at a high level during the financial years 2011 and 2012. Expenditure on research and development during the first nine months of the year totalled € 183.4 million. The research and development ratio – measured as R&D expenditure divided by revenues – increased by 0.8 percentage points to 8.9 % (January - September 2010: 8.1 %).

Research and development expenses

	Jan. 1 - Sept. 30, 2011 in € million	Jan. 1 - Sept. 30, 2010 in € million	Change against previous year in € million	Change against previous year in %
Commercial Engine business	104.3	89.7	14.6	16.3
Commercial Maintenance business	6.4	8.4	-2.0	-23.8
Military Engine business	72.7	63.9	8.8	13.8
Research and development (before amounts capitalized)	**183.4**	**162.0**	**21.4**	**13.2**
R&D ratio (as % of revenues)	8.9	8.1	0.8	

The amounts invested are sub-divided into company-funded and externally funded R&D expenditure. Company-funded expenditure is borne by the group whereas externally funded expenditure is paid for by customers. Company-funded expenditure is reported in the table below and in note 8 of the Selected Explanatory Notes to the Interim Consolidated Financial Statements as R&D expense. Externally funded R&D activities are accounted for as construction contract receivables or payables in accordance with IAS 11 due to the fact that the work is commissioned specifically by national and international consortia. R&D expenses of € 183.4 million (January - September 2010: € 162.0 million) included € 116.0 million (January - September 2010: € 103.8 million) relating to company-funded R&D expenditure. Of this amount, € 109.6 million (January - September 2010: € 95.4 million) related to Commercial and Military Engine business (OEM).

The nine-month expense for Commercial Maintenance business was € 6.4 million (January - September 2010: € 8.4 million) and related primarily to new repair techniques.

The following table includes the own-financed research and development expense reported in the income statement (see note 8 of the Selected Explanatory Notes).

Research and development expenses reported in income statement (own financed)

	Jan. 1 - Sept. 30, 2011 in € million	Jan. 1 - Sept. 30, 2010 in € million	Change against previous year in € million	in %
Commercial Engine business	89.2	77.2	12.0	15.5
Commercial Maintenance business	6.4	8.4	-2.0	-23.8
Military Engine business	20.4	18.2	2.2	12.1
Own financed R&D expenditure	**116.0**	**103.8**	**12.2**	**11.8**
Capital expenditure on assets required to be capitalized				
Commercial and Military Engine business	-17.0	-10.8	-6.2	-57.4
Commercial Maintenance business	-2.5	-2.6	0.1	3.8
Total capitalized assets	**-19.5**	**-13.4**	**-6.1**	**-45.5**
Research and development expenses per income statement	**96.5**	**90.4**	**6.1**	**6.7**
Capitalization ratio in %	**16.8**	**12.9**	**3.9**	**30.2**

Development costs capitalized for the Military and Commercial Engine business amounted to € 17.0 million (January - September 2010: € 10.8 million) and related to the GE38 and GEnx engine programs and the PW1100G intended for the Airbus A320neo.

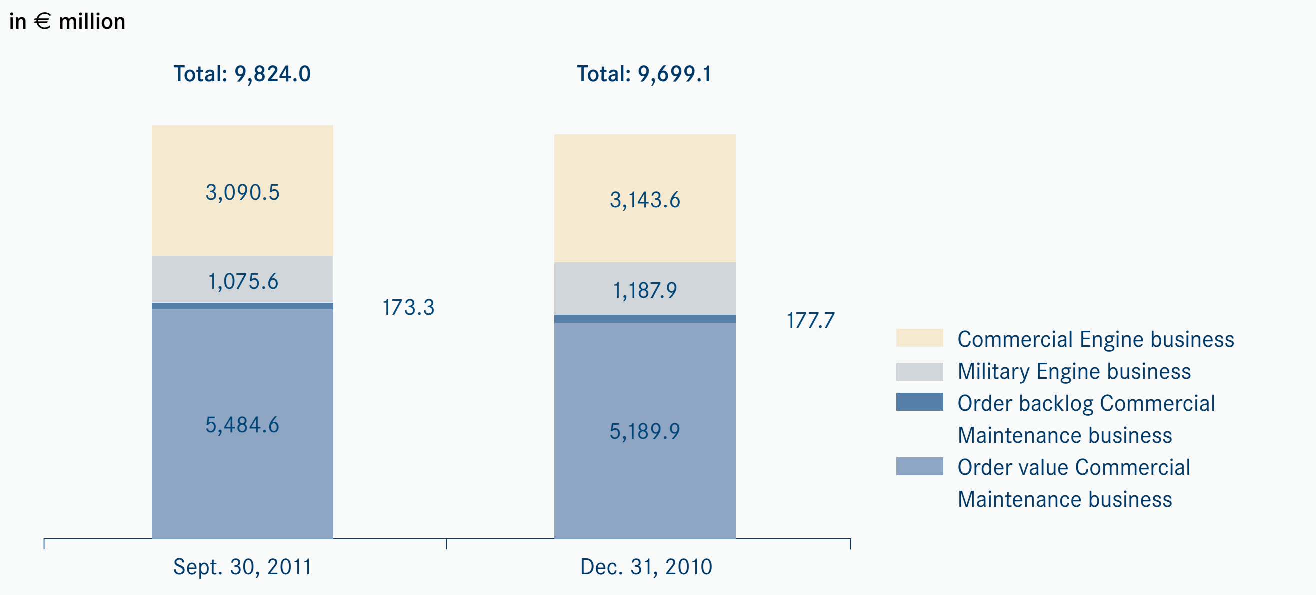
Capitalized development costs in the Commercial Maintenance segment amounted to € 2.5 million (January - September 2010: € 2.6 million) and arose in connection with the rationalization of production processes and cost optimization of repair techniques.

3 Financial Situation

3.1 Order backlog and value of MRO contracts (order volume)

MTU's order backlog consists of firm orders placed by customers which commit the group to delivering products or providing services plus the contractually agreed order value of maintenance, repair and overhaul (MRO) contracts.

Order backlog including value of MRO contracts (order volume) before consolidation



The order backlog at September 30, 2011 amounting to approximately € 9.8 billion (December 31, 2010: about € 9.7 billion) corresponds to a workload of approximately three years.

3.2 Operating results, financial situation and net assets

Revenues
Revenues for the nine-month period under report increased by € 75.0 million (3.8 %) to € 2,067.3 million. Revenues from Commercial and Military Engine business (OEM) increased by € 91.4 million (7.6 %) to € 1,291.3 million, while revenues from Commercial Maintenance business (MRO) fell by € 15.7 million (1.9 %) to € 798.7 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the nine-month period would have increased by € 196.4 million (9.9 %).

Cost of sales and gross profit
Cost of sales for the nine-month period went up by € 44.2 million (2.7 %) to € 1,662.4 million. As a result, the gross profit for the nine-month period increased by € 30.8 million (8.2 %) to € 404.9 million. The gross profit margin also improved from 18.8 % to 19.6 %.

Financial result
The financial result for the nine-month period under report was a net expense of € 44.6 million (January - September 2010: € 42.1 million). The increase was primarily due to net fair value losses of € 7.3 million on foreign currency holdings (January - September 2010: net fair value gains of € 7.4 million). This was offset by lower interest expenses arising in conjunction with the measurement of assets and liabilities and a lower level of losses from currency and interest rate derivatives.

Earnings before taxes (EBT)
As a result of the increase in earnings before interest and taxes (EBIT) for the nine-month period, earnings before taxes (EBT) increased by € 16.5 million (10.9 %) to € 167.9 million (January - September 2010: € 151.4 million).

Earnings after taxes (EAT)
Earnings after taxes (EAT) rose to € 116.7 million (January – September 2010: € 99.6 million), in line with the improvement in earnings before taxes (EBT). For the purposes of calculating adjusted earnings after taxes (EAT adjusted), the depreciation and amortization expense on fair value adjustments resulting from the purchase price allocation and the related tax impact are eliminated. Adjusted earnings before taxes (EAT adjusted) amounted to € 134.6 million (January – September 2010: € 124.0 million), an improvement of € 10.6 million (8.5 %) over the first nine months of 2010.

Consolidated statement of comprehensive income
In the consolidated statement of comprehensive income, earnings after taxes (EAT) of € 116.7 million (January - September 2010: € 99.6 million) are reconciled to the comprehensive income for the period of € 115.5 million (January - September 2010: € 109.3 million). Income and expenses recognized directly in equity during the nine-month period under report (net of deferred taxes) comprise a positive impact of € 2.8 million (January - September 2010: € 2.6 million) from the fair value measurement of derivative financial instruments and a negative impact of € 3.9 million (January – September 2010: positive impact of € 7.1 million) relating to the currency translation of the financial statements of foreign subsidiaries and a negative impact of € 0.1 million (January - September 2010: € 0.0 million) resulting from fair value measurement of financial assets which are not measured at fair value through profit or loss.

Financial position

The principles and objectives of financial management, as described in the Annual Report 2010 (page 72 onwards), remain unchanged.

The Group's external financing comprises mainly loans, a convertible bond, credit lines available from banks and the issue of three promissory notes.

At September 30, 2011, the MTU Group has access to credit facilities of € 100.0 million with two banks. Of these credit facilities, € 12.0 million (December 31, 2010: € 29.0 million) were being utilized at September 30, 2011 for guarantees.

Financial position

	Jan. 1 - Sept. 30, 2011 in € million	Jan. 1 - Sept. 30, 2010 in € million	Change against previous year in € million	in %
Cash flow from operating activities	187.9	207.1	-19.2	-9.3
Cash flow from investing activities	-79.4	-167.6	88.2	52.6
Cash flow from financing activities	-53.7	-73.7	20.0	27.1
Exchange rate differences	-2.2	1.9	-4.1	
Change in cash and cash equivalents	**52.6**	**-32.3**	**84.9**	
Cash and cash equivalents at				
the beginning of the reporting period	111.9	120.8	-8.9	-7.4
at the end of the reporting period	164.5	88.5	76.0	85.9

Free cash flow

MTU manages liquidity using the key performance indicator „Free cash flow”. Free cash flow is defined by the group as the cash inflow from operating activities less cash outflow for investments in intangible assets, property, plant and equipment and financial assets. Investments in financial assets which are not measured at fair value through profit or loss are not taken into account in the calculation of free cash flow since such investments can be sold at any time and held as a liquidity reserve. Free cash flow during the first nine months of 2011 fell by € 33.1 million to € 109.9 million (January – September 2010: € 143.0 million).

Cash flow from operating activities

The cash flow from operating activities for the first nine months of 2011 decreased by € 19.2 million to € 187.9 million (January - September 2010: € 207.1 million), primarily as a result of higher tax payments caused by improved earnings (partially compensated by lower amounts tied up in working capital).

Cash flow from investing activities

The cash outflow for investing activities for the nine-month period was € 79.4 million compared with € 167.6 million in the previous year. Investments in property, plant and equipment in the nine-month period increased to € 57.1 million (January - September 2010: € 50.7 million). The cash outflow for intangible assets amounted to € 20.6 million (January - June 2010: € 14.6 million) and related mainly to capitalized development costs for the PW1100G (for the Airbus A320neo), the GE38 (for the Sikorsky Aircraft Corporation's transportation CH-53K helicopter), the GEnx (for the Boeing 787 and 747-8) and maintenance techniques. Investments in financial assets were € 68.4 million lower than in the same period last year as a result of the reduced volume of money market instruments acquired as a liquidity reserve.

Proceeds from the sale of property, plant and equipment during the first nine months of 2011 totalled € 0.7 million (January - September 2010: € 3.3 million).

Cash flow from financing activities

The cash outflow from financing activities during the period from January to September 2011 was € 53.7 million (January - September 2010: € 73.7 million).

Cash and cash equivalents

The various cash flows resulted in a increase in cash and cash equivalents of € 52.6 million (January - September 2010: decrease of € 32.3 million).

Cash and cash equivalents comprise the following at September 30, 2011:

Cash and cash equivalents

	Sept. 30, 2011 in € million	Dec. 31, 2010 in € million	Change against previous year	
			in € million	in %
Bank balances, cash at hand	44.7	47.7	-3.0	-6.3
Overnight and fixed terms deposits	119.8	64.2	55.6	86.6
Total cash and cash equivalents	**164.5**	**111.9**	**52.6**	**47.0**

Net financial debt

MTU defines "Net financial debt" as gross financial liabilities less available cash funds. As a result of the strong business performance, the Group reduced net financial debt from € 56.2 million at December 31, 2010 to € 10.0 million at September 30, 2011.

Net financial debt

	Sept. 30, 2011 in € million	Dec. 31, 2010 in € million	Change against previous year	
			in € million	in %
Convertible bond	-154.2	-152.4	-1.8	-1.2
Financial liabilities to banks				
Promissory notes	-25.5	-25.3	-0.2	-0.8
Other bank credits	-35.5	-34.4	-1.1	-3.2
Financial liabilities to related parties *)	-1.7		-1.7	
Finance lease liabilities	-23.9	-24.9	1.0	4.0
Derivative financial liabilities				
not measured at fair value through profit or loss	-18.2	-19.5	1.3	6.7
measured at fair value through profit or loss	-12.4	-5.4	-7.0	
Financial liabilities	**-271.4**	**-261.9**	**-9.5**	**-3.6**
Cash funds:				
Cash and cash equivalents	164.5	111.9	52.6	47.0
Financial assets not measured at fair value through profit or loss	74.4	72.0	2.4	3.3
Derivative financial assets				
not measured at fair value through profit or loss	20.5	17.6	2.9	16.5
measured at fair value through profit or loss	2.0	4.2	-2.2	-52.4
Net financial debt	**-10.0**	**-56.2**	**46.2**	**82.2**

*) MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich, which is not consolidated on the grounds of materiality.

Net assets position

Changes in items in the statement of financial position

Group total assets at September 30, 2011 increased by 5.3 % compared to December 31, 2010.

Non-current assets went by € 15.9 million to € 1,849.3 million (December 31, 2010: € 1,833.4 million). Current assets went up by € 164.0 million to € 1,756.7 million.

A total of € 72.2 million of intangible assets were capitalized in the first nine months of the year (January - September 2010: € 14.6 million).

Airbus announced towards the end of 2010 that re-engining of the successful A320 family of aircraft had been started. A new engine for the new A320neo series will be supplied by MTU's cooperation partner, Pratt&Whitney. Two engines which are particularly fuel-efficient – the PW1100G from Pratt&Whitney and the Leap-X von CFM International – will be offered for the A319, A320 and A321 models with the additional abbreviation “neo” (new engine option). These modernized aircraft will use up to 15 % less fuel, fly more quietly, have lower operating costs and cause less CO_2 and NO_x emissions. The first orders were placed by airlines immediately after Airbus' announcement to re-engine these models. MTU will participate with a share of 18 % in new PW1100G engine for the A320 family of aircraft. During the first nine months of 2011, a total amount of € 50.3 million (January - September 2010: € 0.0 million) was capitalized in conjunction with the PW1100G engine program. Cash outflows will take place on the basis of a fixed schedule agreed with the cooperation partner over the period from 2011 until probably 2018. No payments have been made during the first nine months of 2011. In addition to capitalizing the acquired program participation, MTU has also recognized intangible assets of € 9.2 million (January - September 2010: € 0.0 million) relating to internally generated and bought-in development work for the new engine for the A320 family.

Internally generated development work was also capitalized during the nine-month period in the Commercial and Military Engine business segment for the GE38 engine program amounting to € 5.1 million (January - September 2010: € 5.5 million) and for the GEnx amounting to € 2.7 million (January - September 2010: € 5.3 million). Expenditure of € 2.5 million (January - September 2010: € 2.6 million) was also capitalized during the period under report in connection with the rationalization of production processes and cost optimization of repair techniques in the Commercial Maintenance business segment.

Inventories increased by € 41.7 million to € 742.7 million, current financial assets by € 10.8 million to € 88.7 million, cash and cash equivalents by € 52.6 million to € 164.5 million and trade/contract production receivables by € 73.9 million to € 744.0 million. Other current assets decreased by € 16.3 million to € 9.5 million.

Group equity rose by € 55.4 million to stand at € 874.7 million at September 30, 2011 (December 31, 2010: € 819.3 million). Equity was increased during the first nine months of 2011 by earnings after taxes (EAT) amounting to € 116.7 million (January - September 2010: € 99.6 million), by fair value gains on derivative financial instruments recognized directly in equity amounting to € 2.8 million (January - September 2010: € 2.6 million) and by sales of treasury shares in conjunction with the Employee Stock Program (MAP) amounting to € 7.5 million (January - September 2010: € 2.5 million). Equity was decreased by a net negative currency translation impact of € 3.9 million (January - September 2010: equity increased by € 7.1 million), payment of the dividend for the financial year 2010 amounting to € 53.6 million (January - September 2010: € 45.5 million), payments in connection with the Matching Stock Program (MSP) amounting to € 4.6 million (January - September 2010: € 2.3 million) and by the acquisition of treasury shares amounting to € 9.4 million (January - September 2010: € 13.6 million).

As a result of these various factors, the equity ratio improved from 23.9 % at December 31, 2010 to 24.3 % at September 30, 2011.

Pension provisions increased by € 9.1 million in line with schedule. Other provisions decreased by € 15.0 million compared to end of the previous financial year mainly as a result of lower personnel-related obligations.

Income tax liabilities take account of all expected obligations and decreased by € 67.6 million as a result of advance payments made before the reporting date.

Financial liabilities were increased by € 9.5 million compared to December 31, 2010. The convertible bond runs until February 1, 2012 and is therefore reported as a current financial liability at September 30, 2011. Similarly, two tranches of the promissory notes have been reclassified to current debt due to the fact that they fall due for payment on June 5, 2012.

Trade payables stood at € 453.5 million at September 30, 2011 and were therefore € 29.0 million higher than at the end of the previous financial year.

Contract production payables increased compared to December 31, 2010 by € 50.7 million to € 717.0 million. Within that figure, advance payments from customers are reported as contract production payables to the extent that they exceed contract production receivables.

Other liabilities increased compared to December 31, 2010 in particular as a result of the engine program participation in the PW1100G being developed for the Airbus A320neo (€ 51.6 million), development work still to be performed for the C-Series and MRJ (€ 43.7 million) as well as, amongst other items, holiday entitlement and flexi-time credits (€ 17.6 million). Numerous smaller items within other liabilities decreased by a total of € 5.6 million during the nine-month period to September 30, 2011, such that other liabilities overall rose by € 107.3 million to € 285.4 million (December 31, 2010: € 178.1 million).

Employees

The group had a total of 8,182 employees at the end of the reporting period (September 30, 2010: 7,874 employees).

4 Opportunity and Risk Report

In order to take best advantage of market opportunities and to recognize and manage related risks, the Board of Management has set up an integrated opportunity and risk management system, which is linked to the group's value-oriented performance indicators and its organizational structure. This system also incorporates the group's internal control system with respect to financial reporting processes pursuant to § 289 (5) and § 315 (2) no. 5 HGB. A detailed description of the main features of the system and the methods used is provided in the Annual Report 2010 (pages 89 to 91).

Opportunities

Thanks to its business model, with activities spread over the whole life-cycle of Commercial and Military engine programs, MTU considers that it is well positioned. MTU considers that a good system of opportunities management enables it to best use its future potential in the fields of development, series and spares part business and Commercial Maintenance business and that it will be able to respond quickly to the market's needs. MTU believes that the group's opportunities potential remains similar to that described in the Annual Report 2010. For a comprehensive description of the group's opportunities, reference is made to the Annual Report 2010, page 82 et seq. (Forecasts) and page 97 (SWOT analysis).

Risks

As part of its entrepreneurial activities and in view of the wide range of activities it undertakes with partner companies and consortium partner companies, especially in the USA, risks arise that may have an adverse impact on business and economic developments. As a result of its comprehensive risk management system, MTU knows its risk profile and is in a position to manage those risks actively.

MTU considers that there have been no significant changes in the risk profile discussed in the Annual Report 2010. Reference is made to pages 92 to 97 of the Annual Report 2010 for a detailed description of risks.

Overall conclusion regarding MTU's risk situation

There has been no significant change in the MTU Group's overall risk situation compared with the assessment made as at December 31, 2010. The risks to which the MTU Group is exposed are limited and manageable. From today's perspective, they do not pose any threat to the going concern status of the MTU Group.

5 Outlook

5.1 General economic outlook

The expiry of economic stimulus programs and of replacement activities is having the effect of slowing down worldwide economic growth. This is a normal development after a crisis. More critically, the structural problems faced by industrial nations are turning out to be much more difficult to overcome than expected. Given this combination of factors, a period of ongoing but weak expansion is forecast for industrial countries. By contrast, it is assumed that emerging market will continue to experience robust growth. The Economist Intelligence Unit (EIU), for example, forecasts growth of 9.0 % and 8.6 % for China in 2011 and 2012 respectively.

The EIU forecasts that global GNP, after expanding by 3.9 % in 2010, will grow by 2.5 % in 2011 and by 2.4 % in 2012. The International Monetary Fund (IMF) predicts that the global GNP growth rate will see a moderate drop to 3.0 % in 2011 and 3.2 % in 2012. Both of these forecasts assume that European politicians will mage to restrict the crisis to the European region and that US politicians will maintain an appropriate balance in the USA between supporting the economy and reducing spending in the medium term.

5.2 Outlook for the aviation industry

The prospects for the aviation industry depend to a large degree on worldwide macro-economic developments. That said, the outlook does look brighter. Although analysts forecast a drop in demand in 2011, the prediction for 2012 is for a moderate growth in air traffic volumes, positive earnings for airlines and an increase in aircraft production rates.

IATA is also forecasting a modest growth in passenger numbers and airline profits for 2012. The growth rate for passenger numbers is forecast to drop from 5.9 % in 2011 to 4.6 % in 2012, with projected airline profits down from US dollar 6.9 billion to US dollar 4.9 billion. The Asia-Pacific, Middle East and Latin America regions are expected to grow in 2012 at above-average rates of between 6 % and 8 %. This set of conditions should have a positive impact on the spare parts and maintenance market. These developments, combined with the high order backlog of 8,050 fixed orders for aircraft give reason to believe that Airbus and Boeing will increase production rates in 2012. This could result in the delivery of approximately 1,200 aircraft in the coming year.

The prospects for the business jet sector in 2012 remain uncertain. The fortunes of this segment are very much dependent on the performance and any possible recovery of the US economy and the world's financial markets. The EIU and IMF forecasts for US GNP were raised recently from 1.6 % for 2011 to a range of 1.9 % to 2 % for 2012. This can be taken as a positive signal for the economy.

5.3 Overall outlook for the financial year 2011

In the light of positive expectations for the general and sector economic environment, MTU reaffirms its outlook for the full year, as reported in July 2011.

Outlook 2011

in Mio. €	Forecast 2011 Status: July 2011	Actual 2010
Revenues	7-8 % above previous year	2,707.4
Adjusted earnings before interest and tax (EBIT adjusted)	approx. 325	311.3
Adjusted earnings after tax (EAT adjusted)	slighty above previous year	182.3

New products and services

The MTU Group will continue to focus on development activities as a source for new products. In previous years, MTU acquired participations in various new engine programs which will contribute greatly to revenues and earnings in the coming decades. The group estimates its share of the market volume from the new engine program participations over their full term to be in the region of € 50 billion.

New products

Category	Application	MTU-program share
Commercial engines		
GEnx	Boeing 787, 747-8	6.65 %
PW1217G	Mitsubishi Regional Jet	15.0 %
PW1524G	Bombardier CSeries	17.0 %
PW1100G	Airbus A320neo	18.0 %
PW800	Turbo engine for the new generation of intercontinental business jets	15.0 %
Military engines		
GE38-family	CH-53K Sikorsky transport helicopter	18.0 %

Revenues

The Group continues to forecast an increase in revenues from Commercial Engine and Commercial Maintenance business and a reduction in revenues from Military Engine business. Overall, the prediction is still for an increase in revenues of 7 % – 8 % compared to the financial year 2010. Further details can be found on page 85 of the Annual Report 2010.

Operating profit (EBIT adjusted)

MTU expects profitability to remain at a high level in 2011 and forecasts an adjusted EBIT of approximately € 325 million and hence an operating profit margin (EBIT adjusted) of just over 11 %.

Adjusted profit after tax (EAT adjusted) and earnings per share

Based on the forecast operating profit (EBIT adjusted), MTU continues to forecast that net profit for the financial year 2011 will be slightly higher than in the previous year.

Dividend payment

The company has paid a dividend to its shareholders every year since trading of MTU shares on the Frankfurt Stock Exchange commenced on June 6, 2005. The dividend for the financial year 2005 amounted to € 0.73 per share, rising in subsequent years to € 0.82 per share for 2006 and € 0.93 for 2007 to 2009, and € 1.10 for 2010.

MTU will continue in 2011 to pursue a dividend policy based on continuity, with distributions reflecting earnings generated. The aim is for the MTU share to remain an investment that generates a good rate of return. Future dividends will reflect the net profit performance (taking account of the result determined in accordance with German commercial law).

Capital expenditure and R&D activities

Research and development activities remain focused on innovative products and on the improvement necessary to meet changing economic, technical and ecological requirements. The focus of investment will be on the further development of new engine programs.

Financing activities and free cash flow

MTU's financing structure will not change significantly in the fourth quarter 2011. The company will be able to cover its financing requirements for the current year and for research and development expenditure on new engine programs in the foreseeable future out of free cash flow. Further information regarding future financing is provided in section 3.3 of this report (Operating results, financial situation and net assets). Further financing measures are not planned for the fourth quarter 2011.

Corporate legal structure, organization and administration

There are currently no plans to change the corporate legal structure or the organization or administration of the MTU Group.

Employees

Despite new additions to the workforce at MTU Aero Engines Polska and the expansion of engineering capacities in conjunction with development work for new engine programs, the number of employees at the year-end of 2011 is expected to remain largely unchanged compared to the position at end of the third quarter 2011. No new tariff agreements are expected for the fourth quarter 2011.

6 Significant Transactions with Related Parties

MTU Group companies did not enter into any material contracts with members of the Board of Management, the Supervisory Board or with other key management personnel or with companies in whose management or supervisory boards those persons are represented. The same applies to close members of the families of those persons.

Transactions with related entities are conducted on an arm's length basis. Transactions with related parties are disclosed in note 32 of the Selected Explanatory Notes.

7 Subsequent Events

Events after the end of the reporting period (September 30, 2011)

MTU Aero Engines intends to increase its share in the International Aero Engines (IAE) consortium. IAE markets the successful V2500 engine for the A320 family. The increase is to take place after agreement has been reached between Pratt&Whitney and Rolls-Royce regarding the restructuring of IAE: Rolls-Royce is to sell its share to Pratt&Whitney and the US engine manufacturer will then sell some of this share to MTU Aero Engines.

MTU's share will increase accordingly; at present it holds 11 percent. The V2500 remains the most important commercial program for Germany's leading engine manufacturer. MTU expects revenues to rise significantly as a result of the changes, with a corresponding positive impact on earnings. The increase in MTU's share still requires the approval of the Supervisory Board of MTU Aero Engines; the final terms and conditions still need to be determined.

Consolidated Income Statement

January - September (Q1 - Q3)

	(Note)	Jan. 1 to Sept. 30, 2011 in € million	in %	Jan. 1 to Sept. 30, 2010 in € million	in %	Change against previous year in € million	in %	Oct. 1, 2010 to Sept. 30, 2011 in € million	in %
Revenues	(6)	2,067.3	100.0	1,992.3	100.0	75.0	3.8	2,782.4	100.0
Cost of sales	(7)	-1,662.4	-80.4	-1,618.2	-81.2	-44.2	-2.7	-2,228.7	-80.1
Gross profit		**404.9**	**19.6**	**374.1**	**18.8**	**30.8**	**8.2**	**553.7**	**19.9**
Research and development expenses	(8)	-96.5	-4.7	-90.4	-4.5	-6.1	-6.7	-135.1	-4.9
Selling expenses	(9)	-59.5	-2.9	-55.9	-2.8	-3.6	-6.4	-83.3	-3.0
General administrative expenses	(10)	-40.6	-1.9	-36.8	-1.9	-3.8	-10.3	-56.1	-2.0
Other operating income and expenses		4.2	0.2	2.5	0.1	1.7	68.0	7.8	0.3
Earnings before interest and taxes (EBIT)		**212.5**	**10.3**	**193.5**	**9.7**	**19.0**	**9.8**	**287.0**	**10.3**
Interest income		3.0	0.1	4.5	0.2	-1.5	-33.3	4.8	0.2
Interest expenses		-12.7	-0.6	-12.9	-0.6	0.2	1.6	-19.7	-0.7
Interest result	(12)	-9.7	-0.5	-8.4	-0.4	-1.3	-15.5	-14.9	-0.5
Result from equity accounted investments	(13)			-0.7		0.7	100.0	-1.4	-0.1
Financial result on other items	(14)	-34.9	-1.7	-33.0	-1.7	-1.9	-5.8	-27.0	-1.0
Financial result		**-44.6**	**-2.2**	**-42.1**	**-2.1**	**-2.5**	**-5.9**	**-43.3**	**-1.6**
Earnings before taxes (EBT)		**167.9**	**8.1**	**151.4**	**7.6**	**16.5**	**10.9**	**243.7**	**8.7**
Income taxes	(15)	-51.2	-2.5	-51.8	-2.6	0.6	1.2	-84.4	-3.0
Earnings after taxes (EAT)		**116.7**	**5.6**	**99.6**	**5.0**	**17.1**	**17.2**	**159.3**	**5.7**
Earnings per share in €									
Undiluted (EPS)	(16)	2.39		2.04		0.35		3.26	
Diluted (DEPS)	(16)	2.32		1.99		0.33		3.16	

Consolidated Statement of Comprehensive Income

January - September (Q1 - Q3)	(Note)	Jan. 1 to Sept. 30, 2011 in € million	in %	Jan. 1 to Sept. 30, 2010 in € million	in %	Change against previous year in € million	in %	Oct. 1, 2010 to Sept. 30, 2011 in € million	in %
Earnings after taxes (EAT)		**116.7**	**5.6**	**99.6**	**5.0**	**17.1**	**17.2**	**159.3**	**5.7**
Change in unrealized gains/losses from translation differences		**-3.9**	**-0.2**	**7.1**	**0.4**	**-11.0**		**-1.9**	**-0.1**
Unrealized gains/(losses) on financial instruments									
Derivative financial instruments									
Change in unrealized gains/(losses)		11.7	0.6	-21.4	-1.1	33.1		-0.6	
Realized (gains)/losses		-7.5	-0.4	25.3	1.3	-32.8		-4.9	-0.2
Tax effect		-1.4		-1.3	-0.1	-0.1	-7.7	1.8	0.1
Unrealized gains/losses total		**2.8**	**0.2**	**2.6**	**0.1**	**0.2**	**7.7**	**-3.7**	**-0.1**
Financial assets (Afs)									
Change in unrealized gains/(losses)		-0.2				-0.2		-0.4	
Realized (gains)/losses		0.1				0.1		0.1	
Tax effect								0.1	
Unrealized gains/losses total		**-0.1**				**-0.1**		**-0.2**	
Other income and expenses recognized directly in equity		**-1.2**		**9.7**	**0.5**	**-10.9**		**-5.8**	**-0.2**
Comprehensive income for the period	(17)	**115.5**	**5.6**	**109.3**	**5.5**	**6.2**	**5.7**	**153.5**	**5.5**

Consolidated Income Statement

Q 3

	(Note)	Q 3 2011 in € million	Q 3 2011 in %	Q 3 2010 in € million	Q 3 2010 in %	Change against previous year in € million	Change against previous year in %
Revenues	(6)	720.8	100.0	643.5	100.0	77.3	12.0
Cost of sales	(7)	-577.2	-80.1	-514.5	-80.0	-62.7	-12.2
Gross profit		**143.6**	**19.9**	**129.0**	**20.0**	**14.6**	**11.3**
Research and development expenses	(8)	-36.9	-5.1	-29.7	-4.6	-7.2	-24.2
Selling expenses	(9)	-21.2	-2.9	-16.4	-2.5	-4.8	-29.3
General administrative expenses	(10)	-14.3	-2.0	-12.4	-1.9	-1.9	-15.3
Other operating income and expenses		-1.4	-0.2	0.8	0.1	-2.2	
Earnings before interest and taxes (EBIT)		**69.8**	**9.7**	**71.3**	**11.1**	**-1.5**	**-2.1**
Interest income		1.3	0.2	0.7	0.1	0.6	85.7
Interest expenses		-3.6	-0.5	-3.5	-0.6	-0.1	-2.9
Interest result	(12)	-2.3	-0.3	-2.8	-0.5	0.5	17.9
Result from equity accounted investments	(13)			-0.1		0.1	100.0
Financial result on other items	(14)	-10.5	-1.5	-3.9	-0.6	-6.6	
Financial result		**-12.8**	**-1.8**	**-6.8**	**-1.1**	**-6.0**	**-88.2**
Earnings before taxes (EBT)		**57.0**	**7.9**	**64.5**	**10.0**	**-7.5**	**-11.6**
Income taxes	(15)	-17.6	-2.4	-25.5	-3.9	7.9	31.0
Earnings after taxes (EAT)		**39.4**	**5.5**	**39.0**	**6.1**	**0.4**	**1.0**
Earnings per share in €							
Undiluted (EPS)	(16)	0.81		0.80		0.01	
Diluted (DEPS)	(16)	0.78		0.78			

Consolidated Statement of Comprehensive Income

Q 3

	(Note)	Q 3 2011 in € million	Q 3 2011 in %	Q 3 2010 in € million	Q 3 2010 in %	Change against previous year in € million	Change against previous year in %
Earnings after taxes (EAT)		**39.4**	**5.5**	**39.0**	**6.1**	**0.4**	**1.0**
Change in unrealized gains/losses from translation differences		**1.8**	**0.3**	**-8.3**	**-1.3**	**10.1**	
Unrealized gains/(losses) on financial instruments							
Derivative financial instruments							
Change in unrealized gains/(losses)		-56.7	-7.9	90.1	14.0	-146.8	
Realized (gains)/losses		-1.4	-0.2	12.0	1.9	-13.4	
Tax effect		18.9	2.6	-33.3	-5.2	52.2	
Unrealized gains/losses total		**-39.2**	**-5.5**	**68.8**	**10.7**	**-108.0**	
Financial assets (Afs)							
Change in unrealized gains/(losses)							
Realized (gains)/losses		-0.1				-0.1	
Tax effect							
Unrealized gains/losses total		**-0.1**				**-0.1**	
Other income and expenses recognized directly in equity		**-37.5**	**-5.2**	**60.5**	**9.4**	**-98.0**	
Comprehensive income for the period	(17)	**1.9**	**0.3**	**99.5**	**15.5**	**-97.6**	**-98.1**

Consolidated Statement of Financial Position

Assets

in € million	(Note)	Sept. 30, 2011	Dec. 31, 2010
Non-current assets			
Intangible assets	(18)	1,260.0	1,225.4
Property, plant and equipment	(19)	551.3	559.5
Financial assets	(20)	19.1	25.8
Financial assets accounted for using the equity method			
Other assets	(24)	4.6	6.0
Deferred tax assets		14.3	16.7
Total non-current assets		**1,849.3**	**1,833.4**
Current assets			
Inventories	(21)	742.7	701.0
Trade receivables	(22)	581.0	531.9
Contract production receivables	(23)	163.0	138.2
Income tax receivables		0.7	
Financial assets	(20)	88.7	77.9
Other assets	(24)	9.5	25.8
Cash and cash equivalents	(25)	164.5	111.9
Prepayments		6.6	6.0
Total current assets		**1,756.7**	**1,592.7**
Total assets		**3,606.0**	**3,426.1**

Equity and Liabilities

in € million	(Note)	Sept. 30, 2011	Dec. 31, 2010
Equity	(26)		
Subscribed capital		52.0	52.0
Capital reserves		340.5	348.2
Revenue reserves		580.7	517.6
Treasury shares		-100.0	-101.2
Other comprehensive income		1.5	2.7
Total equity		**874.7**	**819.3**
Non-current liabilities			
Pension provisions		418.1	409.0
Other provisions	(27)	137.6	140.0
Financial liabilities	(28)	57.4	204.7
Other liabilities	(30)	139.6	111.4
Deferred tax liabilities		233.0	231.5
Total non-current liabilities		**985.7**	**1,096.6**
Current liabilities			
Pension provisions		24.2	24.2
Income tax liabilities		3.6	71.2
Other provisions	(27)	187.5	200.1
Financial liabilities	(28)	214.0	57.2
Trade payables		453.5	424.5
Contract production liabilities	(29)	717.0	666.3
Other liabilities	(30)	145.8	66.7
Total current liabilities		**1,745.6**	**1,510.2**
Total equity and liabilities		**3,606.0**	**3,426.1**

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

in € million	Sub-scribed capital	Capital reserve	Revenue reserves	Treasury shares	Other comprehensive income			Group equity
					Translation differences	Financial assets (Afs)	Derivative financial instruments	
Balance at January 1, 2010	**52.0**	**353.6**	**420.9**	**-93.4**	**-5.1**		**2.7**	**730.7**
Earnings after taxes (EAT)			99.6					99.6
Other income and expenses recognized directly in equity					7.1		2.6	9.7
Comprehensive income for the period			**99.6**		**7.1**		**2.6**	**109.3**
Purchase of treasury shares				-13.6				-13.6
Dividend payment			-45.5					-45.5
Employee Stock Program (MAP)		-0.2		2.7				2.5
Matching Stock Program (MSP)		-5.3		3.0				-2.3
Convertible bond conversion				0.1				0.1
Balance at Sept. 30, 2010	**52.0**	**348.1**	**475.0**	**-101.2**	**2.0**		**5.3**	**781.2**
Balance at January 1, 2011	**52.0**	**348.2**	**517.6**	**-101.2**	**4.0**	**-0.1**	**-1.2**	**819.3**
Earnings after taxes (EAT)			116.7					116.7
Other income and expenses recognized directly in equity					-3.9	-0.1	2.8	-1.2
Comprehensive income for the period			**116.7**		**-3.9**	**-0.1**	**2.8**	**115.5**
Purchase of treasury shares				-9.4				-9.4
Dividend payment			-53.6					-53.6
Employee Stock Program (MAP)		1.0		6.5				7.5
Matching Stock Program (MSP)/ Share Matching Plan (SMP)		-8.7		4.1				-4.6
Balance at Sept. 30, 2011	**52.0**	**340.5**	**580.7**	**-100.0**	**0.1**	**-0.2**	**1.6**	**874.7**

Reference is made to the disclosures on equity components provided in note 26 of the Selected Explanatory Notes.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

in € million	Jan. 1 to Sept. 30, 2011	Jan. 1 to Sept. 30, 2010	Q3 2011	Q3 2010	Oct. 1, 2010 to Sept. 30, 2011
Earnings after taxes (EAT)	116.7	99.6	39.4	39.0	159.3
Amortization and depreciation on intangible assets and property, plant and equipment	97.5	95.7	33.3	32.6	132.7
Result of entities accounted for at cost	-1.0	-0.1	-0.6	-0.1	-2.4
Result of equity accounted investments		0.7		0.1	1.4
Gains/losses on the disposal of assets	1.2	0.2	0.7		1.2
Change in pension provisions	9.1	8.1	2.6	1.4	22.6
Change in other provisions	-15.0	-0.8	-58.6	-17.7	-95.2
Other non-cash items	6.3	-1.8	5.6	-10.2	5.2
Movements in working capital					
Changes in inventories	-41.7	-12.5	-23.8	-2.8	-81.5
Changes in trade receivables	-49.1	-102.0	-84.7	-13.1	-87.8
Changes in contract production receivables and liabilities	25.9	39.3	29.7	-61.3	6.1
Changes in other assets	17.1	-2.6	14.6	-7.3	17.4
Changes in trade payables	29.0	8.5	98.1	17.1	124.1
Changes in other liabilities	55.7	45.0	31.7	9.9	90.5
Changes in financial assets				28.2	
Net interest result	9.7	8.4	2.3	2.8	14.9
Interest paid	-10.7	-11.2	-1.1	-0.9	-15.9
Interest received	3.2	4.1	1.2	0.6	4.9
Profit distributions received	1.0	0.1	0.6	0.1	2.4
Income taxes	51.2	51.8	17.6	25.5	84.4
Income taxes paid and received	-118.2	-23.4	-54.1	-5.8	-152.2
Cash flow from operating activities	**187.9**	**207.1**	**54.5**	**38.1**	**232.1**
Disbursements for investments in:					
Intangible assets	-20.6	-14.6	-7.7	-5.1	-30.6
Property, plant and equipment	-57.1	-50.7	-20.4	-15.8	-91.2
Financial assets	-102.7	-171.1	-42.4	-75.7	-123.2
Proceeds from disposals and disinvestiture of:					
Property, plant and equipment	0.7	3.3	0.1	0.2	2.4
Financial assets	100.3	65.5	38.8	0.5	157.6
Cash flow from investing activities	**-79.4**	**-167.6**	**-31.6**	**-95.9**	**-85.0**
Dividends paid	-53.6	-45.5			-53.6
Repayment of promissory notes		-30.0			-10.0
Proceeds (+)/repayments (-) other financial liabilities	1.8	12.9	-0.8	10.7	-5.1
Purchase of treasury shares	-9.4	-13.6	-9.4	-13.6	-9.4
Sale of shares for Employee Stock Program (MAP)	7.5	2.5			7.5
Cash flow from financing activities	**-53.7**	**-73.7**	**-10.2**	**-2.9**	**-70.6**
Effect of changes in exchanges rates on cash funds	-2.2	1.9	5.6	-4.1	-0.5
Change in cash and cash equivalents	**52.6**	**-32.3**	**18.3**	**-64.8**	**76.0**
Cash and cash equivalents at January 1	**111.9**	**120.8**			
Cash and cash equivalents at September 30	**164.5**	**88.5**			

Selected Explanatory Notes

Group Segment Information

Segment information

The activities of the MTU Group's operating segments are described in the Annual Report 2010 of MTU Aero Engines Holding AG. There have been no changes in the identification of reportable segments.

Segment information for the period from January 1 to September 30, 2011 was as follows:

Segment information 2011

in € million	Commercial and Military Engine business		Commercial Maintenance business		Other Group Entities		Consolidation/ reconciliation		Group	
	Jan. 1 - Sept. 30, 2011	Q 3 2011	Jan. 1 - Sept. 30, 2011	Q 3 2011	Jan. 1 - Sept. 30, 2011	Q 3 2011	Jan. 1 - Sept. 30, 2011	Q 3 2011	Jan. 1 - Sept., 2011	Q 3 2011
External revenues	1,270.3	441.0	797.0	279.8					2,067.3	720.8
Inter-segment revenues	21.0	6.3	1.7	0.2	5.4	1.4	-28.1	-7.9		
Total revenues	**1,291.3**	**447.3**	**798.7**	**280.0**	**5.4**	**1.4**	**-28.1**	**-7.9**	**2,067.3**	**720.8**
Gross profit	**291.4**	**102.1**	**109.9**	**40.3**	**5.4**	**1.4**	**-1.8**	**-0.2**	**404.9**	**143.6**
Amortization	32.2	11.0	6.2	2.1					38.4	13.1
Depreciation	43.1	14.9	16.0	5.3					59.1	20.2
Earnings before interest and taxes (EBIT)	**152.1**	**49.3**	**63.1**	**22.9**	**-1.6**	**-0.8**	**-1.1**	**-1.6**	**212.5**	**69.8**
Amortization/depreciation resulting from purchase price allocation	29.0	9.6	2.8	0.9					31.8	10.5
Adjusted earnings before interest and taxes (EBIT adjusted)	**181.1**	**58.9**	**65.9**	**23.8**	**-1.6**	**-0.8**	**-1.1**	**-1.6**	**244.3**	**80.3**
Result from equity accounted investments										
Assets (Sept. 30, 2011)	**3,144.1**		**900.9**		**784.5**		**-1,223.5**		**3,606.0**	
Liabilities Sept. 30, 2011)	**2,222.9**		**445.4**		**224.3**		**-161.3**		**2,731.3**	
Significant non-cash expenses *)	**94.4**	**11.7**	**8.0**	**3.3**	**0.4**	**0.2**			**102.8**	**15.2**
Total capital expenditure on intangible assets and property, plant and equipment	**107.8**	**30.6**	**21.5**	**5.3**					**129.3**	**35.9**
Key segment data:										
EBIT as % of revenues	11.8	11.0	7.9	8.2	-29.6	-57.1			10.3	9.7
EBIT adjusted as % of revenues	14.0	13.2	8.3	8.5	-29.6	-57.1			11.8	11.1

*) Non-cash items relate primarily to changes in other provisions.

Segment information for the period from January 1 to September 30, 2010 was as follows:

Segment information 2010

in € million	Commercial and Military Engine business		Commercial Maintenance business		Other Group Entities		Consolidation/ reconciliation		Group	
	Jan. 1 - Sept. 30, 2010	Q 3 2010	Jan. 1 - Sept. 30, 2010	Q 3 2010	Jan. 1 - Sept. 30, 2010	Q 3 2010	Jan. 1 - Sept. 30, 2010	Q 3 2010	Jan. 1 - Sept. 30, 2010	Q 3 2010
External revenues	1,182.7	375.0	809.6	268.5					1,992.3	643.5
Inter-segment revenues	17.2	5.9	4.8	1.9	6.1	1.0	-28.1	-8.8		
Total revenues	**1,199.9**	**380.9**	**814.4**	**270.4**	**6.1**	**1.0**	**-28.1**	**-8.8**	**1,992.3**	**643.5**
Gross profit	**265.2**	**90.8**	**104.9**	**36.8**	**6.1**	**1.0**	**-2.1**	**0.4**	**374.1**	**129.0**
Amortization	32.1	10.7	6.0	2.1					38.1	12.8
Depreciation	41.2	14.4	16.4	5.4					57.6	19.8
Earnings before interest and taxes (EBIT)	**136.3**	**53.1**	**55.8**	**18.7**	**-0.6**	**-1.1**	**2.0**	**0.6**	**193.5**	**71.3**
Amortization/depreciation resulting from purchase price allocation	29.6	9.8	3.0	0.9					32.6	10.7
Adjusted earnings before interest and taxes (EBIT adjusted)	**165.9**	**62.9**	**58.8**	**19.6**	**-0.6**	**-1.1**	**2.0**	**0.6**	**226.1**	**82.0**
Result from equity accounted investments			-0.7	-0.1					-0.7	-0.1
Assets (Dec. 31, 2010)	**3,022.8**		**894.0**		**887.4**		**-1,378.1**		**3,426.1**	
Liabilities (Dec. 31, 2010)	**2,165.4**		**490.8**		**267.2**		**-316.6**		**2,606.8**	
Significant non-cash expenses *)	**84.7**	**-22.7**	**3.0**	**0.8**	**0.2**				**87.9**	**-21.9**
Total capital expenditure on intangible assets and property, plant and equipment	**50.3**	**18.7**	**15.0**	**2.2**					**65.3**	**20.9**
Key segment data:										
EBIT as % of revenues	11.4	13.9	6.9	6.9	-9.8	-110.0			9.7	11.1
EBIT adjusted as % of revenues	13.8	16.5	7.2	7.2	-9.8	-110.0			11.3	12.7

*) Non-cash items relate primarily to changes in other provisions.

The following table reconciles group segment revenues to group revenues, the adjusted segment result (EBIT adjusted) to group earnings before tax (EBT) and segment assets/liabilities to group assets/liabilities:

Reconciliation of revenues and earnings

in € million	Jan, 1 - Sept. 30, 2011	Jan, 1 - Sept. 30, 2010
Total revenues		
Revenues of reportable segments	2,095.4	2,020.4
Consolidation	-28.1	-28.1
Group revenues	**2,067.3**	**1,992.3**
Adjusted earnings before interest and taxes (EBIT adjusted)		
Adjusted EBIT of reportable segments	245.4	224.1
Amortization/depreciation resulting from purchase price allocation	-31.8	-32.6
Consolidation	-1.1	2.0
Earnings before interest and taxes (EBIT)	**212.5**	**193.5**
Interest income	3.0	4.5
Interest expense	-12.7	-12.9
Result from equity accounted investments		-0.7
Other financial result	-34.9	-33.0
Earnings before taxes (EBT)	**167.9**	**151.4**

Reconciliation of assets and liabilities

in € million	Sept. 30, 2011	Dec. 31, 2010
Assets		
Assets of reportable segments	4,829.5	4,804.2
Consolidation	-1,223.5	-1,378.1
Group assets	**3,606.0**	**3,426.1**
Liabilities		
Liabilities of reportable segments	2,892.6	2,923.4
Consolidation	-161.3	-316.6
Group liabilities	**2,731.3**	**2,606.8**

Information on geographical regions

The following tables show figures for the group by geographical region:

Revenues by seat of customer

in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010
Germany	310.8	362.6
Europe	218.8	248.3
North America	1,305.4	1,112.0
South America	68.4	86.9
Africa	5.1	5.6
Asia	152.2	160.9
Australia/Oceania	6.6	16.0
	2,067.3	**1,992.3**

Capital expenditure on intangible assets and property, plant and equipment

in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010
Germany	122.8	58.2
Europe	3.7	4.6
North America	2.0	1.1
South America		
Africa		
Asia	0.8	1.4
Australia/Oceania		
	129.3	**65.3**

Non-current assets

in € million	Sept. 30, 2011	Dec. 31, 2010
Germany	1,735.2	1,708.7
Europe	54.5	60.4
North America	21.7	26.1
South America		
Africa		
Asia	37.9	38.2
Australia/Oceania		
	1,849.3	**1,833.4**

Non-current assets comprise intangible assets, property, plant and equipment, financial assets, other assets and deferred tax assets.

1 General disclosures

MTU Aero Engines Holding AG and its subsidiary companies (hereafter referred to as "MTU" or "Group") comprise one of the world's leading manufacturers of engine modules and components and is the world's leading independent provider of commercial engine MRO services.

The business activities of the Group encompass the entire life-cycle of an engine program, i.e. from development, construction, testing and production of new commercial and military engines and spare parts, through to maintenance, repair and overhaul of commercial and military engines. MTU's activities focus on two segments: "Commercial and Military Engine business (OEM)" and "Commercial Maintenance business (MRO)".

MTU's Commercial and Military Engine business covers the development and production of modules, components and spare parts for engine programs, including final assembly. MTU also provides maintenance services for military engines. The Commercial Engine Maintenance segment covers activities in the area of maintenance and logistical support for commercial engines.

MTU Aero Engines Holding AG has its headquarters at Dachauer Str. 665, 80995 Munich, Germany, and is registered under HRB 157206 in the Commercial Registry at the District Court of Munich.

The Condensed Interim Consolidated Financial Statements were authorized for publication by the Board of Management of MTU Aero Engines Holding AG on October 24, 2011.

2 Basis of preparation

In compliance with the provisions of § 37x (3) of the German Securities Trading Act (WpHG) in conjunction with § 37w and § 37y no. 2 WpHG, MTU's Quarterly Financial Report comprises Condensed Interim Consolidated Financial Statements and an Interim Group Management Report. The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) relevant for Interim Financial Reporting, as endorsed by the European Union (EU). The Interim Group Management Report has been drawn up in compliance with the applicable provisions of the WpHG.

3 Statement of compliance

The Condensed Interim Consolidated Financial Statements as at September 30, 2011 have been drawn up in compliance with IAS 34.

The accounting policies applied in the Condensed Interim Consolidated Financial Statements correspond to those used in the Consolidated Financial Statements at December 31, 2010 and also comply with IAS 34 "Interim Financial Reporting". The following Standards have been mandatory since January 1, 2011:

- Revised IAS 24 "Related Party Disclosures",
- Improvements to International Financial Reporting Standards (2010)
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"

These Standards do not have a significant impact on assets and liabilities, the financial position and the results of operations of the MTU Group.

All of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), applicable at the end of the reporting period and applied by MTU in the Condensed Interim Consolidated Financial Statements, have been endorsed by the European Commission for use in the EU. The Condensed Interim Consolidated Financial Statements therefore also comply with IFRSs issued by the IASB.

From the perspective of management, the Quarterly Financial Report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the MTU Group. Reference is made to the notes to the Consolidated Financial Statements as at December 31, 2010 for further information regarding the basis of preparation and accounting policies used.

4 Adjustments to the Condensed Interim Consolidated Financial Statements

With the exception of contingent liabilities and other financial obligations, there were no other changes in estimates or forecasts in the first nine months of the financial year 2011 which had a significant impact on the interim reporting period. No incidences of erroneous assessments made in earlier periods were identified during the interim reporting period which would require to be disclosed.

5 Consolidated companies

In a move aimed at strengthening and expanding MTU's market position in the industrial gas turbine line of business (IGT) in South East Asia, MTU Aero Engines GmbH, Munich, founded MTU Maintenance Service Center Ayutthaya Ltd. in Ayutthaya, Thailand, during the first half of 2011. In addition, MTU Maintenance Zhuhai Ltd., Zhuhai, China, which is consolidated on a proportionate basis, acquired 100 % of the shares of MTU Maintenance Hong Kong Limited, Hong Kong, China, during the first half of 2011.

During the third quarter 2011 MTU acquired a 75 % holding in Retan Aerospace, based in Dallas, Texas, USA, with a view to improving the provision of on-wing-support to maintenance customers in the United States. Retan Aerospace is FAA approved and is authorized to carry out maintenance operations in accordance with EASA Part 145. The company specializes in repairs and maintenance of engines located on wings as well as A, B and C aircraft checks.

All three of these entities are allocated to the Commercial Maintenance business segment (MRO) and are not material for the fair presentation of the group's net assets, financial position and results of operations. These entities are therefore not consolidated and are included in non-current financial assets with a total carrying amount of € 0.5 million.

The number of consolidated entities, investments in associated companies and joint ventures and financial assets included in the Condensed Interim Consolidated Financial Statements has therefore increased by comparison to December 31, 2010 by the addition of shareholdings in three entities. At September 30, 2011, the MTU Group comprised 26 companies including MTU Aero Engines Holding AG, Munich (See list of major shareholdings provided in the notes to the Consolidated Financial Statements in the Annual Report 2010, note 43.1.2).

Notes to the Consolidated Income Statement

6 Revenues

Revenues

in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Commercial Engine business	970.0	821.6	336.5	251.9
Military Engine business	321.3	378.3	110.8	129.0
Commercial and Military Engine business (OEM)	**1,291.3**	**1,199.9**	**447.3**	**380.9**
Commercial Maintenance (MRO)	**798.7**	**814.4**	**280.0**	**270.4**
Other Group Entities/consolidation	-22.7	-22.0	-6.5	-7.8
Total revenues	**2,067.3**	**1,992.3**	**720.8**	**643.5**

7 Cost of sales

Cost of sales

in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Cost of materials	-1,333.2	-1,227.6	-475.9	-403.3
Personnel expenses	-306.2	-293.7	-100.8	-92.7
Depreciation and amortization	-86.8	-85.2	-29.6	-29.2
Other cost of sales *)	63.8	-11.7	29.1	10.7
Total cost of sales	**-1,662.4**	**-1,618.2**	**-577.2**	**-514.5**

*) relates mainly to change in inventories of work in progress, exchange rate factors and changes in provisions

8 Research and development expenses

Research and development expenditure

in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Cost of materials	-56.9	-42.7	-21.7	-15.2
Personnel expenses	-53.3	-55.0	-18.5	-16.4
Depreciation and amortization	-5.8	-6.1	-2.0	-2.1
Research and development expenditure	**-116.0**	**-103.8**	**-42.2**	**-33.7**
Thereof capitalized:				
Development costs (OEM)	17.0	10.8	5.1	3.4
Development costs (MRO)	2.5	2.6	0.2	0.6
Capitalized development costs	**19.5**	**13.4**	**5.3**	**4.0**
Research and development expenditure recognized as expense	**-96.5**	**-90.4**	**-36.9**	**-29.7**

9 Selling expenses

Selling expenses				
in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Cost of materials	-8.6	-8.9	-3.0	-3.3
Personnel expenses	-37.7	-37.4	-12.7	-12.1
Depreciation and amortization	-1.8	-1.6	-0.6	-0.3
Other selling expenses	-11.4	-8.0	-4.9	-0.7
Total selling expenses	**-59.5**	**-55.9**	**-21.2**	**-16.4**

Selling expenses mainly comprise expenses for marketing, advertising and sales personnel, valuation allowances and write-downs on trade receivables.

10 General and administrative expenses

General and administrative expenses				
in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Cost of materials	-4.6	-3.9	-1.7	-1.4
Personnel expenses	-28.5	-27.2	-10.5	-9.5
Depreciation and amortization	-3.1	-2.8	-1.1	-1.0
Other administrative expenses	-4.4	-2.9	-1.0	-0.5
Total general administrative expenses	**-40.6**	**-36.8**	**-14.3**	**-12.4**

General and administrative expenses comprise expenses for administration which are not attributable to development, production or sales functions.

12 Interest result

Interest result				
in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Interest income	**3.0**	**4.5**	**1.3**	**0.7**
Interest expenses				
Bank interest	-2.7	-3.3	-0.9	-1.0
Interest expense for bonds	-6.0	-5.9	-2.0	-2.0
Interest expense for finance leases	-0.9	-1.0	-0.3	-0.3
Interest expense attributable to non-consolidated companies	-0.1	-0.1		-0.1
Other interest expenses	-3.0	-2.6	-0.4	-0.1
Interest expenses	**-12.7**	**-12.9**	**-3.6**	**-3.5**
Net interest expense	**-9.7**	**-8.4**	**-2.3**	**-2.8**

13 Result from equity accounted investments

Result from equity accounted investments in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Result from equity accounted investments		-0.7		-0.1
Result from equity accounted investments		**-0.7**		**-0.1**

The result from equity accounted investments reported for the previous year included the group's share of the net result of Pratt & Whitney Canada Customer Service Centre Europe GmbH, Ludwigsfelde. The carrying amount of the investment in the joint venture was written down to zero at December 31, 2010. This valuation has been retained since business conditions have not changed in the period since the impairment was recorded.

14 Financial result on other items

Financial result on other items in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Result from related entities	1.0	0.1	0.6	0.1
Total	**1.0**	**0.1**	**0.6**	**0.1**
Effects of changes of foreign exchange rates				
Exchange rate gains/losses on currency holdings	-7.3	7.4	3.0	-2.9
Exchange rate gains/losses on financing transactions	1.2	0.2	0.5	0.1
Exchange rate gains/losses on finance leases		-0.2	-0.3	0.5
Fair value gains/losses on derivatives				
Gains/losses on currency derivatives and interest rate derivatives	-3.3	-9.9	-8.2	7.1
Gains/losses on commodity contracts	-2.9	2.7	-2.5	1.5
Interest portion included in measurement of assets and liabilities				
Pension provisions	-16.4	-16.0	-5.4	-4.6
Contingent liabilities	-7.7	-9.8	-2.6	-3.2
Receivables, other provisions, plan assets, liabilities and advance payments received	-0.9	-6.9	0.4	-0.4
Result from other financial instruments	1.4	-0.6	4.0	-2.1
Total	**-35.9**	**-33.1**	**-11.1**	**-4.0**
Financial result on other items	**-34.9**	**-33.0**	**-10.5**	**-3.9**

The deterioration in the first nine months of 2011 was primarily due to net fair value losses of € 7.3 million on foreign currency holdings (January - September 2010: net fair value gains of € 7.4 million). This was offset by lower interest expenses arising in conjunction with the measurement of assets and liabilities and a lower level of losses from currency and interest rate derivatives.

15 Income taxes

Income tax expense comprise the following:

Income taxes				
in € million	Jan. 1 - Sept. 30, 2011	Jan. 1 - Sept. 30, 2010	Q 3 2011	Q 3 2010
Current income tax expense	-49.9	-80.5	-11.8	-37.3
Deferred tax income/expense	-1.3	28.7	-5.8	11.8
Total income taxes	**-51.2**	**-51.8**	**-17.6**	**-25.5**

16 Earnings per share

Potential ordinary shares that can be issued in conjunction with the convertible bond (issued on February 1, 2007) and the Share Matching Plan set up for the first time with effect from the beginning of 2010 had a diluting effect on earnings per share for the period from January 1 to September 30, 2011. For the purposes of determining diluted earnings per share, the maximum number of shares that could be exercised in conjunction with conversion rights is added to the weighted average number of ordinary shares in circulation. All shares issued during the period under report are included on a weighted basis. In parallel, group earnings are adjusted by the amount of post-tax interest expense relating to the convertible bond.

The following tables show earnings per share as well as the dilutive impact of shares which could be issued in conjunction with the convertible bond and the Share Matching Plan.

Undiluted and diluted earnings per share for the nine-month periods ended September 30, 2011 and 2010 were as follows:

Undiluted and diluted earnings per share

		Jan. 1 - Sept. 30, 2011					Jan. 1 - Sept. 30, 2011
		Undiluted earnings per share	**Financial instruments reconciliation**				**Diluted earnings per share**
			Interest expense convertible bond/shares	Current and deferred taxes	Matching stock program/ number of shares	Share Matching Plan/ number of shares	
Earnings after taxes (EAT)	in € million	116.7	6.0	-2.0			120.7
Weighted average number of shares	shares	48,823,554	3,084,849			13,083	51,921,486
Earnings per share	**in €**	**2.39**					**2.32**

Undiluted and diluted earnings per share

		Jan. 1 - Sept. 30, 2010					Jan. 1 - Sept. 30, 2010
		Undiluted earnings per share	**Financial instruments reconciliation**				**Diluted earnings per share**
			Interest expense convertible bond/shares	Current and deferred taxes	Matching stock program/ number of shares	Share Matching Plan/ number of shares	
Earnings after taxes (EAT)	in € million	99.6	5.9	-1.9			103.6
Weighted average number of shares	shares	48,906,729	3,084,849		187,034		52,178,612
Earnings per share	**in €**	**2.04**					**1.99**

17 Consolidated statement of comprehensive income

In the consolidated statement of comprehensive income, earnings after-taxes (EAT) of € 116.7 million (January - September 2010: € 99.6 million) are reconciled to the comprehensive income for the period of € 115.5 million (January - September 2010: € 109.3 million). Income and expenses recognized directly in equity during the period under report (net of deferred taxes) comprise a positive impact of € 2.8 million (January - September 2010: € 2.6 million) from the fair value measurement of derivative financial instruments, a negative impact of € 3.9 million (January - September 2010: positive impact of € 7.1 million) from the currency translation of the financial statements of foreign subsidiaries and a negative impact of € 0.1 million (January - September 2010: € 0.0 million) resulting from fair value measurement of financial assets which are not measured at fair value through profit or loss.

Notes to the Consolidated Statement of Financial Position

18 Intangible assets

Intangible assets comprise capitalized program values and non-specific program technologies, participations in development programs, technical software and purchased goodwill.

A total of € 72.2 million of intangible assets were capitalized in the first nine months of the year (January - September 2010: € 14.6 million). MTU participates with a share of 18 % in new PW1100G engine for the A320 family of aircraft. During the first nine months of 2011, a total amount of € 50.3 million (January - September 2010: € 0.0 million) was therefore capitalized in the Commercial Engine business segment in conjunction with the participation in the PW1100G engine program. In addition, MTU also recognized internally generated and bought-in development work for the new engine for the A320 family amounting to € 9.2 million in the period under report (January - September 2010: € 0.0 million) as intangible assets.

Internally generated development work was also capitalized in the first nine months of 2011 in the Military and Commercial Engine business segment for the GE38 engine program amounting to € 5.1 million (January - September 2010: € 5.5 million) and for the GEnx amounting to € 2.7 million (January - September 2010: € 5.3 million). Expenditure of € 2.5 million (January - September 2010: € 2.6 million) was also capitalized during the period under report in connection with the rationalization of production processes and cost optimization of repair techniques in the Commercial Maintenance business segment.

Capitalized intangible assets totalling € 72.2 million in the first nine months of 2011 (January - September 2010: € 14.6 million) comprise € 54.0 million (January - September 2010: € 1.2 million) of purchased and € 18.2 million (January - September 2010: € 13.4 million) of internally generated intangible assets. The amortization expense for the nine-month period amounted to € 38.4 million (January - September 2010: € 38.1 million).

19 Property, plant and equipment

Capital expenditure for property, plant and equipment during the first nine months of the year was € 57.1 million (January - September 2010: € 50.7 million). Additions to property, plant and equipment related mainly to technical equipment, plant and machinery as well as to other operational and office equipment. The depreciation expense for the nine-month period amounted to € 59.1 million (January - September 2010: € 57.6 million).

20 Financial assets

Financial assets increased overall by € 4.1 million during the first nine months of 2011 to € 107.8 million (December 31, 2010: € 103.7 million), whereby the increase was primarily due to higher fair values of assets not measured at fair value through profit or loss.

21 Inventories

Inventories comprise the following:

Inventories

in € million	Sept. 30, 2011	Dec. 31, 2010
Raw materials and supplies	312.0	323.1
Work in progress	395.8	347.4
Advance payments	34.9	30.5
Total inventories	**742.7**	**701.0**

22 Trade receivables

Trade receivables comprise the following:

Trade receivables

in € million	Sept. 30, 2011	Dec. 31, 2010
Third parties	543.1	498.4
Associated companies, joint ventures and other investee companies	37.9	33.5
Total trade receivables	**581.0**	**531.9**

23 Contract production receivables

Contract production receivables comprise the following:

Contract production receivables

in € million	Sept. 30, 2011	Dec. 31, 2010
Contract production receivables	483.7	424.3
of which related to:		
Advance payments from customers	-320.7	-286.1
Net contract production receivables	**163.0**	**138.2**

24 Other assets

Other assets comprise:

Other assets

	Total		Non-current		Current	
in € million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2011	Dec. 31, 2010
Other taxes	4.3	16.0			4.3	16.0
Receivables from employees	1.5	1.4			1.5	1.4
Receivables from suppliers	0.9	5.3			0.9	5.3
Sundry other assets	7.4	9.1	4.6	6.0	2.8	3.1
Total other assets	**14.1**	**31.8**	**4.6**	**6.0**	**9.5**	**25.8**

Other taxes relate primarily to value added tax receivables.

25 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents

in € million	Sept. 30, 2011	Dec. 31, 2010
Bank balances, cash at hand	44.7	47.7
Overnight and fixed term deposits	119.8	64.2
Total cash and cash equivalents	**164.5**	**111.9**

MTU cannot freely access cash and cash equivalents amounting to € 8.8 million (December 31, 2010: € 15.9 million) held by MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China.

26 Equity

Changes in equity are presented in the Consolidated Statement of Changes in Equity.

26.1 Subscribed capital

The Company's share capital amounts to € 52.0 million (December 31, 2010: € 52.0 million) and is divided in 52.0 million (December 31, 2010: 52.0 million) non par shares.

26.2 Capital reserves

Capital reserves includes premiums arising on the issue of shares, the equity component (and proportionate transaction costs) of the convertible bond, the fair values recorded for the Matching Stock Program and Share Matching Plan as well as the difference arising without income statement effect on transferring treasury shares to employees in conjunction with the Employee Stock Program.

Matching Stock Program (MSP)

In order to strengthen its ability to achieve business targets, the Group had created the MSP as a long-term remuneration instrument – with both incentive and risk character – to involve management in the ownership of the company. The MSP entitled qualifying individuals to subscribe to Phantom Stocks. The MSP expired after exercise of the fifth and final tranche in June 2011.

Share Matching Plan (SMP)

A detailed description of the SMP is provided in the Management Compensation Report section of the Corporate Governance Report in the Annual Report 2010. Members of the Board of Management are entitled to invest the amount to be disbursed under the Performance Share Plan (PSP) in shares of MTU Aero Engines Holding AG, which must then be held for a further three years. At the end of the vesting period, these shares are "matched", whereby each Board of Management member is awarded one additional free share for every three MTU shares held. The entitlement to additional free shares is deemed to have been fulfilled once the corresponding number of such shares has been transferred to the member of the Board of Management. The total value of the matching shares available for allocation at the end of the vesting period is limited to three times the initial purchase price.

Employee Stock Program (MAP)

In the second quarter 2011 (previous year: second quarter 2010), the Board of Management of MTU Aero Engines Holding AG allocated shares to group employees under an Employee Stock Program ("MAP"). The plan set up in 2011 runs for two years to May 2013 (plan set up in 2010: to May 2012). The purchase price for registered shares of MTU Aero Engines Holding AG is based on the lowest price quoted on April 13, 2011 and was thus € 48.10 per share (previous year: € 42.58 per share). Under the terms of the MAP Employee Stock Program, MTU grants a so-called "match" to each MAP participant at the end of a two-year vesting period. In other words, at the end of the program term, each MAP participant receives a taxable money amount equivalent to 50 % of the amount invested in MTU shares at the beginning of the program. The total cost incurred in the first nine months of 2011 for the match in conjunction with the MAP was € 1.5 million (January - September 2010: € 1.3 million) which is being recognized as an expense on a time-apportioned basis over the term of the program. The liability at September 30, 2011 amounted to € 1.7 million (December 31, 2010: € 2.0 million).

26.3 Revenue reserves

Revenue reserves include the retained earnings of consolidated group companies as well as earnings after taxes (EAT) for the nine-month period under report amounting to € 116.7 million (January - September 2010: € 99.6 million) less the dividend payment for the financial year 2010 amounting to € 53.6 million (January - September 2010: € 45.5 million). Revenue reserves went up by € 63.1 million during the nine-month period under report (January - September 2010: € 54.1 million) as a result of the positive earnings after taxes (EAT) for the period.

26.4 Treasury shares

Reconciliation of weighted average number of shares in circulation

As a result of the treasury shares bought back by September 30, 2011, the issue of shares to group employees in conjunction with the exercise of the first, fourth and fifth tranches of the Matching Stock Program and the Employee Stock Program in the financial years 2007 to 2011, the weighted average number of shares in circulation during the first nine months of 2011 was 48,823,554 shares (January - September 2010: 48,906,729 shares). At the end of the reporting period, a total of 48,812,488 MTU Aero Engines Holding AG shares was in issue (September 30, 2010: 48,752,407 shares). The treasury shares were acquired to enable the group to meet contractual obligations relating to convertible bonds and to issue shares to group employees in conjunction with the Matching Stock Program, the Share Matching Plan and the Employee Stock Program.

The following table shows how the number of bought back shares, month-end quantities and the weighted average number of shares in circulation have changed.

Reconcilation of weighted average number of shares in circulation

		2011			2010	
Number of shares	in circulation	Treasury shares	in circulation	in circulation	Treasury shares	in circulation
Balance at January 1	**48,752,407**	**3,247,593**		**48,921,808**	**3,078,192**	
Buy-back and issue of shares						
January	48,752,407		48,752,407	48,921,808		48,921,808
February	48,752,407		48,752,407	48,921,808		48,921,808
March	48,752,407		48,752,407	48,921,808	-632	48,922,440
April	48,752,407		48,752,407	48,922,440		48,922,440
May	48,752,407		48,752,407	48,922,440		48,922,440
June (bond conversion)	48,752,407		48,752,407	48,922,440	-2,020	48,924,460
June (MSP/MAP issue, MAP match)	48,752,407	-260,081	49,012,488	48,924,460	-127,947	49,052,407
July	49,012,488		49,012,488	49,052,407	60,000	48,992,407
August	49,012,488	200,000	48,812,488	48,992,407	240,000	48,752,407
September	48,812,488		48,812,488	48,752,407		48,752,407
Treasury shares (Sept. 30)		**3,187,512**			**3,247,593**	
Weighted average at Sept. 30			**48,823,554**			**48,906,729**

27 Other provisions

Other provisions total € 325.1 million and have therefore decreased by € 15.0 million since December 31, 2010. They relate primarily to warranty obligations, pending losses on onerous contracts, personnel-related obligations, revenue deductions and retrospective costs. Changes in provisions for contingent liabilities relating to business combinations due to the unwinding of interest, warranties for engines already delivered, price adjustments and engine delivery delays largely offset each other, leaving the carrying amount of these provisions (€ 124.9 million) largely unchanged at September 30, 2011 compared to December 31, 2010.

28 Financial liabilities

All non-derivative and derivative financial obligations at the relevant balance sheet are reported as financial liabilities. Financial liabilities comprise the following:

Financial liabilities

	Total		Non-Current		Current	
in € million	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2011	Dec. 31, 2010
Bonds						
Convertible bond	151.4	148.6		148.6	151.4	
Interest liability on convertible bond	2.8	3.8			2.8	3.8
Liabilities to banks						
Promissory notes	25.5	25.3	11.5	24.7	14.0	0.6
Other liabilities to banks	35.5	34.4	28.0	26.3	7.5	8.1
Liabilities to related companies *)	1.7				1.7	
Other financial liabilities						
Finance lease liabilities	23.9	24.9	0.2	0.2	23.7	24.7
Derivative financial liabilities	30.6	24.9	17.7	4.9	12.9	20.0
Total financial liabilities	**271.4**	**261.9**	**57.4**	**204.7**	**214.0**	**57.2**

*) MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich, which is not consolidated on the grounds of materiality

Convertible bond

MTU Aero Engines Finance B.V., Amsterdam, Netherlands, issued a convertible bond during the financial year 2007 with a total nominal volume of € 180.0 million (divided into 1,800 partial bonds). In September and October 2008, MTU bought back partial convertible bonds (before maturity date) with a nominal volume of € 27.2 million. Further information is provided in the notes to the Consolidated Financial Statements in the Annual Report 2010 (Note 33, Financial liabilities). At a conversion price of € 49.50, the conversion ratio at issue date was 2,020.20. The coupon rate is fixed at 2.75 %, payable annually on February 1.

The present value of the future contractually agreed cash flows has been discounted using a market interest rate i.e. the rate the company would have had to pay if it had issued a non-convertible bond. The interest expense that will be recognized over the term of the convertible loan results from unwinding the obligation using the market interest (5.425 %) used to determine its present value.

The convertible bond runs until February 1, 2012 and was therefore reclassified to current debt at September 30, 2011.

Revolving Credit Facility (RCF)

At September 30, 2011, the MTU Group has access to a credit line of € 100.0 million with two banks. Of these credit facilities, € 12.0 million (December 31, 2010: € 29.0 million) were being utilized at September 30, 2011 for guarantees. Interest on credit lines actually drawn down is charged on the basis of customary interest reference rates plus a margin. A commitment fee is paid on credit facilities which are not being utilized.

Promissory notes

Of the four promissory notes placed on June 3, 2009 with a nominal amount of € 65.0 million (less transaction costs of € 0.4 million), MTU bought back € 30.0 million on June 7, 2010 and € 10.0 million on December 6, 2010, leaving notes outstanding at September 30, 2011 with a nominal value of € 25.0 million. The promissory notes comprise the following tranches which fall due for payment at their maturity date:

Promissory notes

Maturity	Interest rate type	Original note amount (nominal) in € million	Buy-back June 7, 2010 in € million	Buy-back December 6, 2010 in € million	Remaining note amount (nominal) in € million
June 5, 2012	fixed	1.5			1.5
June 5, 2014	fixed	11.5			11.5
June 5, 2012	variable*)	27.0	15.0		12.0
June 5, 2014	variable*)	25.0	15.0	10.0	
		65.0	**30.0**	**10.0**	**25.0**

*) 6-month Euribor plus margin

Two tranches of the promissory notes have been reclassified to current debt due to the fact that they fall due for payment on June 5, 2012. At subsequent reporting dates, they are measured at amortized cost.

29 Contract production liabilities

Contract production liabilities comprise the following:

Contract production liabilities

in € million	Sept. 30, 2011	Dec. 31, 2010
Advance payments received for contract production	1,037.7	952.4
of which relating to:		
Contract production receivables	-302.7	-286.1
Total contract production liabilities	**717.0**	**666.3**

Advance payments received relate mainly to military engine program participations. Any surplus of advance payments received over contract production receivables with a remaining term of more than 12 months are discounted to their present value.

30 Other liabilities

Other liabilities comprise the following items:

Other liabilities

in € million	Total Sept. 30, 2011	Total Dec. 31, 2010	Non-current Sept. 30, 2011	Non-current Dec. 31, 2010	Current Sept. 30, 2011	Current Dec. 31, 2010
Liabilities relating to employees						
Social security	2.3	2.1			2.3	2.1
Part-time pre-retirement working arrangements	23.1	20.5	20.9	18.3	2.2	2.2
Other	60.0	37.6	2.9	2.7	57.1	34.9
Accrued interest expense	17.3	18.7	17.3	18.7		
Maintenance work still to be performed on engines	7.1	8.8	7.1	8.8		
Repayment of development cost subsidy PW2000	58.7	57.3	58.0	57.3	0.7	
Sundry other liabilities	110.9	24.5	33.4	5.6	77.5	18.9
Other taxes	6.0	8.6			6.0	8.6
Total other liabilities	285.4	178.1	139.6	111.4	145.8	66.7

Liabilities relating to employees

Liabilities relating to employees include holiday entitlements, flexitime credits, obligations resulting from earlier efficiency improvement programs as well as obligations under pre-retirement part-time working arrangements in place since 2010 (TV FlexÜ). Obligations for profit-shares and bonuses, for specific liabilities relating to pre-retirement part-time working arrangements (settlement arrears), for long-service awards and for structural measures taken in conjunction with the introduction of the ERA (Entgelt Rahmenabkommen – Framework Agreement on Pay) are also included in other provisions.

Social security liabilities relate mainly to contributions to employees‘ accident insurance associations amounting to € 1.6 million (December 31, 2010: € 1.5 million) and liabilities to health insurance agencies amounting to € 0.7 million (December 31, 2010: € 0.6 million).

Accrued interest expense

Non-current payments received on account from customers for contract production are discounted over the term of the advance payments using appropriate market interest rates and the deferred interest recognized as a liability within other liabilities until the engine is delivered. Accrued interest expense of € 17.3 million (December 31, 2010: € 18.7 million) relates to advance payments received for long-term military construction contracts.

Outstanding maintenance work on engines

This line item relates mainly to obligations for the maintenance of leased engines made available to airlines on a temporary basis (as part of commercial MRO activities) while the airlines' own engines are being maintained or repaired.

Repayment of grants towards development costs

In the financial years 1976 to 1991, MTU received grants towards the internally generated costs of developing the PW2000 engine from the German Federal Ministry of Economics and Technology which were recognized in the income statement. Once the contractually agreed sales figures of PW2000 production engines have been reached for the Boeing 757 and C17, MTU is obliged to pay back the grants (government subsidy of development costs) within a timeframe of ten years. The probability of repayment has increased significantly as a result of the strong demand for engines for the C17 aircraft. The liability – recognized initially at December 31, 2010 at an amount of € 57.3 million – is measured at amortized cost and using the effective interest method. The first instalment of the repayment is expected to become due in early 2012.

Sundry other liabilities

MTU participates with a share of 18% in the PW1100G engine program for the A320 family. At September 30, 2011, a total amount of € 50.3 million (December 31, 2010: € 0.0 million) was recognized as a liability in conjunction with agreements between MTU und Pratt&Whitney relating to participation in the PW1100G engine program. Cash out-flows relating to the program participation will take place on the basis of a fixed schedule agreed with the co-operation partner over the period from 2011 until probably 2018. No payments have been made during the first nine months of 2011.

In conjunction with the participation in the PW1100G engine program, the levels of participation in PW1217G (for the Mitsubishi Regional Jet) and in the PW1524G (for the Bombardier CSeries) have been fixed at 15 % and 17 % respectively. As a result, the development work still to be performed totalling approximately € 24 million was reclassified from other provisions to other liabilities.

Other taxes

Other taxes amounting to € 6.0 million (December 31, 2010: € 8.6 million) relate primarily to payroll and church taxes and solidarity surcharges.

32 Related party transactions

Transactions with related entities

Transactions with related entities are undertaken as part of the group's ordinary operating activities, buying and selling various products and services on an arm's length basis.

Proportionately consolidated entity (MTU Maintenance Zhuhai)

There were no trade receivables due from MTU-Zhuhai at either September 30, 2011 or December 31, 2010. Trade payables with this entity totalled € 6.1 million (December 31, 2010: € 1.8 million). Income arising during the nine-month period amounted to € 1.2 million (January - September 2010: € 1.4 million), with expenses totalling € 23.1 million (January - September 2010: € 10.7 million).

Entities accounted for at equity and at cost

Entities accounted for at equity and at cost are disclosed in note 43.1.2 (Major share-holdings) of the Annual Report for the year ended December 31, 2010. Trade receivables from these entities at September 30, 2011 amounted to € 37.9 million (December 31, 2010: € 33.5 million). Trade payables with these entities totalled € 73.3 million (December 31, 2010: € 90.9 million). Income arising during the nine-month period amounted to € 597.3 million (January - September 2010: € 456.3 million), with expenses totalling € 285.9 million (January - September 2010: € 321.7 million).

Transactions with related individuals

MTU Group companies did not enter into any material contracts with members of the Board of Management, the Supervisory Board or with other key management personnel or with companies in whose management or supervisory boards those persons are represented. The same applies to close members of the families of those persons.

33 Contingent liabilities and other financial commitments

Contingent liabilities and other financial obligations at September 30, 2011 amounted to € 112.3 million (December 31, 2010: € 126.6 million). Contingent liabilities and other financial obligations are not material to the MTU Group. As in previous periods, with the exception of lease payments, no amounts fell due for payment during the period under report. Similarly, no amounts are expected to be paid for the financial year 2011. Information regarding the composition and nature of contingent liabilities and other financial obligations is provided in the notes to the Consolidated Financial Statements in the Annual Report 2010 (Note 42).

Purchase commitments for intangible assets and property, plant and equipment amounted to € 39.7 million at September 30, 2011 (December 31, 2010: € 30.0 million).

34 Events after the end of the reporting period (September 30, 2011)

MTU Aero Engines intends to increase its share in the International Aero Engines (IAE) consortium. IAE markets the successful V2500 engine for the A320 family. The increase is to take place after agreement has been reached between Pratt&Whitney and Rolls-Royce regarding the restructuring of IAE: Rolls-Royce is to sell its share to Pratt&Whitney and the US engine manufacturer will then sell some of this share to MTU Aero Engines.

MTU's share will increase accordingly; at present it holds 11 percent. The V2500 remains the most important commercial program for Germany's leading engine manufacturer. MTU expects revenues to rise significantly as a result of the changes, with a corresponding positive impact on earnings. The increase in MTU's share in the consortium still requires the approval of the Supervisory Board of MTU Aero Engines; the final terms and conditions still need to be determined.

35 Publication of the Quarterly Financial Report

The Quarterly Financial Report of MTU Aero Engines Holding AG, Munich, for the period from January 1 to September 30, 2011 will be published on the Internet on October 26, 2011.

Financial Calendar

Telephone conference on third quarter 2011 earnings	**October 26, 2011**
MTU analysts and investors conference 2011	**November 22, 2011**

Contacts

Investor Relations
Telefon +49 (0) 89-1489-5714
Telefon +49 (0) 89-1489-3911
Telefax +49 (0) 89-1489-95139
E-Mail **Peter.Kameritsch@mtu.de**
Claudia.Heinle@mtu.de

Translation

The German version takes precedence.

MTU Aero Engines Holding AG on the Internet

- Further information about MTU Aero Engines Holding AG can be obtained via the Internet at: www.mtu.de.
- Investor Relations information is available directly at **http://www.mtu.de/de/investorrelations/latest_news/index.html**
- Information about MTU Aero Engines Holding AG's can be obtained at: **www.mtu.de/de/products_services/new_business_commercial/index.html**

MTU Aero Engines Holding AG
Dachauer Straße 665
80995 Munich • Germany
Tel. +49 89 1489-0
Fax +49 89 1489-5500
www.mtu.de