



## 2006 Q3 Results– MTU Aero Engines Holding AG



Conference Call with Investors and Analysts  
October 25th, 2006

- Prepared on the basis of IFRS

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## Key Business Issues Since H1 2006

### Commercial Business

- Strong market fundamentals: passenger traffic +6% and cargo traffic +5%
- A380: First flight with GP7200 in August 2006
  - Engine with aircraft certification planned for mid 2007
  - Further Airbus delays have only limited impact on MTU (revenue shift)
- PW2000: New engine sales secured up to 2009, spare parts beyond 2030

### Military Business

- Entry into US military market with F414 RRSP
- TP400 engine for A400M on track
- Upside potential from Saudi Eurofighter Order

### Commercial MRO

- US\$ 300m CF34 MRO contract for Berlin facility

### Other

- New efficiency program: target €50m p.a. cost savings from 2008 on

## Financial Highlights Per Sept. 2006

**Order Backlog** • Underlying group order backlog stable – based on constant US\$/€. Reported numbers show a decrease by 3.5% to € 3,448.7m.

**Revenues** • Group revenues up 13% to € 1,749.9m

**EBITDA adj.** • Group EBITDA up 34.9% to € 224.7m

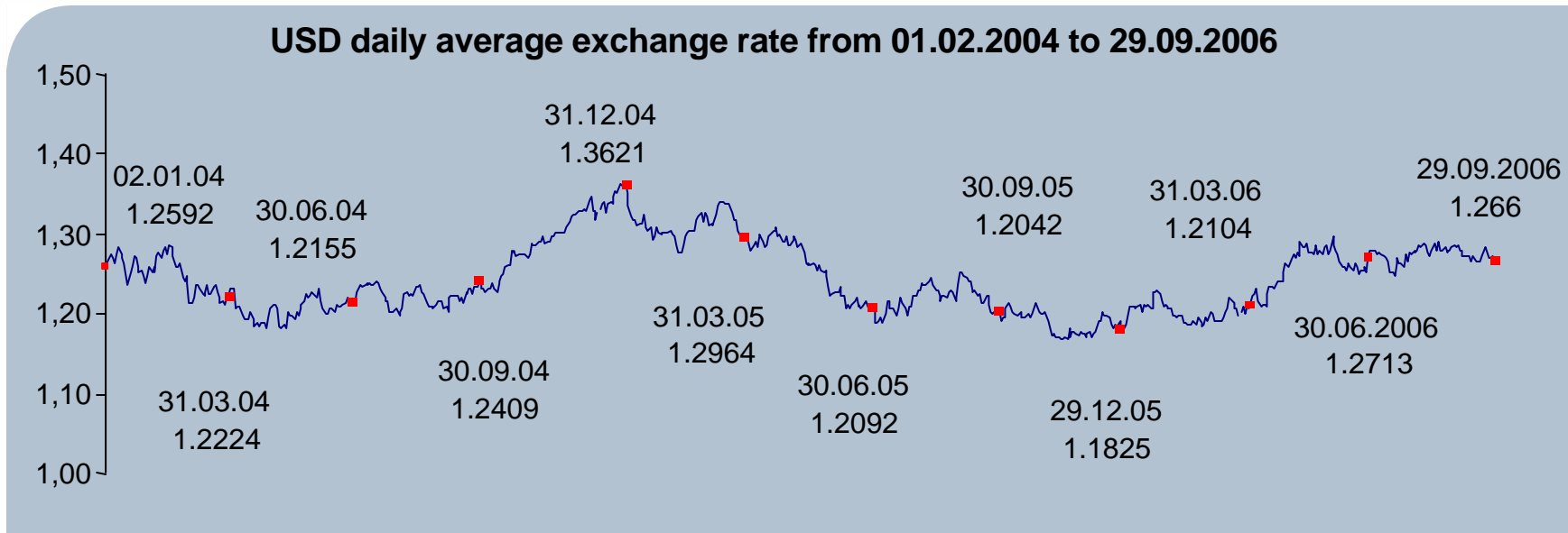
**Cash Flow** • Cash Flow from operating activities down 52.4% to € 142.9m (high prepayments in 2005)

**Underlying Net Income/ EPS** • Underlying Net Income up 148.4% to € 87.7m ( € 1.61 EPS)

## Improved 2006 Full Year Profit Outlook

€ m	Old	New
<b>Revenues</b>	2.350	<b>2.350</b>
<b>EBIT reported</b>	180	<b>180</b>
<b>EBITDA adj.</b>	290	<b>310</b>
<b>CF Operating Activities</b>	180	<b>180</b>
<b>Underlying Net Income</b>	105	<b>115</b>

## US\$ Exchange Rate / Hedge Portfolio



Hedging in place as of 25 October 2006	% of exposure hedged	Average exchange rate
2006	80%	1.25
2007	70%	1.26
2008	30%	1.28
2009	1%	1.29

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## OEM Segment

€ m	30.09.2006	31.12.2005	Change
<b>Order backlog</b>	<b>3,336.3</b>	<b>3,433.8</b>	<b>-2.8%</b>
Commercial Business	1,836.4	1,843.8	-0.4%
Military Business	1,499.9	1,590.0	-5.7%

€ m	Per Sept. 2006	Per Sept. 2005	Change
<b>Revenues</b>	<b>1,061.9</b>	<b>1,012.7</b>	<b>4.9%</b>
Commercial Business	746.5	702.1	6.3%
Military Business	315.4	310.6	1.5%
<b>Gross profit</b>	<b>186.7</b>	<b>131.9</b>	<b>41.5%</b>
<i>Gross profit margin</i>	<i>17.6%</i>	<i>13.0%</i>	
<b>R&amp;D self-financed</b>	<b>50.6</b>	<b>43.6</b>	<b>16.1%</b>
<b>EBITDA adj.</b>	<b>152.3</b>	<b>115.6</b>	<b>31.7%</b>
<i>EBITDA adj. margin</i>	<i>14.3%</i>	<i>11.4%</i>	

### Order backlog

- Commercial order backlog +4.7% underlying (excluding fx effects)

### Revenues

- Commercial sales +9.2 % (without ATENA in 2005). Underlying growth +11% - adjusted for additional negative effect out of hedging.

### Gross Profit

- Increase by 41.5% due to favourable business mix effects

### EBITDA adj.

- EBITDA adj. increased by 31.7% reaching 14.3% margin



## MRO Segment

€ m	30.09.2006	01.01.2006	Change
<b>Contract Volume MRO</b>	<b>3,070.0</b>	<b>2,987.0</b>	<b>2.8%</b>
Order backlog	112.5	140.7	-20.0%

€ m	Per Sept 2006	Per Sept 2005	Change
<b>Revenues</b>	<b>702.6</b>	<b>545.0</b>	<b>28.9%</b>

<b>Gross profit</b>	<b>88.1</b>	<b>52.6</b>	<b>67.5%</b>
<i>Gross profit margin</i>	<i>12.5%</i>	<i>9.6%</i>	

<b>R&amp;D self-financed</b>	<b>4.4</b>	<b>2.0</b>	<b>120.0%</b>
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<b>EBITDA adj.</b>	<b>73.7</b>	<b>48.5</b>	<b>52.0%</b>
<i>EBITDA adj. margin</i>	<i>10.5%</i>	<i>8.9%</i>	

### Order backlog

- Contract volume MRO +10.3% underlying (excluding US\$ effects).

### Revenues

- Increase by 28.9% mainly due to V2500, PW2000 and CF6-50

### Gross Profit

- Increase by 67.5% mainly due to volume effect.

### EBITDA adj

- EBITDA adj increased by 52.0% reaching 10.5% margin.

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## Financial Result

€ m	Per Sept. 2006	Per Sept. 2005	Change
<b>Income from associated companies</b>	<b>-0.1</b>	<b>0.2</b>	
<b>Share of profit of Joint Ventures accounted for using the equity method</b>	<b>0.4</b>	<b>1.9</b>	
<b>Interest Result</b>	<b>-13.3</b>	<b>-31.6</b>	<b>57.9%</b>
Interest income/payments	-0.9	-12.8	
Interest payment High Yield Bond	-10.2	-16.7	
Interest Financial Lease / Others	-2.2	-2.1	
<b>Other Financial Result</b>	<b>-8.7</b>	<b>-25.8</b>	<b>66.3%</b>
Gains/losses US\$ cash/financing/ Capital lease valuation	0.4	-2.1	
Interest expenses for pension provisions	-13.8	-13.7	
Non cash valuations (swaps)	4.9	-8.7	
Interest R&D provisions and others	-0.2	-1.3	
<b>Total Financial Result</b>	<b>-21.7</b>	<b>-55.3</b>	<b>-60.8%</b>

## Underlying Net Income and EPS underlying

€ m	Per Sept. 2006	Per Sept. 2005	Change
<b>EBITDA adj.</b>	<b>224.7</b>	<b>166.6</b>	<b>34.9%</b>
Depreciation/amortisation w/o PPA	-55.8	-52.1	
<b>EBIT underlying</b>	<b>168.9</b>	<b>114.5</b>	<b>47.5%</b>
Financial result	-21.7	-55.3	
<b>EBT underlying</b>	<b>147.2</b>	<b>59.2</b>	<b>148.6%</b>
underlying Tax (40,4%)	-59.5	-23.9	
<b>Underlying Net Income</b>	<b>87.7</b>	<b>35.3</b>	<b>148.4%</b>
<b>EPS underlying</b>	<b>1.61</b>	<b>0.64</b>	<b>151.6%</b>

## Cash Flow

€ m	Per Sept. 2006	Per Sept.2005	Change
<b>Net income IFRS</b>	<b>80.0</b>	<b>19.4</b>	<b>312.4%</b>
Depreciation and amortisation	89.7	100.4	
Change in Provisions	41.2	2.2	
Change in Working Capital	-65.5	169.2	
Deferred taxes	4.7	9.4	
Gains/losses associated comp. /others	-7.2	-0.6	
<b>Cash Flow from operating activities</b>	<b>142.9</b>	<b>300.0</b>	<b>-52.4%</b>
Cash Flow from investing activities	-45.8	-42.7	-7.3%
<b>Free Cash Flow</b>	<b>97.1</b>	<b>257.3</b>	<b>-62.3%</b>
Cash Flow from financing activities	-29.0	-209.2	86.1%
Effect of exchange rate on cash and cash equivalents	0.7	6.5	
Change in cash and cash equivalents	68.8	54.6	
Cash and cash equivalents as at Sept. 30	84.7	83.1	
Liabilities to banks	-64.8		
Liquidity as at Sept. 30	19.9	83.1	

## Working Capital

in € million	30.09.2006	31.12.2005	Change	Change in %
Gross inventories	562.7	518.2	-44.5	
Prepayments	-498.1	-431.0	67.1	
Receivables	662.0	483.9	-178.1	
Payables	-538.6	-448.6	90.0	
<b>Working Capital</b>	<b>188.0</b>	<b>122,5</b>	<b>65.5</b>	<b>53.5%</b>

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## Profit & Loss

€m	Q3 2006	Q3 2005	change	Per Sept. 2006	Per Sept. 2005	change
<b>Revenues</b>	<b>601.4</b>	<b>519.9</b>	<b>15.7%</b>	<b>1,749.9</b>	<b>1,545.6</b>	<b>13.2%</b>
Total cost of sales	-499.7	-452.0		-1,475.2	-1,360.3	
<b>Gross profit</b>	<b>101.7</b>	<b>67.9</b>	<b>49.8%</b>	<b>274.7</b>	<b>185.3</b>	<b>48.2%</b>
Gross profit margin	16.9%	13.1%		15.7%	12.0%	
R & D company funded	-12.7	-6.3		-42.9	-20.8	
SG&A	-31.0	-27.4		-87.0	-85.0	
Other operating income (expense)	10.9	3.9		12.8	9.5	
<b>EBIT reported</b>	<b>68.9</b>	<b>38.1</b>	<b>80.8%</b>	<b>157.6</b>	<b>89.0</b>	<b>77.1%</b>
<b>EBITDA reported</b>	<b>97.1</b>	<b>71.7</b>	<b>35.4%</b>	<b>247.3</b>	<b>189.4</b>	<b>30.6%</b>
<b>EBITDA adjusted</b>	<b>82.6</b>	<b>64.3</b>	<b>28.5%</b>	<b>224.7</b>	<b>166.6</b>	<b>34.9%</b>
Financial result	-9.8	-17.6		-22.1	-57.2	
Share of income/loss of Joint Ventures accounted for using the equity method	0.0	1.4		0.4	1.9	
<b>Profit before Tax (EBT)</b>	<b>59.1</b>	<b>21.9</b>	<b>169.9%</b>	<b>135.9</b>	<b>33.7</b>	<b>303.3%</b>
Taxes	-24.1	-9.2		-55.9	-14.3	
<b>IFRS net income</b>	<b>35.0</b>	<b>12.7</b>	<b>175.6%</b>	<b>80.0</b>	<b>19.4</b>	<b>312.4%</b>



## Revenues / Cost of Sales

	Q3 2006	Q3 2005	change	Per Sept. 2006	Per Sept. 2005	change
<b>Revenues</b>	<b>601.4</b>	<b>519.9</b>	<b>15.7%</b>	<b>1,749.9</b>	<b>1,545.6</b>	<b>13.2%</b>
OEM Commercial	261.1	222.1	17.6%	746.5	702.1	6.3%
OEM Military	111.0	107.8	3.0%	315.4	310.6	1.5%
MRO	234.6	193.8	21.1%	702.6	545.0	28.9%
Consolidation	-5.3	-3.8		-14.6	-12.1	
<b>Cost of Sales</b>	<b>-499.7</b>	<b>-452.0</b>	<b>10.6%</b>	<b>-1,475.2</b>	<b>-1,360.3</b>	<b>8.4%</b>
<b>OEM (commercial / military)</b>	<b>-293.9</b>	<b>-282.9</b>		<b>-875.2</b>	<b>-880.8</b>	
<b>MRO</b>	<b>-211.0</b>	<b>-172.8</b>		<b>-614.5</b>	<b>-492.4</b>	
<b>Consolidation</b>	<b>5.2</b>	<b>3.7</b>		<b>14.5</b>	<b>12.9</b>	

## Gross Profit / EBIT reported

	Q3 2006	Q3 2005	change	Per Sept. 2006	Per Sept. 2005	change
<b>Gross Profit</b>	<b>101.7</b>	<b>67.9</b>	<b>49.8%</b>	<b>274.7</b>	<b>185.3</b>	<b>48.2%</b>
OEM (commercial / military)	78.2	47.0	66.4%	186.7	131.9	41.5%
MRO	23.6	21.0	12.4%	88.1	52.6	67.5%
Consolidation	-0.1	-0.1		-0.1	0.8	
<b>EBIT reported</b>	<b>68.9</b>	<b>38.1</b>	<b>80.8%</b>	<b>157.6</b>	<b>89.0</b>	<b>77.1%</b>
<b>OEM (commercial / military)</b>	<b>55.1</b>	<b>23.1</b>	<b>138.5%</b>	<b>108.6</b>	<b>62.3</b>	<b>74.3%</b>
<b>MRO</b>	<b>13.8</b>	<b>10.7</b>	<b>29.0%</b>	<b>50.3</b>	<b>24.2</b>	<b>107.9%</b>
<b>Consolidation</b>	<b>0.0</b>	<b>4.3</b>		<b>-1.3</b>	<b>2.5</b>	

## Research & Development

€m	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
<b>Company expensed R&amp;D</b>	<b>16.7</b>	<b>14.6</b>	<b>14.4%</b>	<b>55.0</b>	<b>45.6</b>	<b>20.6%</b>
OEM	16.5	14.0		50.6	43.6	
MRO	0.2	0.6		4.4	2.0	
<b>Consumption of R&amp;D provision</b>	<b>-4.0</b>	<b>-8.3</b>		<b>-12.1</b>	<b>-24.8</b>	
<b>R&amp;D according to IFRS</b>	<b>12.7</b>	<b>6.3</b>	<b>101.6%</b>	<b>42.9</b>	<b>20.8</b>	<b>106.3%</b>
<b>Customer funded R&amp;D</b>	<b>19.7</b>	<b>22.8</b>	<b>-13.6%</b>	<b>62.5</b>	<b>64.6</b>	<b>-3.3%</b>
<b>Total R&amp;D</b>	<b>36.4</b>	<b>37.4</b>	<b>2.7%</b>	<b>117.5</b>	<b>110.2</b>	<b>6.6%</b>

## EBITDA reported / adjusted

	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
<b>EBITDA reported</b>	<b>97.1</b>	<b>71.7</b>	<b>35.4%</b>	<b>247.3</b>	<b>189.4</b>	<b>30.6%</b>
OEM (commercial / military)	75.8	48.5	56.3%	174.9	138.4	26.4%
MRO	21.3	18.9	12.7%	73.7	48.5	52.0%
Consolidation	0.0	4.3		-1.3	2.5	
<b>EBITDA adjusted</b>	<b>82.6</b>	<b>64.3</b>	<b>28.5%</b>	<b>224.7</b>	<b>166.6</b>	<b>34.9%</b>
<b>OEM (commercial / military)</b>	<b>61.3</b>	<b>41.1</b>	<b>49.1%</b>	<b>152.3</b>	<b>115.6</b>	<b>31.7%</b>
<b>MRO</b>	<b>21.3</b>	<b>18.9</b>	<b>12.7%</b>	<b>73.7</b>	<b>48.5</b>	<b>52.0%</b>
<b>Consolidation</b>	<b>0.0</b>	<b>4.3</b>		<b>-1.3</b>	<b>2.5</b>	
<b>EBITDA adjusted margin</b>	<b>13.7%</b>	<b>12.4%</b>		<b>12.8%</b>	<b>10.8%</b>	
<b>OEM (commercial / military) margin</b>	<b>16.5%</b>	<b>12.5%</b>		<b>14.3%</b>	<b>11.4%</b>	
<b>MRO margin</b>	<b>9.1%</b>	<b>9.8%</b>		<b>10.5%</b>	<b>8.9%</b>	

## EBITDA Adjustments- Group Level

€ m	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
<b>EBIT reported</b>	<b>68.9</b>	<b>38.1</b>	<b>80.8%</b>	<b>157.6</b>	<b>89.0</b>	<b>77.1%</b>
Depreciation and amortization	28.2	33.6		89.7	100.4	
<b>EBITDA reported</b>	<b>97.1</b>	<b>71.7</b>	<b>35.4%</b>	<b>247.3</b>	<b>189.4</b>	<b>30.6%</b>
Restructuring costs		0.9			2.0	
R&D provision consumption	-4.0	-8.3		-12.1	-24.8	
Property sale	-10.5			-10,5		
<b>Total adjustments</b>	<b>-14.5</b>	<b>-7.4</b>		<b>-22.6</b>	<b>-22.8</b>	
<b>EBITDA adjusted</b>	<b>82.6</b>	<b>64.3</b>	<b>28.5%</b>	<b>224.7</b>	<b>166.6</b>	<b>34.9%</b>

## EBITDA Adjustments – Segmental Level

OEM Segment	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
EBITDA reported OEM	75.8	48.5	56.3%	174.9	138.4	26.4%
R&D cost, not expensed under IFRS	-4.0	-8.3		-12.1	-24.8	
Restructuring	0.0	0.9		0.0	2.0	
Property Sale	-10.5	0.0		-10.5	0.0	
<b>EBITDA adjusted OEM</b>	<b>61.3</b>	<b>41.1</b>	<b>49.1%</b>	<b>152.3</b>	<b>115.6</b>	<b>31.7%</b>

MRO Segment	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
EBITDA reported MRO	21.3	18.9	12.7%	73.7	48.5	52.0%
R&D cost, not expensed under IFRS						
Restructuring						
Property Sale						
<b>EBITDA adjusted MRO</b>	<b>21.3</b>	<b>18.9</b>	<b>12.7%</b>	<b>73.7</b>	<b>48.5</b>	<b>52.0%</b>

## Financial Result

€ m	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
<b>Income from associated companies</b>	<b>-0.2</b>	<b>0.0</b>		<b>-0.1</b>	<b>0.2</b>	
<b>Share of profit of Joint Ventures accounted for using the equity method</b>	<b>0.0</b>	<b>1.4</b>		<b>0.4</b>	<b>1.9</b>	
<b>Interest Result</b>	<b>-4.1</b>	<b>-11.6</b>	<b>64.6%</b>	<b>-13.3</b>	<b>-31.6</b>	<b>57.9%</b>
Interest income	0.1	-5.5		-0.9	-12.8	
Interest payment High Yield Bond	-3.4	-5.4		-10.2	-16.7	
Interest Financial Lease / Others	-0.8	-0.7		-2.2	-2.1	
<b>Other Financial Result</b>	<b>-5.5</b>	<b>-6.0</b>	<b>8.3%</b>	<b>-8.7</b>	<b>-25.8</b>	<b>66.3%</b>
Gains/losses US\$ cash/financing/ Capital lease valuation	0.3	-0.6		0.4	-2.1	
Interest expenses for pension provisions	-4.6	-4.6		-13.8	-13.7	
Non cash valuations (swaps)	-1.2	-0.3		4.9	-8.7	
Interest R&D provisions and others	0.0	-0.5		-0.2	-1.3	
<b>Total Financial Result</b>	<b>-9.8</b>	<b>-16.2</b>	<b>39.5%</b>	<b>-21.7</b>	<b>-55.3</b>	<b>60.8%</b>

## Cash Flow

€ m	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
<b>Net income IFRS</b>	<b>35.0</b>	<b>12.7</b>	<b>175.6%</b>	<b>80.0</b>	<b>19.4</b>	<b>312.4%</b>
Depreciation and amortisation	28.2	33.6		89.7	100.4	
Change in Provisions	35.6	2.4		41.2	2.2	
Change in Working Capital	-70.0	11.7		-65.5	169.2	
Deferred taxes	3.2	15.1		4.7	9.4	
Gains/losses associated comp. /others	-9.5	-8.3		-7.2	-0.6	
<b>Cash Flow from operating activities</b>	<b>22.5</b>	<b>67.2</b>	<b>-66.5%</b>	<b>142.9</b>	<b>300.0</b>	<b>-52.4%</b>
Cash Flow from investing activities	-23.6	-14.4	-63.9%	-45.8	-42.7	-7.3%
<b>Free Cash Flow</b>	<b>-1.1</b>	<b>52.8</b>	<b>-102.1%</b>	<b>97.1</b>	<b>257.3</b>	<b>-62.3%</b>
Cash Flow from financing activities	-3.1	-82.9	96.3%	-29.0	-209.2	86.1%
Effect of exchange rate on cash and cash equivalents	0.0	-0.5		0.7	6.5	
Change in cash and cash equivalents	-4.2	-30.6		68.8	54.6	
Cash and cash equivalents as at Sept. 30				84.7	83.1	
Liabilities to banks				-64.8		
Liquidity as at Sept. 30				19.9	83.1	



## PPA depreciation/amortisation

<b>Total depreciation / amortisation</b>	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>Per Sept. 2006</b>	<b>Per Sept. 2005</b>
<b>MTU total</b>	<b>28.2</b>	<b>33.6</b>	<b>89,7</b>	<b>100.4</b>
OEM	20.7	25.4	66.3	76.1
MRO	7.5	8.2	23.4	24.3
<b>PPA depreciation / amortisation</b>	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>Per Sept. 2006</b>	<b>Per Sept. 2005</b>
<b>MTU total</b>	<b>9.7</b>	<b>15.4</b>	<b>33.9</b>	<b>48.3</b>
OEM	7.8	12.3	27.7	39.1
MRO	1.9	3.1	6.2	9.2
<b>Depreciation / amortisation w/o PPA</b>	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>Per Sept. 2006</b>	<b>Per Sept. 2005</b>
<b>MTU total</b>	<b>18.5</b>	<b>18.2</b>	<b>55.8</b>	<b>52.1</b>
OEM	12.9	13.1	38.6	37.0
MRO	5.6	5.1	17.2	15.1

## Underlying Net Income and EPS underlying

€ m	Q3 2006	Q3 2005	Change	Per Sept. 2006	Per Sept. 2005	Change
<b>EBITDA adj.</b>	<b>82.6</b>	<b>64.3</b>	<b>28.5%</b>	<b>224.7</b>	<b>166.6</b>	<b>34.9%</b>
Depreciation/amortisation w/o PPA	-18.5	-18.2		-55.8	-52.1	
<b>EBIT underlying</b>	<b>64.1</b>	<b>46.1</b>	<b>39.0%</b>	<b>168.9</b>	<b>114.5</b>	<b>47.5%</b>
Financial result	-9.8	-16.2		-21.7	-55.3	
<b>EBT underlying</b>	<b>54.3</b>	<b>29.9</b>	<b>81.6%</b>	<b>147.2</b>	<b>59.2</b>	<b>148.6%</b>
underlying Tax (40,4%)	-22.0	-12.1		-59.5	-23.9	
<b>Underlying Net Income</b>	<b>32.3</b>	<b>17.8</b>	<b>81.5%</b>	<b>87.7</b>	<b>35.3</b>	<b>148.4%</b>
<b>EPS underlying (€share)</b>	<b>0.59</b>	<b>0.32</b>		<b>1.61</b>	<b>0.64</b>	

## Cautionary Note Regarding Forward-Looking Statements

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

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

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