

MTU Aero Engines Holding AG  
Dachauer Straße 665  
80995 Munich • Germany  
Tel. +49 89 1489-0  
Fax +49 89 1489-5500  
[www.mtu.de](http://www.mtu.de)





Invitation to the Annual  
General Meeting of  
MTU Aero Engines Holding AG

# Invitation

MTU Aero Engines Holding AG  
Munich  
Securities code no. WKN A0D 9PT  
ISIN DE000A0D9PT0

## Invitation to the Annual General Meeting of MTU Aero Engines Holding AG

We hereby invite the shareholders of our Company to the  
Annual General Meeting, which will be held on

**Thursday, 22 April 2010, at 10:00 a.m.**

in

**The Westin Grand München Arabellapark  
Entrance Ballsaal Foyer  
Arabellastr. 6  
81925 München.**

The doors open from 09:00 a.m.

# I. Agenda

## **1. Presentation of the annual financial statements and the management report for MTU Aero Engines Holding AG and the approved consolidated financial statements, as well as the group management report for the fiscal year 2009, presentation of the Supervisory Board report as well as the Explanatory Report of the Management Board regarding the statements pursuant to Sec. 289(4) and 315(4) of the Commercial Code**

These documents can be inspected from the time of convocation of the Annual General Meeting onwards on the Internet at the address [www.mtu.de/hv](http://www.mtu.de/hv).

## **2. Resolution on the appropriation of balance sheet profits**

The Management Board and the Supervisory Board propose to use the balance sheet profits of MTU Aero Engines Holding AG for the fiscal year 2009, amounting to EUR 61,306,860.13, as follows:

### **Appropriation of balance sheet profits**

Distribution of a dividend of EUR 0.93 per dividend-bearing share	Euro	45,497,281.44
Transfer to revenue reserves	Euro	15,809,578.69
Balance sheet profits	Euro	61,306,860.13
Profit carried forward	Euro	0

Disbursal of the dividend is to be effected on 23 April 2010.

Own shares held by the Company are not dividend-bearing. The number of dividend-bearing shares may change by the time the General Meeting is held. In this event, an appropriately-adjusted proposal for the appropriation of the profits will be submitted to the General Meeting.

## **3. Resolution on the ratification of the acts of the members of the Management Board in the fiscal year 2009**

The Management Board and the Supervisory Board propose the ratification of the acts of the members of the Management Board for the fiscal year 2009.

## **4. Resolution on the ratification of the acts of the members of the Supervisory Board in the fiscal year 2009**

The Management Board and the Supervisory Board propose the ratification of the acts of the members of the Supervisory Board for the fiscal year 2009.

## **5. Appointment of the auditor for the fiscal year 2010**

The Supervisory Board proposes the appointment of Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors for the fiscal year 2010 and for the review of the interim financial statements of the fiscal year 2010; this proposal is supported by the recommendation of the Audit Committee.

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

The authorization of the Company to acquire own shares, resolved at the Annual General Meeting on 26 May 2009, expires on 26 November 2010. It is to be replaced by a new authorization. Under Sec. 71(1) no. 8 of the Stock Corporation Act, as amended by the Act Implementing the Shareholders' Rights Directive (ARUG) of July 30, 2009, such authorization may now be granted for a period of up to five years.

The Management Board and the Supervisory Board hence propose that the following resolution be passed:

- a) The Company is authorized for the period subsequent to 23 April 2010 to 22 April 2015, inclusively, to acquire pursuant to Sec. 71(1) no. 8 of the Stock Corporation Act own shares up to a proportion of the share capital not in excess of 10% of the Company's share capital existing at the time of the present resolution. The repurchased shares together with other treasury stock owned by the Company or allocable to it under Sec. 71 a et seq. of the Stock Corporation Act may not at any time make up more than 10% of the capital stock. The authorization may not be exploited for the purpose of trading in treasury stock. At the option of the Management Board, acquisition may take place on the Stock Exchange or via a public offer to buy (or – insofar as is legally permissible – via a public call to submit a sell offer) which is addressed to all shareholders. The price for the acquisition of these shares shall not exceed or go below the stock exchange price by more than 10 percent, all and any ancillary acquisition costs being excluded from the calculation. In the case of acquisition on the Stock Exchange, the relevant stock exchange price within the meaning of the above provision shall be the mean value of the share prices at the Xetra final auction (or in a comparable successor system) during the last three Stock Exchange trading days prior to acquisition of the shares. In the event of acquisition via a public offer to buy (or a public call to submit a sell offer) which is addressed to all shareholders, the relevant stock exchange price shall be the mean value of the share prices at the Xetra final auction (or a comparable successor system) during the last three Stock Exchange trading days prior to publication of the offer. In the event of considerable price fluctuations, the Management Board shall be authorized to publish this offer to buy or call to submit a sell offer, taking account of a new mean value of the share prices in line with the sentence above. On acquisition via a public offer to buy (or a public call to submit a sell offer) addressed to all shareholders, the volume of the offer may be restricted. Insofar as the entire acceptance of the offer (or the total number of offers) exceeds this volume, the acquisition must take place in proportion to the shares offered in each case, whereby small parcels offered for sale (up to 100 pieces) may be afforded preferential treatment. The offer or the call to submit an offer may contain further conditions.
- b) The Management Board shall be authorized to effect disposal of acquired own shares of the Company in another manner than on the Stock Exchange or via an offer to the shareholders insofar as the shares are sold in return for a cash payment at a price which is not significantly lower than the stock exchange price of shares of the Company of a similar class and terms of issue at the time of disposal.
- c) The Management Board shall be authorized, with the consent of the Supervisory Board, to effect disposal of acquired own shares in another manner than on the Stock Exchange or via an offer addressed to all shareholders insofar as the own shares, in the context of the Company's Stock Program, are sold to participants in such program who are or were in an employment relationship with the Company or a

connected enterprise. Insofar as disposal is to take place in the context of the Company's Stock Program to Management Board members or former Management Board members of the Company, the Supervisory Board shall be authorized to effect such disposal.

- d) Furthermore, the Management Board shall be authorized to make use of acquired own shares as complete or part consideration, in the context of mergers or in the (also indirect) acquisition of enterprises, parts of enterprises or holdings in enterprises.
- e) Further, the Management Board shall be authorized, with the consent of the Supervisory Board, to use acquired own shares to satisfy conversion rights or duties arising from convertible bonds, warrant bonds, profit participation bonds or participation rights (or combinations of these instruments) issued by the Company or any group companies.
- f) Furthermore, the Management Board shall be authorized, with the consent of the Supervisory Board, to completely or partly withdraw acquired own shares without a further resolution of the General Meeting. They may also be withdrawn in a simplified procedure without a capital decrease by adjusting the proportionate mathematical amount of the other shares in the share capital of the Company. Withdrawal may be restricted to a part of acquired shares. Multiple use may be made of the authorization to withdraw. If the withdrawal takes place in the simplified procedure, the Management Board shall be authorized to adjust the number of the shares in the Articles of Association.
- g) The above authorizations may be exercised once or several times, completely or in parts, individually or together. They may also be utilized by group companies within the meaning of Sec. 17 of the Stock Corporation Act.
- h) The shareholders' subscription right in respect of this treasury stock is excluded to the extent that the shares are used in accordance with the above authorizations under b) to e) above.
- i) The Company's authorization of 26 May 2009 to acquire own shares shall be rescinded on coming into effect of the present new authorizations. The authorization given in the previously mentioned resolution from 26 May 2009 to avail of the acquired own shares shall remain in force.

#### **7. Resolution on the amendment to the Articles of Association to align same with the Act Implementing the Shareholders' Rights Directive**

The Act Implementing the Shareholders' Rights Directive has amended the deadlines for registering for the General Meeting and for voting by proxy. In addition, the Act makes postal votes possible. In addition, for the sake of legal certainty and clarity a provision stating that no entries may be made in the share register prior to the General Meeting is to be inserted in the Articles of Association.

Accordingly, the Management Board and the Supervisory Board propose amending Secs. 14, 15 and 16 of the Articles of Association as follows:

a) § 14(2) is to be redrafted as follows:

*“(2) The General Meeting is to be convened at least thirty days before the date of the meeting. The deadline for convening the meeting shall be extended to include the days of the registration period (Sec. 15(2)).”*

b) Sec. 15 is to be redrafted as follows and a subsection (3) is to be added:

*“(1) Only those shareholders who are registered in the Company’s share register and who have registered their shares in good time for the General Meeting shall be permitted to attend the General Meeting and vote.*

*(2) The registration must be received by the Company at the address stated for this purpose in the invitation no later than on the sixth day prior to the meeting. For the purpose of calculating the above time limit, the day of the meeting and the day of receipt of the registration shall not be counted. The Management Board may provide for a shorter period of days in the invitation.*

*(3) For practical reasons, no entries may be made in the share register during the last three working days prior to the meeting or on the day of the General Meeting.”*

c) Sec. 16(2) is to be redrafted as follows, a new subsection 3 is inserted after it; the previous Sec. 16(3) is to be revoked:

*“(2) Voting rights may be exercised by a proxy. The grant of a power of attorney, its revocation and evidence of authorization must be submitted to the Company in text form. The shareholder may revoke the power of attorney by appearing in person at the General Meeting. The foregoing is without prejudice to Sec. 135 of the Stock Corporation Act.*

*(3) The Management Board is authorized to provide that shareholders may cast their votes, even without participating in the meeting, in writing or by electronic means (postal voting). If the Management permits postal voting, any votes cast in this way will become invalid if the shareholder himself or his proxy attends the meeting.”*

## **8. Resolution on the revocation of the previous Authorized Capital I and creation of new Authorized Capital I; amendment of Sec. 4 (5) of the Articles of Association**

The authorization of the Management Board of the Company resolved by the Annual General Meeting of 30 May 2005 (taking into account the second resolution passed on 31 May 2005) to increase the share capital by issuing new no-par value bearer shares against contributions in cash by up to an aggregate amount of EUR 5,500,000 (Authorized Capital I 2005) expires on 29 May, 2010. It is to be replaced by a new authorization of the Company to increase the share capital (Authorized Capital I 2010).

Therefore, the Management Board and the Supervisory Board propose that the following resolution be passed:

By revoking the existing authorization of the Management Board to increase the share capital in accordance with Sec. 4(5) of the Articles of Association, with effect as per the date of entry in the commercial register of the amendment of the Articles of Association resolved in the following, an authorized capital (Authorized Capital I 2010) is created by revision of Sec. 4(5) of the Articles of Association as follows:

*“(5) The Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital by 21 April 2015 by issuing new no-par value registered shares against contributions in cash, once or several times, by up to an aggregate amount of EUR 5,200,000 (in words: five million two hundred thousand) (Authorized Capital I 2010).*

*The shareholders must be granted a subscription right. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude fractions from the subscription right of shareholders. In addition, the Management Board is authorized, with the consent of the Supervisory Board, to exclude this subscription right to the extent necessary in order to be able to grant the holders of conversion or option rights in relation to registered shares of the Company the subscription rights they are entitled to after the exercise of their conversion or option rights.*

*The Management Board is furthermore authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders if the issue amount is not substantially lower than the stock market price. This authorization shall only apply under the condition that the shares issued under exclusion of the subscription right in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act may not exceed an aggregate of 10% of the share capital at the time of such resolution. In calculating this 10% limit of the share capital, an allowance shall be made for the granting of option or conversion rights for company shares with the exclusion of subscription rights in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act and for the sale of own shares with the exclusion of subscription rights in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act, taken place after this authorization, i.e. after 22 April 2010. In addition, this authorization shall only apply under the condition that the shares issued after this authorization, i.e. after 22 April 2010, on the basis of this or another authorization on the issuance of Company shares with the exclusion of the subscription right pursuant to or in corresponding application of Sec. 186(3) sentence 4 of the Stock Corporation Act, do not represent more than the aggregate amount of 20% of the share capital at the time of such resolution.*

*The Management Board is authorized, with the consent of the Supervisory Board, to define the further content of the rights to the shares and the conditions of issuance of the shares.*

*The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the scope of the capital increase from the Authorized Capital I 2010 after the complete or partial implementation of the increase of the share capital from the Authorized Capital I 2010 or after the expiry of the period of authorization.”*

## **9. Resolution on the revocation of the previous Authorized Capital II and creation of new Authorized Capital II; amendment of Sec. 4(6) of the Articles of Association**

The authorization of the Management Board of the Company resolved by the Annual General Meeting of 30 May 2005 (taking into account the second resolution passed on 31 May 2005) to increase the share capital by issuing new no-par value bearer shares against contributions in cash by up to an aggregate amount of EUR 19,250,000 (Authorized Capital II 2005) expires on 29 May, 2010. It is to be replaced by a new authorization of the Company to increase the share capital (Authorized Capital II 2010).



Therefore, the Management Board and the Supervisory Board propose that the following resolution be passed:

By revoking the existing authorization of the Management Board to increase the share capital in accordance with Sec. 4(6) of the Articles of Association, with effect as per the date of entry in the commercial register of the amendment of the Articles of Association resolved in the following, an authorized capital (Authorized Capital II 2010) is created by revision of Sec. 4(6) of the Articles of Association as follows:

*“(6) The Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company by 21 April 2015, by way of issuing new no-par value registered shares against contributions in cash or in kind, once or several times, by up to an aggregate amount of EUR 20,800,000 (in words: twenty million eight hundred thousand) (Authorized Capital II 2010).*

*If shares are issued against contributions in kind for the purpose of the direct or indirect acquisition of companies, parts of companies or equity interests, the Management Board is authorized to exclude the subscription right of the shareholders with the Supervisory Board’s consent. In addition, the Management Board is authorized, with the consent of the Supervisory Board, to exclude this subscription right to the extent necessary in order to be able to grant the holders of conversion or option rights in relation to registered shares of the Company the subscription rights they are entitled to after the exercise of their conversion or option rights. However, this authorization shall only apply under the condition that the shares issued under exclusion of the subscription right may not exceed an aggregate of 20% of the Company’s share capital at the time of such resolution. In calculating this 20% limit, an allowance shall be made for the issuance of shares after this authorization, i.e. after 22 April 2010, from authorized capital excluding subscription rights in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act and for the granting of option or conversion rights for company shares with the exclusion of subscription rights after this authorization in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act as well as the sale of own shares under exclusion of the subscription right in accordance with Sec. 186(3) sentence 4 of the Stock Corporation Act.*

*In all other respects, the shareholders must be granted a subscription right. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude fractions from the subscription right of shareholders.*

*In addition, the Management Board is authorized, with the consent of the Supervisory Board, to define the further content of the rights to the shares and the conditions of issuance of the shares.*

*The Supervisory Board is authorized to amend the Articles of Association in accordance with the scope of the capital increase from the Authorized Capital II 2010 after the complete or partial implementation of the increase of the share capital from the Authorized Capital II 2010 or after the expiry of the period of authorization.”*

#### **10. Resolution on the reduction of the Conditional Capital; Amendment of Sec. 4(7) of the Articles of Association**

According to the existing Sec. 4(7) of the Articles of Association, the Conditional Capital in an amount of up to EUR 19,250,000 serves the purpose of granting shares to the holders of convertible bonds and/or warrant-linked bonds, which were issued pursuant to the authorization granted by the General Meeting on 30 May 2005 (taking into account the second resolution passed on 31 May 2005). As a result of the fact that only partial use of the authority was made and the fact that parts of the convertible bonds issued by MTU Aero Engines Finance B.V., the Netherlands, effective 1 February 2007, have been redeemed in the interim, not all of the Conditional Capital is required. Thus it can be reduced.

The Management Board and the Supervisory Board propose that the following resolution be passed:

- a) The Conditional Capital pursuant to Sec. 4(7) of the Articles of Association is reduced to a sum of up to EUR 3,640,000, i.e. an issue of up to EUR 3,640,000 new no-par value registered shares. All other regulations pertaining to the Conditional Capital are to remain unaffected.
- b) Sentence 1 of Sec. 4(7) of the Articles of Association is to be replaced with the following new text:  
*“(7) The share capital of the Company is conditionally increased by up to EUR 3,640,000 (in words: three million six hundred forty thousand) by the issue of up to 3,640,000 new no-par value registered shares.”*

The remaining sentences of Sec. 4(7) of the Articles of Association are to remain unaffected.

#### **11. Resolution on the authorization to issue convertible bonds and/or warrant-linked bonds, also with the exclusion of a subscription right; creation of Conditional Capital; insertion of a new subsection 8 in Sec. 4 of the Articles of Association**

In order to increase the financing scope of the Company in the long term, the Management Board is to be authorized to issue convertible bonds and/or warrant-linked bonds. To service the option or conversion rights under these bonds, the creation of Conditional Capital is to be resolved.

The Management Board and the Supervisory Board propose that the following resolution be passed:

- a) Authorization to issue convertible bonds and/or warrant-linked bonds
- aa) General Provisions

The Management Board shall be authorized, with the consent of the Supervisory Board, to issue bearer convertible bonds and/or warrant-linked bonds (collectively the „bonds“) with limited or unlimited maturities, up to an aggregate principal amount of EUR 500,000,000, on one or more occasions up until 21 April 2015 and to grant the bondholders conversion and/or option rights (also with a conversion obligation) to no-par value registered shares of the Company with a pro-rata amount of the share capital of up to a total of EUR 22,360,000 in accordance with the more detailed provisions of the bond terms and conditions. The bonds may only be issued against cash payment.

The bonds may be denominated in Euro or – limited to the equivalent amount – in a foreign legal currency, for example, that of an OECD country. They may also be issued by a direct or indirect affiliate of the Company („Group Affiliate“); in such instances, the Management Board shall be authorized, with the consent of the Supervisory Board, to assume the guarantee for the bonds and to grant the

bondholders conversion or option rights (also with conversion obligation) to no-par value registered shares of the Company.

The individual bond issues shall be divided into different partial bonds.

bb) Warrant-linked bonds and convertible bonds

Where warrant-linked bonds are issued, one or more warrants shall be attached to each partial bond granting to the holder the right to subscribe for no-par value registered shares of the Company subject to the option terms and conditions to be determined by the Management Board. The term of the option right may not exceed the term of the warrant-linked bond. Moreover, a consolidation of, or a cash compensation for, any fractions may be determined.

If convertible bonds are issued, the holders are granted the right to convert their partial bonds into no-par value registered shares of the Company pursuant to the terms and conditions of the convertible bonds to be determined in detail by the Management Board. The conversion ratio is determined by dividing the nominal amount – or the issue price below the nominal amount – of the partial bonds by the conversion price determined for one no-par value registered share of the Company, and may be rounded up or down; furthermore, an additional payment in cash may be determined. Moreover, a consolidation of, and/or a cash compensation for, any fractions may be determined.

Sec. 9(1) and Sec. 199 of the Stock Corporation Act remain unaffected.

cc) Conversion Obligation

The convertible bond terms and conditions may also set forth a conversion obligation at maturity (or at an earlier date). The pro-rata amount of the share capital of the no-par value bearer shares of the Company to be subscribed for per partial bond must not exceed the principal amount of the partial bond.

Sec. 9(1) of the Stock Corporation Act and Sec. 199 of the Stock Corporation Act remain unaffected.

dd) Alternative Performance

The terms and conditions for convertible or warrant-linked bonds may provide that the Company is entitled to issue to the holders of convertible or warrant-linked bonds new shares or own shares of the Company instead of payment of the amount of cash due (or any part of this amount). The shares are in each case determined at a value which is equal to the arithmetic mean of the closing auction prices (rounded up to full cents) quoted for shares of the same class of the Company in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last three trading days prior to the declaration of the exercise of the conversion or option, or as the case may be, in accordance with the more detailed provisions of the Bond terms and conditions.

The terms and conditions for convertible or warrant-linked bonds may provide that upon the exercise of conversion or option rights, the Company may also issue own shares to bondholders. In addition, the terms and conditions may provide that instead of issuing shares to holders of convertible bonds or warrant-linked bonds, the Company shall compensate bondholders for the equivalent value in cash. In accordance with the more detailed provisions of the bond terms and conditions, the consideration per share is equal to the arithmetic mean (rounded up to full cents) of the closing auction prices quoted

for shares of the same share class of the Company in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last three trading days prior to the declaration of the exercise of the conversion right or, as the case may be, option.

ee) Conversion Price and Option Price

The option or conversion price to be determined in each case shall be at least 80% of the arithmetic mean of the closing auction prices of shares of the same share class of the Company in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last three trading days prior to the date of the resolution on the issuance of the bonds by the Management Board or – if subscription rights are granted – at least 80% of the arithmetic mean of the closing auction prices of shares of the same share class of the Company in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange in the time period from the beginning of the subscription period up to (and including) the day preceding publication of the final terms and conditions in accordance with Sec. 186(2) sentence 2 of the Stock Corporation Act.

Sec. 9(1) and Sec. 199 of the Stock Corporation Act remain unaffected.

ff) Dilution Protection

If the Company implements a capital increase granting subscription rights to its shareholders during the period for exercising conversion or option rights, or issues additional convertible bonds or warrant-linked bonds, or issues or guarantees conversion or option rights without granting holders of existing conversion or option rights subscription rights as would be due to them as shareholders upon exercise of their option or conversion rights, or upon fulfillment of their conversion obligations, or if the Company implements a capital increase using the Company's reserves, the Management Board is authorized to ensure through the terms and conditions for convertible bonds or warrant-linked bonds that the commercial value of existing conversion or option rights remains unaffected, by making adjustments to the value of conversion or option rights in a value-preserving manner, to the extent that such adjustment is not already prescribed by mandatory law provisions. This shall apply *mutatis mutandis* in the event of any capital decrease or other corporate measures, and in case of restructurings, acquisition of control by third parties, special dividends or other comparable measures which may result in a dilution of the value of the Company's shares.

Sec. 9(1) and Sec. 199 of the Stock Corporation Act remain unaffected.

gg) Subscription Right and Exclusion of Subscription Right

Shareholders shall generally have subscription rights, i.e. the convertible bonds and/or warrant-linked bonds shall generally be offered to the shareholders of the Company for subscription. Bonds may also be subscribed by one or several credit institutions subject to the obligation to offer such bonds to the shareholders. If bonds are issued by a Group Affiliate, the Company shall ensure that shareholders of the Company are granted their statutory subscription rights.

However, the Management Board shall be authorized, with the approval of the Supervisory Board, to exclude the shareholders' subscription right regarding bonds

- if the Management Board, upon due review, determines that the issue price is not materially below

the theoretical market value of the bonds as computed in accordance with generally accepted financial mathematical methods. This authorization shall, however, apply only to bonds with conversion rights or option rights (also with conversion obligation) for shares whose value does not exceed 10% of the Company's share capital as of the effective date of this authorization or – if such value is lower – 10% of the Company's share capital as of the date the authorization under this resolution is exercised. When calculating the aforementioned 10% limit, the pro-rata amount of the share capital shall be taken into account that is attributable to the shares which (i) are issued during the term of this authorization in the course of any capital increase under exclusion of subscription rights pursuant to Sec. 186(3) sentence 4 of the Stock Corporation Act or which (ii) have been sold as acquired own shares during the term of such authorization other than via the exchange or by way of an offer to all shareholders in analogous application of Sec. 186(3) sentence 4 of the Stock Corporation.

- for fractional amounts resulting from the subscription ratio; and
- to the extent necessary for granting holders of afore issued conversion or option rights subscription rights for the same number of shares to which they would be entitled as shareholders after exercising their conversion or option rights or after performance of their conversion obligations.

hh) Further Structuring Possibilities

The Management Board is authorized, with the approval of the Supervisory Board, to determine all other details regarding the issuance and the features of the bonds, including without limitation, interest rates and type of interest, issue price, term to maturity and denomination, dilution protection provisions, the applicable option and conversion periods, conversion and option prices and/or where applicable, to determine such details in consultation with the relevant bodies of the Group Affiliates issuing the bonds.

b) Creation of Conditional Capital

The share capital of the Company is increased by up to EUR 22,360,000 on the condition of issuing up to 22,360,000 new no-par value registered shares, with a pro-rata amount of the share capital attributable to each share of one Euro (Conditional Capital). The purpose of the conditional increase in capital is to grant shares to bearers or holders of convertible bonds and/or warrant-linked bonds issued in accordance with the above authorization. The conditional increase in capital shall be implemented only to the extent that conversion or option rights arising from such bonds are exercised or conversion obligations arising from such bonds are fulfilled and that the Conditional Capital is required pursuant to the terms and conditions of the convertible or warrant-linked bonds. New shares shall be issued for the option or conversion price as determined in accordance with the above authorization. New shares shall be entitled to participate in the profit as of the beginning of the fiscal year in which they are created as a result of the exercise of conversion or option rights or as a result of compliance with conversion obligations. The Management Board is authorized to determine all further details regarding the implementation of the conditional increase in capital with the approval of the Supervisory Board.

c) Amendment of Sec. 4 of the Articles of Association of the Company

Sec. 4 of the Articles of Association is supplemented by the following subsection (8):

*„(8) The share capital is conditionally increased by up to EUR 22,360,000 (in words: twenty two million three hundred sixty thousand) on the condition of issuing up to 22,360,000 new no-par value registered shares, with a pro-rata amount of the share capital attributable to each share of one Euro (Conditional Capital).*

*The purpose of the conditional increase in capital is to grant shares to bearers or holders of convertible bonds and/or warrant-linked bonds issued in accordance with the authorization granted by the General Meeting of the Company on 22 April 2010. The issue is to be made at the respective conversion or option price as determined in accordance with this authorization.*

*The conditional increase in capital is to be implemented only to the extent that conversion or option rights are exercised or conversion obligations are fulfilled by bearers or holders of bonds and same do not use their own shares to satisfy their conversion or option rights. New shares shall be entitled to participate in the profit as of the beginning of the fiscal year in which they are created as a result of the exercise of conversion or option rights or as a result of compliance with conversion obligations.*

*The Supervisory Board is authorized to amend the Articles of Association after the complete or partial implementation of the increase in share capital from Conditional Capital in accordance with the scope of the increase in capital from Conditional Capital.”*

The Management Board is instructed that the resolution for the insertion of subsection (8) in Sec. 4 of the Company's Articles of Association (Creation of Conditional Capital) passed under c) may only be registered in the Commercial Register if the resolution for the reduction of Conditional Capital pursuant to Item 10 is passed. Furthermore, the reduction in Conditional Capital (Item 10) should be registered first in the Commercial Register followed directly by the supplementation of the Articles of Association resolved under c).

## **12. Resolution on the approval of the system of compensation for members of the Management Board**

The Act on the Appropriateness of Management Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung - VorstAG), which entered into force on 5 August 2009, enables the General Meeting to pass a resolution approving the system of compensation for Management Board members (Sec. 120(4) of the Stock Corporation Act). The system of compensation for Management Board members of the Company can be viewed online at [www.mtu.de/hv](http://www.mtu.de/hv).

The Management Board and the Supervisory Board propose the approval of the system of the compensation for the members of the Management Board.

## II. Reports

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

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

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

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

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

The General Meeting can however also resolve on disposal by other means in appropriate application of Sec. 186(3) and (4) of the Stock Corporation Act. In this respect, the resolution provides that the Management Board is authorized to effect disposal of the acquired own shares in another manner than on the Stock Exchange or through an offer addressed to all shareholders, if the own shares that have been acquired are sold in return for a cash payment at a price which is not significantly lower than the stock exchange price of shares of the Company of a similar class and terms of issue at the time of disposal. According to the current state of discussion in the reference material, a deduction from the current stock exchange price is considered permissible in an amount of up to 10% of the stock exchange price. This authorization makes use of the possibility to exclude subscription rights as permitted in Sec. 71(1) no. 8 of the Stock Corporation Act, in appropriate application of Sec. 186(3) sentence 4 of the Stock Corporation Act. All in all, the shareholders' assets and voting right interests are suitably maintained in the case of

disposal of the own shares to third parties, excluding the shareholders from the subscription right on the basis of Sec. 71 (1) no. 8 of the Stock Corporation Act. The authorization is restricted to a total of a maximum of 10% of the Company's share capital which is in existence at the time when the resolution is passed. Shareholders who are interested in maintaining their quota of voting rights may on principle acquire a corresponding additional number of shares on the Stock Exchange. The Management Board and the Supervisory Board take the view that this framework serves the Company's interests, given the strategy pursued by the Company, and is also suitable for serving the shareholders' interests.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

higher emission proceeds for the benefit of the Company. In addition, with such a placement new groups of shareholders may be acquired.

In case the subscription right is complied with, Sec. 186(2) of the Stock Corporation Act provides for the possibility not to determine the concrete issue amount when publishing the subscription period but to only indicate the basis for its determination. However, even in this case, it cannot be expected that the best possible placement success will be achieved for the Company because the issue amount must be published at least three days prior to the expiry of the subscription period. In addition, if a subscription right is granted, the successful placement with third parties is jeopardized or entails additional expenses and/or time because it is uncertain to what extent the subscription right is exercised (subscription conduct). Thus, the best possible reinforcement of equity capital is achieved by the authorization to exclude the shareholders' subscription rights in the interest of the Company and all shareholders.

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

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

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

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

The Management Board and the Supervisory Board propose that the General Meeting pass a resolution to create an Authorized Capital II 2010 in the nominal aggregate amount of EUR 20,800,000, which can be used against contributions in cash and/or in kind, once or several times.

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

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

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

The Company is in competition with other companies. Therefore it must always be able to act quickly and flexibly in the changing markets in the interest of its shareholders. This includes the direct or indirect acquisition of companies, parts of companies or equity interests in order to strength the Company's competitive position. Experience shows that the direct or indirect acquisition of companies, parts of companies or equity interests is increasingly affecting larger units. Often the seller insists on receiving shares in the acquiring company as a consideration for selling the company or interest, as this may be more favorable for the seller. Therefore the opportunity to offer own shares as acquisition currency creates an advantage when competing for attractive acquisition targets. The proposed authorization gives the Company the necessary scope to quickly and flexibly exploit opportunities to

acquire other companies, equity interests or parts of companies and enables the Company to exercise the Authorized Capital to acquire larger companies, equity interests or parts of companies for also offering own shares as consideration should the occasion arise. The exclusion of subscription rights will in fact lead to a reduction of the relative participation ratio and the relative proportion of voting rights of the existing shareholders. However, if a subscription right is granted, it would not be possible to acquire companies, equity interests or parts of companies for offering own shares and the advantages for the Company and its shareholders would be not realized.

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

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

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

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

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

The Management Board and Supervisory Board propose that the General Meeting pass a resolution on the authorization and the creation of Conditional Capital for the issuance of convertible bonds and/or warrant-linked bonds (collectively the „bonds“). The issuance of bonds (or the combination of these instruments, as the case may be) may provide a further opportunity, in addition to the conventional possibilities of raising debt and equity capital, to make use, depending on the market situation, of attractive financing alternatives on the capital market. The issuance is to be limited to a total nominal

value of the bonds of up to EUR 500,000,000 and an entitlement to subscribe up to 22,360,000 no-par value bearer shares of the Company.

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

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

However, the Management Board shall also be authorized to exclude, with the approval of the Supervisory Board, the subscription right of the shareholders to the extent that the issuance of shares under conversion or option rights or conversion obligations is restricted to a maximum of 10% of the share capital of the Company. This possibility to exclude the subscription right provides the Company with the flexibility to seize favorable capital market situations on a short-term basis and, by determining the conditions in accordance with prevailing market terms, to achieve better terms regarding the interest rates and issue price of the bond. The decisive factor is that, as opposed to an issue of bonds with subscription right, the issue price can be determined immediately before the placement, thereby avoiding an increased risk of price change for the duration of the subscription period. In contrast, where a subscription right is granted, the subscription price would have to be disclosed until three days prior to the end of the subscription period. In view of the frequently observed volatility on the stock markets, the market risk would still be immanent for a number of days, which would result in safety margins deducted when stipulating the terms and conditions of the bond. The subscription period would also make it more difficult to respond to favorable market conditions on a short-term basis. Particularly in case of bonds, the granting of a subscription right could jeopardize any successful placement with third parties, or result in additional expenses, due to the uncertainty of the exercise thereof. By determining the issue price of the bonds in these cases not materially below the notional market value computed in accordance with generally accepted financial mathematical methods, the shareholders' need for protection with regard to an economic dilution of their shareholding is to be accounted for. If the issue price were equivalent to the market value, the value of the subscription right would virtually be decreased to zero. Thus, the shareholders will not suffer any significant economic disadvantages on account of the exclusion of the subscription rights. The Management Board will endeavor to achieve the highest issue price possible and to keep any economic discount on the price at which the current shareholders can buy additional shares via the market as low as possible. Shareholders who would like to maintain their share in the Company's share capital can achieve this by way of additional purchases via the market on roughly the same terms and conditions. Any relevant losses in the proportions of their shareholdings can also be ruled out from the viewpoint of the

shareholders. The authorization is restricted to the issue of conversion and/or option rights (also with conversion obligations), which account for up to 10% of the Company's share capital. Any other issue of shares against cash consideration or sale of own shares shall be taken into account in these 10% of the share capital, to the extent that such shares are issued under exclusion of the subscription right pursuant to Sec. 186(3) sentence 4 of the Stock Corporation Act during the term of the proposed authorization. Thereby it is ensured that no bonds are issued where this would result in the exclusion of the subscription right of the shareholders for a total of more than 10% of the share capital in direct or indirect application of Sec. 186(3) sentence 4 of the Stock Corporation Act. This further restriction is in the best interest of the shareholders who would like to maintain, if possible, the proportion of their shareholding in case of corporate action to this effect; in such cases, their additional investment may be limited to a maximum of 10% of their shareholding.

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

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

# III. Additional Information

## 1. Number of Shares and Voting Rights

At the time of convening the 2010 General Meeting, the total registered share capital of the Company is comprised of 52,000,000 registered shares. Of these shares, only 48,921,808 shares are currently entitled to voting rights, since the voting rights vested in 3,078,192 shares that are currently held by the Company may not be exercised.

## 2. Prerequisites for Attendance at the General Meeting and for Exercising the Right to Vote

Only those shareholders are entitled to attend the General Meeting and to exercise the voting right who are registered as shareholders in the Company's share register and have registered their shares such that their registration has been received by the Company at the latest by the end of 15 April 2010.

Shareholders who are entered in the share register can register either in writing with MTU Aero Engines Holding AG at the following address:

MTU Aero Engines Holding AG  
c/o Computershare HV Services AG  
Prannerstrasse 8  
80333 Munich

or by telefax on the following number:

+49 (0)89 30903-74675

or in electronic form at the Internet address:

[www.mtu.de/hv](http://www.mtu.de/hv)

If you wish to attend the General Meeting, please register your attendance as early as possible so as to facilitate the organization of the meeting. Further information on the registration procedure is available on the registration form and on the above Internet site. In order to register by electronic means, you will require the individual access code which you receive with the shareholder documents.

If a bank is registered in the share register, it can exercise the voting rights for shares that it does not own only if it is authorized to do so by the actual beneficial owner of the shares.



### **3. Procedure for Voting by Proxy or by Voting Representative**

Shareholders who are registered in the share register and do not attend the General Meeting in person may have their voting right exercised by a proxy, such as a bank or a shareholders' association. Also in this case the shareholder or the proxy have to ensure that they are registered in time. The grant and revocation of a power of attorney, as well as evidence of authorization, must be effected in text form unless a bank, an association of shareholders or any other person as described in Sec. 135 of the Stock Corporation Act requires some other form for its authorization. The current provision in Sec. 16(2) of the Company's Articles of Association is redundant due to the amendment of Sec. 134(3) of the Stock Corporation Act by the Act Implementing the Shareholders' Rights Directive. However, we would point out that the banks, associations or persons given may require a particular authorization form due to the fact that they are required to retain the authorization so that it can be verified in accordance with Sec. 135 of the Stock Corporation Act. Should you wish to authorize a bank, an association of shareholders or any other person as described in Sec. 135 of the Stock Corporation Act, it is advisable to agree on the format of the authorization.

Furthermore, you may also be represented at the General Meeting by a voting representative appointed by the Company. These voting proxies must be issued with a power of attorney and instructions on how to exercise the voting right. Voting proxies are obliged to vote as instructed. The issue of powers of attorney and instructions to the voting proxies named by the Company, their revocation and evidence of authorization may be effected in text form prior to the General Meeting up until the end of Wednesday, 21 April 2010. Shareholders may use the Company's power of attorney and instruction system, which is available online at [www.mtu.de/hv](http://www.mtu.de/hv). We want to point out that the authorization of voting representatives appointed by the Company is only possible for shareholders who have registered their attendance at the General Meeting the latest by the end of 15 April 2010.

Please note that the voting right proxies will not accept requests to speak or to ask questions or put forward propositions, and will not support procedural propositions and unannounced propositions by shareholders.

We will provide our shareholders with further details, as well as forms for the issuance of proxies and instructions, under the same cover as the invitation to the General Meeting.

#### **4. Queries, Motions, Nominations and Requests for Information by Shareholders**

a) Additional agenda item proposals requested by a minority pursuant to Sec. 122(2) of the Stock Corporation Act

Shareholders whose shares together total 5% of the share capital or the amount of EUR 500,000 may call for items to be added to the agenda and publicized. Each new item must be accompanied by a reason or a draft resolution. The request must reach the Company at the address stated in no. 4 b) by the end of Monday, 22 March 2010.

b) Shareholders' Motions and Nominations pursuant to Secs. 126(1) and 127 of the Stock Corporation Act  
The Management Board will only make shareholder motions and nominations, if any, accessible pursuant to Sec. 126 et seqq. Stock Corporation Act if the persons proposing the motions are registered in the share register as shareholders of the Company. Motions and queries by shareholders within the meaning of Sec. 126 of the Stock Corporation Act, or nominations within the meaning of Sec. 127 of the Stock Corporation Act, are to be sent exclusively to the following Company addresses:

In writing or via fax to:

MTU Aero Engines Holding AG  
Department Investor Relations  
Dachauer Strasse 665  
80995 München  
Germany

Fax: +49 (0)89 1489 - 2172

Via e-mail to:

hv2010@mtu.de

Motions and nominations otherwise addressed will not be taken into account. Motions and nominations by shareholders which are received at the above address by Wednesday, 7 April 2010 at the latest, including the name of the relevant shareholder, the reasons given and any opinion of the management expressed thereon, will be published without delay after their receipt at the following Internet address

[www.mtu.de/hv](http://www.mtu.de/hv)

c) Shareholder's Right to Information pursuant to Sec. 131(1) of the Stock Corporation Act

The Management Board is obliged to provide information about Company matters including legal and business relationships with affiliated companies as well as the situation of the Group and companies included in the consolidated financial statements to any shareholder at his request during the General Meeting insofar as it is necessary for the proper appraisal of an agenda item.

## **5. Publication on the Company's Website**

This invitation to the General Meeting, the documents to be made available pursuant to Sec. 124a of the Stock Corporation Act, shareholder motions and detailed explanations of the above-mentioned rights of shareholders are available at the Company's website at [www.mtu.de/hv](http://www.mtu.de/hv).

The voting results will be publicized on the same website after the General Meeting.

Munich, March 2010

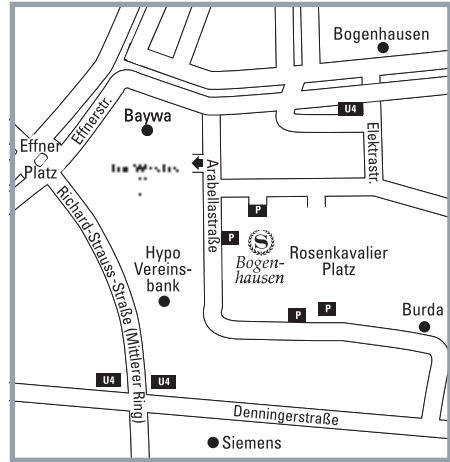
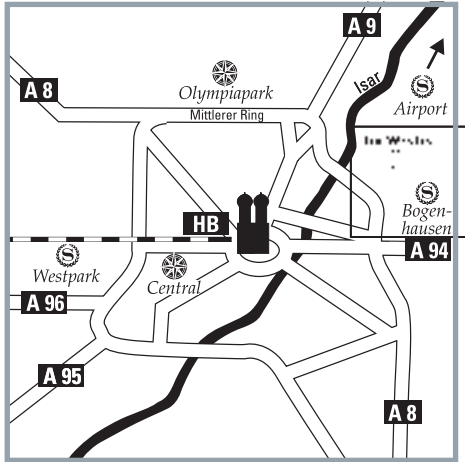
MTU Aero Engines Holding AG

The Management Board

## **Disclaimer**

This version of the notice of shareholder's meeting, prepared for the convenience of English-speaking readers, is a translation of the German original. For the purposes of interpretation the German text shall be authoritative and final.

## How to find us



**TAXI** – from the airport  
one way approximately about 45.00 - 50.00 Euro

### PUBLIC TRANSPORTATION

**Underground:** line 4 to “Arabellapark”  
**Bus:** different lines to “Arabellapark”,  
“Effnerplatz”, “Denningerstrasse”  
**Tram:** line 18 and 20 to “Effnerplatz”

### BY CAR

**Coming from the motorway Stuttgart A8** – go straight until “Verdistraße” pass the “Botanischer Garten” and follow the direction motorway Nürnberg. When you reach the “Mittlerer Ring” go ahead until “Petuelring” and “Isarring” until you get to the district Bogenhausen. At the “Effnerplatz” turn left to the “Effnerstraße” and immediately turn right into the “Engschalkinger Straße”. The first road on the right hand side is called “Arabellastraße”.

**Coming from the motorway Lindau A96** – you reach automatically the “Mittlerer Ring”. You follow the direction to motorway Nürnberg passing by the “Olympiapark”. Following “Petuelring” and “Isarring” until you reach the district Bogenhausen. At the “Effnerplatz” turn left into the “Effnerstraße” and immediately turn right into the “Engschalkinger Straße”. The first road on the right hand side is called “Arabellastraße”.

**Coming from the motorway Nürnberg A9** – follow the exit “Föhringer Ring/Frankfurter Ring”. Being on the “Föhringer Ring” go ahead until you get to the district Bogenhausen. At the junction on the “Effnerplatz” turn left twice. From the “Effnerstraße” immediately turn right into the “Engschalkinger Straße”. The first road on the right hand side is called “Arabellastraße”.

**Coming from the motorway Salzburg A8** – go straight until you reach the “Mittlerer Ring Ost” follow the “Innsbrucker Ring”, “Leuchtenbergerring”, “Richard-Strauss-Straße”, until you get to the district Bogenhausen. At the “Hypo Vereinsbank” building turn right into the “Denninger Straße”. At the third traffic light turn left into the “Arabellastraße”.

**Coming from the motorway Garmisch A95** – go straight until you reach the “Mittlerer Ring Süd” and follow the direction motorway Passau. Following the “Innsbrucker Ring”, “Leuchtenbergerring”, “Richard-Strauss-Straße”, until you get to the district Bogenhausen. At the “Hypo Vereinsbank” building turn right into the “Denninger Straße”. At the third traffic light turn left into the “Arabellastraße”.

### PARKING

Should you have parked in the parking lot of the hotel or in the Bavaria Parkgaragen (underneath the “Rosenkavalierplatz”) and want to leave the parking lot, parking tickets are available at the Information Counter. Parking costs will not be charged.