



Quarterly Financial Report January 1 to September 30, 2009

MTU Aero Engines Holding AG, Munich

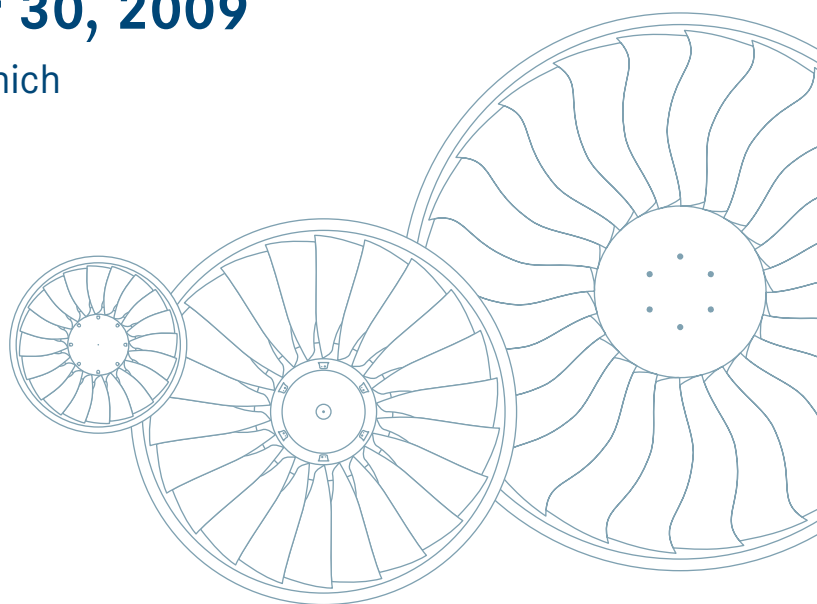


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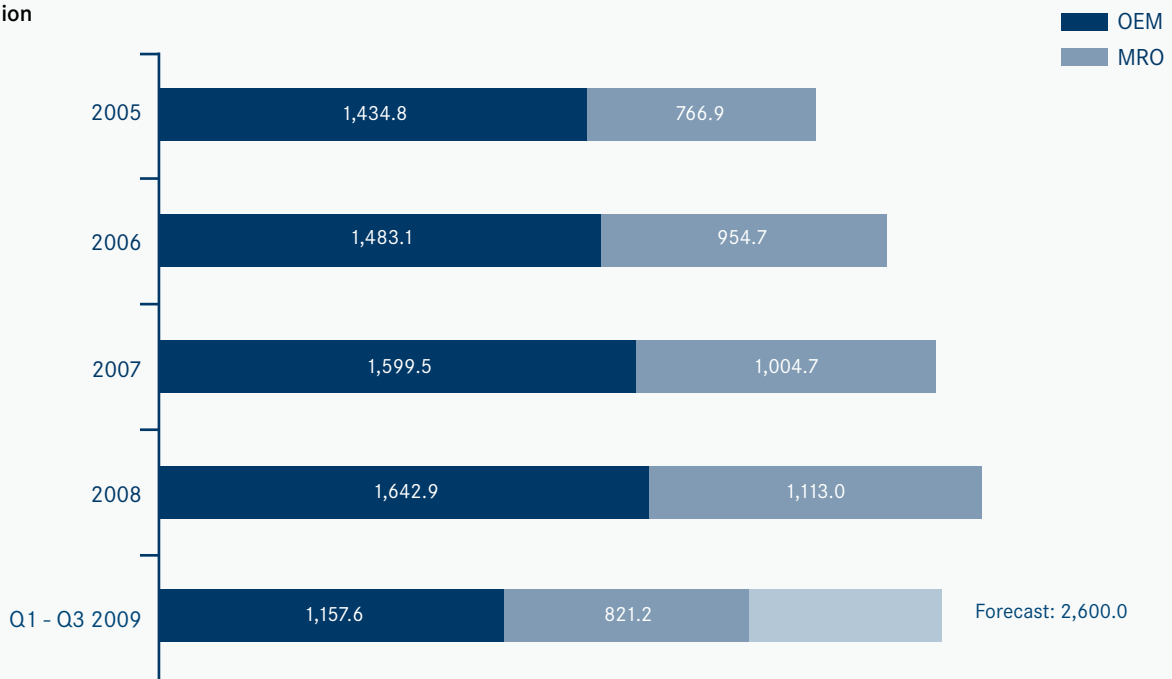
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Key facts and figures for the Group		
in € million (unless otherwise specified)	2009	2008
Revenues and earnings		
Revenues	1,954.9	1,982.9
thereof: Commercial engine business (OEM) *)	790.9	841.4
thereof: Military engine business (OEM) *)	366.7	354.9
thereof: Commercial maintenance business (MRO) *)	821.2	807.9
Gross profit	326.2	340.4
Gross profit in %	16.7	17.2
Earnings before interest and taxes (EBIT)	176.5	202.7
EBIT in %	9.0	10.2
Adjusted earnings before interest and taxes (EBIT adjusted)	210.8	238.9
EBIT adjusted in %	10.8	12.0
Earnings after taxes (EAT)	93.4	118.6
Comprehensive income for the period	110.8	101.6
Order backlog and value of MRO contracts (order volume) (Previous year: Dec. 31)		
Commercial and Military engine business (OEM)	3,922.3	3,884.5
Commercial maintenance business (MRO)	4,879.1	5,361.2
Statement of financial position (Previous year: Dec. 31)		
Total assets	3,168.6	3,196.1
Equity	688.9	617.4
Equity ratio in %	21.7	19.3
Financial liabilities	282.2	336.4
Cash flow		
Cash flow from operating activities	179.8	242.5
Cash flow from investing activities	-84.1	-118.0
Free cash flow	95.7	124.5
Free cash flow as % of revenues	4.9	6.3
Cash flow from financing activities	-55.8	-109.2
Number of employees at quarter end		
Commercial and Military engines business (OEM)	4,906	4,727
Commercial maintenance business (MRO)	2,750	2,600
Share data		
Earnings per share (in €)		
Undiluted earnings per share (in €)	1.91	2.39
Diluted earnings per share (in €)	1.87	2.31

*) before consolidation

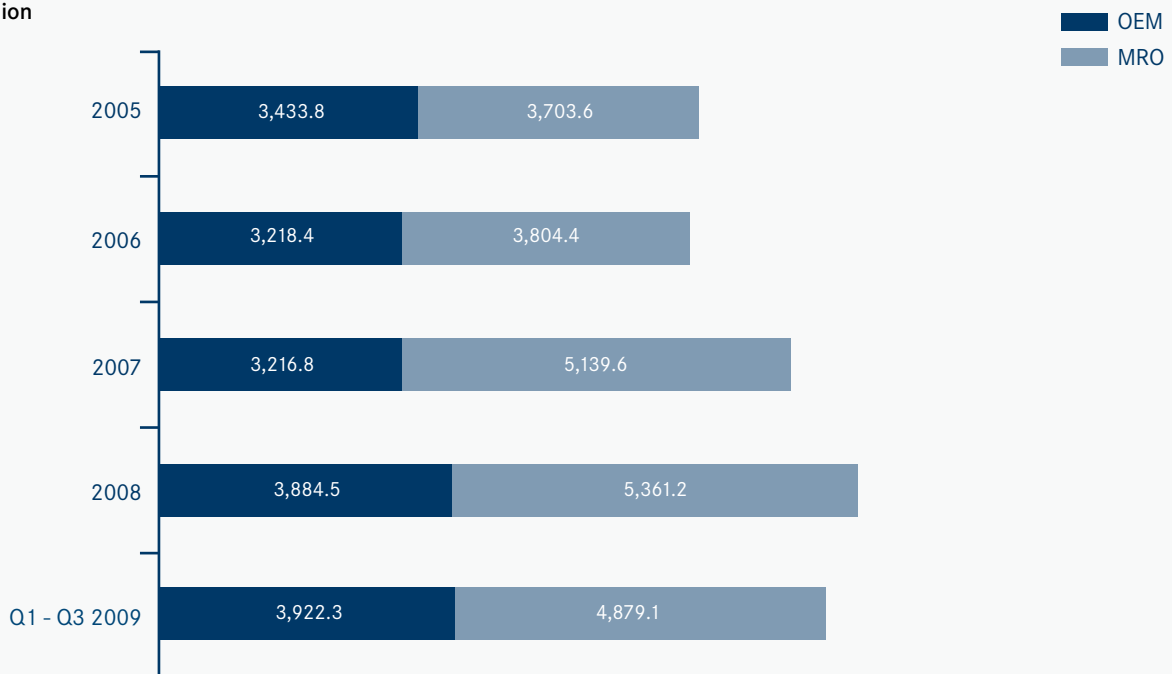
Revenues by segment (before consolidation)

in € million



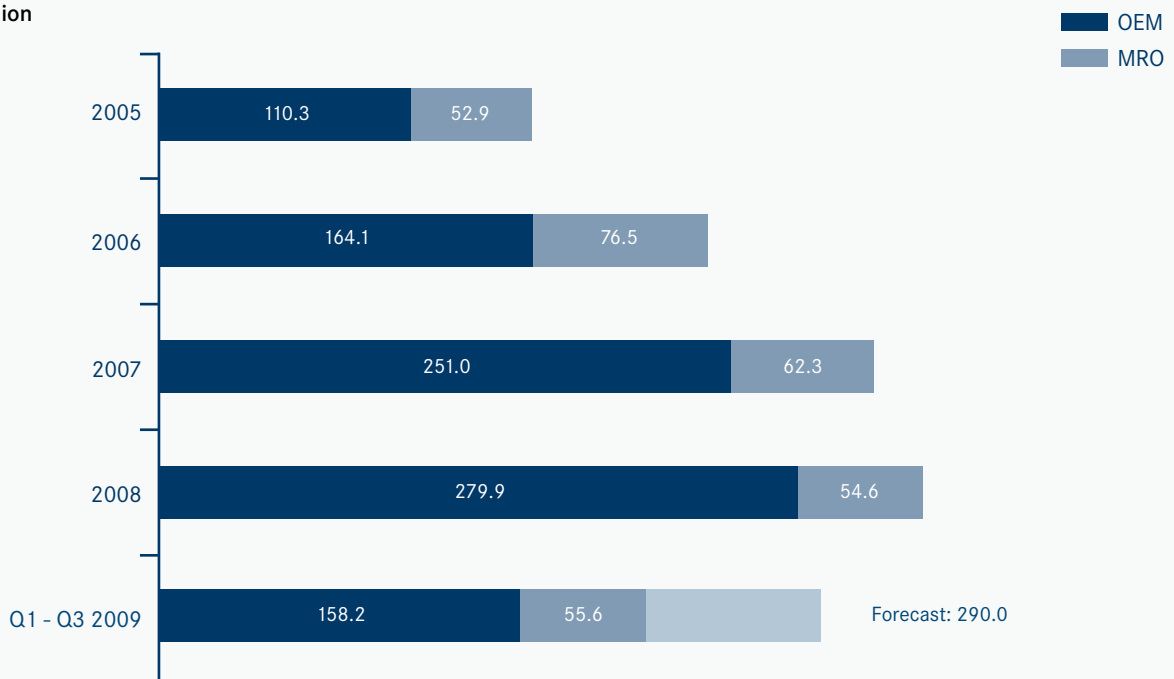
Order backlog by segment (before consolidation)

in € million

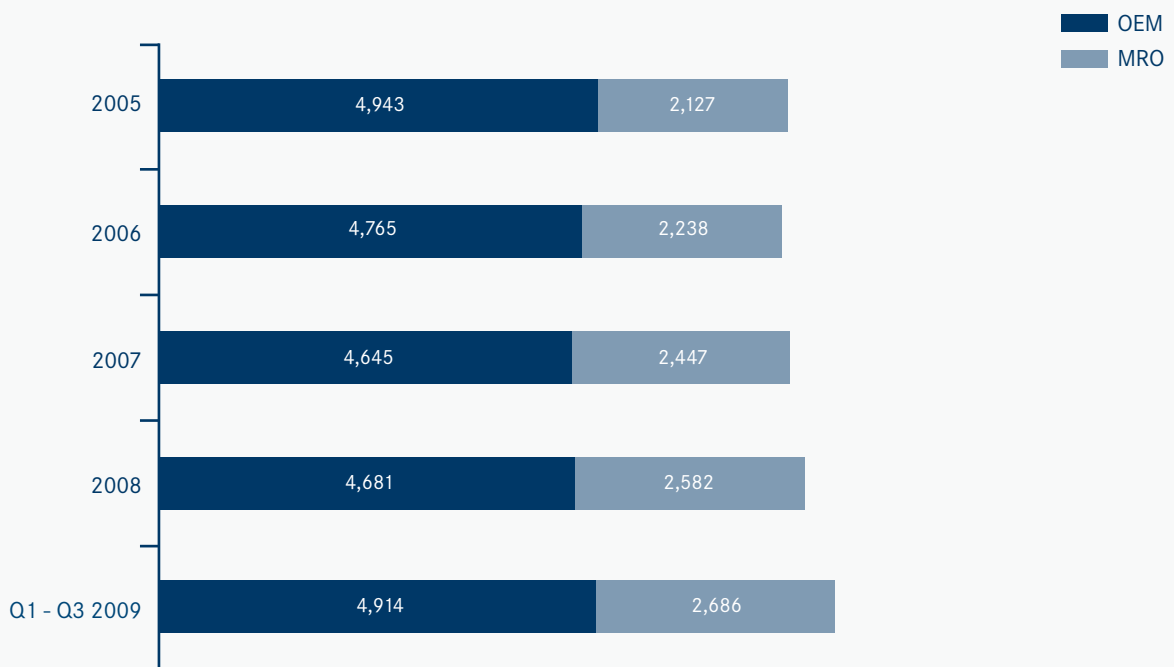


EBIT adjusted by segment (before consolidation)

in € million



Average number of employees including trainees by segment



MTU Share

MTU share price January 1 to September 30, 2009

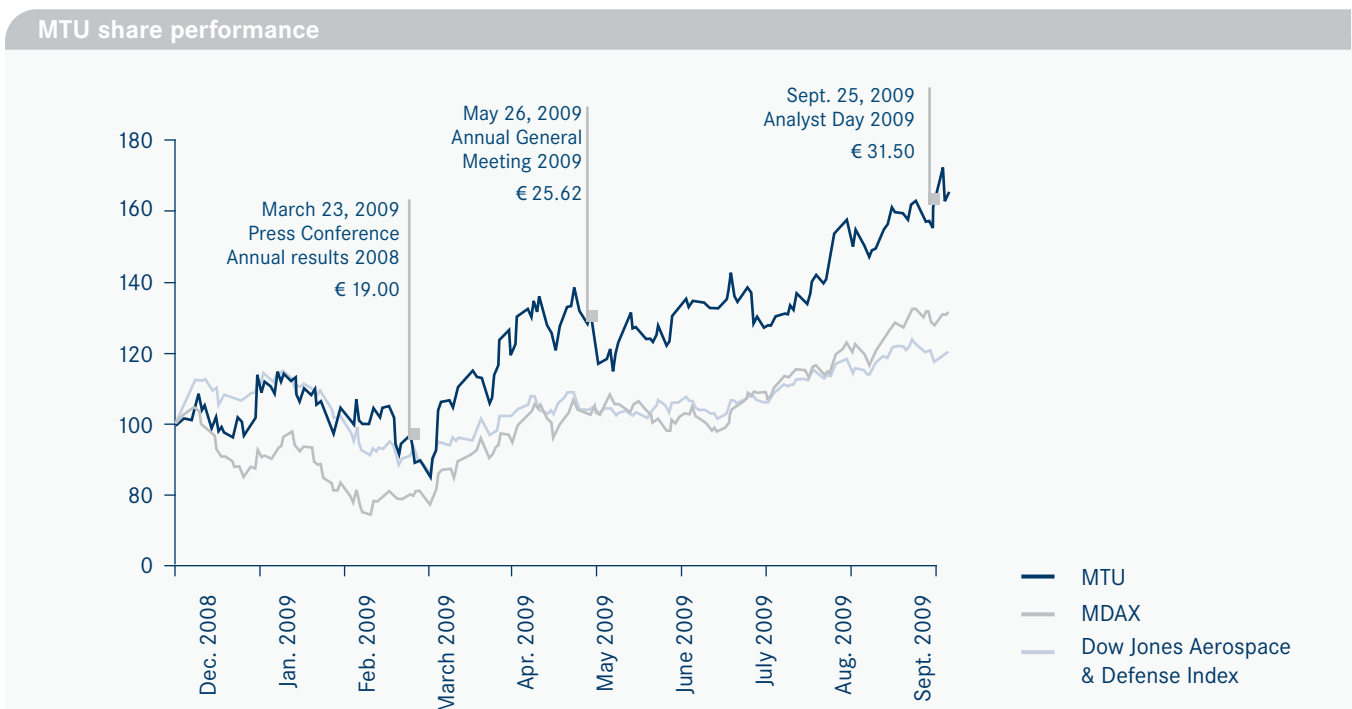
The MTU share performed well during the first nine months of 2009. After struggling with the lingering effects of the financial crisis during the first quarter, the MTU share price benefited from the recovery currently being seen on the capital markets. Stable earnings and positive reports on the occasion of the Analyst and Investor Conference in September gave impetus to the MTU share. Since the beginning of the year, the MTU share has gained 65 % in value, closing on September 30, 2009 at a price of euro 32.36. The highest price – euro 33.75 – was recorded on September 28, 2009. The MTU share therefore performed significantly better than the MDAX and the Dow Jones Aerospace & Defense Index. The

MDAX has risen by 31 % since the beginning of the year, closing on September 30, 2009 at 7,359 points (December 31, 2008: 5,602 points). The Dow Jones Aerospace & Defense Index, which alongside MTU also includes the shares of Rolls-Royce, EADS and BAE Systems, gained 21 % during the nine-month period.

Trading volumes

The average number of MTU shares traded was down by a half from 660,000 to approximately 320,000 shares per day, corresponding to a daily trading volume of some € 8 million (2008: € 16 million). In trading volume terms, MTU remained in place 16 out of 50 in the MDAX at September 30, 2009. In market capitalization terms, the company moved up to 10th place (2008:19th place).

Year-on-year comparison					
		2009		2008	
High	Sept. 28, 2009	€ 33.75	Jan. 3, 2008	€ 39.38	
Low	March 30, 2009	€ 16.57	Oct. 28, 2008	€ 12.87	
Closing	Sept. 30, 2009	€ 32.36	Dec. 31, 2008	€ 19.58	
Market capitalization	Sept. 30, 2009	€ 1,683 million	Dec. 31, 2008	€ 1,018 million	
Earnings per share		€ 1.91		€ 3.64	
Dividend		n/a		€ 0.93	



Investor and public relations

MTU has continued in its investor relations work to develop the open exchange of information with all participants on the capital markets. Stricter compliance requirements have resulted in increased information requirements and increased consideration for international investors. In many personal discussions, sometimes one-to-one, members of the Board of Management have discussed the group's performance and strategy with institutional investors at road shows and capital market conferences in Germany, in other European countries and in the USA. Public relations activities are seen as a cornerstone of the group's communication concept. PR activities help to enhance and strengthen MTU's positive public image. MTU aims to achieve that by providing knowledgeable, timely, open and reliable information about the current situation of the group and its individual entities.

General economic environment

The global economy remained in recession in the third quarter 2009 which was particularly bad for the manufacturing sector. The economic research institute IHS Global Insight, Inc. reduced its forecast for worldwide gross domestic product (GDP) growth in 2009 to minus 2.6 %. During the final month of the quarter, numerous indices and other economic data gave some first indications that the economic downturn was slowing down in some regions and business sectors. In certain other regions and industries, however, the crisis seems to have deepened. Due to these varying signals it remains extremely difficult to predict the impact that the macroeconomic environment – particularly in the USA – will have on the markets which are relevant for the MTU Group.

Gross domestic product (GDP) in the euro zone and Germany

According to data made available by the European Statistics Agency (Eurostat), the GDP of the 16 countries within the euro zone fell by 4.9 % in the first quarter 2009 and 4.7 % in the second quarter 2009 against the same periods in the previous year. Changes in growth rates are not yet known for the third quarter 2009, but are expected to have stabilized at a low level.

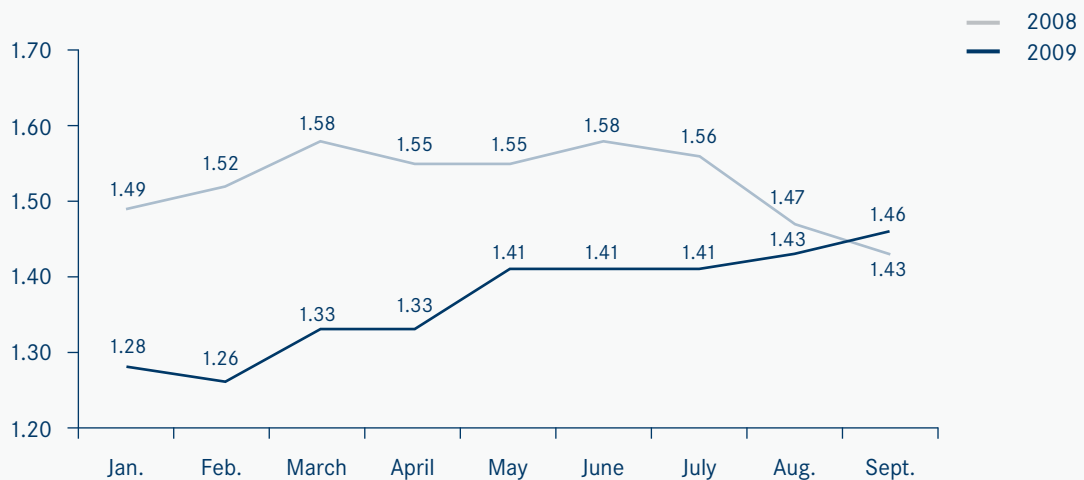
In Germany, the largest single economy in the euro zone, economic activity in the second quarter was 5.9 % down on the previous year. The 6.7 % reduction in German GDP in the first quarter 2009 was well above the average for the euro zone.

Gross domestic product (GDP) in the United States of America (USA)

The situation in the group's principal sales market outside Germany can be described as follows. Compared in each case to the previous quarter, GDP fell in the USA in the second quarter 2009 by 0.3 % following a first-quarter drop of 1.6 %. Compared to the previous year, however, GDP fell in the second quarter by 3.9 % (following a first-quarter drop of 3.3 %).

The US dollar is extremely important for MTU's international business. The US dollar weakened against the euro in the third quarter 2009, resulting in a reduction of revenues against budget. The US dollar lost value against the euro continuously, falling to a new low for the year of US dollar 1.48 on September 23, 2009. The average exchange rate from 1 January to 30 September 2009 was US dollar 1.37 to the euro, significantly lower the comparable rate of US dollar 1.52 to the euro for the corresponding period one year earlier. Reference is made to section 3.3 (Financial review) of the Interim Group Management Report for comments on the impact of changes in exchange rate parities.

US dollar exchange rate January to September 2009 compared to 2008



Source: FWB

Sector environment

Signs emerged during the second quarter 2009 that the decline in air traffic volumes has been stopped and that the lowest point of the downturn has been passed. This marginally positive trend has been confirmed in the meantime: Back in March 2009, international passenger flights had been as much as 11 % down on the previous year. Since then, however, the decrease has been edging down continually, dropping to only 1.1 % in August 2009 compared to the previous year. The decrease for the first eight months of 2009 was 6 %. All regions were equally affected by this trend - with two exceptions: namely China and the Middle East, where passenger numbers grew by 16.5 % and 8.4 % respectively during the eight-month period.

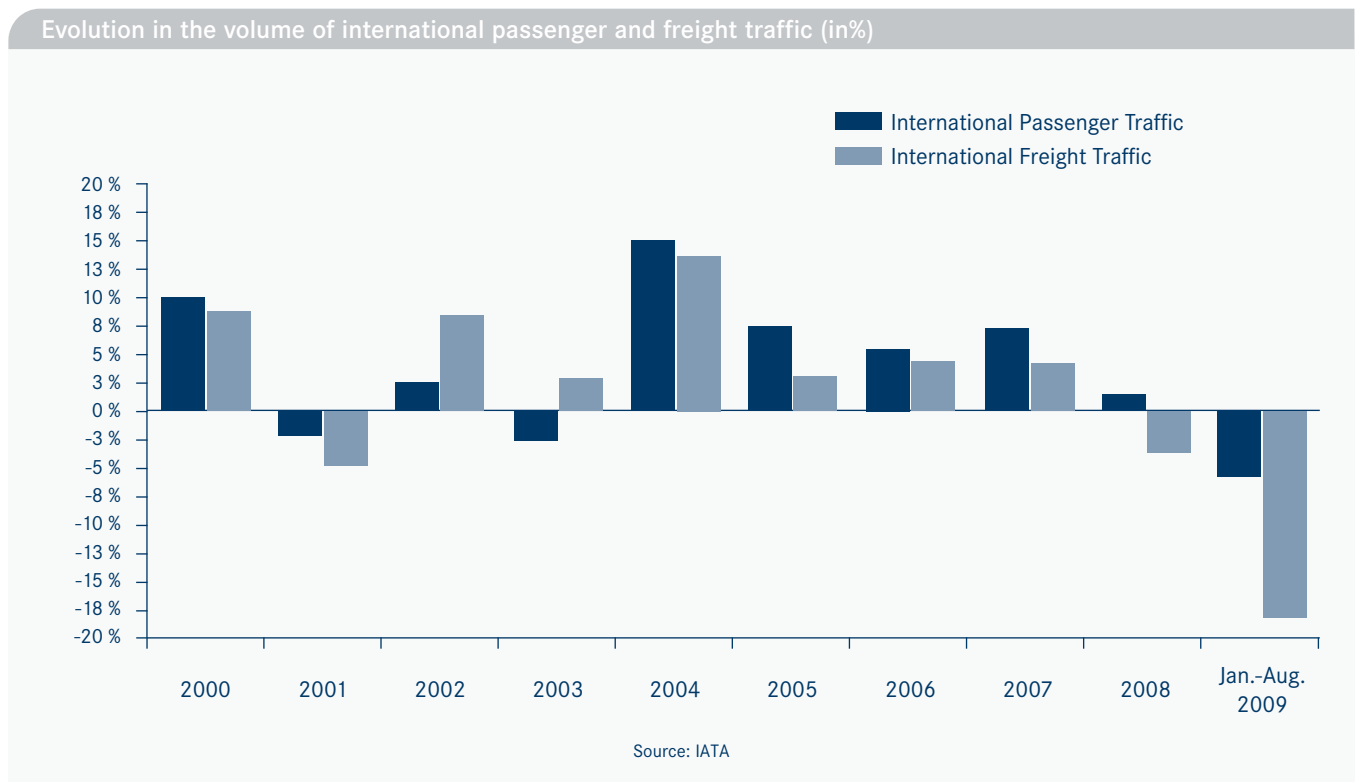
The negative growth rates recorded for international freight transport have also improved. The decrease in August 2009 compared to August 2008 was 9.6 % whereas decreases of 20 % were still

being registered in winter 2008 and spring 2009 compared to the previous year. Air freight volumes fell by 18 % in the first eight months of 2009.

The decrease in capacities i.e. the number of “seat kilometers” or “ton kilometers” was less pronounced than the decrease air traffic volumes during the first eight months of 2009 (down by 3.6 % for passenger flights and by 10.1 % for freight flights). These key indicators are important for assessing demand for MRO and spare parts business.

The recovery of growth rates is partly attributable to price reductions offered for flight tickets. Price reductions of approximately 20 % have been offered for example in the lucrative premium segment. The IATA forecasts that airline revenues in 2009 will be down by 15 % to US dollar 455 billion, corresponding to a loss of some US dollar 11 billion compared to the previous year.

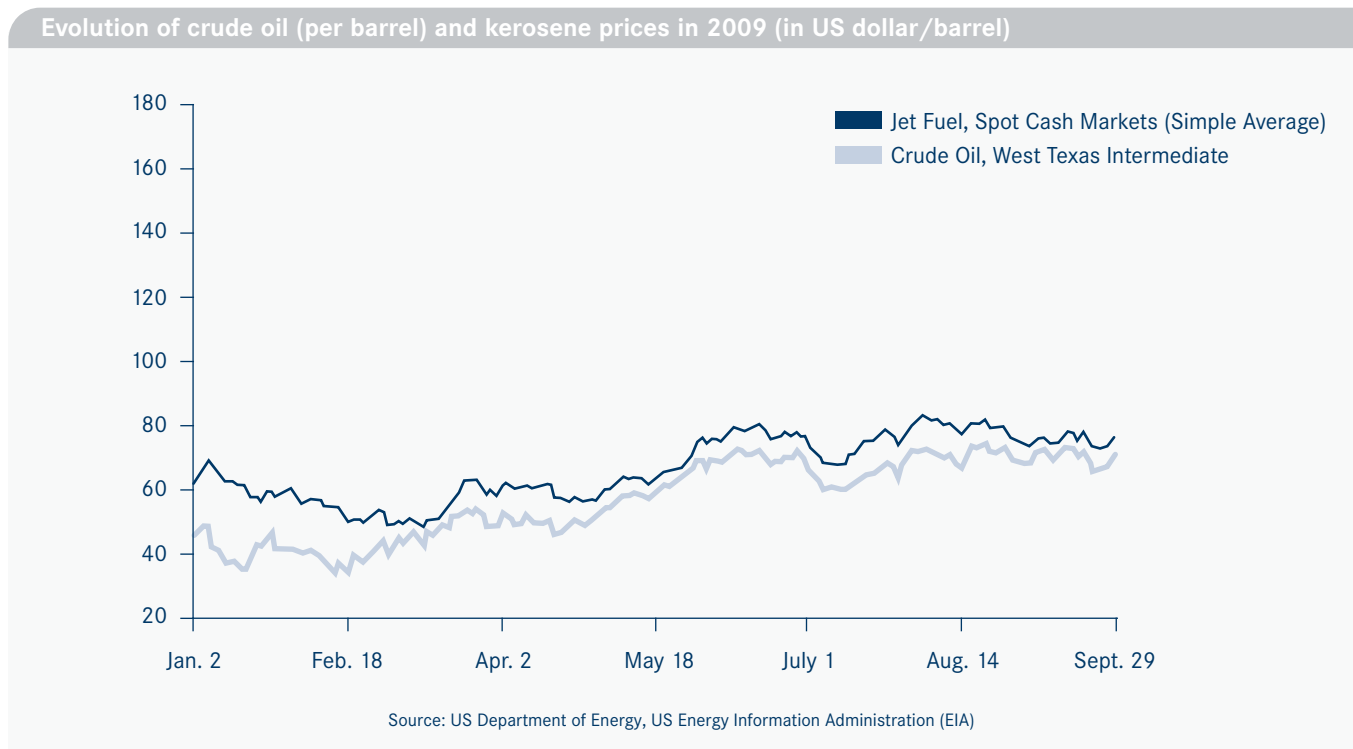
Evolution in the volume of international passenger and freight traffic (in%)



The price of oil ranged between US dollar 60 and US dollar 80 per barrel over the summer. Its average price during the third quarter was US dollar 68, up about 14 % against the second quarter (US dollar 60).

Data compiled by the International Air Transport Association (IATA) and used in this section was only available - up to the date on which the Quarterly Financial Report was completed - for the period from January to August 2009.

Evolution of crude oil (per barrel) and kerosene prices in 2009



Airbus' and Boeing's order-books remained stable, even though an increasing number of deliveries have been postponed and some cancelled. According to Airclaim's CASE database, the two manufacturers had a backlog of 7,150 aircraft at September 30, only 100 units fewer than at the end of the second quarter. Airbus and Boeing manufactured 699 aircraft during the first nine months of the year meaning they should be able to achieve their target of 950 aircraft for the full year.

Order-book levels and delivery rates were helped by the following factors:

- 47 % of all orders relate to airline companies from the Asia-Pacific region or Middle East. These two regions are recovering more quickly than other economic regions.
- Fuel prices are currently at a historic high level, encouraging the replacement of old aircrafts by new and more efficient models.

The situation remains serious for business jets: compared to the first half of 2008, with 663 units deliveries, the number of aircraft delivered fell by 37 % to 414 units. Comparing the first quarters of 2008 and 2009, the reduction was 35 % (source: GAMA). A recovery is not yet in sight.

Outlook for MTU

The global contraction of air traffic appears to have been halted. The decrease in 2009 compared with that recorded in the first eight months of 2008 has leveled off somewhat, both in terms of international passenger numbers and international freight traffic

volumes. It is still not possible for engine manufacturers to assess in detail the overall impact of the global financial crisis on the aviation industry.

Overall, MTU performed well during the nine-month period to September 30, 2009. Order backlog including the value of MRO contracts (order volume) remained at a high level (€ 8,801.4 million). Despite a weaker US dollar over the course of the year 2009, revenues amounted to € 1,954.9 million. Earnings continued to develop positively, with a nine-month operating profit (EBIT adjusted) of € 210.8 and a margin of 10.8 %. Free cash flow for the nine-month period, at € 95.7 million, was in line with expectations despite high research and development expenditure in innovative and forward-looking engine programs.

The MTU Group forecasts that the good performance will continue in the fourth quarter 2009 – despite changes in global economic conditions. Revenues are now predicted to reach € 2,600 million over the entire year 2009. An operating profit of € 290 million and a margin of almost 11 % are forecasted for the full year. Free cash flow is forecasted to be approximately € 100 million.

MTU will continue in 2009 to pursue a dividend policy based on continuity, with distributions reflecting earnings generated. The aim is for the MTU share to remain an investment that generates a good rate of return. Future dividends will therefore reflect the net profit performance (taking account of the result determined in accordance with German commercial law).

1 Operating environment

1.1 Business activities and markets

MTU Aero Engines Holding AG (“MTU“ or “the company“) with its consolidated group of companies ranks among the world’s largest manufacturers of aircraft engines. In revenue terms, the company is the world’s largest independent provider of commercial aero engine maintenance services.

MTU operates in two principal segments: OEM business – which includes spare parts for commercial and military engines and military MRO – and Commercial MRO business.

OEM business (Commercial and Military engines business)

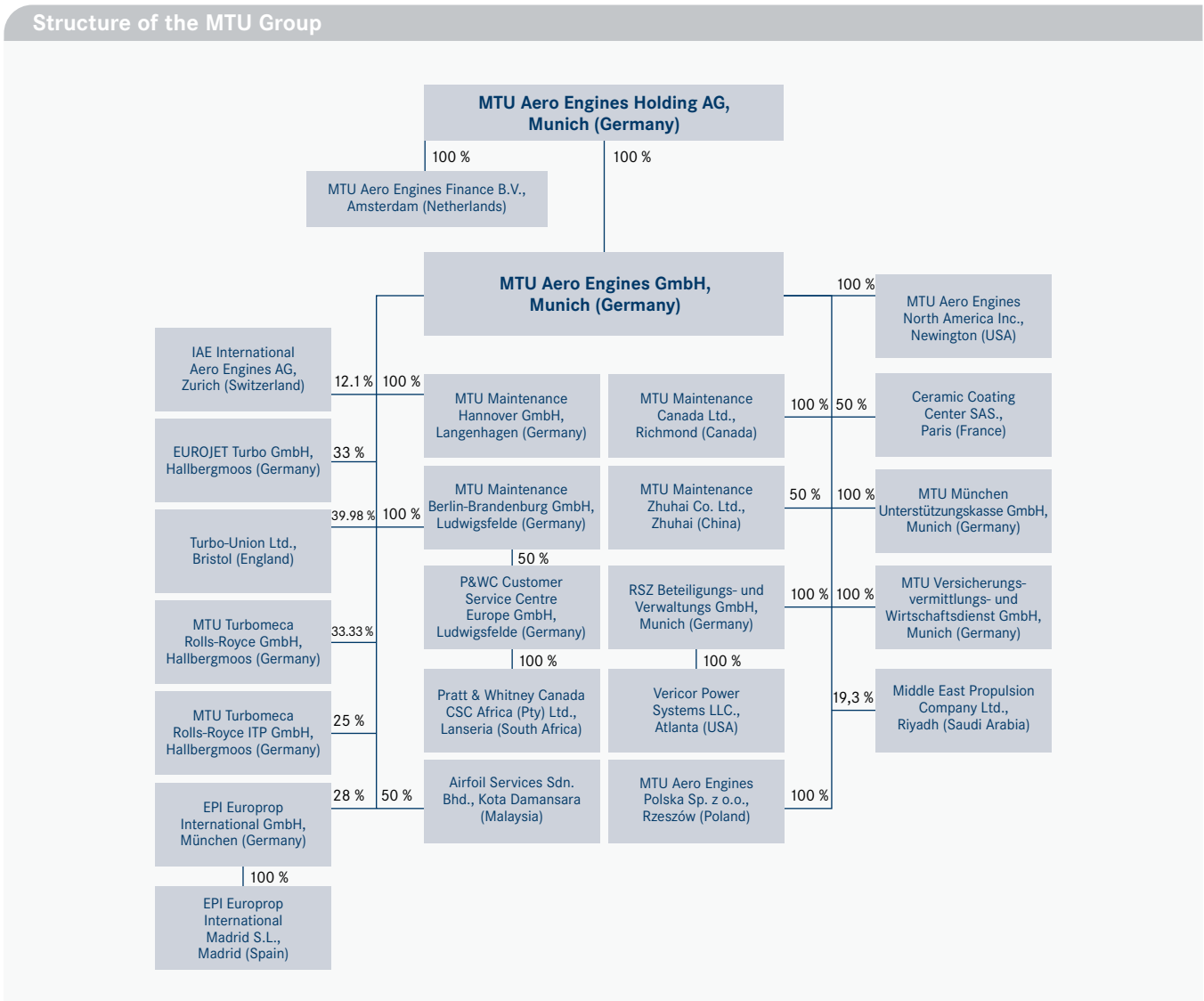
MTU works in partnership with the world’s leading engine manufacturers – General Electric, Pratt & Whitney and Rolls-Royce – on programs to develop and manufacture commercial engines. It designs and manufactures modules and components and carries out final assembly work. Major engine programs at present include the GP7000 for the Airbus A380 and the V2500 for the Airbus A320 family. MTU’s work on engine modules is focused on low-pressure turbines and high-pressure compressors. The company is also active in the industrial gas turbine (IGT) sector, developing and manufacturing stationary gas turbines.

In the military domain, MTU develops and maintains engine modules and components, manufactures spare parts, supervises engine final assembly and provides maintenance services. As lead industrial partner to the German armed forces, the company provides support for virtually every type of aero engine in service with the Bundeswehr. MTU is the German partner in all major military engine programs at a European level, the most important of these being the EJ200 for the Eurofighter and the TP400-D6 for the new A400M military transporter.

MRO business (Commercial maintenance business)

All Commercial MRO activities are pooled in the MTU Maintenance Group, which repairs and overhauls aero engines and industrial gas turbines. The company is particularly active in the high-growth markets of the V2500, CF6, CFM56, CF34 and PW2000 programs and in the field of industrial gas turbines. Commercial MRO customers include airlines and IGT operators all over the world.

1.2 Organization and locations



MTU Aero Engines Holding AG and its affiliates are present in the most important markets and regions. The global network of affiliates and associated companies, the maintenance business and the research and development activities are all controlled from the company's central offices in Munich, which is also the location of its main manufacturing site. This facility also develops, manufactures, assembles, tests and markets commercial and military engine components and modules, develops new manufacturing processes and repair techniques, and assembles and repairs military engines.

All the company's commercial MRO activities are pooled under MTU Maintenance. MTU Maintenance Hannover, based in Langenhagen,

is the largest maintenance plant in the MTU network. It supports mid-sized and large commercial engines and provides services such as customer training and a 24-hour service. Small engines and industrial gas turbines are supported by MTU Maintenance Berlin-Brandenburg, located at Ludwigsfelde near Berlin, which also assembles the TP400-D6 production engines for the A400M military transporter.

Further information concerning the activities of the group's foreign subsidiaries is provided in the Annual Report 2008 (pages 38 and 39). In line with schedule, MTU Aero Engines Polska has been manufacturing and repairing engine parts in Rzeszów, in South East Poland since the beginning of the second quarter 2009.

Explanatory comments on the company's situation

MTU Aero Engines Holding AG does not have any operating activities of its own. It serves as a management holding, managing the affairs of the MTU Group across functions. The parent company's revenues of € 6.9 million all relate to income generated from performing holding company functions.

At September 30, 2009, MTU Aero Engines Holding AG is structured into four management board areas with the following tasks:

Chairman of the Board of Management; Egon Behle:

Corporate Development, Commercial and Military engine programs, Corporate Communication and Investor Relations, Compliance, Legal Affairs and Intellectual Property Management, Corporate Audit

Member of the Board of Management, Chief Operating Officer; Dr. Rainer Martens:

Development, Technology, Production, Procurement, Logistics, Corporate Quality, Military Maintenance

Member of the Board of Management, President and CEO Commercial Maintenance; Dr. Stefan Weingartner:

Commercial MRO business

Member of the Board of Management, Chief Financial Officer; Reiner Winkler:

Controlling, Finance, Accounting, Tax, Human Resources, Information Management

There have been no changes in the corporate legal structure, administration and organizational processes within the group during the nine-month period under report. No changes are planned at present. Reference is made to section 11 of the Selected Explanatory Notes for information regarding the sale of a disposal group (assets and liabilities) of MTU Aero Engines North America Inc., USA.

For information relating to legal risks faced by the MTU Group, reference is made to the Annual Report 2008 (section 6) and section 4 of the Interim Group Management Report. The situation remains as described in that document: there are currently no significant legal risks.

There have been no significant changes in prices and conditions on the procurement and sales markets during the first nine months of the financial year 2009. With regard to hedging transactions, reference is made to section 5 of the Interim Group Management Report.

MTU's business model is focused on the long term. The life-cycle of an engine – from the research phase through to spare parts business – generally covers more than 40 years. During the financial year 2008, MTU acquired a whole range of participations in new engine programs based on risk-and-revenue-sharing arrangements (RRSP). These programs have been, and will continue to be developed, in 2009 and the future. Information on new engine products and programs is provided in section 5 of the Interim Group Management Report, New products and services.

2 Research and development

Technological changes within the aviation sector take place at an extremely rapid pace and require a continual source of innovation. Research and development expenditure will remain at a high level during the financial years 2009 and 2010. As a result of various new

engine programs, expenditure in research and development during the first nine months of the year increased to € 149.0 million. The research and development ratio – measured as R&D expenditure divided by revenues – increased by 1.5 percentage points to 7.6 % (January - September 2008: 6.1 %).

Research and development expenses				
	Jan. 1 to	Jan. 1 to	Change 2009 - 2008	
	Sept. 30, 2009	Sept. 30, 2008	in € million	in %
	in € million	in € million		
Commercial engine business (OEM)	76.3	67.7	8.6	12.7
Military engine business (OEM)	62.9	47.9	15.0	31.3
	139.2	115.6	23.6	20.4
Commercial maintenance business (MRO)	9.8	4.5	5.3	117.8
Research and development (before amounts capitalized)	149.0	120.1	28.9	24.1
R&D ratio (as % of revenues)	7.6	6.1		

The amounts invested are subdivided into company-funded and externally funded R&D expenditure. Company-funded expenditure is borne by the group whereas externally funded expenditure is financed by customers. Company-funded expenditure is reported in the table below and in section 8 of the Selected Explanatory Notes as R&D expenses. By contrast, externally funded R&D activities are accounted as receivables or liabilities from construction contracts in accordance with IAS 11 due to the fact that the work is commissioned specifically by national and international consortia. R&D expenses of € 149.0 million (January - September 2008: € 120.1 million) included € 80.0 million (January - September 2008: € 59.9 million) relating to company-funded R&D expenditure. Of this amount,

€ 70.2 million (January - September 2008: € 55.4 million) related to Commercial and Military engines business (OEM). A total of € 5.4 million relating to the GE38 engine program was recognized as capitalized developments costs.

The expense for Commercial maintenance business during the nine-month period was € 9.8 million (January - September 2008: € 4.5 million).

The following table analyzes company-funded the research and development expenses reported in the income statement (see section "Selected Explanatory Notes"):

Research and development expenses reported in income statement (company-funded)				
	Jan. 1 to	Jan. 1 to	Change 2009 - 2008	
	Sept. 30, 2009	Sept. 30, 2008	in € million	in %
	in € million	in € million		
Commercial engine business (OEM)	63.4	54.5	8.9	16.3
Military engine business (OEM)	6.8	0.9	5.9	655.6
	70.2	55.4	14.8	26.7
Commercial maintenance business (MRO)	9.8	4.5	5.3	117.8
	80.0	59.9	20.1	33.6
Capitalized development costs				
Commercial engine business (OEM)	-5.4	-0.8	-4.6	-575.0
Commercial maintenance business (MRO)	-3.1	-1.6	-1.5	-93.8
	-8.5	-2.4	-6.1	-254.2
Research and development expenses per income statement	71.5	57.5	14.0	24.3

3 Financial review

Exchange rate information

The following exchange rate (euro/US dollar) was used during the reporting period and in the previous year to convert foreign currency items and to translate the financial statements of companies whose functional currency is the US dollar:

Exchange rate information				
Currency	Closing exchange rate		Average exchange rate	
	Sept. 30, 2009 1 Euro =	Dec. 31, 2008 1 Euro =	Jan. 1 to Sept. 30, 2009 1 Euro =	Jan. 1 to Sept. 30, 2008 1 Euro =
USA (USD)	1.4643	1.3917	1.3665	1.5217

Credit ratings

Assessments of creditworthiness are performed and updated continually by the leading rating agencies, Standard & Poor's (S&P) and Moody's.

On September 11, 2009, Moody's upgraded the outlook of its long-term credit rating for MTU to Ba1 with positive outlook (previously: with stable outlook). MTU's creditworthiness is currently rated by S&P at an unchanged BB+ with stable outlook (corporate rating).

3.1 Key figures at a glance

Key figures at a glance Q1 - Q3				
	Jan. 1 to	Jan. 1 to	Change 2009 - 2008	
	Sept. 30, 2009	Sept. 30, 2008	in € million	in %
	in € million	in € million		
Revenues	1,954.9	1,982.9	-28.0	-1.4
Cost of sales	-1,628.7	-1,642.5	13.8	0.8
Gross profit	326.2	340.4	-14.2	-4.2
Other expenses allocated to functions	-149.7	-137.7	-12.0	-8.7
Earnings before interest and taxes (EBIT)	176.5	202.7	-26.2	-12.9
Write-down on assets resulting from PPA	34.3	36.2	-1.9	-5.2
Adjusted earnings before interest and taxes (EBIT adjusted)	210.8	238.9	-28.1	-11.8
Finance result	-31.5	-26.2	-5.3	-20.2
Earnings before taxes (EBT)	145.0	176.5	-31.5	-17.8
Income taxes	-51.6	-57.9	6.3	10.9
Earnings after taxes (EAT)	93.4	118.6	-25.2	-21.2

Consolidated Statement of Comprehensive Income Q1 - Q3				
	Jan. 1 to	Jan. 1 to	Change 2009 - 2008	
	Sept. 30, 2009	Sept. 30, 2008	in € million	in %
	in € million	in € million		
Earnings after taxes (EAT)	93.4	118.6	-25.2	-21.2
Income and expenses recognized directly in equity	17.4	-17.0	34.4	202.4
Comprehensive Income for the period	110.8	101.6	9.2	9.1

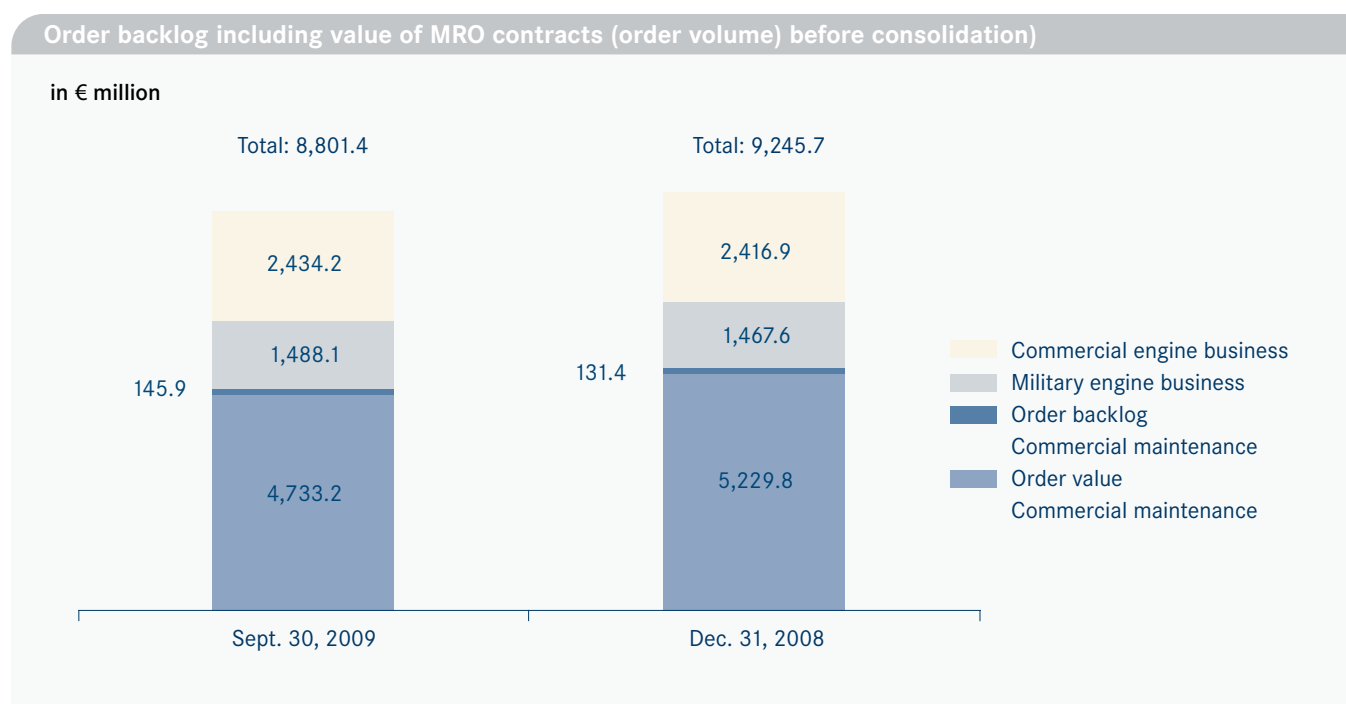
Key figures at a glance Q3				
	Q3	Q3	Change 2009 - 2008	
	2009	2008	in € million	in %
	in € million	in € million		
Revenues	578.9	726.8	-147.9	-20.3
Cost of sales	-469.4	-606.3	136.9	22.6
Gross profit	109.5	120.5	-11.0	-9.1
Other expenses allocated to functions	-47.2	-50.2	3.0	6.0
Earnings before interest and taxes (EBIT)	62.3	70.3	-8.0	-11.4
Write-down on assets resulting from PPA	11.4	11.8	-0.4	-3.4
Adjusted earnings before interest and taxes (EBIT adjusted)	73.7	82.1	-8.4	-10.2
Finance result	-10.9	-14.3	3.4	23.8
Earnings before taxes (EBT)	51.4	56.0	-4.6	-8.2
Income taxes	-13.7	-17.8	4.1	23.0
Earnings after taxes (EAT)	37.7	38.2	-0.5	-1.3

Consolidated Statement of Comprehensive Income Q3				
	Q3	Q3	Change 2009 - 2008	
	2009	2008	in € million	in %
	in € million	in € million		
Earnings after taxes (EAT)	37.7	38.2	-0.5	-1.3
Income and expenses recognized directly in equity	12.2	-12.9	25.1	194.6
Comprehensive Income for the period	49.9	25.3	24.6	97.2

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

MTU's order backlog consists of firm orders placed directly by customers which commit the group to delivering products or providing services. Orders for maintenance work to be performed under the contractual terms of long-term, service agreements are not included in the order backlog for the commercial MRO business. In order to obtain a picture of the economic value of the total contracted order volume and the corresponding degree of capacity utilization, the figures for the contracted value of service agreements in the commercial MRO business are disclosed separately in addition to the backlog for Commercial and Military engine business (OEM) and the Commercial maintenance business (MRO).

Order backlog including value of MRO contracts (order volume) before consolidation				
	Sept. 30, 2009 in € million	Dec. 31, 2008 in € million	Change 2009 - 2008	
			in € million	in %
Commercial engine business	2,434.2	2,416.9	17.3	0.7
Military engine business	1,488.1	1,467.6	20.5	1.4
Commercial and Military engine business (OEM)	3,922.3	3,884.5	37.8	1.0
Order backlog Commercial maintenance	145.9	131.4	14.5	11.0
Order value Commercial maintenance	4,733.2	5,229.8	-496.6	-9.5
Commercial maintenance business (MRO)/order volume	4,879.1	5,361.2	-482.1	-9.0
Total	8,801.4	9,245.7	-444.3	-4.8



The group's order backlog including the value of MRO contracts (order volume) at September 30, 2009 totalled € 8,801.4 million (unconsolidated basis) and was therefore € 444.3 million lower (4.8 %) than at December 31, 2008.

The backlog for Commercial engine business was € 17.3 million higher than at December 31, 2008. The backlog for Military engine business rose by € 20.5 million over the nine-month period. By contrast, the backlog including the value of MRO contracts was € 482.1 million lower than at December 31, 2008.

The order backlog at September 30, 2009 corresponds to a workload of approximately three years. Excluding the value of MRO contracts, the backlog corresponds to a workload of about one and a half years.

3.3 Operating results, financial situation and net assets

Consolidated and non-consolidated entities

The MTU Group comprised (including MTU Aero Engines Holding AG) 25 entities at September 30, 2009. With effect from September 29, 2009, the MTU Group acquired a 19.3 % investment in Middle East Propulsion Company (MEPC), based in the Kingdom of Saudi Arabia. The acquisition of the investment in this entity has been taken into account in financial assets at September 30, 2009 (further information is contained in section 20 of the Selected Explanatory Notes).

Group operating results for the nine-month period to September 30, 2009

Revenues

Revenues for the period from January 1 to September 30, 2009 fell marginally by € 28.0 (1.4 %) million to € 1,954.9 million. While revenues from Commercial and Military engine business (OEM) decreased by € 38.7 million (3.2 %) to € 1,157.6 million, revenues from Commercial maintenance business (MRO) increased by € 13.3 million (1.6 %) to € 821.2 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the nine-month period would have decreased by € 194.2 million (9.8 %).

Cost of sales and gross profit

Cost of sales for the nine-month period decreased by € 13.8 million (0.8 %) to € 1,628.7 million, with cost of sales up by € 2.8 million (0.3 %) to € 923.0 million for Commercial and Military engine business and down by € 14.4 million (1.9 %) to € 729.9 million for Commercial maintenance business. As a result, the gross profit for the nine-month period decreased by € 14.2 million (4.2 %) to € 326.2 million.

Research and development expenses

Research and development expenditure before capitalization of development costs totalled € 80.0 million for the nine-month period, € 20.1 million (33.6 %) higher than one year earlier. The increase in R&D expense related mainly to the GE 38 engine program with General Electric (for the heavy-lift CH53-K transport helicopter manufactured by Sikorsky), the GENx engine program

for the Boeing 787 and 747-8, the PW1524G engine program for Bombardier's CSeries and the PW1217G engine program used to power Mitsubishi Heavy Industries' new regional jet (MRJ).

Amortization and depreciation

Depreciation and amortization included in expense lines by function in the first nine months of 2009 – including depreciation and amortization resulting from the purchase price allocation (PPA) – totalled € 91.5 million (January – September 2008: € 93.1 million).

Adjusted earnings before interest and taxes (EBIT adjusted)

The effects of the purchase price allocation resulting from the acquisition of the company (including any impairment losses subsequently recorded) are added back to earnings before interest and taxes (EBIT). This gives rise to adjusted earnings before interest and taxes (EBIT adjusted).

The EBIT adjusted for the nine-month period fell by € 28.1 million (11.8 %) to € 210.8 million (January – September 2008: € 238.9 million). Alongside the impact of the € 14.2 million decrease in gross profit, the reduction was mainly due to the fact that R&D expenses recorded for the period (after capitalization of development costs) increased by € 14.0 million (24.3 %) to € 71.5 million. The margin at an adjusted EBIT level was 10.8 % (January – September 2008: 12.0 %).

Financial result

The financial result for the nine-month period under report was a net expense of € 31.5 million compared with a net expense of € 26.2 million one year earlier. The deterioration was primarily due to higher exchange losses on currency holdings and the effect of the fair value measurement of derivatives (reported within "Financial result on other items").

Earnings before taxes (EBT)

As a result of the reduction in earnings before interest and taxes (EBIT) and the increase in net finance expense, earnings before taxes (EBT) for the nine-month period fell by € 31.5 million (17.8 %) to € 145.0 million (January – September 2008: € 176.5 million).

Earnings after taxes (EAT)

Earnings after taxes (EAT) for the period from January 1 to September 30, 2009 decreased accordingly by € 25.2 million to € 93.4 million (January – September 2008: € 118.6 million).

Group comprehensive income

In the statement of group comprehensive income, the net profit (earnings after taxes) of € 93.4 million (January – September 2008: € 118.6 million) is reconciled to the comprehensive income for the period of € 110.8 million (January – September 2008: € 101.6 million). Income and expenses recognized directly in equity during the nine-month period under report (net of deferred taxes) comprise a positive amount of € 22.5 million (January – September 2008: negative amount of € 21.7 million) from the fair value measurement of derivative financial instruments and a negative amount of € 5.1 million (January – September 2008: positive amount of € 4.7 million) relating to currency translation differences.

Financial position

The principles and objectives of financial management, as described in the Annual Report 2008 (page 81 onwards), remain unchanged. The US dollar continues to be the main foreign currency for the MTU Group. The impact of the current financial crisis only effects MTU's financing requirements minimally since the surplus of US dollar proceeds over US dollar disbursements (US dollar exposure) for the financial year 2009 is largely (more than 85 %) covered by foreign currency hedges. Hedges covering 55 % and 29 % respectively of the US dollar surplus in the financial years 2010 and 2011 have also been transacted by the end of the third quarter 2009.

The currency used to finance the MTU Group is the Euro. This relates mainly to loans, a convertible bond issue, bank overdrafts (RCF 2009) and the issue of four promissory notes.

At September 30, 2009, the MTU Group has access to an overdraft facility of € 100.0 million with two banks. Of these credit facilities, € 24.5 million (December 31, 2008: € 16.9 million) were being utili-

zed at September 30, 2009 for guarantees. On June 3, 2009, MTU placed four promissory notes with a total nominal volume of € 65.0 million, thus further diversifying the group's financing. The cash inflow from the promissory notes was used to repay bank liabilities under the previous Revolving Credit Facility arrangements (RCF old). The Group had already issued a convertible bond totalling € 180.0 million during the financial year 2007. In September and October 2008, MTU partial bought back the convertible bonds (before maturity date) with a nominal volume of € 27.2 million.

MTU reports free cash flow – defined as the “cash inflow/outflow from operating activities“ less “cash outflow for investments in intangible assets, property, plant and equipment and financial assets“ – as a key performance indicator. This indicator enables investors to assess MTU's ability to generate cash flows from operating activities. Free cash flow is available to cover fixed and additional free cash outflows not included in the measurement of the indicator (such as for dividend payments and the servicing of liabilities).

Consolidated Cash Flow Statement

	Jan. 1 to	Jan. 1 to	Change 2009 - 2008	
	Sept. 30, 2009	Sept. 30, 2008	in € million	in %
	in € million	in € million		
Cash flow from operating activities	179.8	242.5	-62.7	-25.9
Cash flow from investing activities	-84.1	-118.0	33.9	28.7
Free cash flow	95.7	124.5	-28.8	-23.1
Cash flow from financing activities	-55.8	-109.2	53.4	48.9
Exchange-rate fluctuations	-4.0	1.4	-5.4	-385.7
Change in cash and cash equivalents	35.9	16.7	19.2	115.0
Cash and cash equivalents at January 1	69.9	67.3	2.6	3.9
Cash and cash equivalents at September 30	105.8	84.0	21.8	26.0

Cash flow from operating activities

The cash flow from operating activities for the nine-month period decreased by € 62.7 million to € 179.8 million (January - September 2008: € 242.5 million). The decrease was due to the higher amount of funds tied up in working capital and lower net profit for the period.

Cash flow from investing activities

The cash outflow for investing activities for the nine-month period in 2009 was € 84.1 million compared with € 118.0 million in the previous year. Capital expenditure on property, plant and equipment during the first nine months of the year was almost at the same level as one year earlier. By contrast, investment in intangible assets was significantly lower due to the recognition of a participation in the development of the GE38 engine program for the Sikorsky CH-53K heavy-lift transport helicopter in the third quarter 2008. Investment during the nine-month reporting period in 2009 related primarily to capitalized development costs for engine programs. Proceeds from the sale of property, plant and equipment during the nine-month period totalled € 7.9 million (January - September 2008: € 0.2 million)

Free cash flow

Free cash flow (the sum of the cash flows from operating and investing activities) totalled € 95.7 million for the nine-month period (January - September 2008: € 124.5 million).

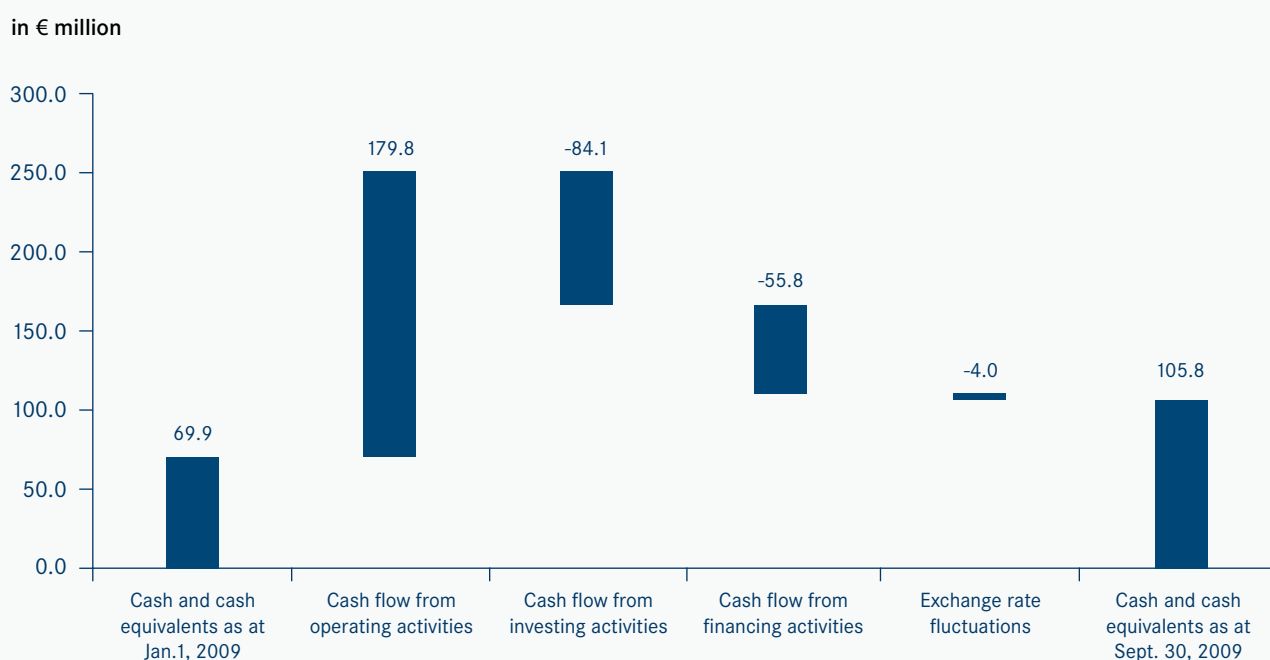
Cash flow from financing activities

The cash outflow from financing activities during the period from January to September 2009 was € 55.8 million compared with a cash outflow of € 109.2 million one year earlier. During the first nine months of 2009, the RCF overdraft (balance at December 31, 2008 of € 61.2 million) was repaid out of the proceeds from the issue of four promissory notes totalling € 64.6 million (net of transaction costs). The cash flow from financing activities also includes payment of the dividend for the financial year 2008 amounting to € 45.4 million. The corresponding cash flow of € 109.2 million recorded in the previous year resulted mainly from the buy-back of treasury shares and payment of the dividend for the financial year 2007.

Cash and cash equivalents

The various cash flows resulted in an increase in cash and cash equivalents of € 35.9 million (January - September 2008: increase of € 16.7 million).

Analysis of cash inflows and outflows



Cash and cash equivalents comprise the following at September 30, 2009:

Cash and cash equivalents				
	Sept. 30, 2009	Dec. 31, 2008	Change 2009 - 2008	
	in € million	in € million	in € million	in %
Cash at bank and in hand	10.5	36.6	-26.1	-71.3
Call money and fixed term deposits	95.3	8.3	87.0	1,048.2
Securities		25.0	-25.0	-100.0
Total cash and cash equivalents	105.8	69.9	35.9	51.4

Net financial liabilities

Net financial liabilities correspond to the net amount of gross financial liabilities and financial assets. Net financial liabilities decreased during the nine-month period to September 30, 2009, by € 104.0 million (40.8 %) to € 150.7 million. The reduction in debt was attributable mainly to a combination of lower financial liabilities for derivative financial instruments (€ 40.4 million) and higher financial assets for derivative financial instruments (€ 13.9 million). In addition, cash and cash equivalents increased by € 35.9 million to € 105.8 million on the back of the good operating performance.

Net financial liabilities				
	Sept. 30, 2009	Dec. 31, 2008	Change 2009 - 2008	
	in € million	in € million	in € million	in %
Convertible bond	146.9	145.4	1.5	1.0
Financial liabilities to banks				
Promissory notes	65.9		65.9	
Revolving Credit Facility (RCF)		61.2	-61.2	-100.0
Other bank credits	17.8	21.3	-3.5	-16.4
Financial liabilities to related companies *)	1.6		1.6	
Finance lease liabilities	29.6	34.0	-4.4	-12.9
Loan from the province of British Columbia to MTU Maintenance Canada	12.4	11.1	1.3	11.7
Retrospective purchase price adjustment		15.0	-15.0	-100.0
Negative fair values of derivative financial instruments	8.0	48.4	-40.4	-83.5
Gross financial debt	282.2	336.4	-54.2	-16.1
Less:				
Cash and cash equivalents	105.8	69.9	35.9	51.4
Positive fair values of derivative financial instruments	25.7	11.8	13.9	117.8
Net financial liabilities	150.7	254.7	-104.0	-40.8

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

Net assets position

Changes in items in the statement of financial position

Total assets at September 30, 2009 were approximately 1 % lower than at December 31, 2008.

Non-current assets, at € 1,818.5 million were practically unchanged compared to December 31, 2008 (€ 1,821.6 million). Current assets

decreased by € 24.4 million to € 1,350.1 million. Within current assets, inventories decreased by € 14.7 million to € 646.7 million. Trade and contract production receivables were down overall by € 49.4 million.

Cash and cash equivalents increased during the first nine months of 2009 by € 35.9 million to € 105.8 million thanks to the ongoing positive earnings position.

Overview of net assets, equity and liabilities

	Sept. 30, 2009 in € million	Dec. 31, 2008 in € million	Sept. 30, 2008 in € million
Non-current assets	1,818.5	1,821.6	1,725.1
Current assets	1,350.1	1,374.5	1,414.3
Total assets	3,168.6	3,196.1	3,139.4
Equity	688.9	617.4	568.5
Non-current liabilities	955.7	910.8	950.6
Current liabilities	1,524.0	1,667.9	1,620.3
Total equity and liabilities	3,168.6	3,196.1	3,139.4

Group equity at September 30, 2009 totalled € 688.9 million (December 31, 2008: € 617.4 million). Equity was increased during the first three quarters of 2009 by earnings after taxes (EAT) amounting to € 93.4 million (January - September 2008: € 118.6 million), by income and expenses recognized directly in equity in conjunction with the fair value measurement of financial instruments amounting to € 22.5 million (January - September 2008: reduction of € 21.7 million) and the sale of MAP shares to group employees in the second quarter 2009 amounting to € 4.4 million (January - September 2008: € 4.9 million). Equity was decreased during the period under report by translation differences amounting to € 5.1 million (January - September 2008: increase of € 4.7 million) and the dividend payment of € 45.4 million for the financial year 2008 (January - September 2008: € 46.3 million).

The equity ratio improved by 2.4 percentage points to 21.7 %.

Pension provisions increased by € 12.4 million in line with schedule. Whereas non-current other provisions were almost unchanged, current other provisions were € 21.9 million lower than at December 31, 2008, as a result of decreases in the provisions for personnel-related expenses and retrospective costs. There was no change in the level of contingent liabilities at September 30, 2009 compared to December 31, 2008.

Income tax liabilities take account of advance payments made during the period.

Financial liabilities decreased during the nine-month period by a total of € 54.2 million, mainly due to the € 40.4 million lower fair value measurement of derivative financial instruments (see Selected Explanatory Note 28).

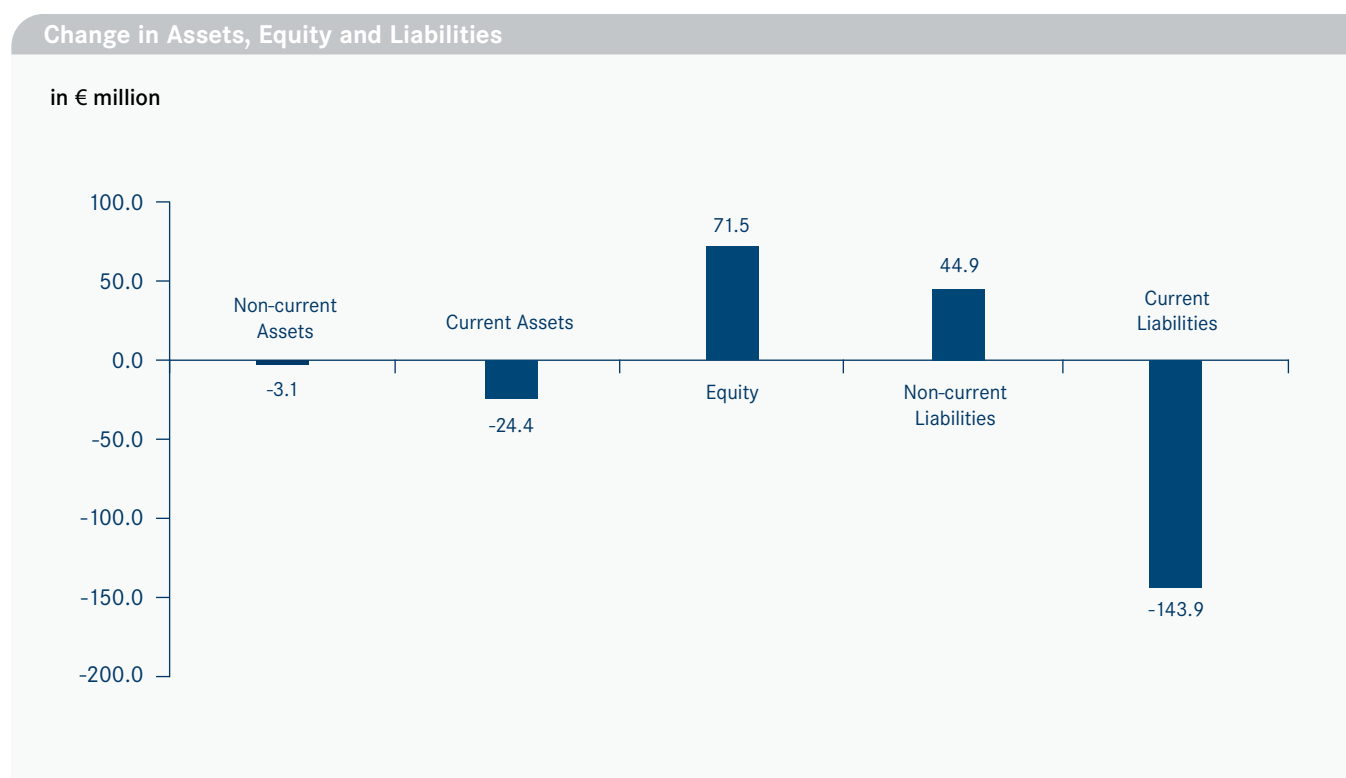
Trade payables were down by € 99.8 million to € 395.9 million due to timing factors at the end of the reporting period.

Contract production liabilities (net of contract productions receivables) increased by € 45.1 million to € 565.7 million during the nine-month period. The increase related primarily to advance payments for the EJ200 engine program for Saudi Arabia.

Other liabilities increased by € 3.1 million to € 108.9 million mainly reflecting lower other tax liabilities (down by € 4.7 million) and higher personnel-related obligations (up by € 9.8 million).

The following table shows the changes in assets and liabilities during the period from December 31, 2008 to September 30, 2009, analyzed by current and non-current items:

Change in Assets, Equity and Liabilities		
	in € million	in € million
(Statement of changes between Dec. 31, 2008 and Sept. 30, 2009)		
Non-current Assets		-3.1
Intangible assets	-29.9	
Property, plant and equipment	16.3	
Financial assets	7.6	
Financial assets accounted for using the equity method	-0.5	
Other assets	1.8	
Deferred tax assets	1.6	
Current Assets		-24.4
Inventories	-14.7	
Trade receivables	-103.1	
Contract production receivables	53.7	
Income tax assets	-1.0	
Financial assets	9.4	
Other assets	-9.0	
Cash and cash equivalents	35.9	
Prepayments	4.4	
Change in Assets		-27.5
Equity		71.5
Non-current Liabilities		44.9
Provisions	12.5	
Financial liabilities	31.1	
Other liabilities	-0.1	
Deferred tax liabilities	1.4	
Current Liabilities		-143.9
Provisions	-21.9	
Income tax liabilities	14.8	
Financial liabilities	-85.3	
Trade payables	-99.8	
Contract production liabilities	45.1	
Other liabilities	3.2	
Change in Equity and Liabilities		-27.5



3.4 Operating segments

The Commercial and Military Engine business (OEM) operating segment covers the development, manufacture and assembly of commercial and military engines and components. This operating

segment also performs repair and maintenance work for military engines. The Commercial maintenance business (MRO) operating segment performs maintenance and repair work on aircraft engines and industrial gas turbines. Further information is provided in section of segment information

Key figures for operating segments				
	2009	2008	Change 2009 - 2008	
	in € million	in € million	in € million	in %
Revenues				
Commercial engines business (OEM)	790.9	841.4	-50.5	-6.0
Military engine business (OEM)	366.7	354.9	11.8	3.3
Total Commercial and Military engine business (OEM)	1,157.6	1,196.3	-38.7	-3.2
Commercial maintenance business (MRO)	821.2	807.9	13.3	1.6
	1,954.9	1,982.9	-28,0	-1,4
Order backlog and value of MRO contracts* (previous year: December 31, 2008)				
Commercial and Military engine business (OEM)	3,922.3	3,884.5	37.8	1.0
Commercial maintenance business (MRO)	4,879.1	5,361.2	-482.1	-9.0
	8,801.4	9,245.7	-444.3	-4.8
Capital expenditure on intangible assets, on property, plant and equipment and financial assets				
Commercial and Military engine business (OEM)	69.0	96.9	-27.9	-28.8
Commercial maintenance business (MRO)	23.0	21.3	1.7	8.0
	92.0	118.2	-26.2	-22.2
Adjusted Earnings before interest and taxes (EBIT adjusted)				
Commercial and Military engine business (OEM)	158.2	208.4	-50.2	-24.1
Commercial maintenance business (MRO)	55.6	32.6	23.0	70.6
Other Group Entities / Consolidation and Reconciliation	-3.0	-2.1	-0.9	-42.9
	210.8	238.9	-28.1	-11.8
Adjusted EBIT - Margin (in %) **)				
Commercial and Military engine business (OEM)	13.7 %	17.4 %	-3.7	
Commercial maintenance business (MRO)	6.8 %	4.0 %	2.8	
	10.8 %	12.0 %	-1.2	
Number of employees (quarterly average)				
Commercial and Military engine business (OEM)	4,914	4,663	251	5.4
Commercial maintenance business (MRO)	2,686	2,564	122	4.8
	7,600	7,227	373	5.2

*) includes contractually committed order volume (see explanatory comments in section 3.2 of the Group Interim Management Report); before consolidation

**) Change in percentage-points

Commercial and Military engine business (OEM business)

Earnings performance for the nine-month period to September 30, 2009

Revenues

The Commercial and Military engine business (OEM) segment generated revenues of € 1,157.6 million during the first nine months of 2009, € 38.7 million (3.2 %) down on the previous year. Within those figures, revenues from Commercial engine business decreased by € 50.5 million (6.0 %) to € 790.9 million, while revenues from Military engine business, at € 366.7 million, were up on the previous year's level (January - September 2008: € 354.9 million). Adjusted

for the US dollar impact, revenues would have decreased by € 120.2 million (10.0 %) compared to the previous year.

Cost of sales and gross profit

Segment cost of sales include material and personnel expenses, scheduled depreciation and amortization, the change in inventories of work in progress and expenses charged to MTU by consortium leaders in return for marketing new engines. At € 923.0 million, segment cost of sales for the nine-month period was almost unchanged from the previous year's level (€ 920.2 million). The gross profit fell by € 41.5 million as a result of the decrease in revenues. The gross margin percentage fell from 23.1 % to 20.3 %.

Adjusted earnings before interest and taxes (EBIT adjusted)

As a result of the lower gross profit and the sharp increase in research and development expense, adjusted earnings before interest and taxes (EBIT adjusted) for the nine-month period were down by € 50.2 million (24.1 %) to € 158.2 million. The adjusted EBIT margin fell to 13.7 %.

Earnings performance for the third quarter 2009**Revenues**

Third-quarter revenues generated by the Commercial and Military engine business (OEM) segment totalled € 355.5 million, which was € 82.7 million (18.9 %) down on the previous year. Within those figures, revenues from commercial engine business decreased by € 89.8 million (28.9 %) to € 220.7 million while revenues from military engine business, at € 134.8 million, were € 7.1 million (5.6 %) up on the previous year's level of € 127.7 million. Adjusted for the US dollar impact, revenues would have amounted to € 347.8 million and therefore € 90.4 million (20.6 %) lower than one year earlier.

Cost of sales and gross profit

Cost of sales of the OEM segment in the third quarter 2009, at € 273.2 million, was € 70.0 million (20.4 %) lower than in the previous year (third quarter 2008: € 343.2 million). Although the gross profit decreased by € 12.7 million, the gross profit margin improved 21.7% to 23.2 % reflecting the fact that decrease in revenues was more pronounced in percentage terms than the decrease in cost of sales.

Adjusted earnings before interest and taxes (EBIT adjusted)

As a result of the lower gross profit in absolute terms, adjusted earnings before interest and taxes (EBIT adjusted) for the period from July 1 to September 30, 2009 fell by € 8.0 million (11.8 %) to € 59.8 million. The adjusted EBIT margin improved to 16.8 %.

Commercial maintenance business (MRO business)**Earnings performance for the nine-month period to September 30, 2009****Revenues**

Revenues generated by the MRO segment in the period from January 1 to September 30, 2009 amounted to € 821.2 million, which was € 13.3 million (1.6 %) higher than in the corresponding period in 2008. Adjusted for the US dollar impact, revenues amounted to € 736.5 million. Using this figure, the decrease in revenues against the previous year would have been € 71.4 million (8.8 %).

Cost of sales and gross profit

Cost of sales for the nine-month period fell by € 14.4 million (1.9 %) to € 729.9 million. Thanks to the increase in revenues and decrease in cost of sales, the gross profit increased by € 27.7 million (43.6 %) to € 91.3 million and the gross profit percentage improved from 7.9 % to 11.1 %.

Adjusted earnings before interest and taxes (EBIT adjusted)

As a result of the increased gross profit, the segment's adjusted earnings before interest and taxes (EBIT adjusted) for the nine-month period rose by € 23.0 million (70.6 %) to € 55.6 million. The adjusted EBIT margin for the Commercial maintenance business (MRO) segment for the first nine months of 2009 was 6.8 % (January – September 2008: 4.0 %).

Earnings performance for the third quarter 2009**Revenues**

Revenues generated by the MRO segment in the period from July 1 to September 30, 2009 amounted to € 232.2 million, which was € 62.7 million (21.3 %) lower than in the corresponding period in 2008. Adjusted for the US dollar impact, revenues would have amounted to € 223.8 million.

Cost of sales and gross profit

Cost of sales for the third quarter decreased by € 65.3 million (24.2 %) to € 204.1 million. Since this was greater than the decrease in revenues, the gross profit increased by € 2.6 million (10.2 %) to € 28.1 million and the gross margin improved from 8.6 % to 12.1 %.

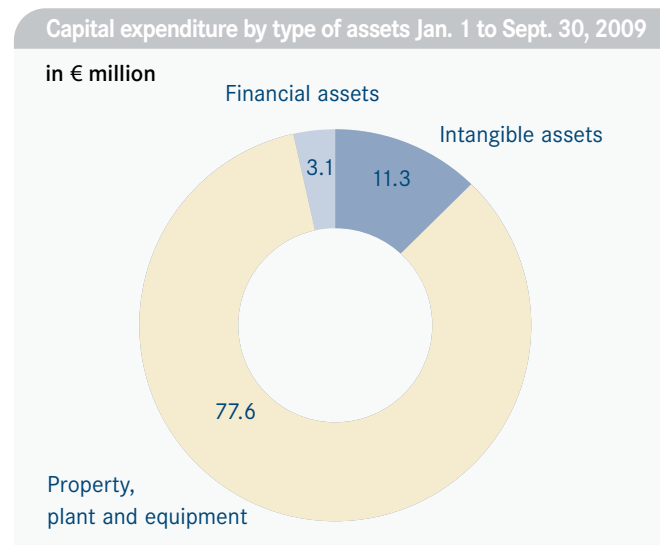
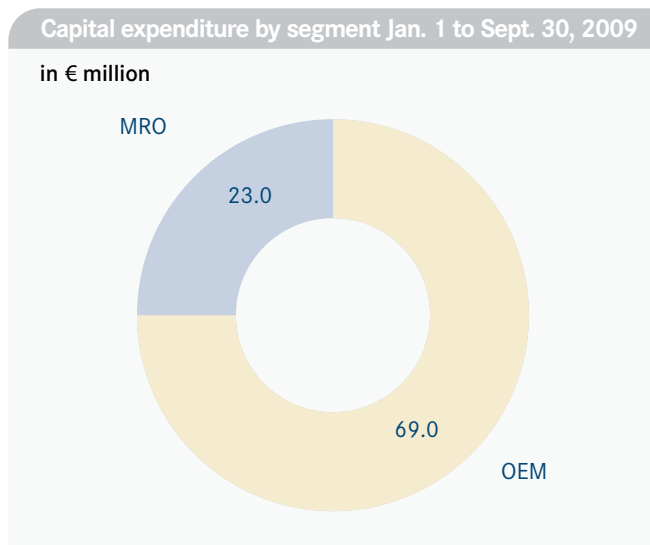
Adjusted earnings before interest and taxes (EBIT adjusted)

As a result of the increased gross profit, the segment's third-quarter adjusted earnings before interest and taxes (EBIT adjusted) improved by € 1.1 million (7.5 %) to € 15.7 million. The adjusted margin for the third quarter was 6.8 % (third quarter 2008: 5.0 %).

3.5 Capital expenditure

Capital expenditure during the first nine months of the year totalled € 92.0 million (January-September 2008: € 118.2 million). This comprised € 69.0 million spent by the OEM segment (January - September 2008: € 96.9 million) and € 23.0 million spent by the MRO segment (January - September 2008: € 21.3 million).

Capital expenditure by segment				
	Jan. 1 to Sept. 30, 2009 in € million	Jan. 1 to Sept. 30, 2008 in € million	Change 2009 - 2008	
			in € million	in %
OEM segment				
Intangible assets	7.9	46.0	-38.1	-82.8
Property, plant and equipment	58.0	30.3	27.7	91.4
Financial assets	3.1	20.6	-17.5	-85.0
Total OEM segment	69.0	96.9	-27.9	-28.8
MRO segment				
Intangible assets	3.4	1.9	1.5	78.9
Property, plant and equipment	19.6	19.4	0.2	1.0
Total MRO segment	23.0	21.3	1.7	8.0
Total	92.0	118.2	-26.2	-22.2



Analysis of capital expenditure for OEM business

Capital expenditure on intangible assets totalling € 7.9 million (January - September 2008: € 46.0 million) includes capitalized development work of € 5.4 million (January - September 2008: € 0.8 million) relating to the military engine program GE38 for Sikorsky's heavy-lift transport helicopter CH-53K. Capital expenditure of € 46.0 million in the previous year included, in addition to capitalized development work, the acquisition cost of the participation in the development of the GE38 engine for the heavy-lift transport helicopter CH-53K.

Capital expenditure on property, plant and equipment in the nine-month period amounting to € 58.0 million (January - September 2008: € 30.3 million) related to additions of plant, machinery and other operational equipment.

The addition to financial assets of € 3.1 million relates to the acquisition of 19.3 % of the shares of Middle East Propulsion Company (MEPC), based in the Kingdom of Saudi Arabia. Capital expenditure on financial assets in the previous year (€ 20.6 million) related to contributions paid into capital reserves of MTU Aero Engines Polska Sp. z o.o., Rzeszów, Poland. The amount invested was subsequently used by MTU Aero Engines Polska Sp. z o.o., Rzeszów, Poland to construct a production hall.

Analysis of capital expenditure for MRO business

Capital expenditure for MRO business during the period from January 1 to September 30, 2009 included € 19.6 million spent on property, plant and equipment (January - September 2008: € 19.4 million). Investments in intangible assets amounting to € 3.4 million related by € 3.1 million to specialized procedures to repair and maintain engines more economically (January - September 2008: € 1.6 million).

3.6 Employees

At September 30, 2009 the MTU Group had a workforce of 7,656 employees, including 345 trainees (December 31, 2008: 7,537 employees), an increase of 119 employees since the end of 2008. A total of 91 trainees and 16 students from the Berufsakademie (training academy) were recruited for German locations on September 1, 2009. The workforce of the OEM segment decreased by 120 employees, mainly as a result of the sale of a group of assets and liabilities (disposal group) of MTU Aero Engines North America Inc., USA. The workforce of the OEM segment was increased at the newly founded MTU Aero Engines Polska, Poland. The workforce of the MRO segment also increased.

At the end of September 2009, 6,894 employees (90.0 %) worked for group companies in Germany and 762 employees (10.0 %) for group companies outside Germany.

The personnel expense for the nine-month period totalled € 381.4 million (January - September 2008: € 375.6 million).

There were no new tariff agreements during the first nine months of the financial year 2009. Similarly, no new tariff agreements or changes to existing ones are planned for the fourth quarter 2009.

4 Opportunity and risk report

As part of its business activities, and with respect to the wide range of activities with partner companies and consortium partner companies, in particular in the USA, the MTU is exposed to a variety of risks and opportunities which could influence its business performance. MTU has set up a risk management system (RMS) in order to identify risks at an early stage and to manage risks and opportunities in the best way. Risk management is an integral part of the decision-taking and business processes in place within the group and therefore an important aspect of ensuring the group's long-term success.

Opportunities

MTU has developed the geared turbo fan (GTF) for Bombardier's CSeries and for the MRJ regional jet. This technological advance lays the foundation for future development of successor engines for the Airbus A320 and Boeing 737. The core engine within the GTF – which should still undergo testing before the end of 2009 – provides a further opportunity for use in large-size business jets. MTU's technological expertise in the field of low-pressure turbines practically predestines MTU to take up further participations in large-size engine programs based on risk- and revenue-sharing arrangements.

Strategic opportunities will also be provided by continued forward-looking investment in research activities, advanced technologies to reduce noise and emissions and participations in new engine programs which will further strengthen the company's technological and innovation lead. These areas give MTU the opportunity to strengthen its position within risk- and revenue-sharing arrangements.

Risk exposures

Risk management system (RMS)

In order to remain successful in the long term, MTU must be aware of, and manage, the inherent risks arising during the course of its business operations. The Board of Management has accordingly set up an integrated risk management system for the group. Risk management at MTU is structured in such a way that the principal risks are identified, analyzed and measured quantitatively each quarter. MTU's risk management system (RMS) is based on a set of organizational rules and measures aimed at identifying and managing risks. Risks that could endanger the going concern status of individual entities or of the group are observed particularly closely. The Board of Management and the Supervisory Board are informed regularly of the current risk position of the group and its entities.

Risks arising from general economic trends

Significant risks which could affect the performance of the MTU Group arise from the US dollar exchange rate, the level of commodity prices and general economic factors. MTU generates a high proportion of its revenues in the Commercial engine business and in Commercial MRO. This market depends heavily on the volume of commercial air traffic, and is subject to cyclical fluctuations which depend on factors such as the general economic situation. Passenger numbers and freight traffic volumes are both clearly showing negative trends, which are only levelling off gradually. The

slowdown in economic growth and the difficulties being encountered by companies are also bringing about changes in patterns of use of business jets and reducing the quantity of orders for new air transport capacities. Other risks include rising energy costs, the unavailability of suppliers and delays in deliveries from suppliers. Overall, from today's perspective, there are no identifiable risks arising from general economic trends that could affect MTU's going concern status.

Sector risks – development risk and credit risk

In the Commercial and Military engine business, MTU undertakes to perform development work during which unplanned delays and additional costs may arise. As a general rule, MTU's business plans for new engines are drawn up to cover a long period. They tend to assume long repayment terms, with the result that the investments in the development and production run-up are only gradually amortized over a long period of time. Due to the long period under consideration, actual conditions may deviate from the technological, economic and market-related assumptions on which the calculations were based, thus also affecting the attainable return on investment.

In the Commercial engine and Commercial MRO business, airlines are indirect and direct customers of MTU. As a result of the dependence of air traffic volumes on economic cycles on the one hand, and due to crisis situations on the other, airlines are increasingly facing difficult business conditions, which can in turn result in financial bottlenecks. MTU is able to spread and minimize risk thanks to its activities in various market segments and thrust classes, and by applying rigorous receivables management procedures, in many cases working closely with the relevant consortium leaders. Wherever possible, the group's entities take advantage of export credit guarantees (Hermes coverage) to protect themselves against political credit risk.

MTU does not currently expect any significant impairment of the group's net assets, financial and earnings position from the sector risks described.

Operational risks: Market risk

The customers in the Military engine business are national and multinational agencies whose budgets vary widely with the level of public spending. When they are faced with budgetary constraints, there is a risk that contracts might be rescheduled or cancelled. In the Military engine business, the group is firmly embedded in international cooperative ventures. This tends to have a limiting effect on risks because the partners work together to protect their common interests. Because government offices are increasingly interested in settling accounts for military engines on the basis of negotiated fixed prices, new military programs face an increasing risk that the technical, economic and market-related assumptions on which the contract is based may deviate from actual conditions, thus also affecting the attainable return on investment. The terms of existing contracts in the military sector are generally defined to cover long periods of time, thus effectively excluding the possibility of modifying prices.

The Commercial engine market has an oligopolistic structure. MTU sells most of its products under risk- and revenue-sharing

arrangements. The lead partners in the consortium determine the prices, conditions and concessions. MTU, as a consortium partner, is bound by these conditions. MTU is involved in the leading engine programs of the major manufacturers in the context of these partnerships. The customers of these risk- and revenue-sharing partnerships in the Commercial engine and MRO business are airlines. Various types of concessions to customers are common practice in the marketing of commercial production engines. MTU is obliged to absorb these concessions to the extent of its program share in risk- and revenue-sharing agreements. The fact that the cooperation partners share a common interest helps to prevent excessive concessions during contract negotiations. Furthermore, risks are spread across the various programs. Concessions to major customers during the launch phase of a program are largely offset by a decline in the marketing expenses for older programs.

Overall, from the present point of view, no market risks are apparent which could affect MTU's going concern status.

Operational risks: Program risk

Besides the general business risks, MTU has specifically identified risks in the TP400-D6 engine program for the new Airbus military transporter A400M. Information on risks in this area is provided in the Annual Report 2008 (section 6). MTU is a member of a consortium comprising four European companies. Each partner is required to finance additional development and production costs using its own resources, in proportion to its share in the program. The additional expenses expected to be incurred for contractual obligations are covered by a provision amounting to € 44.4 million.

Currency risk, financing risks and hedging transactions

More than 80 % of MTU's revenues are generated in US dollar (USD). A large proportion of costs is likewise invoiced in USD, thus providing a "natural hedge". Most other costs are incurred in Euro (€) and, to a lesser extent, in Polish Zloty (PLN), Chinese Renminbi (CNY) and Canadian dollars (CAD). Consequently, earnings are dependent on changes in exchange rate parities between the US dollar and the cited currencies from the order date to the delivery date, to the extent that MTU does not make use of financial instruments to hedge again its current and future net exposure. In line with MTU's policy of generating profit solely on the basis of its operating activities and not through currency speculation, MTU makes use of hedging strategies for the exclusive purpose of managing and minimizing the effect of US dollar exchange rate volatility on EBIT.

The financial instruments employed by MTU cover the greater part of the net exposure to currency risk, leaving only a small proportion of the US dollar surplus exposed to this type of risk. The unhedged portion of forecast transactions is calculated at the Euro spot rate on the date payment is received.

Hedge portfolio

MTU holds a long-term hedge portfolio comprising financial instruments with terms of maturity stretching over several years, used to hedge US dollar cash flows. The net risk is calculated by subtracting the part of the currency risk balanced by costs incurred in US dollars (the "natural hedge") from the total currency risk (US dollar denominated revenues). The hedge portfolio accounts for the majority of the group's hedging transactions.

For financial reporting purposes, MTU prudently designates only a portion of its highly probable hedged future cash flows (forecast transactions) as hedged items to reduce the expected net currency risk exposure. As a result, postponements or cancellations of underlying transactions (cash inflows) do not affect the hedging relationship as long as the actual gross inflow of a foreign currency (per month) exceeds the hedged amount. Forward exchange rate contracts are used principally as hedging instruments.

At September 30, 2009, MTU held forward exchange rate contracts for a contractual period up to October 2011 to sell a nominal volume of US dollar 680.0 million (equivalent to € 464.4 million at the closing exchange rate) at future rates for a total of € 480.9 million. Changes in the fair value of the forward exchange rate contracts amounted to a net gain of € 33.4 million during the nine-month period (January - September 2008: net loss of € 32.3 million). Further explanatory comments concerning financial instruments are provided in the Annual Report 2008 (section 42, Risk management and derivative financial instruments).

The unsteady fluctuation in the exchange rate parity between the euro and the US dollar makes it impossible to predict how the exchange rate is likely to develop in the near future. Exchange rate disparities amplify currency risk, with a possible adverse impact on MTU's revenues. The group's long-term hedging strategy makes currency risks manageable.

Liability risk

In the aviation industry, accidents can never be completely ruled out despite strict compliance with manufacturing quality standards and utmost diligence in performing maintenance work. In the Military engine business (excluding exports), MTU is largely exempt from product risk liability through government agency indemnification. The remaining liabilities, especially in the Commercial engine business, are covered by comprehensive insurance policies; this includes aircraft liability insurance. Other risks that could threaten the continued existence of the company, such as fire and interruption of business operations, are covered by insurance policies. No insurance cover has been taken out for the risk of terrorist attacks because of the excessively high premiums. By limiting liability risks and taking out insurance coverage, the risks are transparent and manageable.

Personnel risks

MTU has drawn up guidelines and a code of conduct that are valid for all its employees, by means of which it strives to establish binding rules for internal and external communication. Employees who are entrusted with confidential or insider information are required to give a commitment to abide by the applicable regulations, such as those laid down in the German Investor Protection Act and to exercise the appropriate integrity when handling such information.

IT risks

Information technology risks include the risk of loss of confidential data due to espionage or system failure. Because it conducts business with military customers, MTU takes an especially precautionary approach in the way it handles and protects restricted data, operating a highly advanced system for the protection of data and classified information. The introduction of new IT systems is a

further occasion on which interruptions in the workflow can occur. The risks in this area are manageable.

Environmental risks

MTU's business activities are subject to numerous laws and regulations relating to the protection of the environment. Any tightening of the applicable environmental requirements may give rise to additional investment costs, particularly in connection with the use of chemicals in manufacturing and test rig emissions. For further information, reference is made to the Annual Report 2008, Environmental Report. MTU requires special certification in order to operate certain production facilities such as test rigs and electroplating plants. The regulations must be strictly observed and all procedures fully documented. An environmental management system certified to DIN EN ISO 14001 minimizes the risks in this area.

Other risks: Risks arising from general and tax legislation

In June 2007, the European Commission approved Germany's request to prolong the period during which tax reductions could be granted to particularly energy-intensive businesses to the end of 2009. This concerns the capping of the German ecotax for the most energy-intensive users (the so-called "Spitzenausgleich"). The Commission's decision makes provision for the application of the tax cap to be further extended to the end of 2012 on condition that German industry meets the voluntary environmental targets. If the further extension beyond 2009 is not approved, German industry will face the burden of additional energy taxes, which could have an adverse effect on the international competitiveness of MTU's domestic production facilities. MTU estimates any resulting additional tax expense would be moderate. Other than this, there

are no major risks arising from (tax) legislation that could have a significant impact on the group's net assets, financial situation or operating results.

Other risks: Organizational risks

The group has not identified any risks from controlling and monitoring systems or relating to organization and management.

Overall summary with respect to risks

Apart from the risks described above and in the Annual Report 2008 (section 6), no other risks have been identified which could affect MTU's going concern status.

Optimization of risk management system by inclusion of the accounting-related internal control system (ICS)

In parallel to the risk management system (RMS), the group also has an internal control system (ICS) in place with respect to the (group) accounting and financial reporting process. The accounting-relevant ICS covers the principles, procedures and measures taken to ensure that accounting and financial reporting within the group is effective and efficient, that systems are working properly and that all relevant regulations are complied with. The objective of the ICS is to ensure that transactions are recorded, processed and documented in full, in good time and accurately in accordance with legal requirements, the company's Articles of Association and other pertinent guidelines and that reliable and complete information is provided. On the one hand, the ICS contains rules for controlling business activities. It also sets out procedures for monitoring compliance with control requirements, including organizational security measures and controls (i.e. the internal monitoring system).

SWOT analysis

The results of an analysis of the main strengths, weaknesses, opportunities and threats (SWOT) presented by MTU's corporate structure and market environment can be summarized as follows:

SWOT analysis of the MTU group		
Corporate structure	<p>Strengths</p> <ul style="list-style-type: none"> • Technological leadership OEM: Excellence in engine modules: low-pressure turbines, high-pressure and IP compressors MRO: Excellence in advanced repair techniques • Balanced mix of production and after-market business, covering all stages from development and manufacturing to maintenance • Focus on high-profit-margin engine business • Presence in fast-growing Asian market (MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China) • Long-term contracts in the OEM business, involvement in consortia and cooperative ventures • Quality and on-time delivery form basis for reliable partnerships • Proximity of MRO sales network to customers • Solid financing structure opens up opportunities for M&A activities and program investments 	<p>Weaknesses</p> <ul style="list-style-type: none"> • High dependency on U.S. dollar • Cyclic business • Small company by comparison with OEMs
Market environment	<p>Opportunities</p> <ul style="list-style-type: none"> • Market environment of business units on a long-term growth trend • Increasing technological complexity of future engines • Good market opportunities for fuel-efficient engine designs (geared turbofan) in the event of steadily rising oil prices • Solid financing structure and technological leadership open the way to program investments, M&A activities, and a leading role in European tier-1 consolidation • Growth of MRO in newly industrializing countries • Airline outsourcing in order to concentrate on core activities offers additional opportunities for MRO business • Greater exploitation of synergies between areas of commercial business • Positive changes in U.S. dollar exchange rate 	<p>Threats</p> <ul style="list-style-type: none"> • Effects of financial crisis not yet foreseeable • Low, volatile profitability on the part of end customers (airlines); possible spending cuts in the event of an economic downturn • Negative changes in U.S. dollar exchange rate • Inherent risk of advanced technology development with regard to estimated schedules and costs • Competition from low-cost PMA parts • Entry of newly industrializing nations into the aerospace industry • Restrained public spending may lead to defense budget cuts • Difficulty of obtaining licenses in the MRO business

For further information regarding the group's opportunities and risk situation and the structure of the risk management system, reference is also made to the Annual Report for the year ended December 31, 2008 (pages 108 to 117) and to the disclaimer at the end of this quarterly financial report.

5 Outlook

5.1. General economic outlook

The state of the global economy has deteriorated substantially over the course of 2009 to date, making conditions for business and spending more difficult. Further consequences have been a rise in unemployment and a reduction in investment spending.

5.2. Sector outlook

First signs that the downward trend of air traffic volumes has been stopped were seen during the second quarter 2009. The International Air Transport Association (IATA) has revised its forecast for 2009 and now predicts that international passenger numbers will fall by 4 % in 2009 compared to the 8 % previously forecast. IATA has also changed its prediction for the contraction of international freight traffic volumes from 17 % to 14 %. Airlines have reacted to the drop in demand by downsizing capacities (3.6 % during the first eight months of 2009), without, however, fully being able to offset the loss in business. It is highly likely therefore that further adjustments will need to be made. It should also be noted that some of the volume improvements recorded of late are attri-

butable to price reductions offered for flight tickets, particularly in the lucrative premium segment. The situation for business jets remains unsatisfactory. The number of aircraft delivered was 37 % lower than in the first half of 2008. A recovery is not yet in sight. The price of oil will also remain a challenge. The median price of oil in the third quarter 2009 was US dollar 68 per barrel, about 14 % up on the second quarter. Taking all these factors into consideration, MTU considers that 2010 will be another difficult year for the aviation industry.

5.3. Future development of the MTU Group

Global economic factors have resulted in lower demand for commercial engine and commercial MRO business. Market conditions in these sectors have become more difficult. Commercial MRO is being affected in particular by lower demand due to the unfavorable business climate and the financing situation of US airlines.

5.4. Outlook for the financial year 2009

Despite adverse global economic conditions, MTU forecasts that earnings will develop positively.

Group outlook for 2009				
in € million	New outlook	Previous outlook	Change of outlook	
	Status: Sept. 30, 2009 in € million	Status: Dec. 31, 2008 in € million	in € million	in %
Revenues	2.600	2.800	-200	-7,1
EBIT adjusted	290	280	10	3,6
EBIT adjusted (in %)	11	10	1	
Net profit	140	140	0	
Free cash flow	100	80-100	up to 20	

Evaluation of group and segment performance

Group and segment performance is evaluated on the basis of revenues, operating result (EBIT adjusted) and free cash flow.

New products and services

The MTU Group will continue to focus sharply on development activities as a source for new products. In the previous year, MTU acquired participations in various new engine programs which will contribute a substantial proportion of revenues in the coming decades. The market volume of these programs over their whole duration is estimated to be in the region of € 25 billion. This figure relates, amongst other items, to the PW1524G for the Bombardier CSeries, the GE38 for Sikorsky's heavy-lift transport helicopter and the GENx program for the Boeing 787 and 747-8. MTU has also acquired participations in two versions of the LM6000 industrial gas turbine being manufactured by General Electric.

Changes in prices and costs

MTU does not expect any significant changes in prices and conditions on the procurement and sales markets during the fourth quarter. In order to counter the risk of rising prices of nickel, MTU entered into forward nickel purchase contracts with banks at September 30, 2009 covering a volume of 940 tons of nickel

(volume covered at December 31, 2008: 1,210 tons), for the period from October 2009 to February 2012. Positive fair values of € 1.2 million (December 31, 2008: € 0.1 million) of these instruments is included in other financial assets and negative fair values of € 1.4 million (December 31, 2008: € 8.9 million) are included in financial liabilities.

Order-intake and order backlog

The order-intake in 2009 for commercial engine business will be well down for the full year due to the one-time order-take of more than € 600 million recorded on the basis of the Cooperation Agreement between MTU and General Electric Company signed in December 2008. This agreement relates to the GENx engine which will power the Boeing 787 Dreamliner, the Boeing 747-8 intercontinental aircraft and the 747-8 freight version. MTU is manufacturing the intermediate turbine casing. Reference is made to the computation of capacity utilization in section 3.2 of the Interim Group Management Report.

Revenues

MTU has reduced its forecast of revenues for the full year 2009 to approximately € 2,600 million as a result of the deteriorated US dollar exchange rate over the course of the actual year. This means

that revenues would be approximately € 200 million lower than the previous forecast and approximately € 125 million lower than in the financial year 2008.

Operating profit (EBIT adjusted)

MTU forecasts that profitability will remain on a high level in 2009, with a operating profit margin (EBIT adjusted) of approximately 11 %. The previous forecast was an operating profit margin of approximately 10 %. The EBIT target would be endangered if the US dollar rate and general economic conditions deteriorate further.

Net profit and earnings per share

Based on its latest forecast of operating profit (EBIT adjusted), MTU continues to forecast a net profit of approximately € 140 million for the full financial year. This would correspond to earnings per share of about € 2.80 (2008: € 3.54). In addition to uncertainties within the financial result, these figures could also be heavily influenced by the high volatility of the US dollar exchange rate and the fair value measurement of commodity contracts.

Dividends

The company has paid a dividend to its shareholders every year since the trading of MTU shares on the Frankfurt Stock Exchange commenced on June 6, 2005. The dividend for the financial year 2005 amounted to € 0.73 per share, rising in subsequent years to € 0.82 per share for 2006 and € 0.93 for both 2007 and 2008.

MTU will continue in 2009 to pursue a dividend policy based on continuity, with distributions reflecting earnings generated. The aim is for the MTU share to remain an investment that generates a good rate of return. Future dividends will therefore reflect the net profit performance (taking account of the result determined in accordance with German commercial law).

Capital expenditure and R&D activities

Out of a total planned capital expenditure figure of approximately € 125 million for the full financial year, some 28 % (€ 35 million) remains available for the fourth quarter. The structure of capital expenditure in the final quarter of the year will again be at an appropriate level for current requirements. Research and development activities remain focused on innovative and improved products that meet changing economic, technical and ecological requirements. Important areas of investment will be further development of the new GE38 engine program for Sikorsky's heavy-lift transport helicopter CH-53K, the PW1524G for Bombardier's CSeries, the GEnx for the Boeing 787 and 747-8 as well as General Electric's LM6000 industrial gas turbine.

Financing activities and free cash flow

MTU's financing structure will not change significantly in the fourth quarter 2009. The current structure – following partial refinancing of the Revolving Credit Facility (RCF old) with proceeds from four promissory notes for a total nominal amount of € 65 million – provides MTU with a suitable framework to finance business in the

medium term. The company will continue in the coming years to be able to cover its financing requirements for the current business and for research and development expenditure on new engine program out of free cash flow. Despite the higher level of research and development expenditure in new engine programs, MTU forecasts a free cash flow of approximately € 100 million for the financial year 2009. Reference is made to section 3.3 of the Interim Group Management Report for further information with respect to short-term financing. Further financing measures are not planned for the fourth quarter.

Corporate legal structure, organization and administration

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

Employees

Despite new additions to the workforce at MTU Aero Engines Polska and the expansion of engineering capacities in conjunction with development work for new engine programs, the number of employees will remain in 2009 at the level recorded at the end of the third quarter. No new tariff agreements are planned for the fourth quarter 2009.

Overall statement on future development of business for the financial year 2010

For the financial year 2010, MTU forecasts that market volumes will be at the similar level to 2009, with some potential for market improvement. However, in view of the uncertainties still prevailing worldwide on the financial market, MTU is not in a position to issue a more precise forecast.

6 Significant transactions with related parties (entities and individuals)

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

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

7 Subsequent events

Events after the end of the reporting period (September 30, 2009)

There have been no significant events after the end of the interim reporting period (September 30, 2009) and prior to the date of authorization for issue of the quarterly financial report on October 23, 2009.

Consolidated Income Statement

Q1 - Q3							
	(Notes)	Jan. 1 to Sept. 30, 2009		Jan. 1 to Sept. 30, 2008		Change 2009 - 2008	
		in € million	in %	in € million	in %	in € million	in %
Revenues	(6)	1,954.9	100.0	1,982.9	100.0	-28.0	-1.4
Cost of sales	(7)	-1,628.7	-83.3	-1,642.5	-82.8	13.8	0.8
Gross profit		326.2	16.7	340.4	17.2	-14.2	-4.2
Research and development expenses	(8)	-71.5	-3.7	-57.5	-2.9	-14.0	-24.3
Selling expenses	(9)	-52.6	-2.7	-52.3	-2.6	-0.3	-0.6
General administrative expenses	(10)	-31.5	-1.6	-30.8	-1.6	-0.7	-2.3
Other operating income and expenses	(11)	5.9	0.3	2.9	0.1	3.0	103.4
Earnings before interest and taxes (EBIT)		176.5	9.0	202.7	10.2	-26.2	-12.9
Interest income		0.8		5.0	0.3	-4.2	-84.0
Interest expenses		-10.6	-0.5	-13.8	-0.7	3.2	23.2
Interest result	(12)	-9.8	-0.5	-8.8	-0.4	-1.0	-11.4
Result from equity accounted investments	(13)	-0.5				-0.5	
Financial result on other items	(14)	-21.2	-1.1	-17.4	-0.9	-3.8	-21.8
Financial result		-31.5	-1.6	-26.2	-1.3	-5.3	-20.2
Earnings before taxes (EBT)		145.0	7.4	176.5	8.9	-31.5	-17.8
Income taxes	(15)	-51.6	-2.6	-57.9	-2.9	6.3	10.9
Earnings after taxes (EAT)		93.4	4.8	118.6	6.0	-25.2	-21.2
Earnings per share in €							
Undiluted (EPS)	(16)	1.91		2.39		-0.48	
Diluted (DEPS)	(16)	1.87		2.31		-0.44	

Consolidated Statement of Comprehensive Income

Q1 - Q3							
	(Notes)	Jan. 1 to Sept. 30, 2009		Jan. 1 to Sept. 30, 2008		Change 2009 - 2008	
		in € million	in %	in € million	in %	in € million	in %
Earnings after taxes (EAT)		93.4	4.8	118.6	6.0	-25.2	-21.2
Translation differences		-5.1	-0.3	4.7	0.2	-9.8	-208.5
Changes in the fair value measurement of derivative financial instruments		33.4	1.7	-32.3	-1.6	65.7	203.4
Deferred taxes recognized directly in equity		-10.9	-0.5	10.6	0.5	-21.5	-202.8
Income and expenses recognized directly in equity		17.4	0.9	-17.0	-0.9	34.4	202.4
Comprehensive income for the period	(17)	110.8	5.7	101.6	5.1	9.2	9.1

Consolidated Income Statement

Q3							
		Q3 2009		Q3 2008		Change 2009 - 2008	
	(Notes)	in € million	in %	in € million	in %	in € million	in %
Revenues	(6)	578.9	100.0	726.8	100.0	-147.9	-20.3
Cost of sales	(7)	-469.4	-81.1	-606.3	-83.4	136.9	22.6
Gross profit		109.5	18.9	120.5	16.6	-11.0	-9.1
Research and development expenses	(8)	-23.9	-4.1	-22.9	-3.2	-1.0	-4.4
Selling expenses	(9)	-18.0	-3.1	-18.2	-2.5	0.2	1.1
General administrative expenses	(10)	-9.7	-1.7	-9.5	-1.3	-0.2	-2.1
Other operating income and expenses	(11)	4.4	0.8	0.4	0.1	4.0	1,000.0
Earnings before interest and taxes (EBIT)		62.3	10.8	70.3	9.7	-8.0	-11.4
Interest income		0.4	0.1	0.7	0.1	-0.3	-42.9
Interest expenses		-4.0	-0.7	-4.4	-0.6	0.4	9.1
Interest result	(12)	-3.6	-0.6	-3.7	-0.5	0.1	2.7
Result from equity accounted investments	(13)	-0.4	-0.1	0.1		-0.3	-300.0
Financial result on other items	(14)	-6.9	-1.2	-10.5	-1.5	3.6	34.3
Financial result		-10.9	-1.9	-14.3	-2.0	3.4	23.8
Earnings before taxes (EBT)		51.4	8.9	56.0	7.7	-4.6	-8.2
Income taxes	(15)	-13.7	-2.4	-17.8	-2.4	4.1	23.0
Earnings after taxes (EAT)		37.7	6.5	38.2	5.3	-0.5	-1.3
Earnings per share in €							
Undiluted (EPS)	(16)	0.77		0.78		-0.01	
Diluted (DEPS)	(16)	0.75		0.75			

Consolidated Statement of Comprehensive Income

Q3							
		Q3 2009		Q3 2008		Change 2009 - 2008	
	(Notes)	in € million	in %	in € million	in %	in € million	in %
Earnings after taxes (EAT)		37.7	6.5	38.2	5.3	-0.5	-1.3
Translation differences		-0.6	-0.1	5.3	0.7	-5.9	-111.3
Changes in the fair value measurement of derivative financial instruments		19.1	3.3	-27.1	-3.7	46.2	170.5
Deferred taxes recognized directly in equity		-6.3	-1.1	8.9	1.2	-15.2	-170.8
Income and expenses recognized directly in equity		12.2	2.1	-12.9	-1.8	25.1	194.6
Comprehensive income for the period	(17)	49.9	8.6	25.3	3.5	24.6	97.2

Consolidated Statement of Financial Position

Assets				
	(Notes)	Sept. 30, 2009 in € million	Dec. 31, 2008 in € million	Sept. 30, 2008 in € million
Non-current assets				
Intangible assets	(18)	1,245.0	1,274.9	1,168.5
Property, plant and equipment	(19)	541.4	525.1	513.7
Financial assets	(20)	20.2	12.6	33.5
Financial assets accounted for using the equity method	(20)	3.1	3.6	4.6
Other assets	(24)	5.8	4.0	4.0
Deferred tax assets		3.0	1.4	0.8
Total non-current assets		1,818.5	1,821.6	1,725.1
Current assets				
Inventories	(21)	646.7	661.4	655.8
Trade receivables	(22)	357.3	460.4	456.3
Contract production receivables	(23)	192.6	138.9	184.4
Income tax assets			1.0	9.4
Financial assets	(20)	13.4	4.0	5.5
Other assets	(24)	26.6	35.6	15.0
Cash and cash equivalents	(25)	105.8	69.9	84.0
Prepayments		7.7	3.3	3.9
Total current assets		1,350.1	1,374.5	1,414.3
Total assets		3,168.6	3,196.1	3,139.4

Equity and Liabilities				
	(Notes)	Sept. 30, 2009 in € million	Dec. 31, 2008 in € million	Sept. 30, 2008 in € million
Equity				
Subscribed capital	(26)	52.0	52.0	52.0
Capital reserves		353.9	354.5	355.7
Revenue reserves		373.3	325.3	264.2
Treasury shares		-93.4	-100.1	-97.8
Other comprehensive income		3.1	-14.3	-5.6
Total equity and liabilities		688.9	617.4	568.5
Non-current liabilities				
Pension provisions		384.1	371.7	375.5
Other provisions	(27)	224.1	224.0	224.8
Financial liabilities	(28)	90.0	58.9	74.5
Other liabilities	(30)	28.5	28.6	22.4
Deferred tax liabilities	(31)	229.0	227.6	253.4
Total non-current liabilities		955.7	910.8	950.6
Current liabilities				
Pension provisions		18.5	18.5	16.9
Income tax liabilities		37.8	23.0	60.7
Other provisions	(27)	233.5	255.4	237.7
Financial liabilities	(28)	192.2	277.5	260.2
Trade payables		395.9	495.7	440.2
Contract production liabilities	(29)	565.7	520.6	533.0
Other liabilities	(30)	80.4	77.2	71.6
Total current liabilities		1,524.0	1,667.9	1,620.3
Total equity and liabilities		3,168.6	3,196.1	3,139.4

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity						
in € million	Sub- scribed capital	Capital reserves	Revenue reserves	Treasury shares	Other comprehen- sive income	Group equity
Balance at January 1, 2008	55.0	460.0	191.9	-156.3	11.4	562.0
Changes in the fair value measurement of derivative financial instruments					-21.7	-21.7
Translation differences					4.7	4.7
= Income and expenses recognized directly in equity					-17.0	-17.0
Earnings after taxes (EAT)			118.6			118.6
= Comprehensive income for the period			118.6		-17.0	101.6
Capital reduction through cancellation of shares	-3.0	-101.4		104.4		
Acquisition of treasury shares				-54.1		-54.1
Dividend payment			-46.3			-46.3
Employee Stock Program (MAP)		-3.3		8.2		4.9
Matching Stock Program (MSP)		0.4				0.4
Balance at Sept. 30, 2008	52.0	355.7	264.2	-97.8	-5.6	568.5
Balance at January 1, 2009	52.0	354.5	325.3	-100.1	-14.3	617.4
Changes in the fair value measurement of derivative financial instruments					22.5	22.5
Translation differences					-5.1	-5.1
= Income and expenses recognized directly in equity					17.4	17.4
Earnings after taxes (EAT)			93.4			93.4
= Comprehensive income for the period			93.4		17.4	110.8
Dividend payment			-45.4			-45.4
Employee Share Program (MAP, net of taxes)		-2.3		6.7		4.4
Matching Stock Program (MSP)		1.7				1.7
Balance at Sept. 30, 2009	52.0	353.9	373.3	-93.4	3.1	688.9

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

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows				
	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
	in € million	in € million	in € million	in € million
Earnings after taxes (EAT)	93.4	118.6	37.7	38.2
Amortization of intangible assets and depreciation of property, plant and equipment	91.5	93.1	30.2	31.0
Profit/loss of companies accounted for at cost	-0.2	-0.4	-0.2	-0.4
Profit/loss of companies accounted for using the equity method	0.5		0.4	0.1
Losses/gains on disposal of intangible assets and property, plant and equipment	-0.9	0.1	-0.7	-0.2
Changes in pension provisions	12.3	15.8	3.7	4.8
Changes in other provisions	-21.7	-36.0	10.6	-17.3
Other non-cash items	-19.2	12.1	-7.1	17.1
Movements in working capital				
Change in inventories	14.7	-68.0	10.5	24.4
Change in trade receivables	103.1	42.9	22.0	0.5
Change in contract production receivables and payables	-8.6	80.0	-5.5	26.4
Change in other assets	2.8	12.3	-4.5	7.2
Change in trade payables	-99.8	-22.7	-34.5	-10.1
Change in other liabilities	2.6	-16.7	-5.6	-7.5
Interest result	9.8	8.8	3.6	3.7
Interest paid	-7.8	-12.1	-1.1	-2.2
Interest received	0.8	5.0	0.4	0.7
Dividends received	0.2	0.4	0.2	0.4
Income taxes	51.6	57.9	13.7	17.8
Income taxes paid and received	-45.3	-48.6	-13.8	-25.3
Cash flow from operating activities	179.8	242.5	60.0	109.3
Capital expenditure on:				
Intangible assets	-11.3	-47.9	-3.3	-46.2
Property, plant and equipment	-77.6	-49.7	-26.0	-16.0
Financial assets	-3.1	-20.6	-3.1	
Proceeds from disposal of:				
Property, plant and equipment	7.9	0.2	1.4	0.2
Cash flow from investing activities	-84.1	-118.0	-31.0	-62.0
Free cash flow¹⁾	95.7	124.5	29.0	47.3
Dividend payment	-45.4	-46.3		
Promissory notes issued ²⁾	64.6			
Other financial liabilities raised/repaid ³⁾	-78.3	-13.7	-31.4	-27.9
Acquisition of treasury shares		-54.1		-9.3
Sale of shares in conjunction with Employee Stock Program (MAP)	3.3	4.9		
Cash flow from financing activities	-55.8	-109.2	-31.4	-37.2
Exchange rate	-4.0	1.4	-1.3	0.7
Other changes in funds	-4.0	1.4	-1.3	0.7
Change in cash and cash equivalents	35.9	16.7	-3.7	10.8
Cash and cash equivalents at January 1	69.9	67.3		
Cash and cash equivalents at Sept. 30	105.8	84.0		

1) Cash flow from operating activities less cash flow from investing activities

2) After transaction costs

3) Thereof: Revolving Credit Facility (RCF) € -61,2 million (previous year: € -9,1 million)

Selected Explanatory Notes

Group Segment Information

Segment information for the period from January 1 to September 30, 2009 was as follows:

in € million	Segment information by operating segment 2009									
	Commercial and military engine business (OEM)		Commercial maintenance business (MRO)		Other Group Entities		Consolidation/reconciliation		Group	
	Jan. 1 to Sept. 30, 2009	Q3 2009	Jan. 1 to Sept. 30, 2009	Q3 2009	Jan. 1 to Sept. 30, 2009	Q3 2009	Jan. 1 to Sept. 30, 2009	Q3 2009	Jan. 1 to Sept. 30, 2009	Q3 2009
External revenues	1,141.4	350.4	813.5	228.5					1,954.9	578.9
Inter-segment revenues	16.2	5.1	7.7	3.7	6.9	2.7	-30.8	-11.5		
Total revenues	1,157.6	355.5	821.2	232.2	6.9	2.7	-30.8	-11.5	1,954.9	578.9
Cost of sales	-923.0	-273.2	-729.9	-204.1			24.2	7.9	-1,628.7	-469.4
Gross Profit	234.6	82.3	91.3	28.1	6.9	2.7	-6.6	-3.6	326.2	109.5
Earnings before interest and taxes (EBIT)	127.5	49.6	52.0	14.5	-0.7	0.5	-2.3	-2.3	176.5	62.3
Amortization/depreciation expense resulting from purchase price allocation	30.7	10.2	3.6	1.2					34.3	11.4
Adjusted earnings before interest and taxes (EBIT adjusted)	158.2	59.8	55.6	15.7	-0.7	0.5	-2.3	-2.3	210.8	73.7
Result from equity accounted investments			-0.5	-0.4					-0.5	-0.4
Interest and other financial result	-21.2	-5.3	-3.1	-2.9	-7.2	-2.5	0.5	0.2	-31.0	-10.5
Earnings before taxes (EBT)	101.5	42.6	53.2	12.9	-7.9	-2.0	-1.8	-2.1	145.0	51.4
Cash flow from operating activities	130.3	75.5	22.1	-4.8	27.1	-10.9	0.3	0.2	179.8	60.0
Capital expenditure										
Intangible assets	7.9	2.1	3.4	1.2					11.3	3.3
Property, plant and equipment	58.0	16.8	19.6	9.2					77.6	26.0
Segment assets (Sept. 30, 2009)	2,903.8		820.0		840.7		-1,395.9		3,168.6	
thereof: goodwill	304.4		98.8						403.2	
thereof: equity accounted investments			3.1						3.1	
Segment liabilities (Sept. 30, 2009)	2,019.3		388.8		404.2		-332.6		2,479.7	
Significant non-cash expenses	34.7	11.8	4.0	0.6	3.1	1.1	-0.5	-0.2	41.3	13.3
Employees, quarter average	4,914		2,686						7,600	
Key segment data:										
Gross profit in %	20.3	23.2	11.1	12.1	100.0	100.0			16.7	18.9
EBIT in %	11.0	14.0	6.3	6.2	-10.1	18.5			9.0	10.8
EBIT adjusted in %	13.7	16.8	6.8	6.8	-10.1	18.5			10.8	12.7

Explanatory note relating to the OEM segment:

With regard to the impact of the sale of assets and liabilities (disposal group) at the level of MTU Aero Engines North America Inc., Newington, USA, reference is made to section 11 of the Selected Explanatory Notes.

Segment information for the period from January 1 to September 30, 2008 was as follows:

Segment information by operating segment 2008

in € million	Commercial and military engine business (OEM)		Commercial maintenance business (MRO)		Other Group Entities		Consolidation/reconciliation		Group	
	Jan. 1 to Sept. 30, 2008	Q3 2008	Jan. 1 to Sept. 30, 2008	Q3 2008	Jan. 1 to Sept. 30, 2008	Q3 2008	Jan. 1 to Sept. 30, 2008	Q3 2008	Jan. 1 to Sept. 30, 2008	Q3 2008
	External revenues	1,184.0	433.9	798.9	292.9					1,982.9
Inter-segment revenues	12.3	4.3	9.0	2.0	4.3	1.4	-25.6	-7.7		
Total revenues	1,196.3	438.2	807.9	294.9	4.3	1.4	-25.6	-7.7	1,982.9	726.8
Cost of sales	-920.2	-343.2	-744.3	-269.4			22.0	6.3	-1,642.5	-606.3
Gross Profit	276.1	95.0	63.6	25.5	4.3	1.4	-3.6	-1.4	340.4	120.5
Earnings before interest and taxes (EBIT)	175.9	57.2	28.9	13.4	-2.6	-0.4	0.5	0.1	202.7	70.3
Amortization/depreciation expense resulting from purchase price allocation	32.5	10.6	3.7	1.2					36.2	11.8
Adjusted earnings before interest and taxes (EBIT adjusted)	208.4	67.8	32.6	14.6	-2.6	-0.4	0.5	0.1	238.9	82.1
Result from equity accounted investments				-0.1						-0.1
Interest and other financial result	-16.7	-14.1	0.4	4.0	-9.9	-4.1			-26.2	-14.2
Earnings before taxes (EBT)	155.3	42.1	33.2	18.3	-12.5	-4.5	0.5	0.1	176.5	56.0
Cash flow from operating activities	215.5	87.5	21.4	48.1	5.8	-26.5	-0.2	0.2	242.5	109.3
Capital expenditure										
Intangible assets	46.0	46.0	1.9	0.2					47.9	46.2
Property, plant and equipment	30.3	13.0	19.4	3.0					49.7	16.0
Segment assets (Dec. 31, 2008)	2,823.7		858.5		720.7		-1,206.8		3,196.1	
thereof: goodwill	308.0		100.2						408.2	
thereof: equity accounted investments			3.6						3.6	
Segment liabilities (Dec. 31, 2008)	2,028.7		459.7		234.8		-144.5		2,578.7	
Significant non-cash expenses	48.0	21.0	3.3		2.9	1.0			54.2	22.0
Employees, quarter average	4,663		2,564						7,227	
Key segment data:										
Gross profit in %	23.1	21.7	7.9	8.6	100.0	100.0			17.2	16.6
EBIT in %	14.7	13.1	3.6	4.5	-60.5	-28.6			10.2	9.7
EBIT adjusted in %	17.4	15.5	4.0	5.0	-60.5	-28.6			12.0	11.3

Explanatory notes to operating segments

MTU adopted IFRS 8 "Operating Segments" with effect from January 1, 2009 and has restated prior year figures accordingly. IFRS 8 replaces IAS 14 "Segment Reporting" and applies the "management approach" to segment reporting. Under this approach, information on operating segments is presented on the basis of an entity's internal organizational and management structure. This is required to be based on information reported to the entity's "chief operating decision maker" which in MTU's case is the Board of Management.

MTU had identified two reportable segments which were organized and managed separately according to the nature of their products and services, production processes, sales channels and customer profiles. Managers with responsibility for segment performance report directly to the Board of Management.

As a change from IAS 14, non-operating segments which are not classified as reportable segments pursuant to IFRS 8 are aggregated and presented as "Other Group Entities". As a result of the application of IFRS 8, the activities of MTU Aero Engines Holding AG, Munich, and MTU Aero Engines Finance B.V., Amsterdam, have therefore been identified as a third segment. Up to December 31, 2008, the business processes of these two holding companies were dealt with in the "Consolidation/reconciliation" column.

The group's Commercial and Military engine (OEM) segment develops, manufactures, assembles and sells commercial and military engines and components. This operating segment also performs repair and maintenance work for military engines.

The group's Commercial maintenance (MRO) segment overhauls and repairs commercial aircraft engines. As well as providing complete engine maintenance services, this operating segment also overhauls engine modules and carries out specialized repair work. In addition to aircraft engines, the group's commercial engine entities also perform repair and maintain services for industrial gas turbines.

Inter-segment transactions are eliminated in the "Consolidation/reconciliation" column. MTU's internal management and reporting complies with the principles of financial reporting in accordance with IFRS.

MTU measures segment performance primarily at the level of adjusted earnings before interest and taxes (EBIT adjusted). Inter-segment transfer prices are determined on the basis of arm's length terms and conditions.

Capital expenditure and depreciation/amortization relate to intangible assets and property, plant and equipment with finite useful lives. Segment assets and liabilities comprise in principle all assets and liabilities of the group. Items relating to more than one segment are eliminated in the "Consolidation/reconciliation" column.

Disclosure by geographical region

The following table shows figures for the group by geographical region:

Segment information by geographical region 2009			
in € million	Revenues Jan. 1 to Sept. 30, 2009	Capital expenditure Jan. 1 to Sept. 30, 2009	Assets Sept. 30, 2009
Germany	370.4	66.7	2,790.0
Europe	222.6	19.9	231.5
North America	1,064.4	1.6	49.0
South America	84.1		
Africa	1.4		
Asia	196.0	0.7	95.0
Australia/Oceania	16.0		
Financial assets accounted for using the equity method			3.1
	1,954.9	88.9	3,168.6

Segment information by geographical region 2008			
in € million	Revenues Jan. 1 to Sept. 30, 2008	Capital expenditure Jan. 1 to Sept. 30, 2008	Assets Dec. 31, 2008
Germany	365.2	96.1	2,832.4
Europe	242.7		211.2
North America	1,090.3	1.3	54.4
South America	53.9		
Africa	5.1		
Asia	208.4	0.2	94.5
Australia/Oceania	17.3		
Financial assets accounted for using the equity method			3.6
	1,982.9	97.6	3,196.1

1 General information

MTU Aero Engines Holding AG with its consolidated group of companies (hereafter referred to as “MTU” or “the company”) comprise one of the world’s leading manufacturers of engine modules and components, and the world’s leading independent provider of commercial engine MRO services.

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

MTU’s Commercial engine business covers the development and production of modules, components and spare parts for commercial engine programs, including final assembly. MTU’s Military Engine business focuses on the development and production of modules and components for engines, production of spare parts and final assembly as well as maintenance services for these engines. Commercial Maintenance business covers activities in the area of maintenance and logistical support for commercial engines.

MTU Aero Engines Holding AG with its headquarters at Dachauer Str. 665, 80995 Munich, Germany, is registered under HRB 157 206 in the Commercial Registry at the District Court of Munich.

The condensed interim consolidated financial statements were authorized for publication by the Board of Management of MTU Aero Engines Holding AG on October 23, 2009.

2 Basis of preparation

In compliance with the provisions of § 37x (3) of the German Securities Trading Act (WpHG) in conjunction with § 37w (2) WpHG, MTU’s the quarterly financial report comprises condensed interim consolidated financial statements, an interim group management report and a responsibility statement from the company’s legal representatives pursuant to §§ 37y no. 1 in conjunction with § 297 (2) sentence 4 and § 315 (1) sentence 6 of the German Commercial Code (HGB). The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) relevant for interim financial reporting, as endorsed by the European Union (EU). The interim group management report has been drawn up in compliance with the applicable provisions of the WpHG.

3 Statement of compliance

The condensed interim consolidated financial statements as at September 30, 2009 have been drawn up in compliance with IAS 34. As permitted by IAS 34, MTU has elected to provide condensed information in its interim consolidated financial statements compared with the consolidated financial statements as at December 31, 2008. With the exception of the changes described in section 4 of the Selected Explanatory Notes, the same accounting policies

have been applied as in the consolidated financial statements for the financial year 2008.

All of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and applicable at the end of the reporting period that have been applied by MTU in the condensed interim consolidated financial statements have been endorsed by the European Commission for use in the EU. The condensed interim consolidated financial statements therefore also comply with IFRSs issued by the IASB.

From the perspective of management, the quarterly financial report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the group. Reference is made to the notes to the consolidated financial statements as at December 31, 2008 for further information regarding the basis of preparation and accounting policies used.

The Condensed Interim Consolidated Financial Statements and Interim Group Management Report have neither been subject to a limited review by the group auditor nor audited in accordance with § 317 HGB.

4 Adjustments to the condensed interim consolidated financial statements

IFRS 8 “Operating Segments“, which is mandatory for annual periods beginning on or after January 1, 2009, was published in November 2006. IFRS 8 replaces IAS 14 “Segment Reporting“ and – as part of the joint convergence project being conducted with the US Financial Accounting Standards Board (FASB) – brings the Standard into line with the rules contained in US GAAP Statement of Financial Accounting Standards No. 131. IFRS 8, which is only mandatory for companies listed on a stock exchange, requires operating segments to be identified on the basis of internally used criteria (the “management approach”). MTU adopted IFRS 8 with effect from the beginning of 2009 which has resulted in changes in way that segment information is reported. Further details are provided in the section on group segment information.

In September 2007, the IASB published a revised version of IAS 1 “Presentation of Financial Statements“ which is mandatory for annual periods beginning on or after January 1, 2009. The revised version of IAS 1 contains, amongst other things, changes in the presentation of non-owner changes in equity, the requirement in specific circumstances to present an opening statement of financial position for the earliest comparative period presented, new rules regarding the presentation of items recognized directly in equity (other comprehensive income) and new titles (recommended but not mandatory) for the various components of a full set of financial statements. The statement of changes in equity remains a separate component of the financial statements. Additional disclosures are, however, required on items recognized directly equity (the “two-statement approach”).

Changes in estimates with regard to contributions to be made to the German Pension Insurance Agency (Pensionssicherungsverein)

for 2009 amounting to € 3.4 million have been recognized as personnel expense with the appropriate income statement line by function. The adjustment is based on estimates made by the Pension Insurance Agency regarding the level of contributions in the light of the increased number of corporate insolvencies as a consequence of the financial crisis. Apart from this, there were no other changes in estimates or forecasts which have a significant impact on the interim reporting period. There no incidences of erroneous assessments in earlier periods were identified during the interim reporting period which would require to be disclosed.

Comparative figures have been restated for the revised Standards adopted on January 1, 2009. The following adjustments were made at September 30, 2009 for the nine-month periods in both 2009 and 2008. As a result, figures reported for the current reporting period are comparable with those reported for the previous year.

Amounts reported as contract production receivables relate primarily to military engine production and are presented in the statement of financial position as current assets, unchanged from previous reporting periods. The production process can – depending on the engine program involved – stretch over a long period. This period corresponds, however, in the case of military engine production to a normal operating cycle. Contract production payables (comprising advance payments received) were previously reported as current and non-current liabilities. In line with the presentation of assets, contract production payables are reported with effect from September 30, 2009 as current liabilities. Contract production payables reclassified at September 30, 2009 totalled € 565.7 million (corresponding amount at December 31, 2008: € 520.6 million). The reclassification does not have a significant impact on the group's net assets, financial position and earnings position.

As a globally operating company, MTU is exposed to divergent economic development, particularly in conjunction with risk- and revenue-sharing arrangements. The impact of economic developments during the reporting period are described in detail in the sections "General economic environment" (page 7), "Sector environment" (page 8) and "Outlook for MTU" (page 9). Sector-related seasonal fluctuations over the course of the year are normal and can result in fluctuations in the amount of revenues and earnings reported.

5 Consolidated companies

At September 30, 2009, the MTU Group comprised – including MTU Aero Engines Holding AG – 25 companies (See list of major shareholdings in the Annual Report 2008, section 45.1.2).

The investment in the joint venture MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, is consolidated proportionately (50 %). The investment in Pratt & Whitney Canada Customer Service Centre Europe GmbH, Ludwigsfelde, is accounted for at equity. All other joint ventures are measured at cost.

With effect from September 29, 2009, the MTU Group acquired a 19.3 % investment in Middle East Propulsion Company (MEPC), based in the Kingdom of Saudi Arabia.

With regard to the impact of the sale of assets and liabilities (disposal group) on May 18, 2009 at the level of MTU Aero Engines North America Inc., Newington, USA, reference is made to section 11 of the Selected Explanatory Notes.

The impact on prior periods of the disposal of assets and liabilities at the level of MTU Aero Engines North America, Inc., and the acquisition of the 19.3 % investment in MEPC, Saudi Arabia is not material in terms of the group reporting entity. There were no changes in the consolidation methods applied in the reporting period compared to earlier periods.

Two subsidiaries are not consolidated on the grounds of immateriality.

Notes to the Consolidated Income Statement

6 Revenues

Revenues				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Commercial engine business	790.9	841.4	220.7	310.5
Military engine business	366.7	354.9	134.8	127.7
Commercial and Military engine business (OEM)	1,157.6	1,196.3	355.5	438.2
Commercial maintenance business (MRO)	821.2	807.9	232.2	294.9
Other group segments/Eliminations	-23.9	-21.3	-8.8	-6.3
Total Revenues	1,954.9	1,982.9	578.9	726.8

7 Cost of sales

Cost of sales				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Cost of materials	-1,245.2	-1,298.9	-358.9	-493.3
Personnel expenses	-282.5	-279.9	-91.3	-92.7
Depreciation and amortization	-82.2	-85.2	-27.0	-28.4
Other cost of sales *)	-18.8	21.5	7.8	8.1
Total Cost of sales	-1,628.7	-1,642.5	-469.4	-606.3

*) relates primarily to the change in inventories on work in progress and to the impact of exchange rates

8 Research and development expenses

Research and development expenses				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Cost of materials	-31.1	-13.8	-12.5	-7.8
Personnel expenses	-44.3	-41.6	-13.0	-14.7
Depreciation and amortization	-4.6	-4.5	-1.4	-1.5
	-80.0	59.9	-26.9	-24.0
Capitalized development costs (OEM)	5.4	0.8	1.9	0.8
Capitalized development costs (MRO)	3.1	1.6	1.1	0.3
Total Research and development expenses	-71.5	-57.5	-23.9	-22.9

9 Selling expenses

Selling expenses				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Cost of materials	-7.0	-7.1	-1.9	-2.3
Personnel expenses	-33.0	-34.4	-10.7	-11.8
Depreciation and amortization	-2.8	-1.8	-1.0	-0.6
Other selling expenses	-9.8	-9.0	-4.4	-3.5
Total Selling expenses	-52.6	-52.3	-18.0	-18.2

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

10 General administrative expenses

General administrative expenses				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Cost of materials	-4.8	-3.3	-1.6	-1.0
Personnel expenses	-21.6	-19.7	-6.1	-6.5
Depreciation and amortization	-1.9	-1.6	-0.8	-0.5
Other administrative expenses	-3.2	-6.2	-1.2	-1.5
Total General administrative expenses	-31.5	-30.8	-9.7	-9.5

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

11 Other operating income and expenses

In accordance with the Asset Purchase Agreement dated May 18, 2009, MTU sold a group of assets and related liabilities of MTU Aero Engines North America, Inc., Newington, USA.

The disposal group comprised mainly plant and equipment, trade receivables, inventories, trade payables and other liabilities and

represented an operation of the OEM cash-generating unit. For this reason, goodwill attributable to the operation sold (€ 1.3 million) was derecognized with income statement effect. In total, the loss on disposal amounted to € 4.4 million. This loss is reported on the income statement line "Other operating income and expenses". The purchase price proceeds are reported as part of the cash flow from investing activities.

12 Interest result

Interest result				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Interest income	0.8	5.0	0.4	0.7
Interest expenses				
Bank interest	-3.0	-4.0	-1.5	-1.3
Convertible bond	-5.7	-6.6	-1.9	-2.2
Finance lease interest expense	-1.3	-1.7	-0.4	-0.6
Interest expense attributable to non-consolidated companies	-0.1	-0.5		-0.2
Other interest expenses	-0.5	-1.0	-0.2	-0.1
Interest expenses	-10.6	-13.8	-4.0	-4.4
Interest result	-9.8	-8.8	-3.6	-3.7

Interest income for the nine-month period decreased by € 4.2 million to € 0.8 million, interest expenses decreased only by € 3.2 million to € 10.6 million. As a result, the net interest expense decreased marginally (by € 1.0 million) to € 9.8 million.

13 Result from equity accounted investments

Result from equity accounted investments				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Result from equity accounted investments	-0.5		-0.4	-0.1
Result from equity accounted investments	-0.5		-0.4	-0.1

The result from equity accounted investments includes the change in value of the joint arrangement Pratt & Whitney Canada Customer Service Centre Europe GmbH, Ludwigsfelde.

14 Financial result on other items

Financial result on other items				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Result from related entities accounted for at cost				
Military program entities	0.2	0.4	0.2	0.4
Total	0.2	0.4	0.2	0.4
Effects of changes of foreign exchange rates				
Exchange rate gains/losses on currency holdings	-12.0	3.6	-4.5	8.1
Exchange rate gains/losses on financing transactions		1.9		0.2
Exchange rate gains/losses on finance leases	0.2	-0.4	0.3	-1.5
Fair value gains/losses on derivatives				
Gains/losses on currency derivatives and interest rate derivatives	5.3	1.2	1.9	-7.0
Gains/losses on forward commodity contracts	4.1	-7.0	1.7	-4.6
Results from other financial instruments	0.1	1.2		1.7
Interest portion included in measurement of receivables, provisions, liabilities and advance payments from customers	-19.1	-18.3	-6.5	-7.8
Total	-21.4	-17.8	-7.1	-10.9
Financial result on other items	-21.2	-17.4	-6.9	-10.5

The deterioration in financial result from other items for the nine-month period was primarily attributable to higher exchange losses on currency holdings. These losses were partially offset by net fair value gains on derivative financial instruments.

15 Income taxes

Income tax expense comprise the following:

Income taxes				
in € million	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Q3 2009	Q3 2008
Current tax expense	-62.7	-63.8	-6.4	-17.5
Deferred tax income/expense	11.1	5.9	-7.3	-0.3
Total income taxes	-51.6	-57.9	-13.7	-17.8

16 Earnings per share

Potential ordinary shares that can be issued in conjunction with the convertible bond (issued on February 1, 2007) and the Matching Stock Program (MSP) set up on June 6, 2005 for the fourth and fifth tranches had a diluting effect on earnings per share for the period from January 1 to September 30, 2009. The Phantom Stocks relating to the third and fourth tranches and which were taken into account in the measurement of diluted earnings per share in the previous year, did not have any diluting effect since they were not "in the money". For the purposes of determining diluted earnings per share, the maximum number of shares that could be exercised in conjunction with conversion rights is added to the weighted

average number of ordinary shares in circulation. All shares issued during the period under report are included on a weighted basis. In parallel, group earnings are adjusted by the amount of post-tax interest expense relating to the convertible bond.

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

Undiluted and diluted earnings per share for the nine-month periods ended September 30, 2009 and 2008 were as follows:

Undiluted and diluted earnings per share for the quarter ended Sept. 30, 2009						
		Jan. 1 to Sept. 30, 2009	Financial instruments reconciliation			Jan. 1 to Sept. 30, 2009
		Undiluted earnings per share				Diluted earnings per share
			Interest expense convertible bond/shares	Current and deferred taxes	Matching Stock Program/ shares	
Earnings after taxes (EAT)	in € million	93.4	5.7	-1.9		97.2
Weighted average number of outstanding shares	shares	48,837,995	3,086,869		123,028	52,047,892
Earnings per share	in €	1.91				1.87

Undiluted and diluted earnings per share for the quarter ended Sept. 30, 2008						
		Jan. 1 to Sept. 30, 2008	Financial instruments reconciliation			Jan. 1 to Sept. 30, 2008
		Undiluted earnings per share				Diluted earnings per share
			Interest expense convertible bond/shares	Current and deferred taxes	Matching Stock Program/ shares	
Earnings after taxes (EAT)	in € million	118.6	6.6	-2.2		123.0
Weighted average number of outstanding shares	shares	49,547,882	3,636,364		0	53,184,246
Earnings per share	in €	2.39				2.31

17 Group comprehensive income

In the statement of group comprehensive income, the net profit (earnings after taxes) of € 93.4 million (January - September 2008: € 118.6 million) is reconciled to the comprehensive income for the period of € 110.8 million (January - September 2008: € 101.6 million). The improvement in group comprehensive income for the nine-month period was attributable to a positive amount (net of taxes) of € 22.5 million (January - September 2008: negative amount of € 21.7 million) arising on the fair value measurement of derivative financial instruments and a negative amount of € 5.1 million (January - September 2008: positive amount of € 4.7 million) relating to currency translation differences.

Notes to the Consolidated Statement of Financial Position

18 Intangible assets

Intangible assets comprise program/product values and program-independent technologies recognized in conjunction with the purchase price allocation, participations in development programs, technical software and purchased goodwill.

During the first nine months of 2009, expenditure on intangible assets totalling € 11.3 million (January - September 2008: € 47.9 million) was capitalized. The main addition in the nine-month period were capitalized development costs amounting to € 8.5 million (January - September 2008: € 47.6 million) and purchased program/product values amounting to € 1.8 million.

The amortization expense for the nine-month period amounted to € 36.5 million (January - September 2008: € 36.1 million).

19 Property, plant and equipment

Capital expenditure for property, plant and equipment during the first nine months of the year was € 77.6 million (January - September 2008: euro 49.7 million). Additions related mainly to plant and machinery and specialized equipment at the level of MTU Aero Engines GmbH, Munich, the purchase of a PW2000 engine at the level of MTU Maintenance Hannover GmbH, Langenhagen, as well as acquisition costs relating to expansion of the site in Poland. The depreciation expense for the nine-month period amounted to € 55.0 million (January - September 2008: € 57.0 million).

20 Financial assets

Financial assets increased overall by € 16.5 million during the nine-month period to € 36.7 million (December 31, 2008: € 20.2 million). The increase was mainly attributable to the fair value measurement of derivative financial instruments measured at their fair value. Additions to financial assets also include the acquisition of 19.3 % of the shares of Middle East Propulsion Company (MEPC), based in the Kingdom of Saudi Arabia, on September 29, 2009 for a purchase price of € 3.1 million.

21 Inventories

Inventories comprise the following:

Inventories		
in € million	Sept. 30, 2009	Dec. 31, 2008
Raw materials and supplies	303.1	311.5
Work in progress	313.5	322.2
Advance payments	30.1	27.7
Total Inventories	646.7	661.4

22 Trade receivables

Trade receivables comprise the following:

Trade receivables		
in € million	Sept. 30, 2009	Dec. 31, 2008
Third parties	313.8	415.9
Associated companies	41.4	41.5
Joint ventures	2.1	3.0
Total Trade receivables	357.3	460.4

23 Contract production receivables

Contract production receivables comprise the following:

Contract production receivables		
in € million	Sept. 30, 2009	Dec. 31, 2008
Contract production receivables	448.4	386.2
of which relating to:		
Advance payments from customers	-255.8	-247.3
Net Contract production receivables	192.6	138.9

24 Other assets

Other assets comprise the following:

Other assets						
in € million	Sept. 30, 2009			Dec. 31, 2008		
	Current	Non-current	Total	Current	Non-current	Total
Other taxes	10.4		10.4	26.6		26.6
Receivables from employees	4.5		4.5	0.5		0.5
Receivables from suppliers	9.1		9.1	4.3		4.3
Sundry other assets	2.6	5.8	8.4	4.2	4.0	8.2
Total Other assets	26.6	5.8	32.4	35.6	4.0	39.6

Other taxes relate primarily to value added tax receivables.

25 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents		
in € million	Sept. 30, 2009	Dec. 31, 2008
Cash at bank and in hand	10.5	36.6
Call money and fixed term deposits	95.3	8.3
Securities		25.0
Total cash and cash equivalents	105.8	69.9

26 Equity

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

26.1 Subscribed capital

The Company's share capital is unchanged at € 52.0 million (December 31, 2008: € 52.0 million) and is divided into 52.0 million non-par-value shares (December 31, 2008: 52.0 million shares).

26.2 Capital reserves

Capital reserves includes premiums arising on the issue of shares, the equity component (and proportionate transaction costs) of the convertible bond, the fair values recorded for the Matching Stock Program (MSP) and the expense incurred transferring treasury shares to employees in conjunction with the Employee Stock Program (MAP).

Matching Stock Program (MSP)

In order to strengthen its ability to achieve business targets, the Group created the Matching Stock Program (MSP) as a long-term remuneration instrument – with both incentive and risk character – to involve management in the ownership of the company. The MSP entitles qualifying individuals to subscribe to so-called "Phantom Stocks". Participants in MSP must be in a non-terminated service or employment relationship with MTU Aero Engines Holding AG or one of its German subsidiaries at the date of subscription to such shares. The fair value of the Phantom Stocks is recognized on a time-apportioned basis as personnel expense and, at the same time, within equity (capital reserves) until the exercise date (vesting date). The total expense, recognized over the period until the Phantom Stocks are exercised, is determined on the basis of the fair value of the Phantom Stocks granted. The expense for the nine-month period under report was € 1.7 million (January - September 2008: € 0.4 million).

Employee Stock Program (MAP)

The Board of Management of MTU Aero Engines Holding AG (MTU) set up a new Employee Stock Program ("MAP") for group employees during the second quarter 2009 which is to run for two years until June 2011. All tariff and non-tariff group employees working, paid and employed in Germany are entitled to join the scheme. The purchase price for registered shares of MTU Aero Engines Holding AG is based on the lowest price quoted on April 17, 2009 (acquisition date) and was thus € 21.80 per share. Under the terms of the MAP Employee Stock Program, MTU grants a so-called "match" to each MAP participant at the end of a two year vesting period. In other words, at the end of the program term, each MAP participant receives a taxable money amount equivalent to 50 % of the amount invested in MTU shares at the beginning of the program.

The amount received for the match constitutes remuneration which is subject to income tax and social security. Instead of taking the net payment, the MAP participant can also opt to convert the net match amount into MTU shares. In this case, the purchase price is based on the share price of MTU stock as determined by the final auction of the XETRA trading system on the first stock market day after expiry of the vesting period.

Employees acquired 150,863 MTU shares at a price of € 21.80 per share in conjunction with the MAP. The shares issued to employees were measured using the FIFO (first-in-first-out) method. The total cost of the shares was € 6.7 million, with an average cost of

€ 44.62 per share. Proceeds from the sale of shares to employees amounted to € 3.3 million. Capital reserves were therefore reduced by the difference of € 2.3 million (net of taxes) (September 30, 2008: € 3.3 million).

26.3 Revenues reserves

Revenue reserves include the retained earnings of consolidated group companies as well as earnings after taxes (EAT) for the nine-month period under report amounting to € 93.4 million (January - September 2008: € 118.6 million) less the dividend payment for the financial year 2008 amounting to € 45.4 million (January - September 2008: € 46.3 million). Revenue reserves increased by € 48.0 million during the nine-month period under report (January - September 2008: € 72.3 million) as a result of the positive earnings after taxes (EAT) for the period.

26.4 Treasury shares

Acquisition of treasury shares based on authorizations given at Annual General Meetings

The following table shows the number of treasury shares bought back and issued to employees under employee participation programs as well as the number of treasury shares and the issued share capital at the end of the reporting period.

Analysis of changes in shares and subscribed capital				
in numbers of shares	Number of shares bought back	Shares issued to employees	Number of treasury shares held	Change in subscribed capital
Subscribed capital				55,000,000
Changes:				
Financial year 2006	-1,650,883		-1,650,883	
Financial year 2007				
Share buy-back	-2,732,139		-2,732,139	
Matching Stock Program (MSP)/June 2007		112,612	112,612	
Financial year 2008 (Jan. 1 to March 18, 2008)	-986,641		-986,641	
	-5,369,663	112,612	-5,257,051	
Capital reduction by cancellation of shares (on March 18, 2008)			3,000,000	-3,000,000
Status after capital reduction (March 18, 2008)	-5,369,663	112,612	-2,257,051	52,000,000
Financial year 2008 (March 19, 2008 - December 31, 2008)				
Share buy-back (from May 2 to December 31, 2008)	-1,164,963		-1,164,963	
Employee Stock Program (MAP)/June 2008		192,959	192,959	
Financial year 2009 (January 1, 2009 - Sept. 30, 2009)				
Employee Stock Program (MAP)/June 2009		150,863	150,863	
Share buy-back/Employee shares				
Treasury shares and subscribed capital (at Sept. 30, 2009)	-6,534,626	456,434	-3,078,192	52,000,000

Reconciliation of weighted average number of shares with the actual number of shares in circulation

As a result of the treasury shares bought-back by September 30, 2009, the issue of shares to group employees in conjunction with the exercise of the first tranche of the Matching Stock Program (MSP) in the financial year 2007 and the Employee Stock Program (MAP) in the financial years 2008 and 2009 as well as the share capital reduction carried out on March 18, 2008 by cancellation of

shares, the weighted average number of shares in circulation during the first nine months of 2009 was 48,837,995 shares (January to December 2008: 49,353,648 shares). At September 30, 2009, a total of 48,921,808 MTU Aero Engines Holding AG shares was in issue (December 31, 2008: 48,770,945 shares).

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

Reconciliation of weighted average number of shares with the actual number of shares in circulation						
Number of shares	2009			2008		
	Balance at beginning of month	Buyback/ Exercise MSP/ Cancellation/ MAP	Balance at end of month	Balance at beginning of month	Buyback/ Exercise MSP/ Cancellation/ MAP	Balance at end of month
Balance at January 1	48,770,945	-3,229,055		50,729,590	-4,270,410	
January	48,770,945		48,770,945	50,729,590	-337,168	50,392,422
February	48,770,945		48,770,945	50,392,422	-237,796	50,154,626
March	48,770,945		48,770,945	50,154,626	-411,677	49,742,949
April	48,770,945		48,770,945	49,742,949		49,742,949
May	48,770,945		48,770,945	49,742,949	-227,303	49,515,646
June	48,770,945		48,770,945	49,515,646	-322,211	49,193,435
June (exercise for MAP)	48,770,945	150,863	48,921,808	49,193,435	192,959	49,386,394
July	48,921,808		48,921,808	49,386,394	-327,333	49,059,061
August	48,921,808		48,921,808	49,059,061	-38,116	49,020,945
September	48,921,808		48,921,808	49,020,945	-105,000	48,915,945
Share buy-back / exercise of MSP*) MAP*)		-3,078,192			-6,084,055	
Shares cancelled					3,000,000	
Treasury shares (Sept. 30)		-3,078,192			-3,084,055	
Weighted average Sept. 30			48,837,995			49,547,882

*) including the issue of 112,612 shares to employees in conjunction with the Matching Stock Program (MSP) in June 2007 and the issue of 192,959 shares in June 2008 and 150,863 shares in June 2009 to group employees in conjunction with the Employee Stock Program (MAP)

26.5 Other comprehensive income

Other comprehensive income consists of all amounts recognized directly in equity resulting from the translation of the financial statements of foreign subsidiaries, the effects of recognizing changes in the fair value of financial instruments directly in equity (where the conditions for hedge accounting are met), net of related deferred income taxes recognized directly in equity (see Consolidated Statement of Changes in Equity for more detailed information).

27 Other provisions

Other provisions comprise primarily personnel-related obligations, pending losses on onerous contracts and warranties. Provisions for pending losses on onerous contracts relate to risks concerning the order backlog for Commercial and Military engine business and Commercial MRO business.

Compared to December 31, 2008, there was no change in the measurement of contingent liabilities recognized at September 30, 2009.

28 Financial liabilities

All derivative and non-derivative financial obligations of group entities at the end of each relevant reporting period are presented as financial liabilities. Financial liabilities comprise the following:

Financial liabilities								
in € million	Current		Non-Current				Total	Total
	Due within one year		Due in more than one and less than 5 years		Due in more than 5 years			
	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2009	Dec. 31, 2008
Bonds								
Convertible bond *)	144.1	141.5					144.1	141.5
Interest liability on convertible bond	2.8	3.9					2.8	3.9
Liabilities to banks								
Revolving Credit Facility (RCF)		61.2						61.2
Promissory notes	1.3		64.6				65.9	
Other liabilities to banks	17.8	11.6		9.7			17.8	21.3
Liabilities to related companies **)	1.6						1.6	
Other financial liabilities								
Finance lease liabilities	5.0	8.3	8.2	8.3	16.4	17.4	29.6	34.0
Retrospective purchase price adjustment		15.0						15.0
Loan from the province of British Columbia to MTU Maintenance Canada	12.4	11.1					12.4	11.1
Derivative financial liabilities	7.2	24.9	0.8	23.5			8.0	48.4
Total financial liabilities	192.2	277.5	73.6	41.5	16.4	17.4	282.2	336.4

*) Term to 2012. Reported as current liability due to conversion option.

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

Revolving Credit Facility (RCF)

The currency used to finance the group is the Euro. This relates mainly to loans, a convertible bond issue and bank overdrafts (Revolving Credit Facility). On August 3, 2009, the existing revolving credit facility of € 250.0 million was replaced by a new credit facility with a term of 3 years. At September 30, 2009, the MTU Group therefore has access to an overdraft facility of € 100.0 million with two banks.

Of these new credit facilities totalling € 100.0 million, an amount of € 24.5 million (December 31, 2008: € 16.9 million) was being utilized at September 30, 2009 for guarantees. Interest on credit lines actually drawn down is charged on the basis of customary interest reference rates plus a margin. A commitment fee is paid on credit facilities which are not being utilized.

Promissory notes

On June 3, 2009, MTU placed four promissory notes with a total nominal volume of € 65.0 million. The promissory notes, which help to diversify group financing further, are payable in full on the following maturity dates:

Promissory notes		
Maturity	Note (nominal) amount in € million	Interest rate
June 5, 2012	1.5	fixed
June 5, 2014	11.5	fixed
June 5, 2012	27.0	variable *)
June 5, 2014	25.0	variable *)
	65.0	

*) 6-month Euribor rate plus margin

The cash inflow from the promissory notes was used to repay bank liabilities under the Revolving Credit Facility (RCF old). The promissory notes were measured initially at their fair value (which corresponded to nominal amount) net of transaction costs amounting to € 0.4 million. At subsequent reporting dates, they are measured at amortized cost.

Convertible bond

MTU Aero Engines Finance B.V., Amsterdam, Netherlands, has issued a convertible bond during the financial year 2007 with a total volume of € 180.0 million (divided into 1,800 partial bonds). In September and October 2008, MTU bought back partial convertible bonds (before maturity date) with a nominal volume of € 27.2 million. Further information is provided in the Annual Report 2008 (section 34). The security has a par value of € 100,000 per bond and a term to maturity of five years. The bonds can be converted into registered common shares of the company corresponding to a proportionate amount (€ 1 per share) of the company's total share capital. The bonds are entitled to receive profits from the beginning of the financial year in which they are issued and the subscription rights of existing shareholders are excluded.

At a conversion price of € 49.50, the conversion ratio at issue date was 2,020.20. The coupon rate is fixed at 2.75 %, payable yearly on February 1. The issuing company is Amsterdam-based MTU Aero Engines Finance B.V. which is wholly owned by MTU Aero Engines Holding AG.

The present value of the future contractually agreed cash flows under the Convertible Bonds Underwriting Agreement dated January 23, 2007 has been discounted using a market interest rate i.e. the rate the company would have had to pay if it had issued a non-convertible bond. The interest expense that will be recognized over the term of the convertible loan results from unwinding the obligation using the market interest (5.425 %) used to determine its present value.

During the financial year 2008, a liability of € 15.0 million had been recognized for accounting purposes for a retrospective purchase price adjustment in connection with Daimler AG. Following the completion and evaluation of the relevant tax field audit covering the period 2001 to 2003, an amount of € 12.1 million was paid during the third quarter. The payment is reported as part of the cash flow from financing activities. Following this payment, all claims against each other in connection with the sale of MTU by Daimler AG are settled.

29 Contract production liabilities

Contract production liabilities comprise the following:

Contract production liabilities		
in € million	Sept. 30, 2009	Dec. 31, 2008
Advance payments received for contract production	821.5	767.9
of which relating to:		
Contract production receivables	-255.8	-247.3
Total Contract production liabilities	565.7	520.6

The increase in advance payments received for contract production related primarily to the EJ200 engine program for Saudi Arabia.

30 Other liabilities

Other liabilities comprise the following:

in € million	Current		Non-Current				Total	
	Due within one year		Due in more than one and less than 5 years		Due in more than 5 years		Total	
	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2009	Dec. 31, 2008
Other taxes	11.8	16.5					11.8	16.5
Social security	1.2	1.8					1.2	1.8
Employees	49.5	40.6	4.2	3.3	0.5	0.5	54.2	44.4
Accrued interest expense			14.7	14.7			14.7	14.7
Sundry other liabilities	17.9	18.3	9.1	8.0		2.1	27.0	28.4
Total Other liabilities	80.4	77.2	28.0	26.0	0.5	2.6	108.9	105.8

Other taxes and social security liabilities

Other taxes relate primarily to payroll (including employees' solidarity surcharge) and church taxes. Social security liabilities relate mainly to contributions to employees' accident insurance associations and liabilities to health insurance agencies.

Employees

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

Deferred interest

Non-current payments received on account from customers for contract production are discounted over the term of the advance payments using appropriate market interest rates. The interest expense is recognized as a liability within other liabilities until the engine is delivered. The interest expense relates to advance payments for long-term military contract production as well as payments on account relating to long-term commercial engine programs.

Sundry other liabilities

Sundry other liabilities relate mainly to liabilities relating to the maintenance of engines made available to airlines on a temporary basis (as part of commercial MRO activities) while the airlines' own engines are being maintained or repaired. In addition, this line item includes numerous smaller individual obligations.

31 Deferred taxes

Deferred taxes		
in € million	Sept. 30, 2009	Dec. 31, 2008
Deferred tax liabilities	229.0	227.6
Total deferred tax liabilities	229.0	227.6

32 Related party transactions with related entities and related individuals

Transactions with related entities

Entities consolidated proportionately

MTU does business with MTU Maintenance Zhuhai Co. Ltd., China, as part of its ordinary operating activities, buying and selling various products and services on an arm's length basis. Trade receivables at September 30, 2009 amounted to € 0.4 million while trade payables totalled € 3.3 million. Revenues recognized during the nine-month period under report amounted to € 1.0 million with expenses totalling € 24.3 million.

Entities accounted for at equity and at cost

MTU does business with entities that are accounted for at equity and at cost, as part of its ordinary operating activities, buying and selling various products and services on an arm's length basis. Entities accounted for at equity and at cost are disclosed in section 45.1.2. (List of major shareholdings) of the Annual Report 2008. Changes are shown in section 5 above. Trade receivables at September 30, 2009 amounted to € 43.5 million, while trade payables totalled € 65.9 million. Income recognized during the nine-month period under report amounted to € 637.1 million with expenses totalling € 388.0 million.

Transactions with related individuals

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

33 Contingent liabilities and other financial commitments

Contingent liabilities and other financial obligations at September 30, 2009 amounted to € 128.8 million (December 31, 2008: € 140.3 million) and have therefore decreased by € 11.5 million. Contingent liabilities and other financial obligations are not materi-

al to the MTU Group as a whole. As in previous periods, no amounts fell due for payment during the period under report. Similarly, no amounts are expected to be paid during the fourth quarter 2009. Information regarding the composition and nature of contingent liabilities and other financial obligations is provided in the Annual Report 2008 (section 43).

34 Major events during the reporting period

The impact, nature and occurrence of major events arising during the reporting period are described in the Selected Explanatory Notes and in the Interim Group Management Report. The loss arising in the OEM segment in connection with the disposal group sold by MTU Aero Engines North America Inc., USA, is discussed in section 11 of the Selected Explanatory Notes.

35 Events after the end of the reporting period (September 30, 2009)

There have been no significant events after the end of the interim reporting period (September 30, 2009) and prior to the date of authorization for issue of the quarterly financial report on October 23, 2009.

Declaration of Legal Representatives (Responsibility Statement)

To the best of our knowledge, and in accordance with the applicable reporting principles, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit of the group, and the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Munich, October 23, 2009



Egon Behle

**Chairman of the Board
of Management**



Dr. Rainer Martens

**Member of the Board
of Management,
Chief Operating Officer**



Dr. Stefan Weingartner

**Member of the Board
of Management, President and
CEO Commercial Maintenance**



Reiner Winkler

**Member of the Board
of Management,
Chief Financial Officer**

Financial Calendar

Telephone Conference on third quarter 2009 earnings	October 26, 2009
Annual Results Press Conference; Telephone Conference on 2009 earnings	February 24, 2010
Telephone Conference on first quarter 2010 earnings	April 20, 2010
Annual General Meeting for the financial year 2009	April 22, 2010
Telephone Conference on second quarter 2010 earnings	July 27, 2010
Telephone Conference on third quarter 2010 earnings	October 26, 2010

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Translation

The German version takes precedence.

Die MTU Aero Engines Holding AG im Internet

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

Disclaimer

This report contains forward-looking assertions which reflect the current view of the management of MTU with regard to future events. Those disclosures are characterized by terms such as “expect”, “is likely that”, “assume”, “intend”, “estimate”, “aim”, “set as target”, “forecast”, “outlook” and similar phrases and generally include information relating to expectations or targets for revenues, (adjusted) EBIT or EBITDA or other performance measures. Forward-looking assertions are based on the latest forecasts, assessments and expectations. Such information should therefore be carefully considered. Assertions of this kind are subject to risk factors and uncertainties which are often difficult to assess and which are generally not within the control of MTU. Such factors may unfavorably affect revenues and expenses. If these or other risk factors and uncertainties do in fact materialize, or if the assumption on which assertions are based turn out to be incorrect, MTU’s actual earnings may vary from those contained in, or implied by, these assertions. MTU cannot guarantee that expectations or targets will be met. MTU does not accept any responsibility for updating future-looking assertions by taking account of any new information or future events or other matters.

In addition to IFRS-based key figures, MTU also discloses some non-GAAP key performance indicators (e. g. EBIT, EBIT margin, EBITDA, EBITDA margin, (where applicable EBIT adjusted, EBIT margin adjusted), free cash flow and gross/net financial liabilities) which are not covered by financial reporting standards. These key performance indicators should be seen as supplementary information and not a replacement for disclosures made in accordance with IFRS. Non-GAAP key performance indicators are not covered by IFRS or any other generally accepted set of financial reporting rules. Other entities may, under circumstances, use different definitions for these items.



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