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## **Compliance declaration 2005**

### **Declaration by the Board of Management and Supervisory Board of MTU Aero Engines Holding AG pursuant to Section 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code**

The Board of Management and the Supervisory Board of MTU Aero Engines Holding AG declare that the recommendations of the June 2, 2005 version of the "German Corporate Governance Code Government Commission" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been and are being met. The Board of Management and the Supervisory Board of MTU Aero Engines Holding AG also intend to follow the recommendations of the German Corporate Governance Code in the future. The following recommendations are the only ones not been or being applied:

#### **1. Individualized reporting of Board of Management compensation (Code Clause 4.2.4)**

The compensation for the Board of Management is not reported individually in the Notes to the Group Financial Statements. The compensation of the Board of Management is reported in compliance with the Code but broken down into fixed and variable elements and into components with a long-term incentive effect. This information is crucial for assessing whether the division of such compensation between fixed and performance-related components is appropriate and whether the structure of such compensation provides adequate incentives for the Board of Management. We therefore regard the information about the overall compensation as sufficient to verify its adequacy. As the Board of Management operates according to the principle of collective responsibility, the incentives provided for the Board of Management as a whole are the decisive factor, not those for each individual member. Individualized reporting of Board of Management compensation will occur with respect to the business



year 2006 when the Management Compensation Publishing Act will become first applicable.

## **2. Form and Details of the Compensation of the Supervisory Board (Code Clause 5.3.7, Paragraphs 2 and 3)**

There is no performance-related compensation for the members of the Supervisory Board. We are of the opinion that a fixed compensation is appropriate and that it should not be related to the performance of the company. In our judgement a performance-related compensation is not suitable to enhance the control tasks of the Supervisory Board.

The compensation for the Supervisory Board is not reported individually or broken down into its elements. The compensation of the members of the Supervisory board will be reported in a total amount. In view of the level of compensation and the stipulations of the Articles of Association (§12 of the Articles of Association) we consider a reporting of the total compensation as sufficient to evaluate its adequacy.

## **3. Reporting of the total ownership of shares in the company (Code Clause 6.6)**

The amount of shares in the company held by all members of the Board of Management and by all members of the Supervisory Board will not be reported separately. As the Board of Management and the Supervisory Board do not consult with each other regarding the exercise of their stock rights, we do not regard such reporting as appropriate. Also the legislator has not yet enacted a corresponding law as such information is not deemed necessary.



Munich, in December 2005

For the Board of Management

**Udo Stark**

CEO

For the Supervisory Board

**Johannes P. Huth**

Chairman