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**FREP examination of MTU Aero Engines consolidated financial statements**

- **Accounting treatment of program assets will be changed to gross recognition**
- **No cash impact, no impact on MTU's revenue, earnings and cashflow forecasts**
- **MTU accepts results of examination**

Munich – The German Financial Reporting Enforcement Panel (FREP), which examines the financial statements of the majority of newly listed companies in Germany, has completed its examination of MTU Aero Engines Holding AG's consolidated financial statements for the financial year 2005, pursuant to Section 342b (2) sentence 3 no. 3 of the German Commercial Code (random sample examinations). MTU has agreed to accept the results of this examination, following which the Federal Financial Supervisory Authority (BaFin) has ordered their publication.

The result of the examination includes the interpretation of an accounting rule concerning the purchase price allocation for three commercial aero engine programs relating to the acquisition by KKR in 2004. Concerning the accounting of program assets, the FREP is of the opinion that the obligations of €247.4 million, which were attributed directly to these programs on December 31, 2005 in conjunction with purchase price accounting, should be accounted for as liabilities separately from program assets in the balance sheet. This leads to an increase in both total assets and total equity and liabilities; the equity ratio remains almost unchanged. The effect of the change on group earnings for 2005 is not significant: the change in amortization expenses (+ €21.4 million) is almost entirely offset by the change in provisions (- €21.3 million). Group earnings before tax are reduced by €0.1 million to €58.6 million. This restatement has no impact on MTU's adjusted EBITDA or cashflow. In compliance with IFRS practice, the FREP's finding will be incorporated in the 2006 consolidated financial statements by means of a retrospective correction to the figures for the financial year 2005. The restatement has no impact on the revenue, earnings and cashflow forecasts for the financial years 2006 and 2007.

Munich-based MTU Aero Engines is the leading German manufacturer of aircraft engines. Together with its affiliates, the company maintains a presence in all essential markets and regions. MTU has close working ties with the world's major aero engine manufacturers – General Electric, Pratt & Whitney and Rolls-Royce. In the military sector, MTU is the trusted systems partner for almost all airborne units of the German Armed Forces, and an important partner in all major military aero engine programs in Europe. MTU is the world's largest independent provider of MRO services for commercial aero engines in terms of revenue.

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**Cautionary Note Regarding Forward-Looking Statements**

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, competition from other companies in MTU Aero Engines' industry and MTU Aero Engines' ability to retain or increase its market share, the cyclical-ity of the airline industry, risks related to MTU Aero Engines' participation in consortia and risk and revenue sharing agreements for new aero engine programs, risks associated with the capital markets, currency exchange rate fluctuations, regulations affect-ing MTU Aero Engines' business and MTU Aero Engines' ability to respond to changes in the regulatory environment, and other factors. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their con-sequences.

MTU Aero Engines assumes no obligation to update any forward-looking statement.