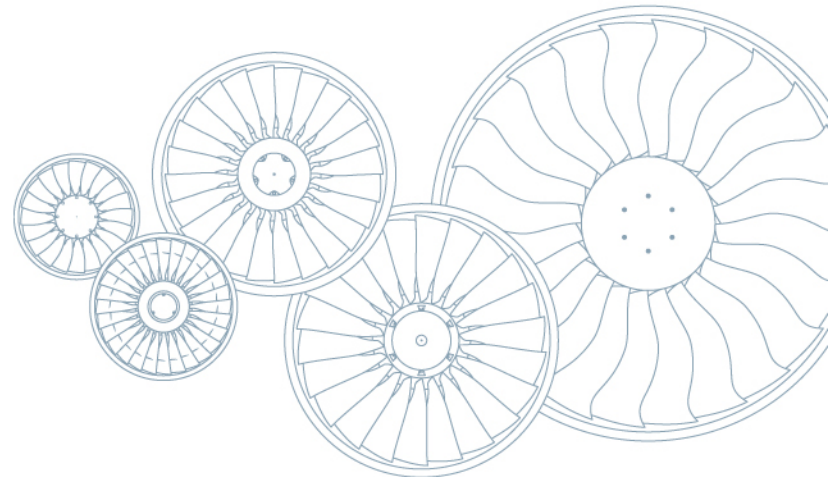




Investor and Analyst Day 2010

MTU Aero Engines
November 9, 2010



Agenda – MTU Investor and Analyst Day 2010

Time	Event	Speaker
12:20 – 12:30	Welcome	Inka Koljonen Director Investor Relations
12:30 – 12:45	Overview and key messages / Q&A	Egon Behle, CEO
13:00 – 13:15	Re-engining the A320 – Market perspective / Q&A	Dr. Anton Binder SVP Commercial Programs
13:30 – 13:45	Re-engining the A320 – Engineering perspective / Q&A	Dr. Jörg Henne SVP Engineering and Technology
14:00 – 14:15	Military business – Update / Q&A	Michael Schreyögg SVP Defense Programs
14:30 – 15:30	Break	

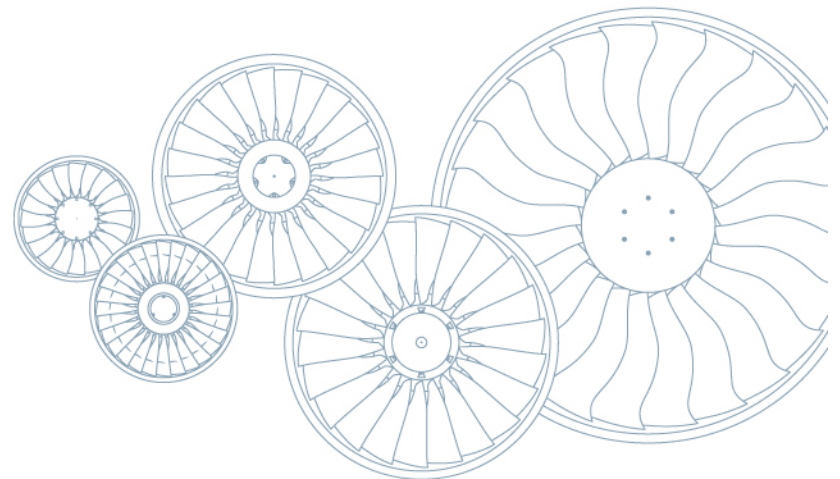
Agenda – MTU Investor and Analyst Day 2010

Time	Event	Speaker
15:30 – 16:00	Commercial MRO market landscape / Q&A	Leo Koppers SVP Marketing & Sales
16:15 – 16:30	MTU growth strategy / Q&A	Klaus Müller SVP Corporate Development
16:45 – 17:00	Quarterly financial disclosure / Q&A	Inka Koljonen Director Investor Relations Dr. Maximilian Brandl SVP Finance and Accounting
17:15 – 17:45	Summary and wrap-up / Q&A	Reiner Winkler, CFO
19:30	Dinner at L&I Restaurant & Bar	



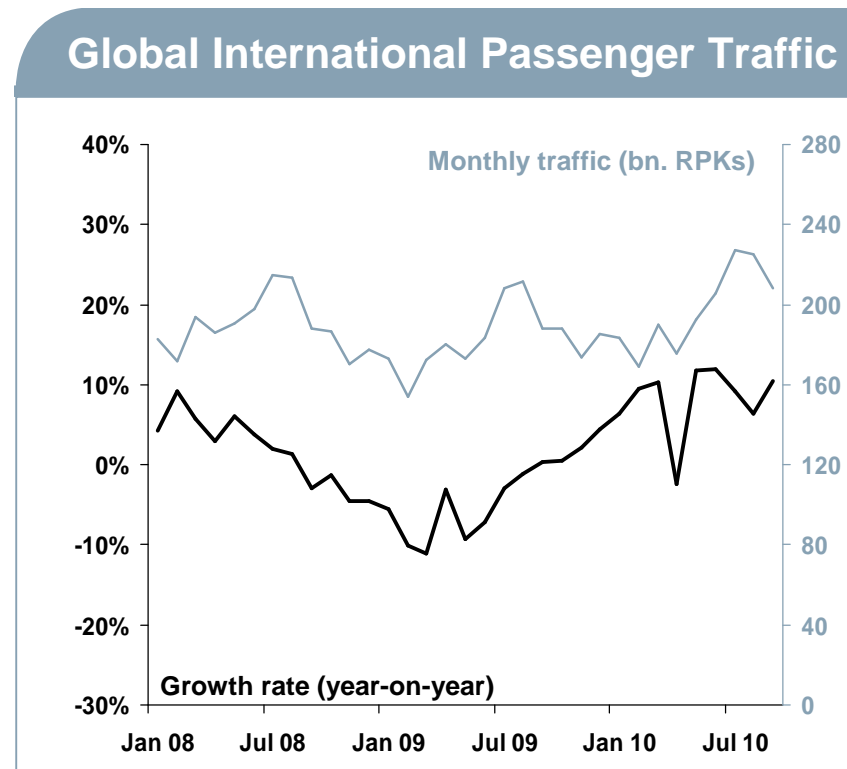
Overview and Key Messages

Egon Behle, CEO



Business Highlights

- We are well on our way to achieve 2010 targets
- High single-digit growth in revenues expected for 2011



Market Environment

- Market trends in commercial aerospace remain strongly supportive
- Latest air traffic numbers indicate a yoy increase of 10.5% for passenger and 14.8% for cargo – capacity growth and park rates are improving further (Sept 10)
- For 2010 IATA expects a 7.7% growth for passenger traffic and a 19.8% growth for cargo (acc. to third upgrade in Sept.)
- New aircraft orders remain high, driving upswing in deliveries

Commercial OEM Business

- Spare parts show moderate improvement, trend continues into Q4
- Series sales continue to increase, ramping up of GEnx and GP7000 programs will drive strong growth into 2011
- Decision about A320 re-engining moved towards year-end 2010 by Airbus/EADS

Commercial MRO Business

- Trend in commercial MRO business similar to spare parts business
- For Q4 further improvement expected



Military Business

- Potential defense budget cuts mainly a risk for maintenance in old engine programs
- Ramping up of the A400M and U.S. programs will provide future growth

Cost savings

- Challenge 2010 program on track to meet target savings of 30 m€ in 2010

US\$ / Hedging

- High volatility in US\$ exchange rate confirms neutral currency view, no change in hedging strategy
- Based on an avg. US\$ assumption of 1.35 US\$/€ for 2011, no effect from currency



Trends looking into 2011

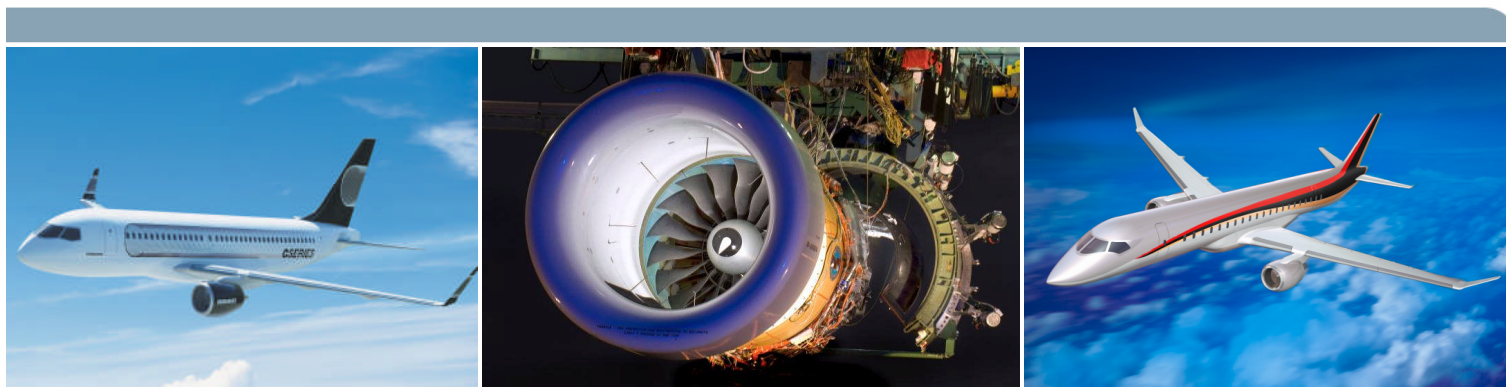
MTU group: high single digit growth expected

- Commercial new engine sales: 15-20% growth expected based on current delivery schedules
- Commercial spares: limited visibility, but supportive market environment, 5-10% growth expected
- Commercial MRO: trends similar to spares, 5-10% growth expected
- Military business: revenue decline in the range of 10% expected

- “Challenge 2010” cost savings ~20 m€ - as expected
- Additional costs for ramping-up of new programs
 - in worst case eating up above mentioned cost savings
- R&D largely stable (without A320 NEO)

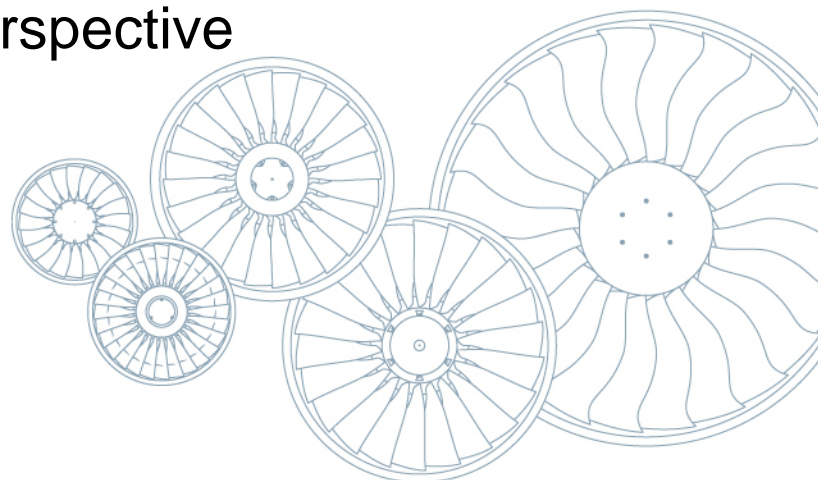


Q&A



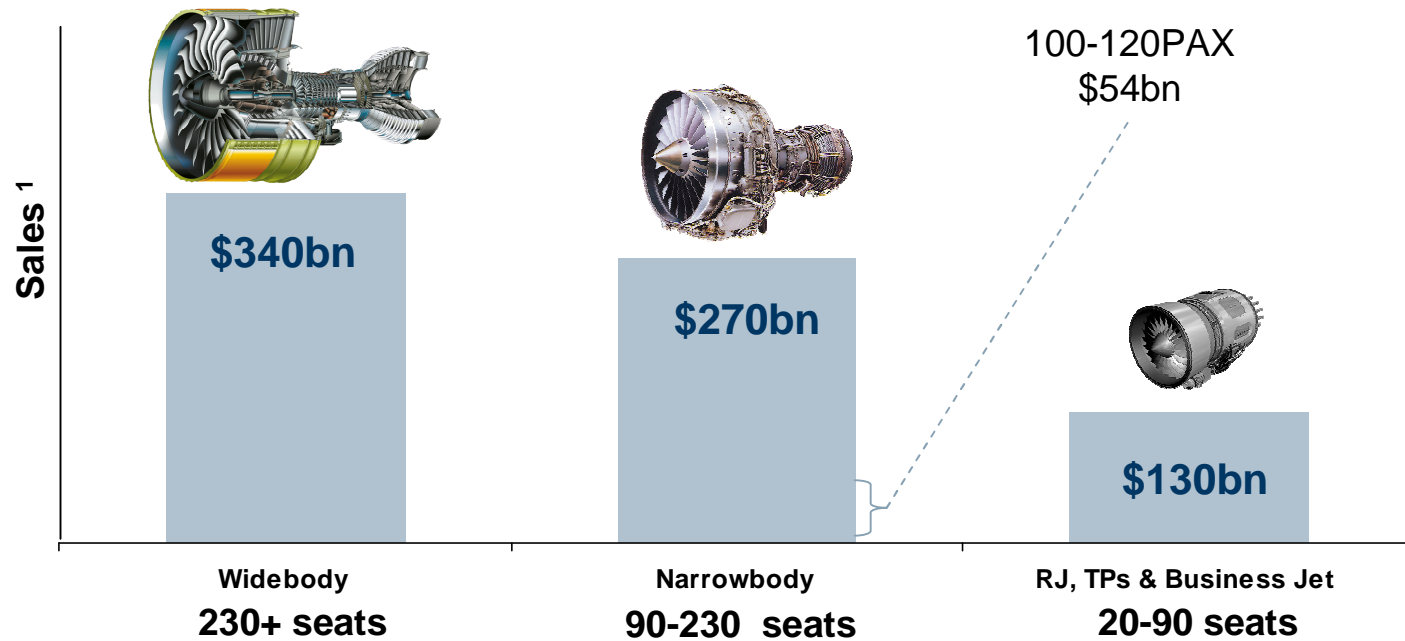
Re-engining the A320 – Market Perspective

Dr. Anton Binder
SVP Commercial Programs



The Commercial Aero Engine Market is Expected to Generate \$740bn of New Engine Sales over the Next 20 Years

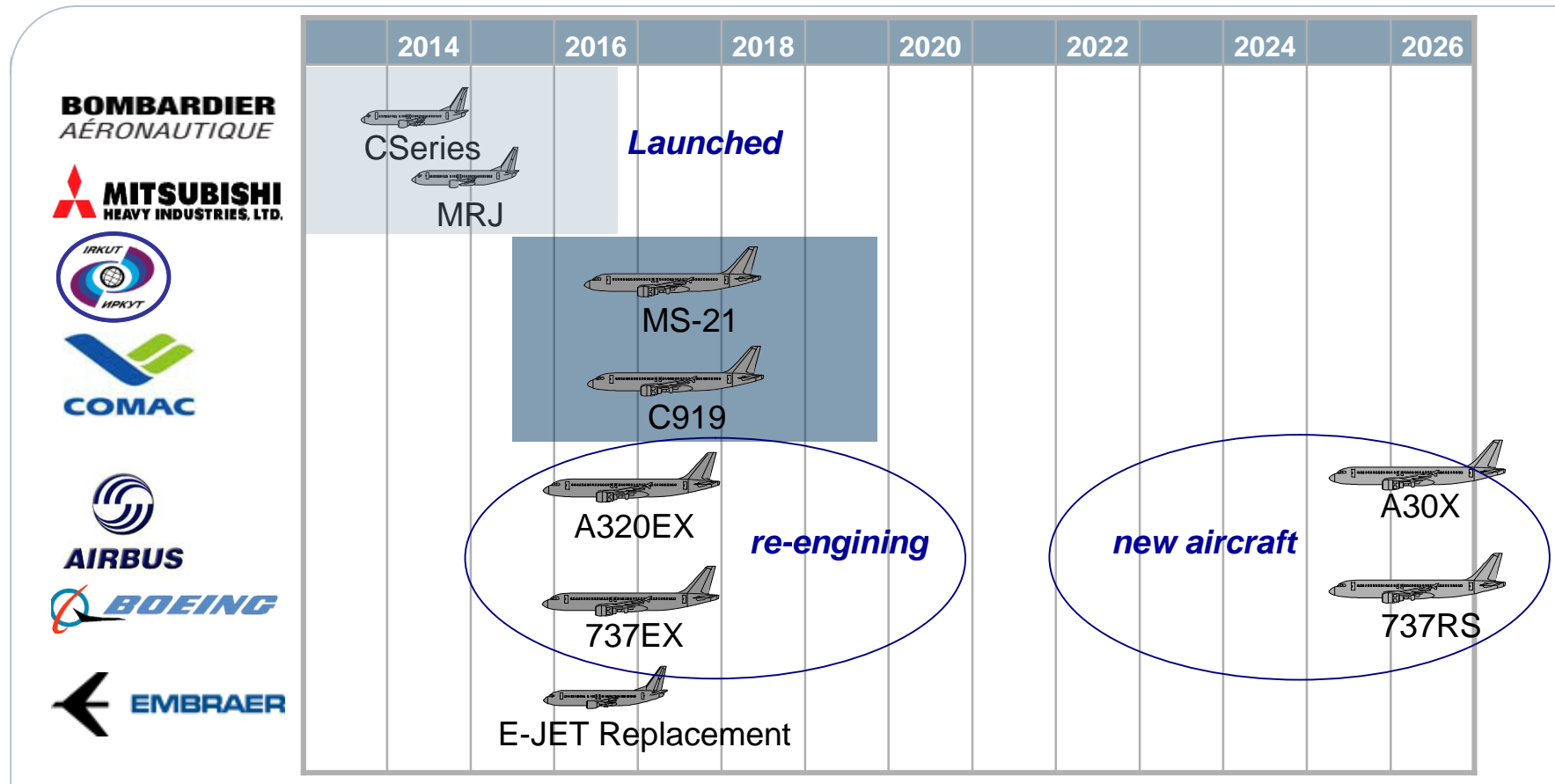
Expected Deliveries and Sales 2010-2029: CAGR ~3%



Sales \$	46%	36%	18%
Engine Deliveries	15%	29%	54%

Source: MTU/ASM September 2010 1) Sales expressed in constant 2010\$

New Airframer Activities Push Airbus and Boeing



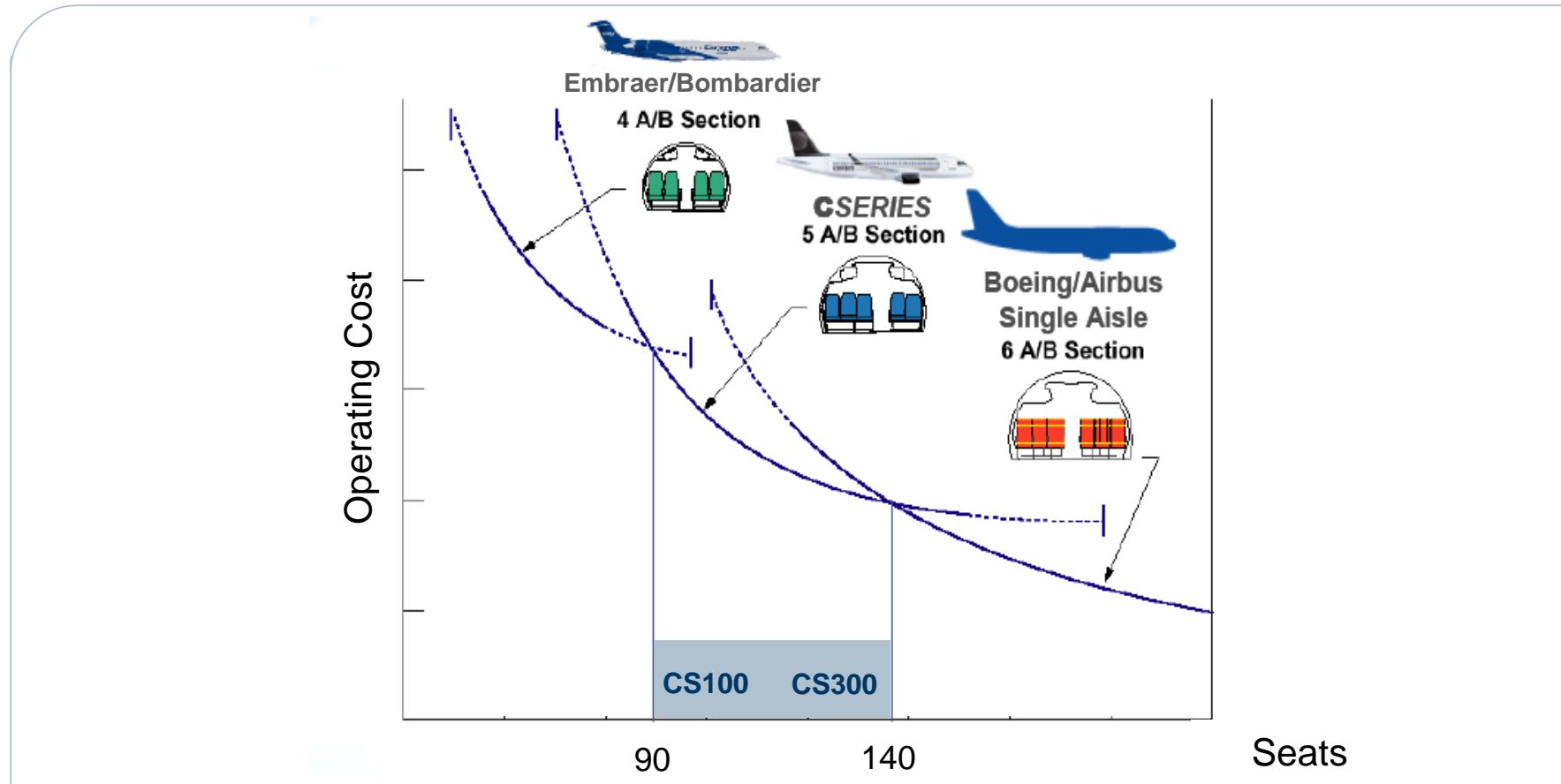
Narrow Body Market Characteristics (Today)

- Little segmentation (A320, B737, B757)
(NB: Wide-body has B767, A330, B787, A340, A350, B777, B747, A380 Products)
- Lower end covered by shrunk aircraft (economical challenge)
- Higher PAX single aisle A/C have their limits in turn around time
- Design range: US transcontinental

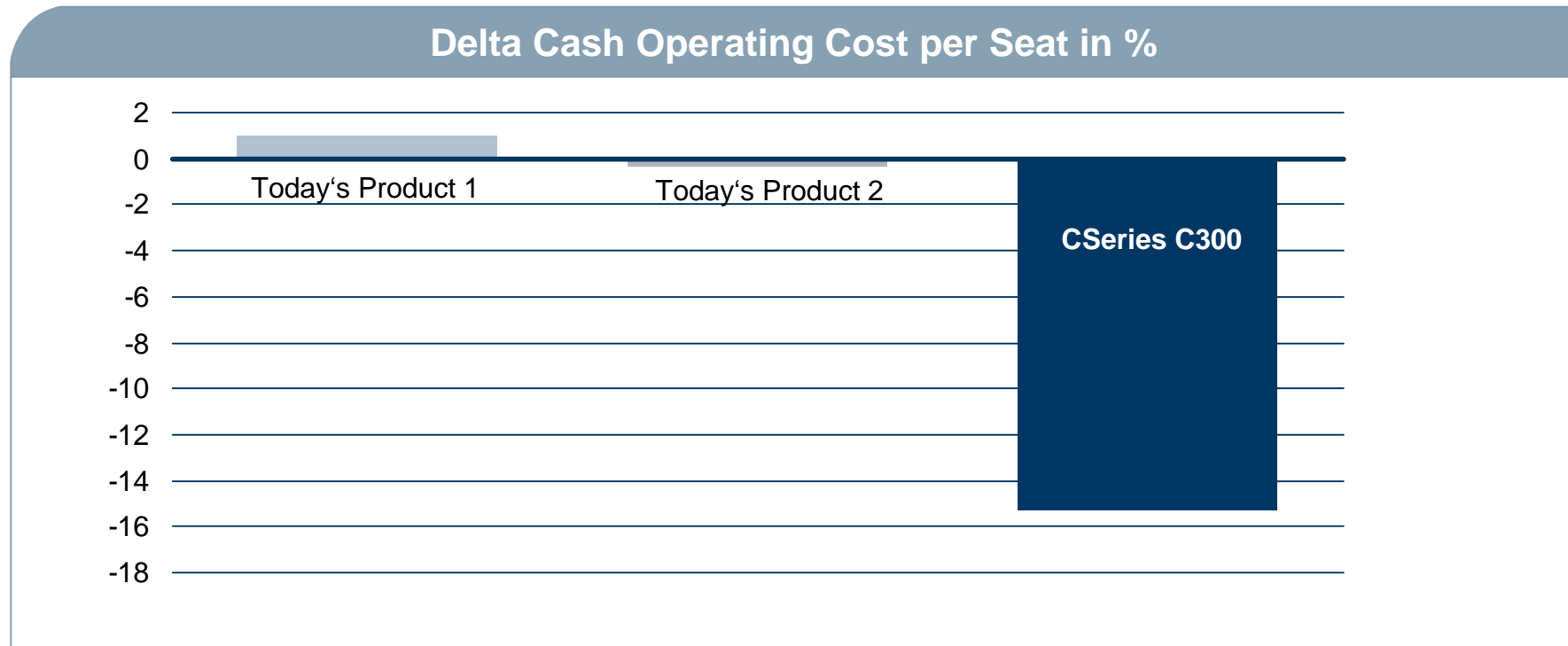
- CSeries is not a shrunk aircraft
- CSeries has still significant range capability (US transcontinental possible)

- Small wide-body studies underway (turn times advantage)

5-abreast CSeries has a Cost Advantage Between 90 and 140 Seats



The C Series/Pure Power 1000G is Changing the Economics



- 90 aircraft on order plus 90 options
- significant campaign activity ongoing
- engine testing underway

Likely Market Scenarios

Re-engining near term

- Airbus or Boeing decide on re-engining
 - Airbus more likely to go
- What is the competitor (AI, Boeing) doing?
- Competitive products in 100 to 125 PAX class and against new entrants
- Manage the transition and overlap between the products

New aircraft long term

- Short term no re-engining
- Airbus, Boeing likely to lose market share in the 100 to 125 PAX market (CSeries, price pressure)
- Airbus, Boeing bet on slow market introduction of new entrants
- What does the new aircraft look like (what technology)?

MTU's Product Offerings: V2500

- superior product in many ways
 - fuel burn
 - reliability
 - maintainability
- 150 operators
- 4,200 engines delivered (installed ~ 3,800)
- 1,860 engines ordered
- delivery: 370 to 460 p.a.

MTU is 100% committed to this program.



MTU's Product Offerings: Pure Power 1000 (GTF)

- 15% fuel burn advantage
- 50% perceived noise reduction
- 20% maintenance cost reduction

- proven technology
- 3 applications to date

MTU is 100% committed to this new engine concept.



Market Perspective Summary

- The market segment is huge and very important
- Significant activity is going on between 70 and 2xx PAX
- C Series economics are obvious
- 2 scenarios are likely for future NGSA market (Airbus, Boeing)
- MTU has superb product offerings for future market demands

Q&A

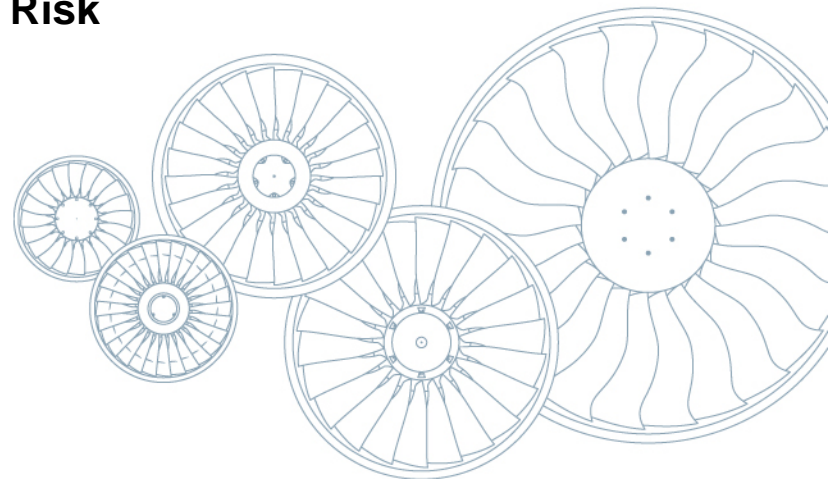


Re-Engining of the A320 – Engineering Perspective

Most Advanced Engine Technology at Lowest Risk

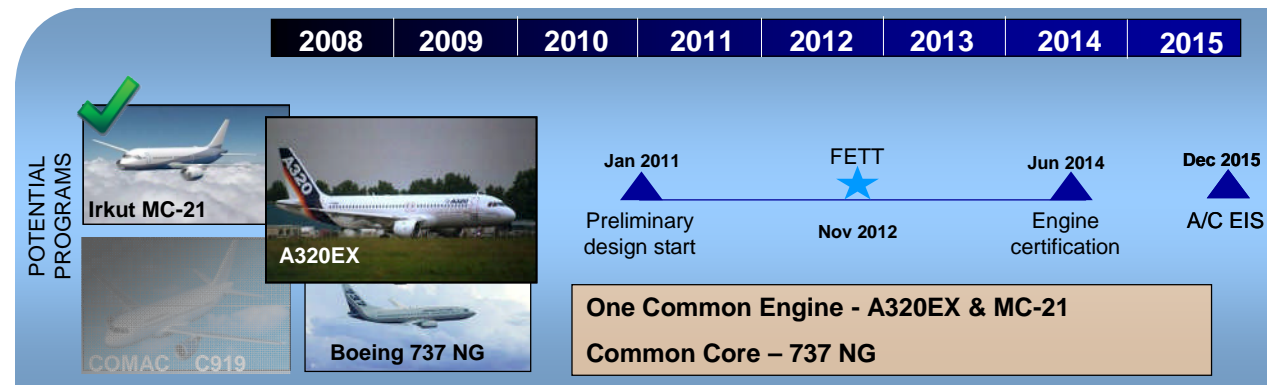
Dr. Jörg Henne

SVP Engineering and Technology



The A320NEO Significantly Reduces Operating Cost by Using the Newest Available Green Engine GTF Technology

- 15% improvement in fuel burn over today's products at EIS 2015
- Noise -20 dB better than ICAO Stage 4 T
- Maintenance cost significantly better than today's products
- Thrust range 27 to 33K lbs
- Meets all installation constraints (CG, weight, max. fan diameter)



The Geared Turbofan Engine Concept

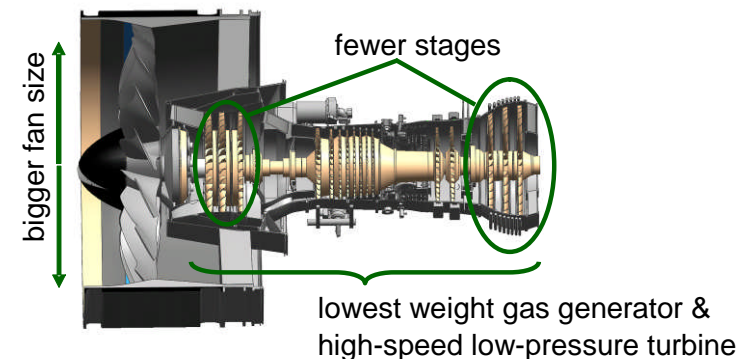
Achieving Lowest Fuel Burn and Lowest Noise for Best Cash Operating Cost

- highest propulsive efficiency
- highest component efficiencies

- at lowest weight
- at lowest maintenance cost
- at lowest noise
- at lowest emissions

... meeting all production cost targets

The Fan Drive Gear System enables a **larger fan size** allowing the low pressure compressor and turbine to run at **optimal rotating speeds** resulting in lowest weight



Pratt & Whitney's Reduction Gearbox Experience

A Very Reliable Proven Design



8,169 PT6T turboshaft engines in service
over 33 million operating hours



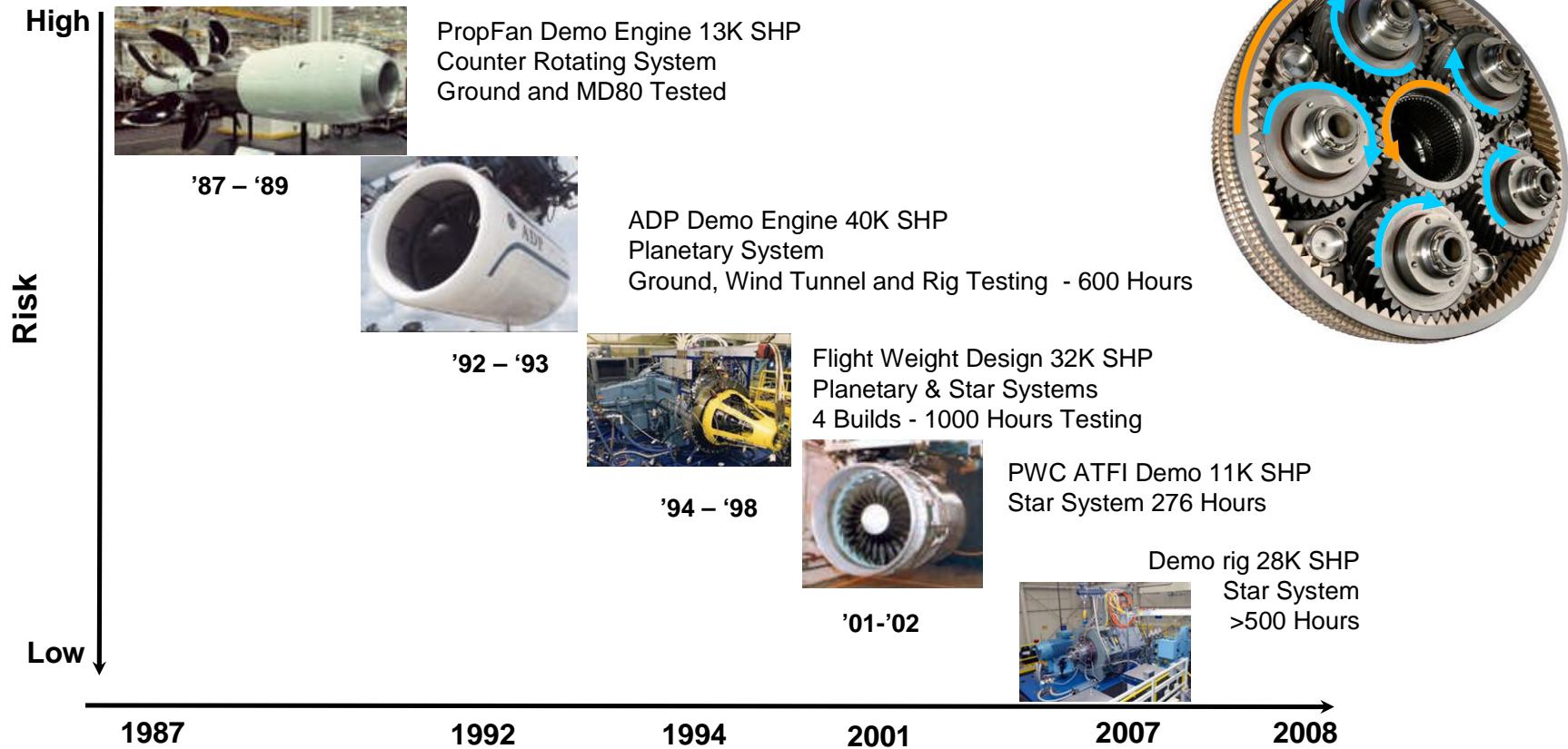
4,845 PW100 series engines in service
over 70 million operating hours



29,338 PT6A series engine in service
over 235 million operating hours

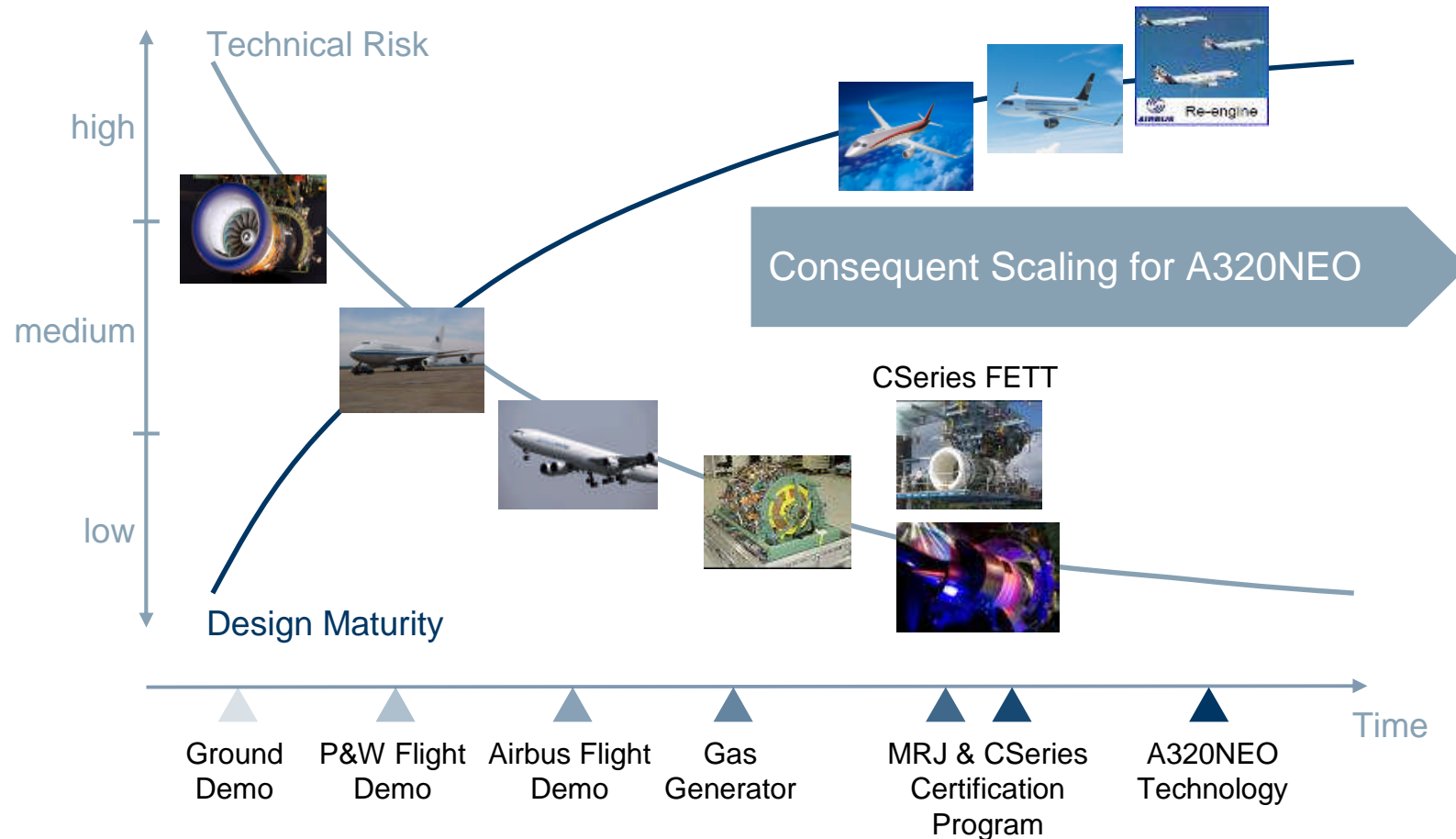
- **Over 42,000 turboprop / turboshaft engines produced**
- **Over 400 million operating hours**

The Fan Drive Gear System Technology Maturation



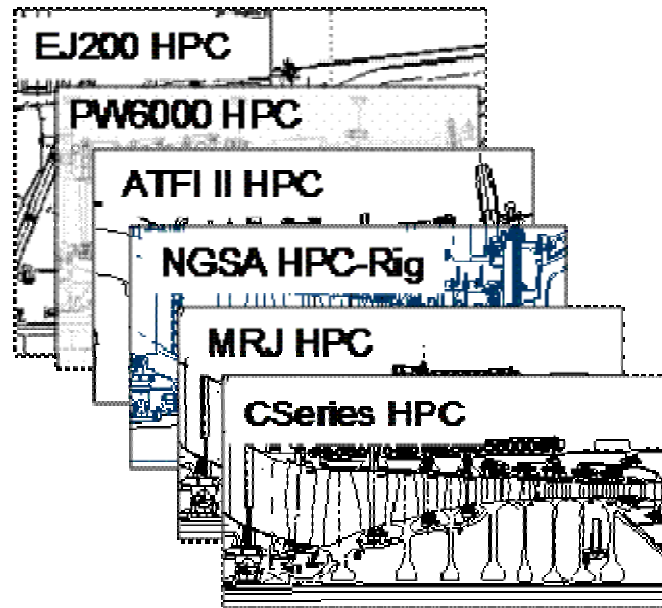
- 20+ years of technology demonstration in rig and engine tests
- More than 1500 hrs total, mostly full scale, in design space up to 40k SHP
- Comprehensive rig test program to support the GTF Demonstrator

Mature Engine Design due to Technology Readiness and a Stringent Family Approach



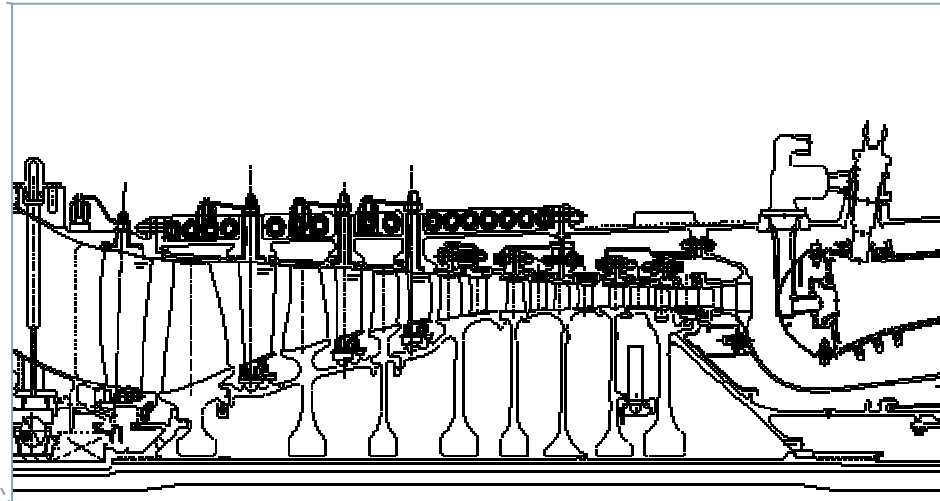
Key Enabler – High-Pressure Compressor

MTU Shares Component Responsibility with Pratt & Whitney

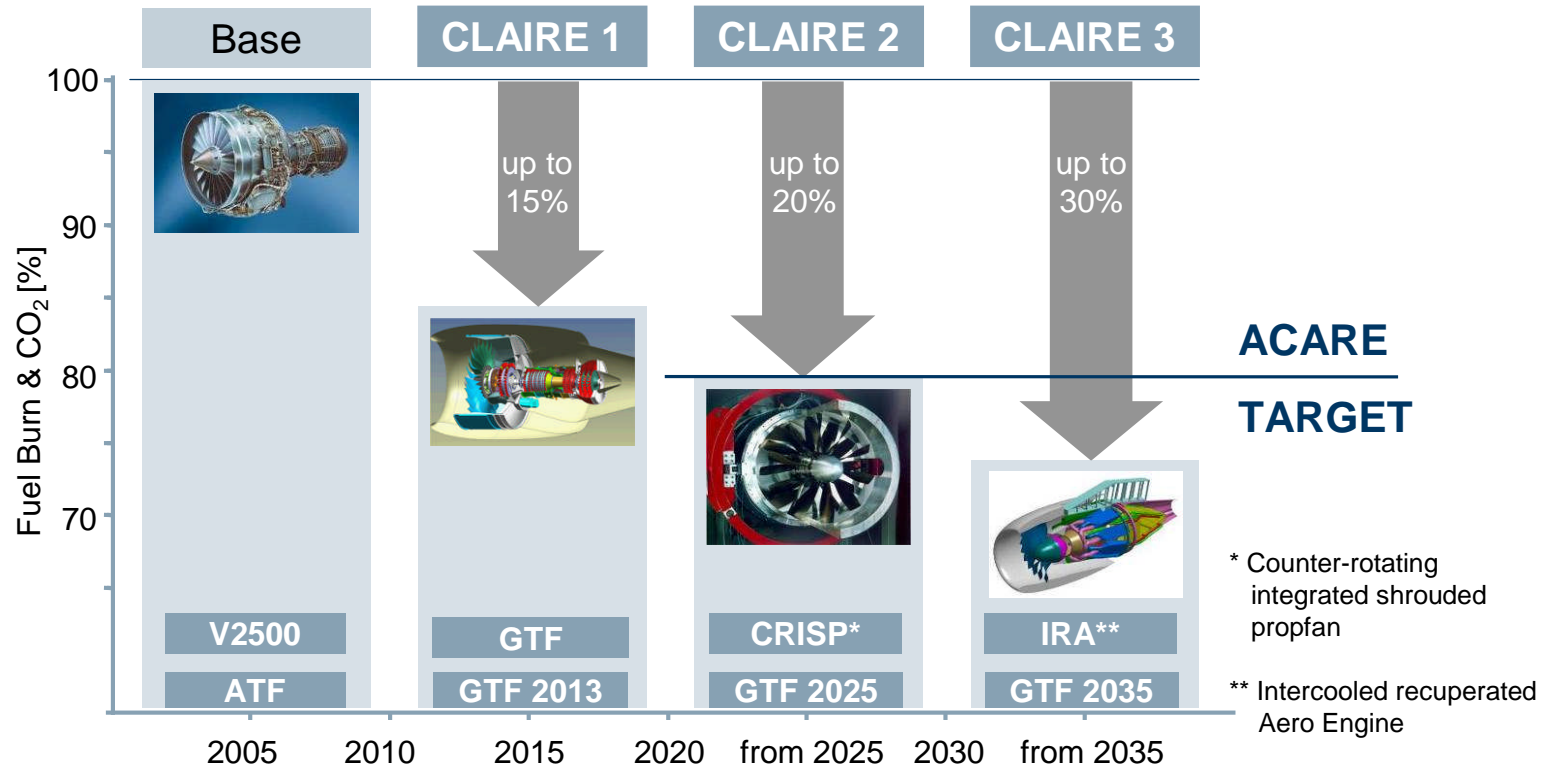


- efficiency well above 90%
- 10% weight reduction ... maintaining operability

HPC technology and low-cost design evolution



MTU Technology Program CLAIRE (CLEan AIR Engine)



MTU is well positioned to deliver technologies for further fuel burn & CO₂ reduction compliant with the ACARE targets based on the Geared Turbofan concept



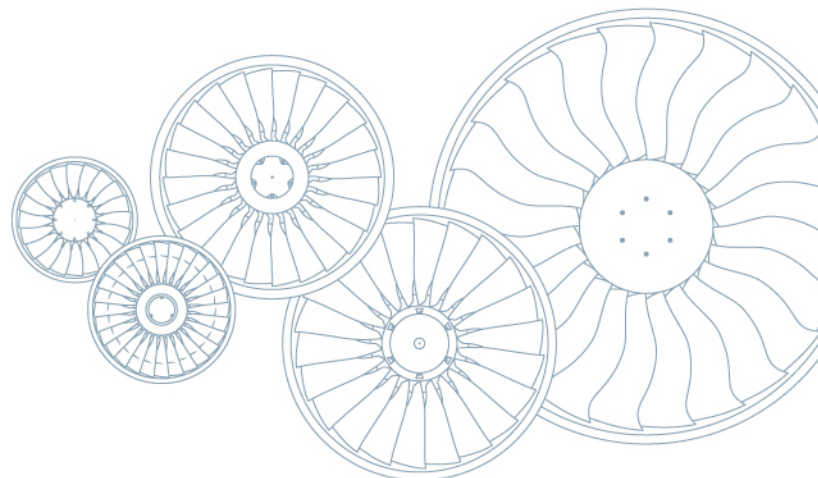
... thank you
for your attention

Q&A



Military Business - Update

Michael Schreyögg,
SVP Defense Programs



The MTU Defense Product Range is Based on Over Fifty Years of Experience

High-tech, state of the art products



Trusted partner in U.S. defense programs

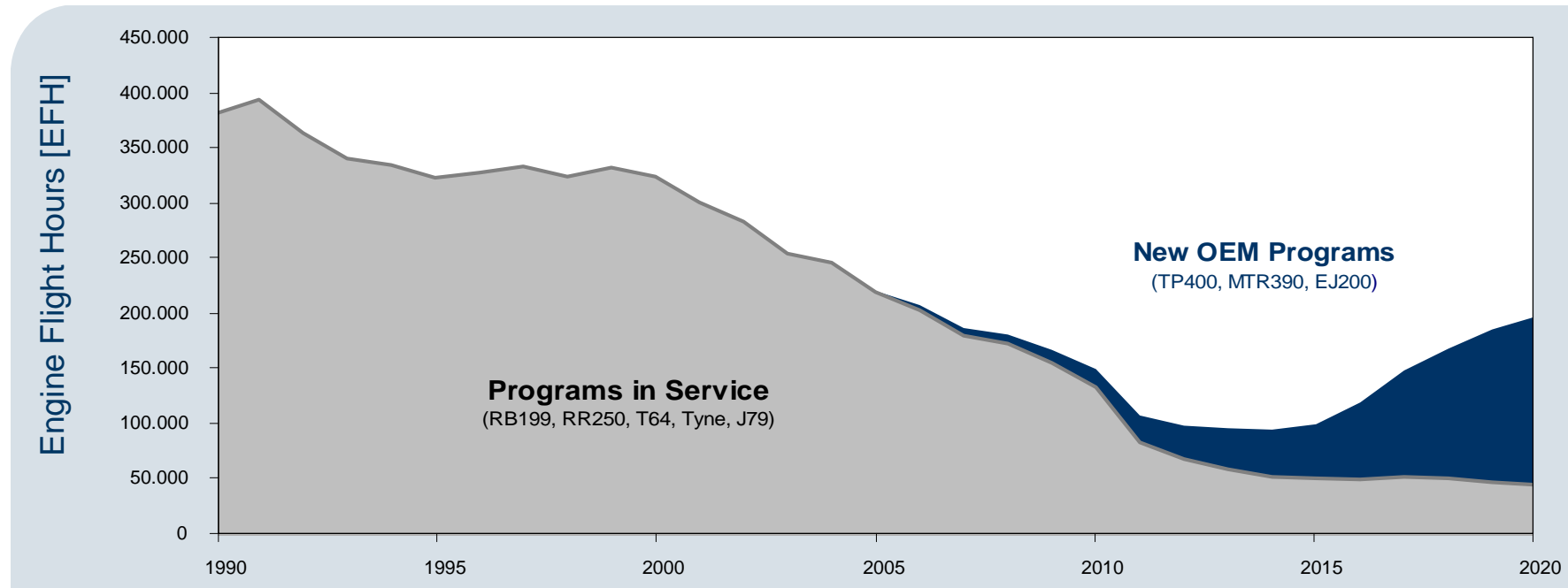


MTU Military Programs

Decades of experience



History Engine Flight Hours German Airforce



Philosophy in the past

- Continuous adaptation of capacity to reflect reduced flight hours and MRO
- Cost management through optimized repair
- Initial adaptation of new support concepts (PPP)

German Defense Budget in bn €

	2009	2010	2011	2012	2013	2014
Defense Budget	31.5	31.4	31.5	30.9	29.6	27.5
Invest	4.0	4.0	4.0	4.0	4.5	5.0
Aerospace	2.0	2.0	2.0	2.0	2.2	2.4
Maintenance	2.0	2.0	2.0	2.0	2.0	2.0
Aerospace	1.2	1.2	1.0	1.0	1.0	1.0

Aerospace-related budget remains at a high level of 3-3.4 bn€ – Focus: efficiency !

Bundeswehr – Military Transformation

Main consequences of the transformation

- **Reduction in quantity**
- **Fewer new procurements** (FTH, Talarion)
- **Phase out** of weapon systems
- **Reduction** of engine flight hours
- **New structures** to be implemented

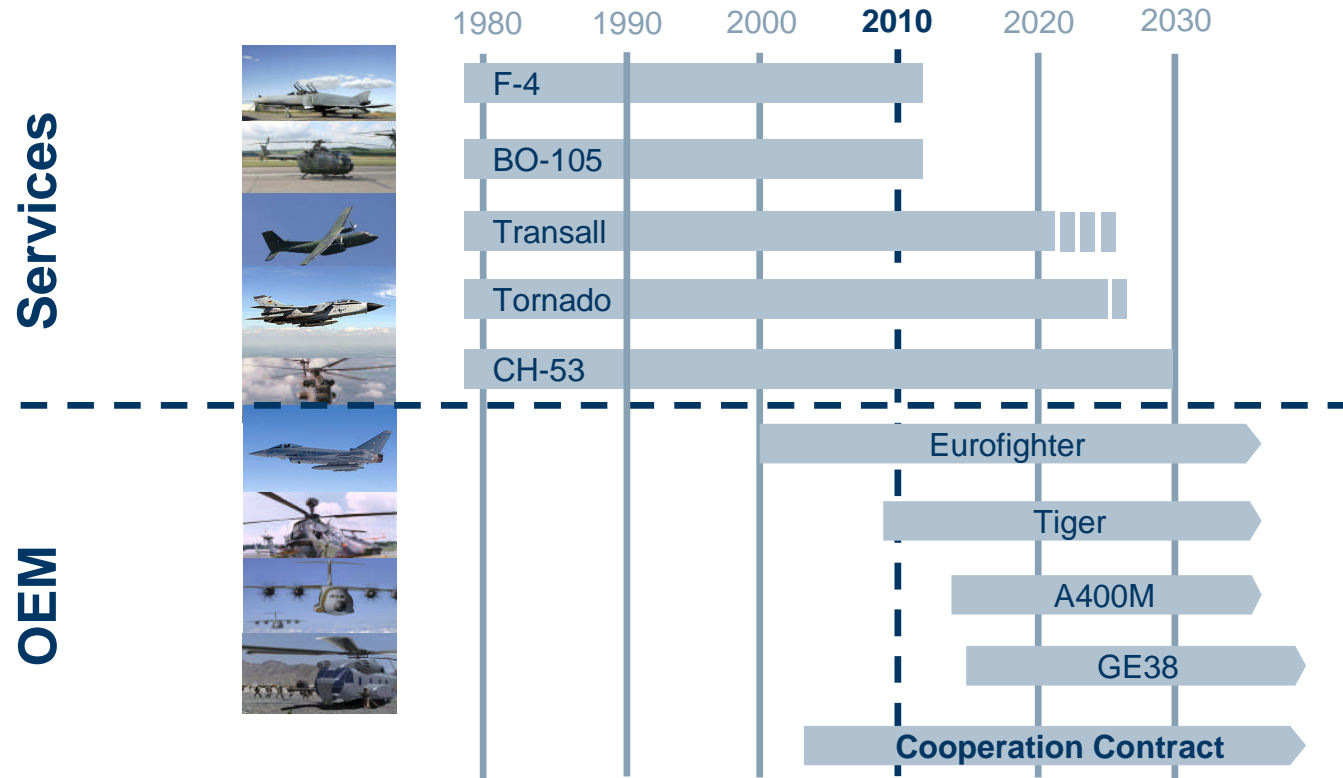


Restructuring of the German Armed Forces:
8,3 bn€ have to be saved by 2014

Consequences for MTU

- Reduction of our maintenance volume until Eurofighter Typhoon and A400M pick up
- Confirmation of expected Eurofighter Typhoon and A400M production volumes through 2020
- Unique chance to extend our success model “Cooperation” to stress the integration factor
- Roughly 10% revenues decline in 2011 expected

Military Program Portfolio



Change of MTU's Military Product Portfolio in the next future

Challenge

Budget limitations are challenging, but ...

- provide us with opportunities to expand our services for the air forces. The forces will continue to concentrate on pure military missions.
 - “The Bundeswehr will increasingly focus on its military core capabilities and sovereign duties. All other activities will have to be put under close scrutiny, and "make or buy" decisions will have to be made based on a comprehensive cost analysis. The *commission* tasked with coming up with proposals for reorganizing the *Bundeswehr* is seeing potentials in outsourcing more activities in the logistics and maintenance areas.”
(Commission for the structural reform, Bundeswehr, October 2010)
- confirm our way to expand MTU’s military business on international markets.



MEPC

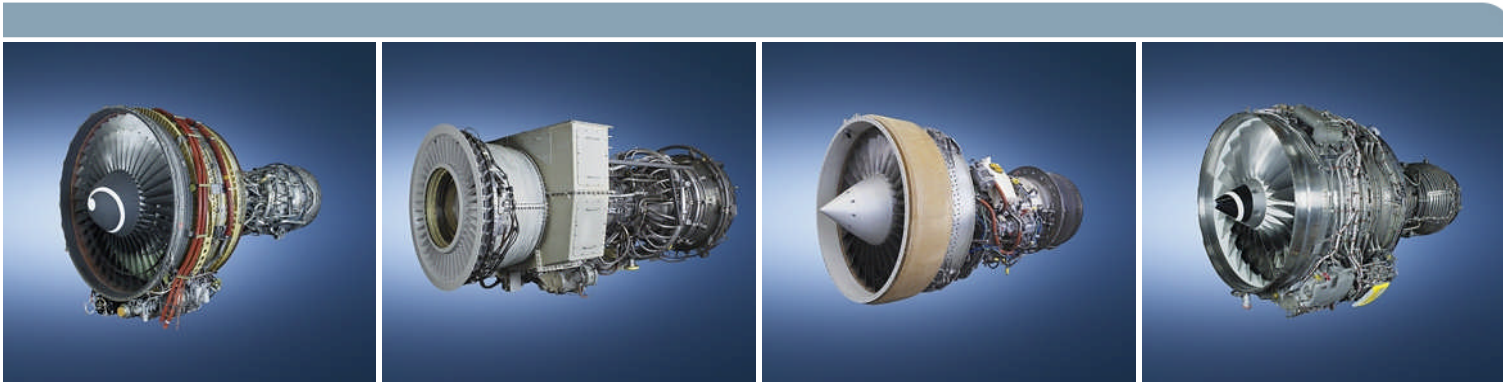


MTU Military Programmes Summary

- Existing and **long-term** production and support **contracts** ✓
- **Unique expertise** in MRO (e.g. services, repair solutions) ✓
- Highly trustful and strong **customer relations** ✓
- Change process also provides future **opportunities** ✓
- Continued exploration of **International Market** (ref.: MEPC) ✓

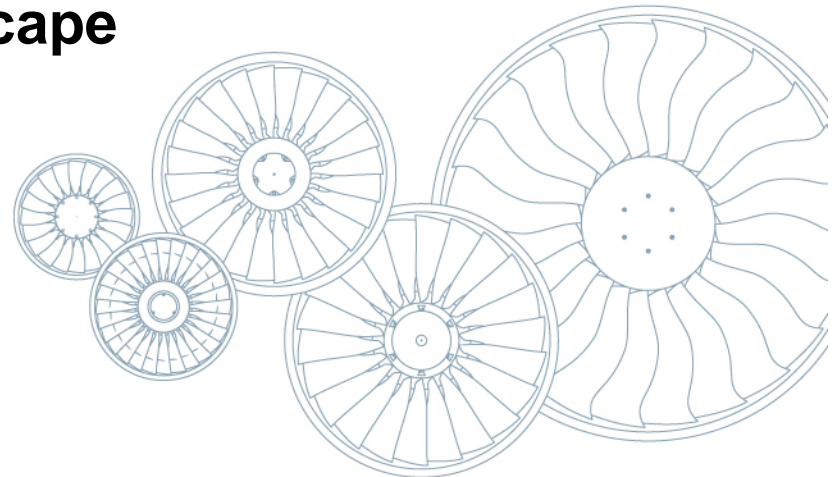


Q&A

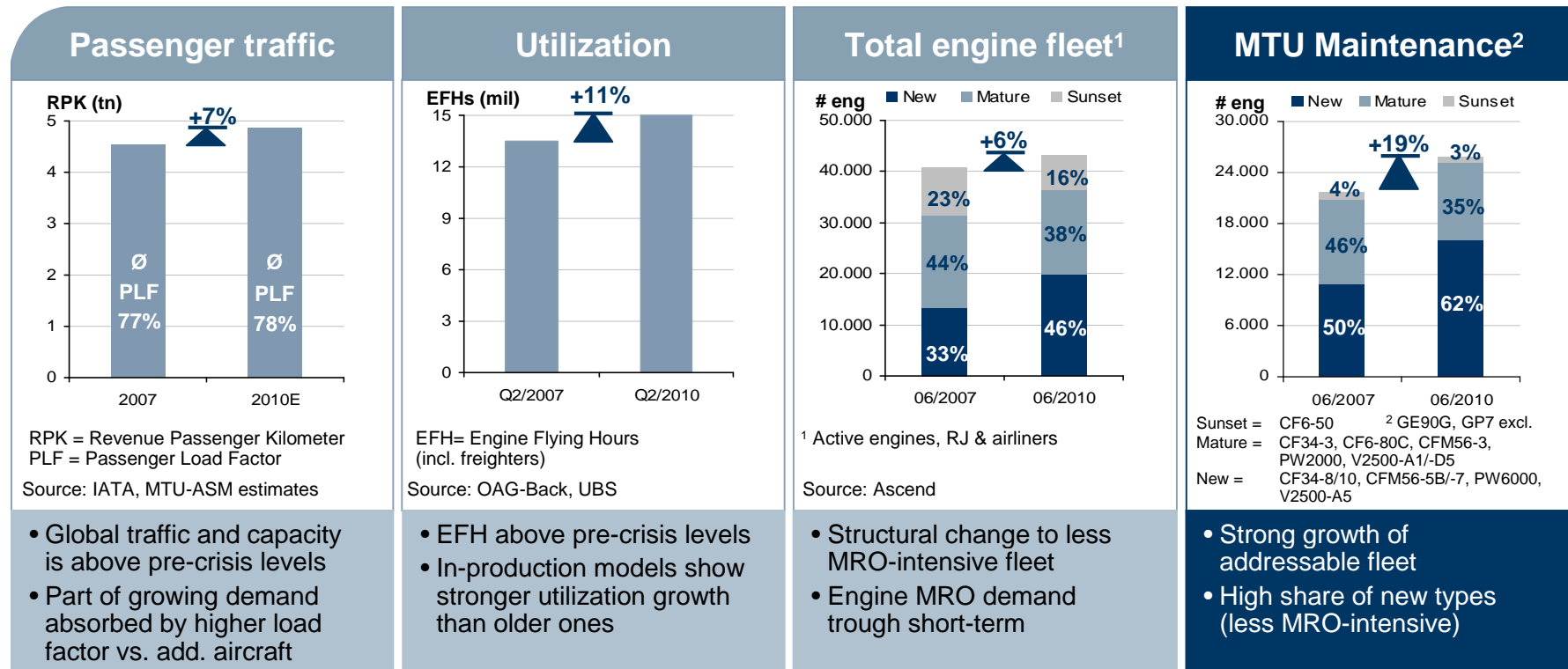


Commercial MRO Market Landscape

Leo Koppers
SVP Marketing & Sales

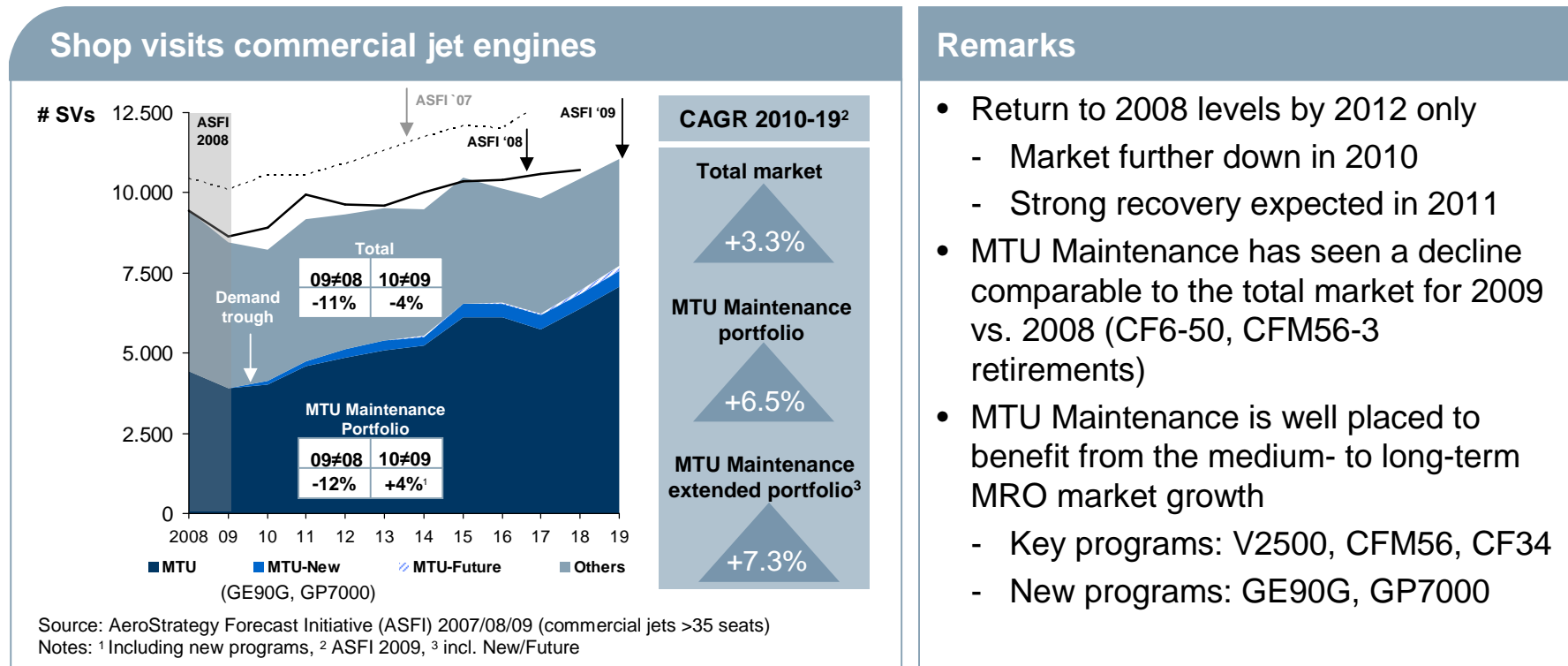


Passenger Traffic and Engine Fleet Development



Although traffic, flight hours and active fleet have recovered, the fleet has undergone a structural change driven by the crisis, high production rates and high fuel prices

Impact of Global Economic Crisis on Engine MRO



Remarks

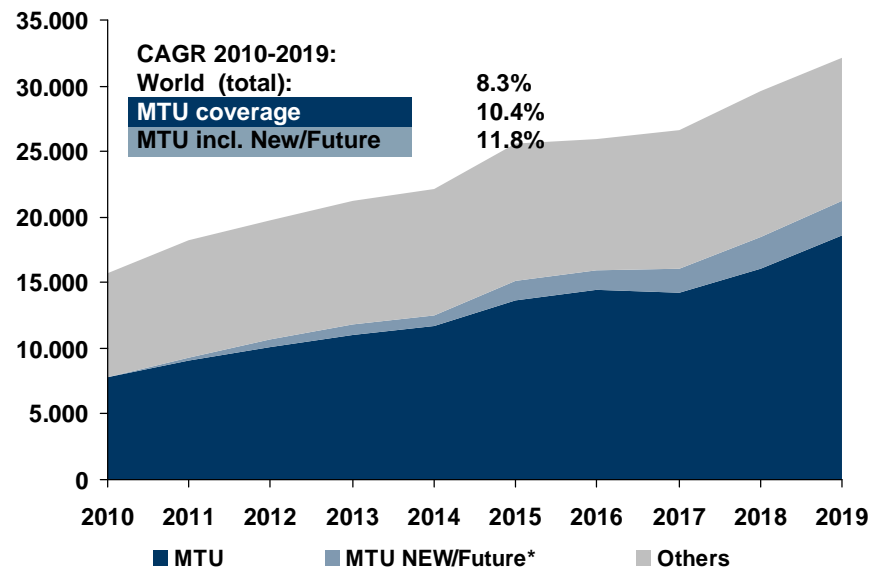
- Return to 2008 levels by 2012 only
 - Market further down in 2010
 - Strong recovery expected in 2011
- MTU Maintenance has seen a decline comparable to the total market for 2009 vs. 2008 (CF6-50, CFM56-3 retirements)
- MTU Maintenance is well placed to benefit from the medium- to long-term MRO market growth
 - Key programs: V2500, CFM56, CF34
 - New programs: GE90G, GP7000



MTU has been affected in line with the market in the short term, however MTU portfolio engines show over-proportional growth in the longer term

Market Dynamics and Market Shares

Com. engine MRO market 2010-2019 (mUS\$¹)



Source: AeroStrategy Forecast Initiative 2009;
¹ includes MTU escalation adjustment @ 3.6% p.a

* GE90 Growth, GP7000, GEEnx

Top 10 providers 2009*

MRO Provider	Market Share
1 GE Engine Services	14%
2 Rolls-Royce ²	10-13%
3 Lufthansa Technik ²	7-9%
4 MTU Maintenance³	7-8%
5 Pratt & Whitney	6-7%
6 Delta TechOps	6%
7 Air France / KLM	5-6%
8 American Airlines	4%
9 Snecma Services	3-4%
10 SR Technics	3%

* Estimates based on AeroStrategy 2009, ² Including JV, ³ MTU actuals

MTU Maintenance engine types are enjoying over-proportional growth – with a positive impact on MTU’s market share as of today, and in future

MTU Maintenance Initiatives



Cost competitive-ness

- Innovative and leading-edge processes (flowline®, MRO InTakt) with strong capacity increase and TAT improvement
- *Repair beats replacement* philosophy, development of proprietary cutting-edge MTU^{Plus} repairs
- Make use of low-cost locations (China, Malaysia and Poland)



Product/ service portfolio

- Full suite of engine MRO services customizable up to Total Engine Care (TEC®)
- New engines: GE90 Growth, GP7000
- New services: Expansion accessory/LRU management, dedicated on-wing teams, MTU^{Plus} On-Wing Cleaning

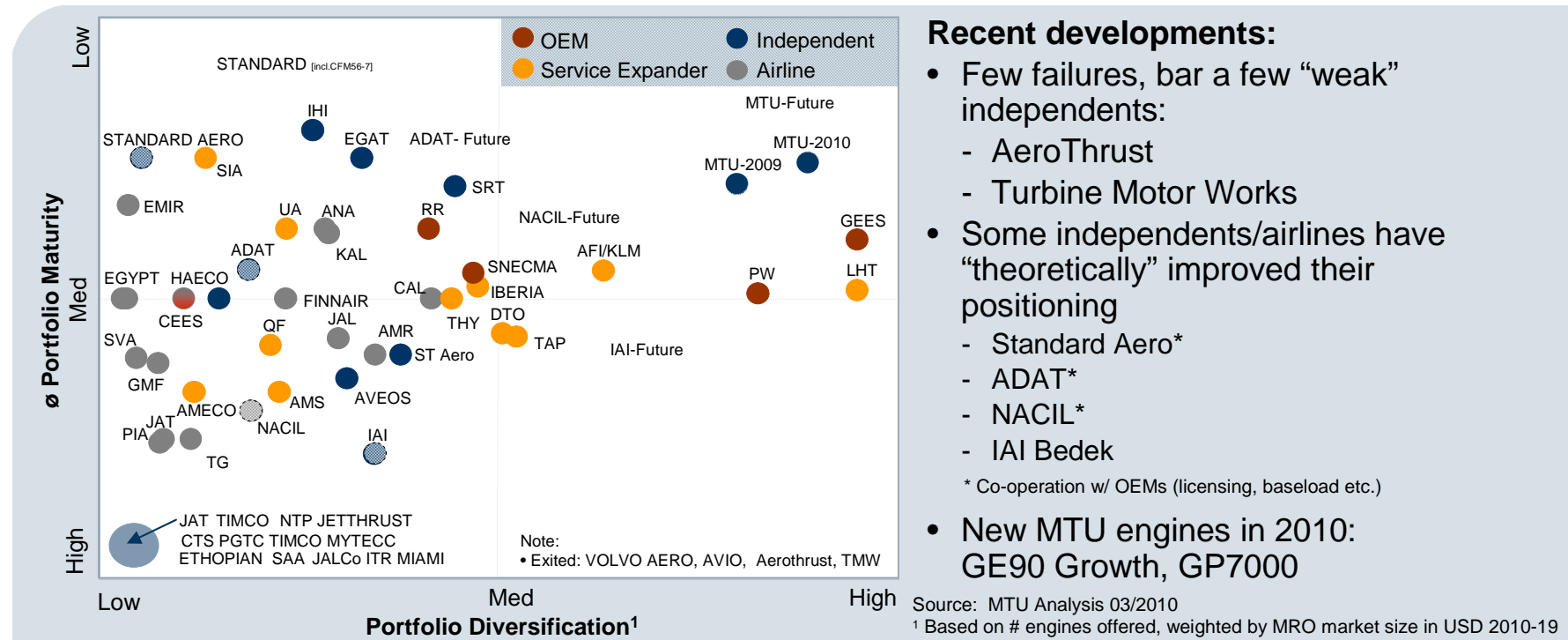


Customized technical solutions

- Customized & flexible worksopes
- Fully-dedicated customer support
- Focus on customer satisfaction and quality
- Dedicated division for 3rd party repairs

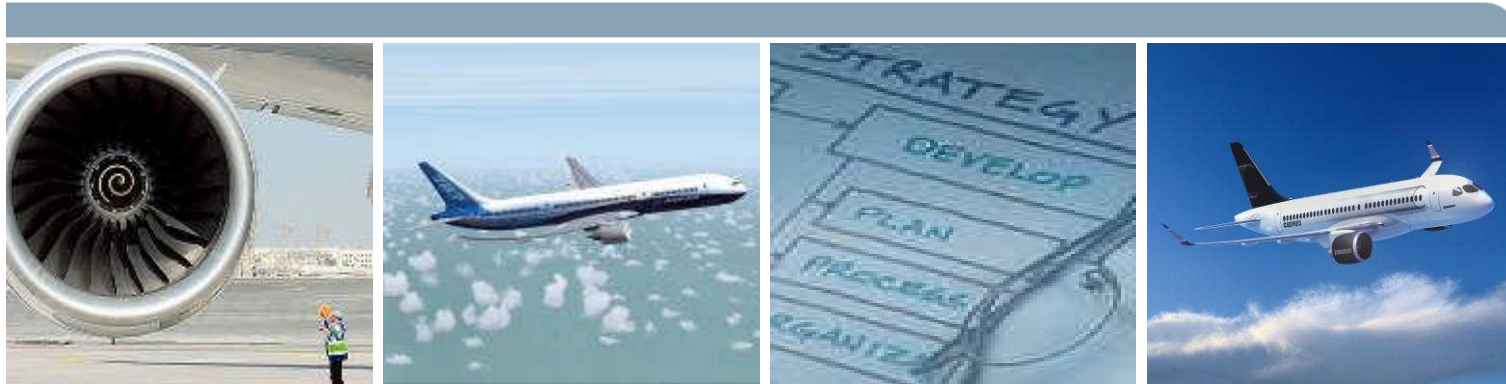
Engine MRO* Supplier Landscape & Positioning

* Commercial jet aircraft >35 seats, portfolio of JVs ≥50% considered



MTU Maintenance is by far the best placed independent and amongst the leading providers

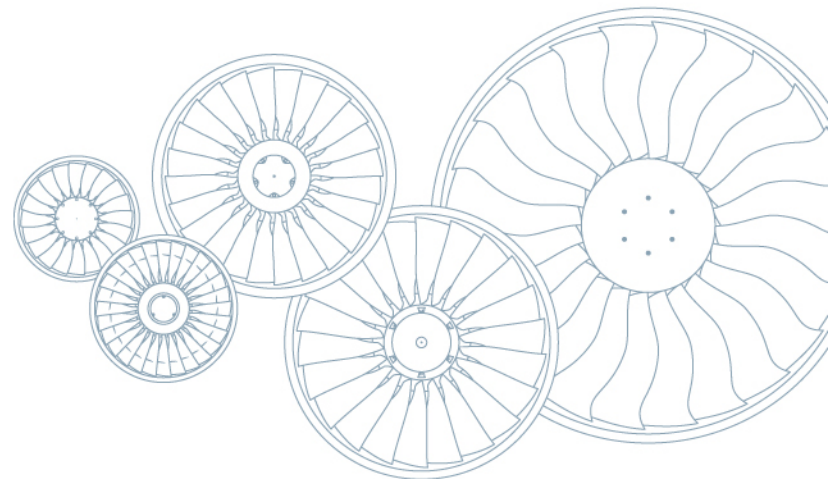
Q&A



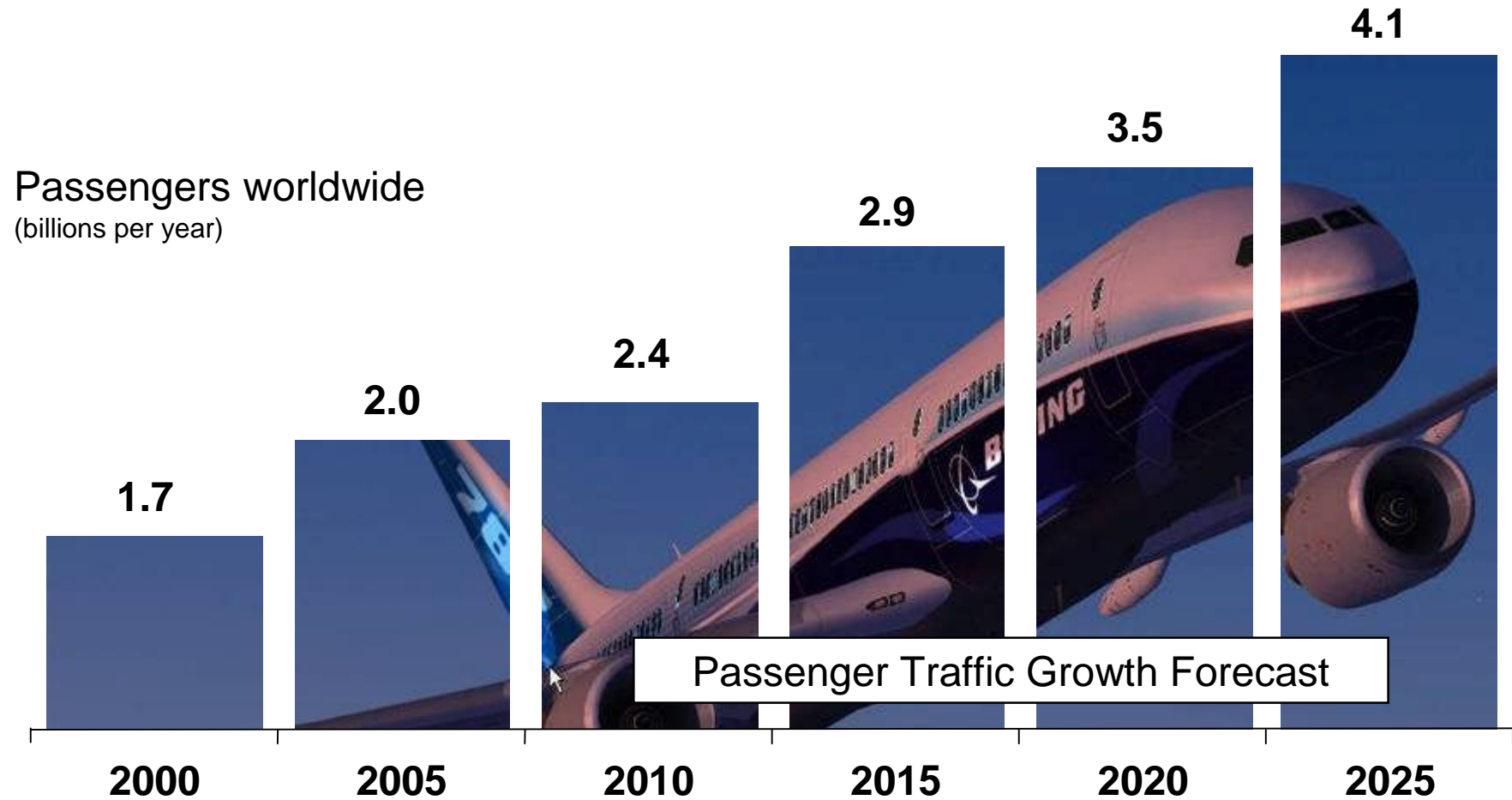
MTU Growth Strategy

Klaus Müller

SVP Corporate Development

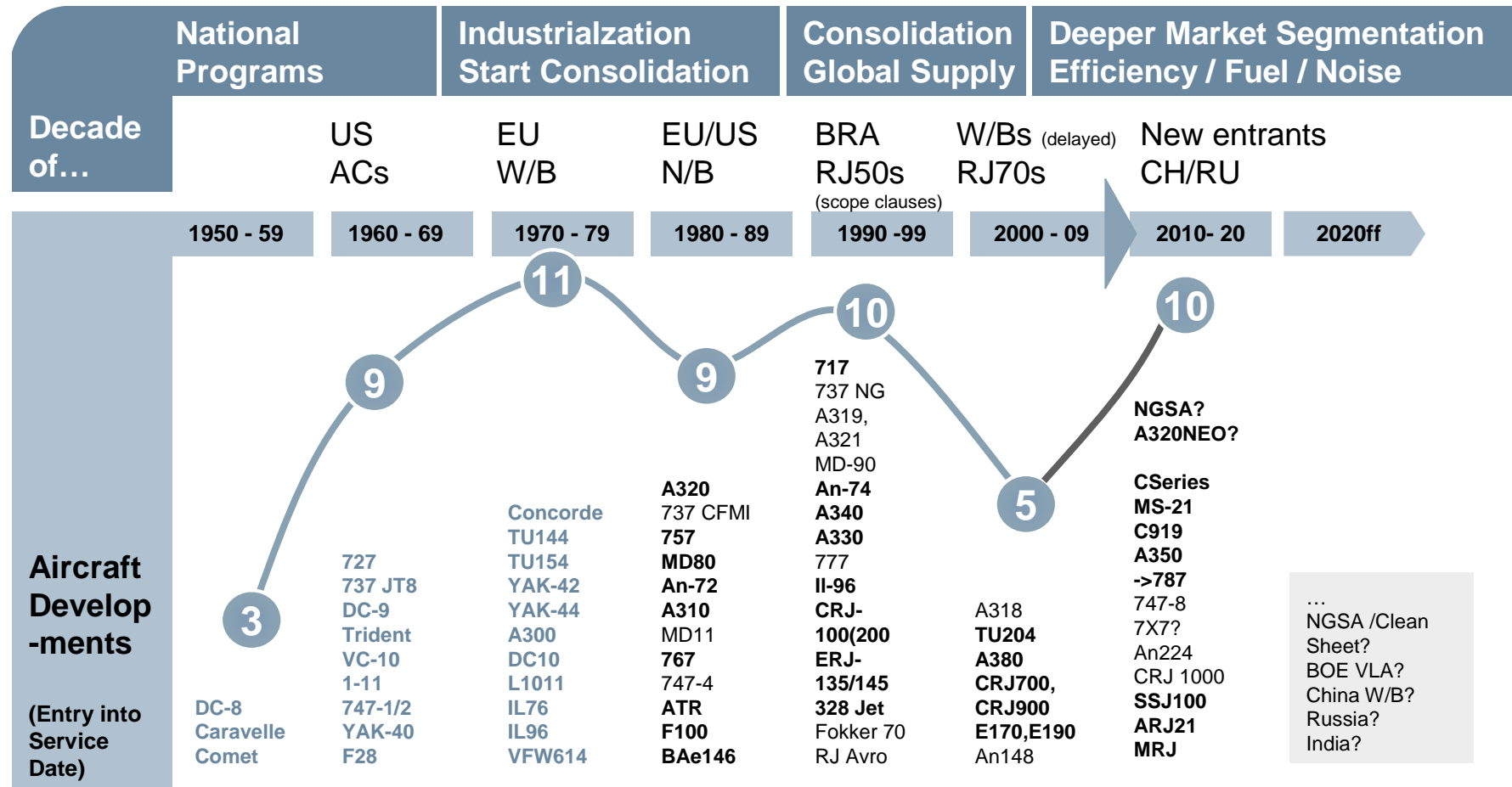


Demand for Global Mobility will Continue to Grow

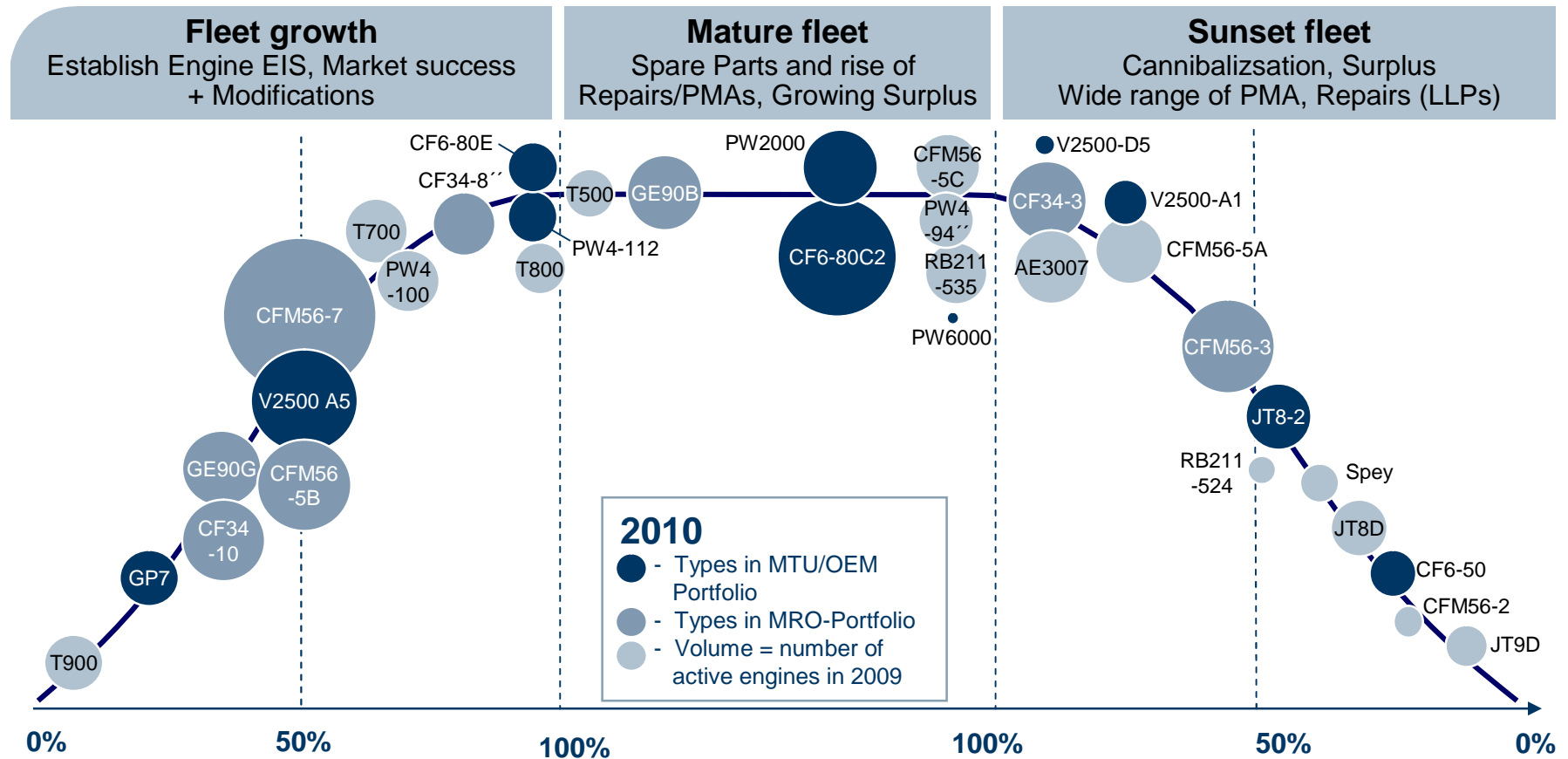


Source: ICAO, MTU/ASM July 2010

After a Decade of A/C Upgrades the Industry Faces Many New A/C Programs. MTU is Well Positioned to Participate



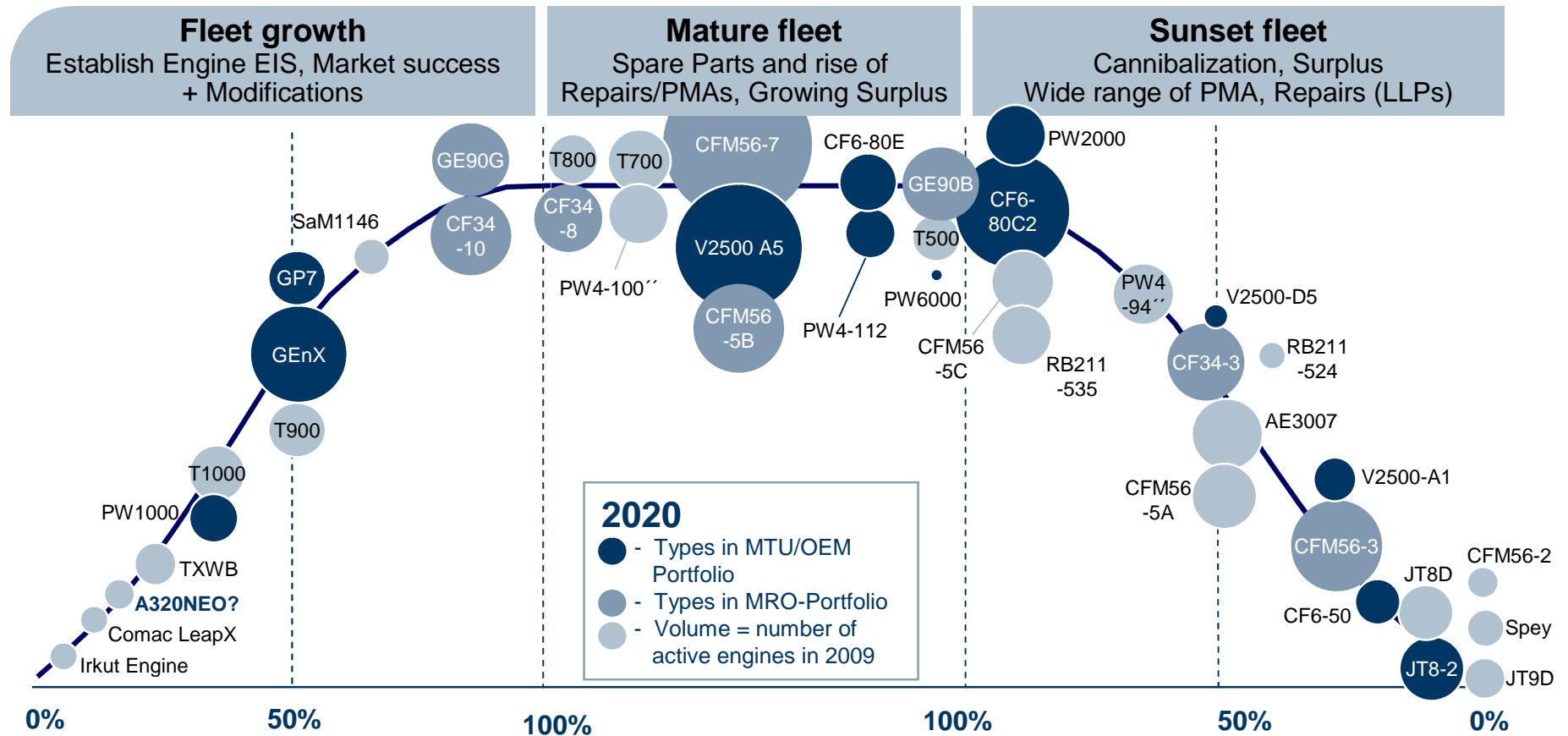
Some Large Fleets are Moving Towards Maturity



Base: % = proportion active engines in 2010 vs. max. population

Source: AS, Oct. 2010

MTU will Enhance its Exposure in the Mature “Sweet Spot”



Base: % = proportion active engines in 2010 vs. max. population

Source: AS, Oct. 2010

The Emergence of New OEM Players will Change Traditional Supply Chains. New Customers and Market Opportunities for MTU

**Today:
(2010)**

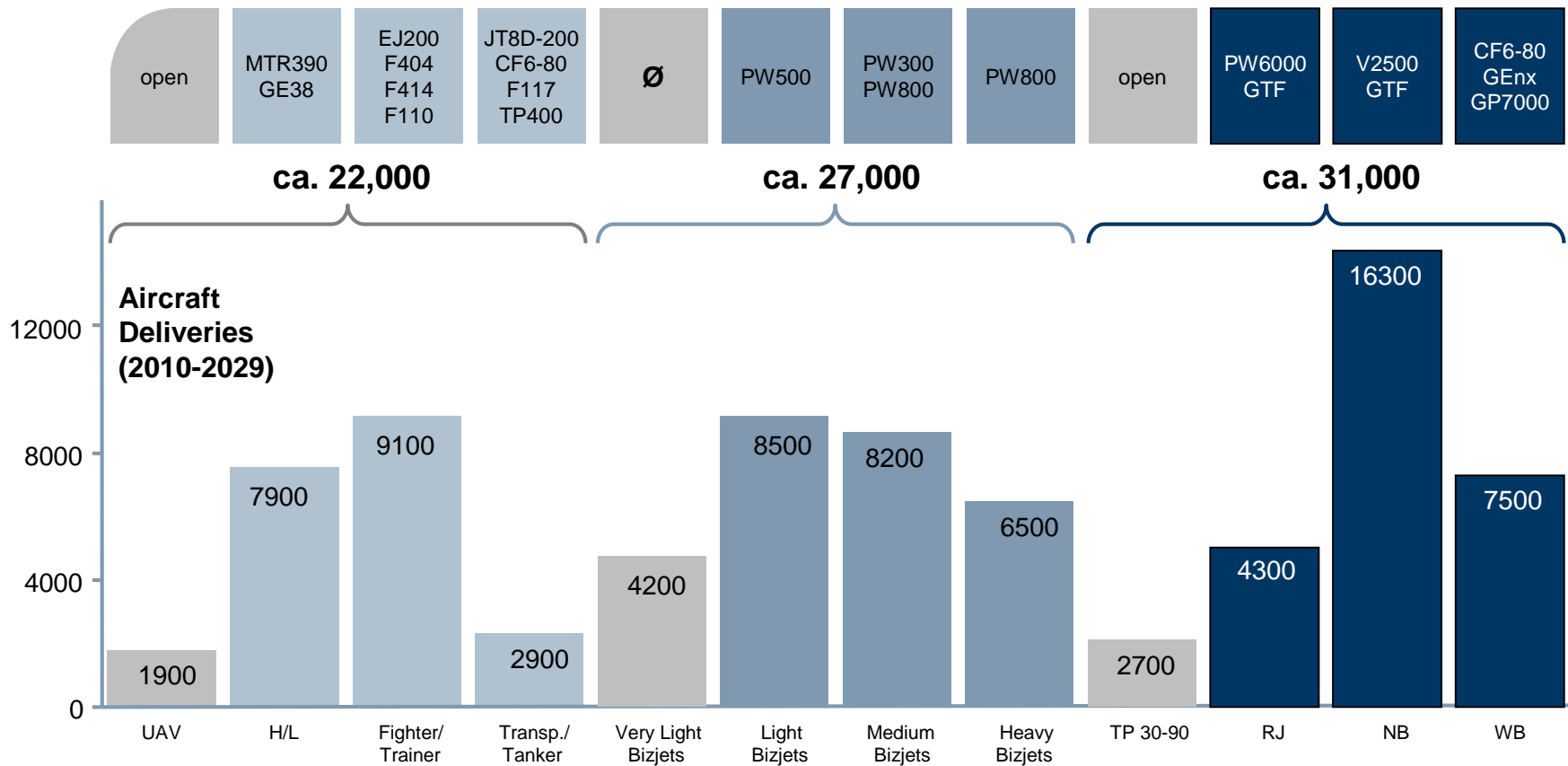
- Established supply chains
- Technology leadership
- Established partnerships
- Four OEMs, four 1st-tiers cover ~100% of market

**Future:
(2016)**

- Changing supply chains?
- New partnerships?
- MeToo technology
- New OEMs limit market share of established players

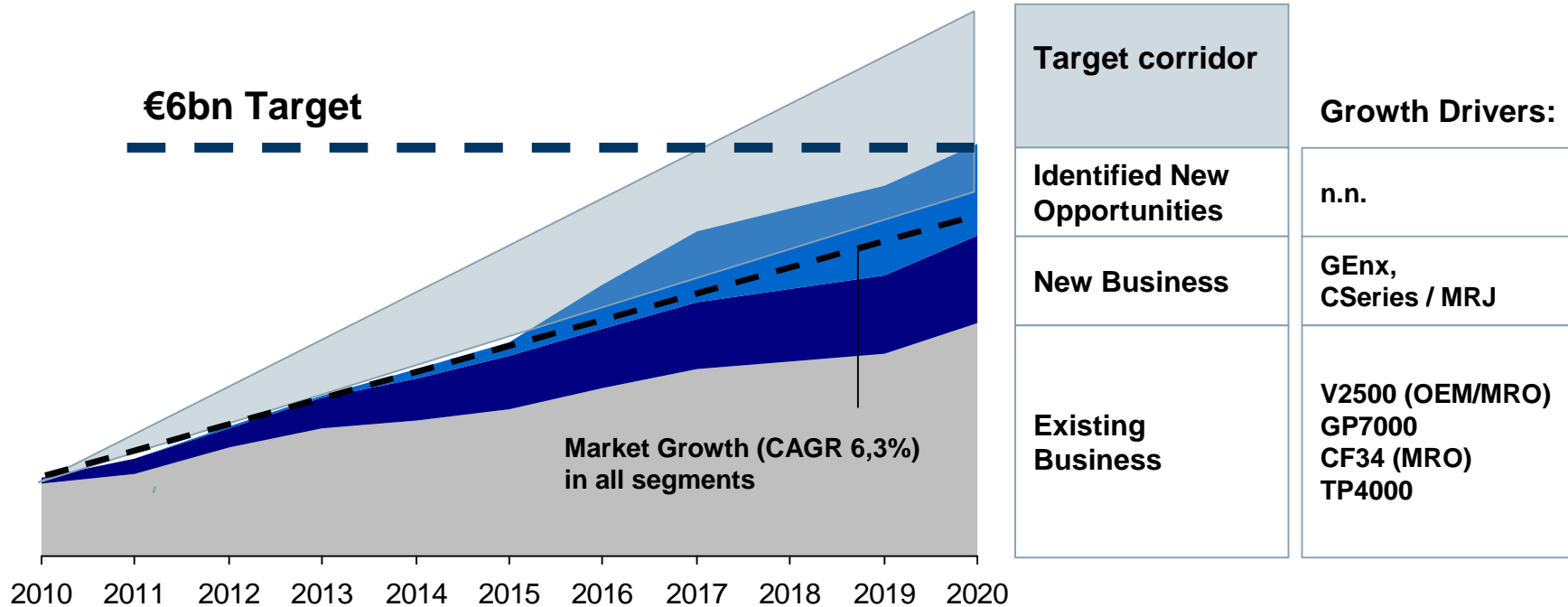


Demand for 80,000 Aircraft will Generate ~\$850bn Engine Business



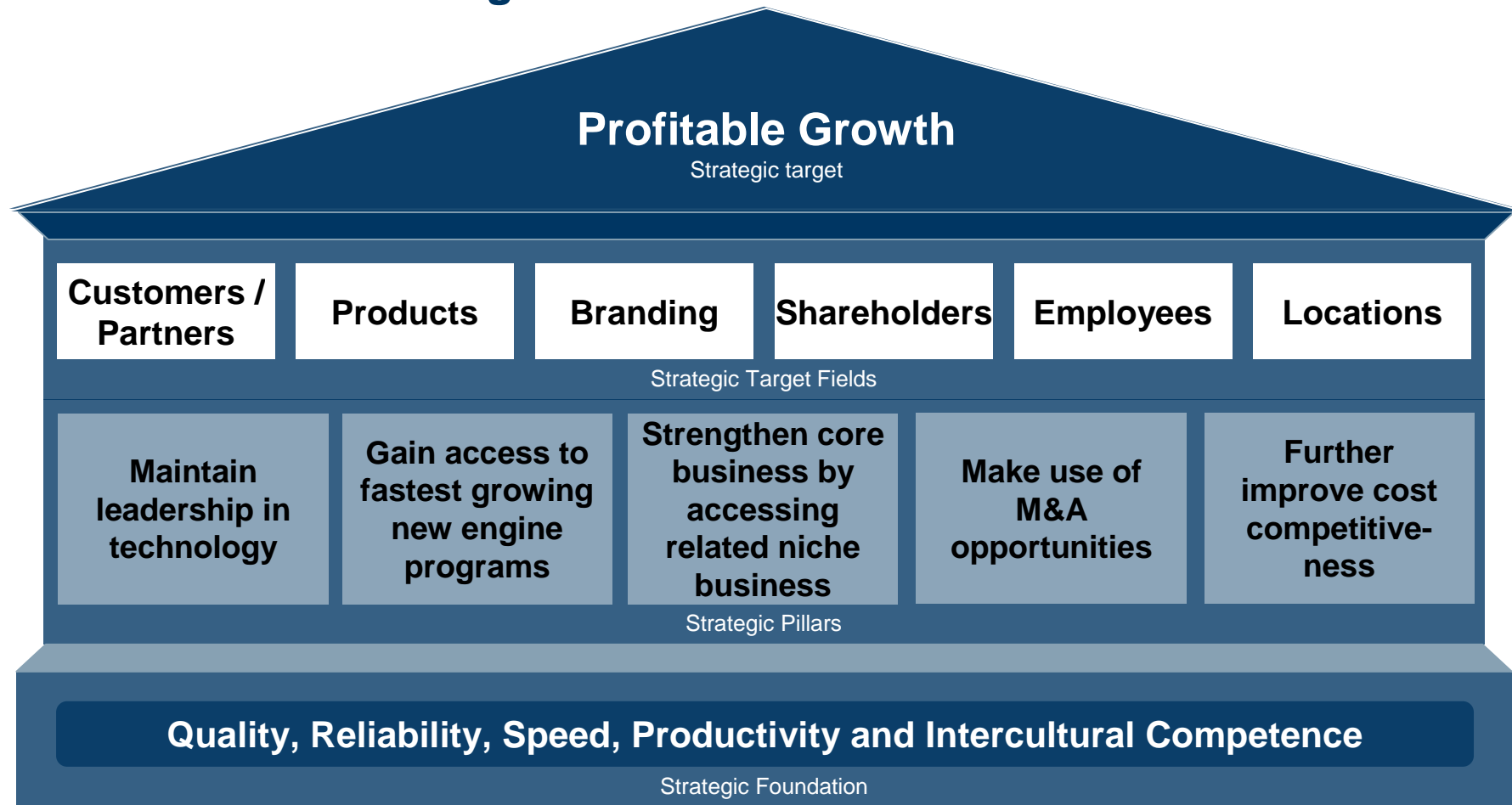
Source: MTU/ASM Sep 2010

Our Target is to Grow Profitably and Faster than the Market: €6bn Revenue in 2020



* Based on actual Strategic Planning and Market Szenarios

All Strategic Activities Have to Fit in our Strategy Framework for us to Reach Our Growth Target



Vision 2020: Targets and Activities

	Target	Projects and Activities (examples):
Profitable Growth	Grow faster than the market and maintain profitability	New programs: GEnx, GE38, PW800, PurePower, GE90 MRO, Parts repair...
Customers / Partners	We are global partner of <u>all</u> OEMs and airlines. We deliver overall customer satisfaction	Partnership PW, GE, RR, ... Airline partners JBL, CSA, SDA...
Products	We are benchmark for highly efficient technologies	Technology roadmap to market: GTF-Tech, TCFs and Blisk manufacturing...
Shareholder	We are committed to shareholder value	Continuous dialogue
Brand	We are a leading brand in the aviation industry – well recognized and trusted	Aligned marketing...
Employees	We are highly skilled and motivated, have intercultural and entrepreneurial skills	HR: Education and training, Incentives, ...
Locations	We maintain a global network of companies. We operate close to our customers	MTU Poland in operation, Establishment China Rep Office...

Summary



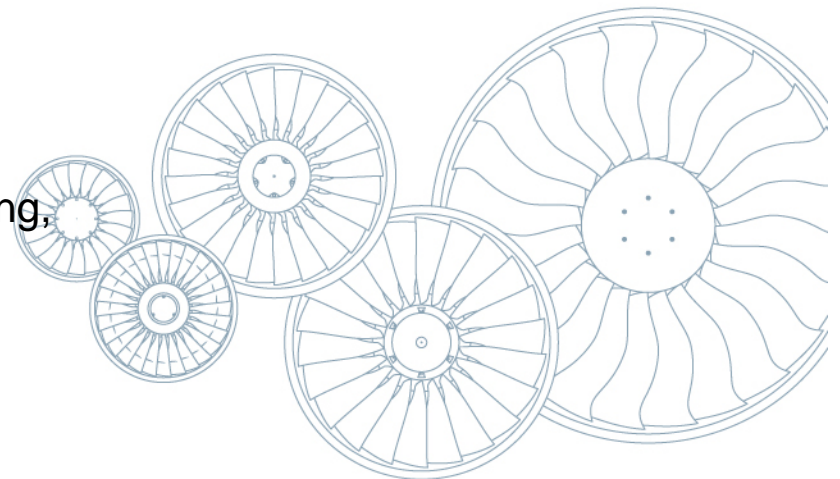
- The demand for global mobility is far from being saturated
 - Many new programs and new emerging players stimulate the market in the next decade
 - The supply chain offers new opportunities
 - The market in the next decade opens up many opportunities for MTU to grow profitably
-
- MTU targets profitable growth and will grow faster than the market (€6bn)
 - We established Vision 2020 and the Strategy Framework to reach our growth target

Q&A



Quarterly Financial Disclosure

Inka Koljonen, Director Investor Relations
Dr. Maximilian Brandl, SVP Finance & Accounting,



Introducing a New Format for the Quarterly Results Release

What's new?

- More information on underlying business trends – on group and segment level
- Slightly adjusted presentation structure and layout
- Net income will be adjusted for effects out of PPA – consistent with the definition of EBIT
 - In future PPA will be the only earnings adjustment item (and potential one-off items, which do not relate to underlying business performance)
 - This should diminish the range of EPS expectations in the market (many institutions like Bloomberg, Reuters show a blend of reported and adjusted figures)

Why is MTU not adjusting for US\$ and other valuation effects?

- US\$ volatility is immanent to our business model
- Short- and mid-term the earnings effect is managed by hedging
- Long-term the company has to “live with it”



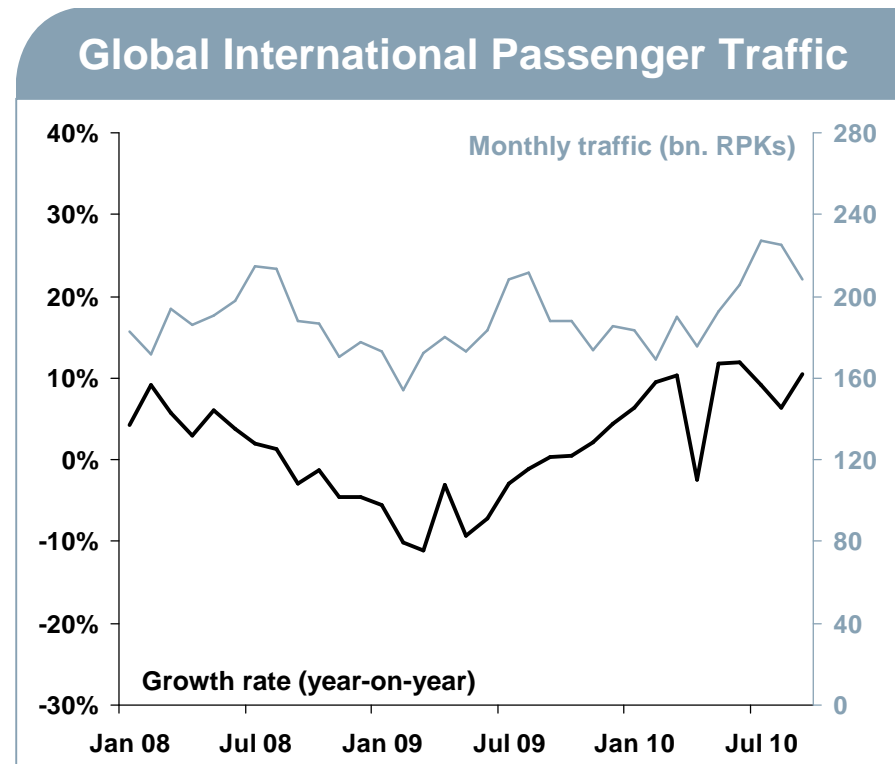
In the following we will lead you through the new presentation – based on 9M2010 figures - and will be happy to discuss your comments afterwards

Agenda

- **Business Highlights**
- Financial Highlights
- Segment Reporting
- Group Key Figures
- Guidance
- Appendix

Business Highlights

- Guidance 2010 confirmed
- A320 re-engining decision expected for year-end 2010



Market Environment

- Market trends in commercial aerospace remain strongly supportive
- Latest air traffic numbers indicate (Sept 10) a yoy increase of 10.5% for passenger and 14.8% for cargo traffic – capacity growth and park rates are improving
- For 2010 IATA expects 7.7% for passenger traffic and 19.8% for cargo (acc. to third upgrade in Sept.)
- New aircraft orders remain high, driving upswing in deliveries

Commercial OEM Business

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- Series sales continue to increase, ramping up of GEnx and GP7000 programs will drive strong growth into 2011
- Decision about A320 re-engining moved towards year-end 2010 by Airbus/EADS

Commercial MRO Business

- Trends in commercial MRO business similar to spare parts business
- For Q4 further improvement expected



Military Business

- Potential defense budget cuts mainly a risk for maintenance in old engine programs
- Ramping up of the A400M and U.S. programs will provide future growth



Cost savings

- Challenge 2010 program on track to meet target savings of 30 m€ in 2010



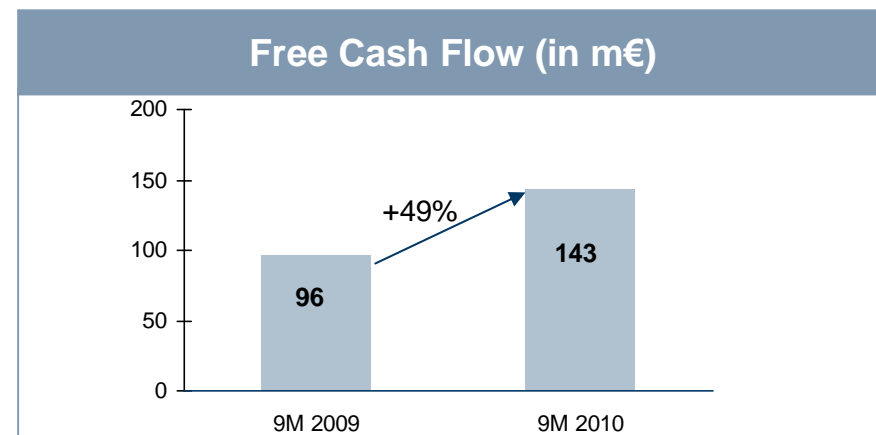
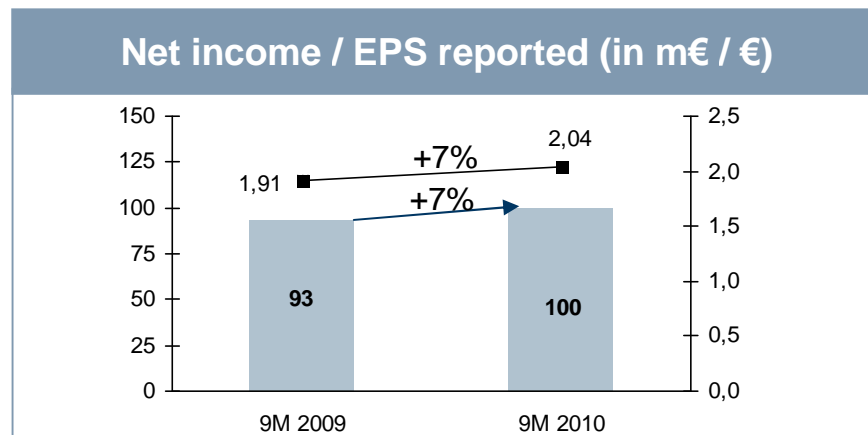
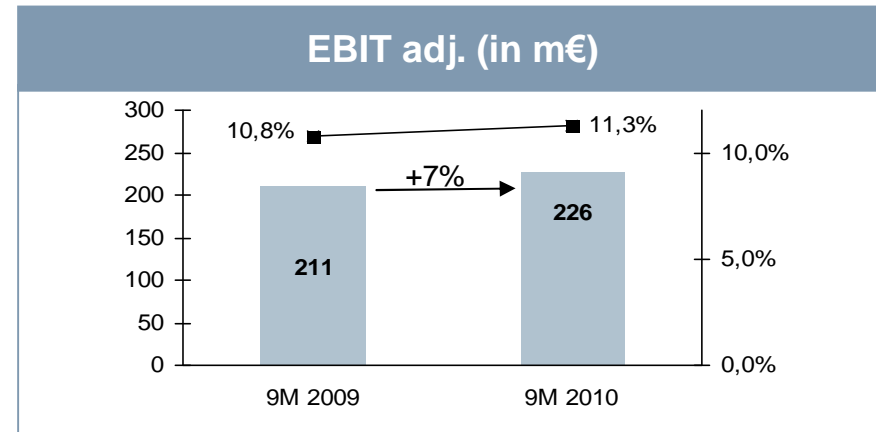
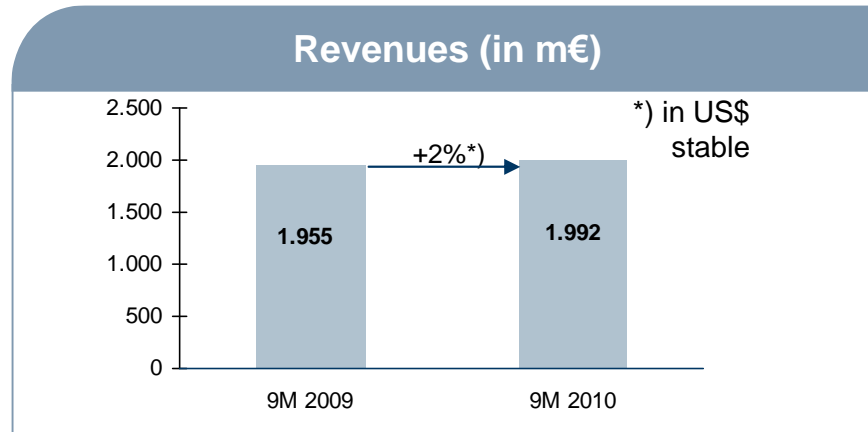
US\$ / Hedging

- High volatility in US\$ exchange rate confirms neutral currency view, no change in hedging strategy
- Based on an avg. US\$ assumption of 1.35 US\$/€ for 2011, no effect from currency

Agenda

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- **Financial Highlights**
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Financial Highlights



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OEM Segment

Order book in m€	31/12/2009	30/09/2010	Change
Order book in m€	3,965.1	4,066.5	3%
Commercial business in US\$	3,662.3	3,881.9	6%
Military business	1,422.9	1,222.2	-14%

(in m€)	9M 2009	9M 2010	Change
Revenues	1,157.6	1,199.9	4%
Commercial business	790.9	821.6	4%
Military business	366.7	378.3	3%

- Commercial business US\$ backlog increased by 6% driven by new orders for V2500 and GTF engines
- Adjusted for US\$ effects commercial OEM revenues remained stable
- Underlying series sales increased at a mid to high single digit rate. Spare parts sales broadly flat yoy.



OEM Segment

(in m€)	9M 2009	9M 2010	Change
Revenues	1,157.6	1,199.9	4%
Gross profit	234.6	265.2	13%
<i>Gross profit margin</i>	20.3%	22.1%	
R&D self-financed	70.2	95.4	
<i>R&D capitalization</i>	-5.4	-10.8	
EBIT adj.	158.2	165.9	5%
<i>EBIT adj. margin</i>	13.7%	13.8%	

- R&D increased by 25 m€ to 95 m€
- EBIT margin remained stable at 13.8%
- Negative commercial mix effects compensated for by cost savings and military.

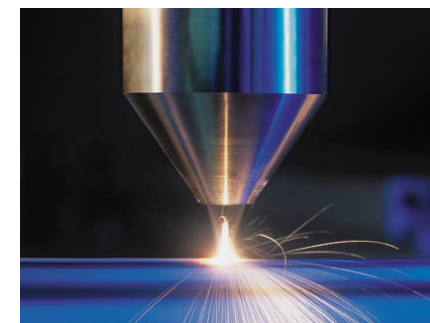
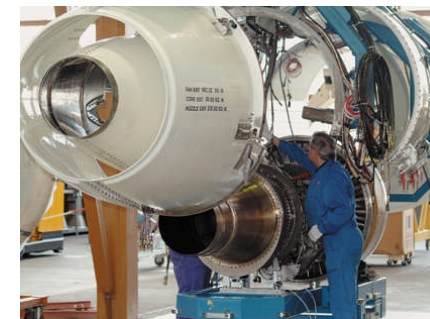


Commercial MRO Business

(in m€)	31/12/2009	30/09/2010	Change
Contract volume	6,759.6	6,227.1	-8%
Order book	267.7	247.3	-8%

(in m€)	9M 2009	9M 2010	Change
Revenues	821.2	814.4	-1%
Gross profit	91.3	104.9	15%
<i>Gross profit margin</i>	11.1%	12.9%	
EBIT adj.	55.6	58.8	6%
<i>EBIT adj. margin</i>	6.8%	7.2%	

- US\$ contract volume decreased by 8% as a result of contract execution
- Adjusted for US\$ effects revenues decreased by 4%
- EBIT increased by 6% to 59m€; margin increased to 7.2%

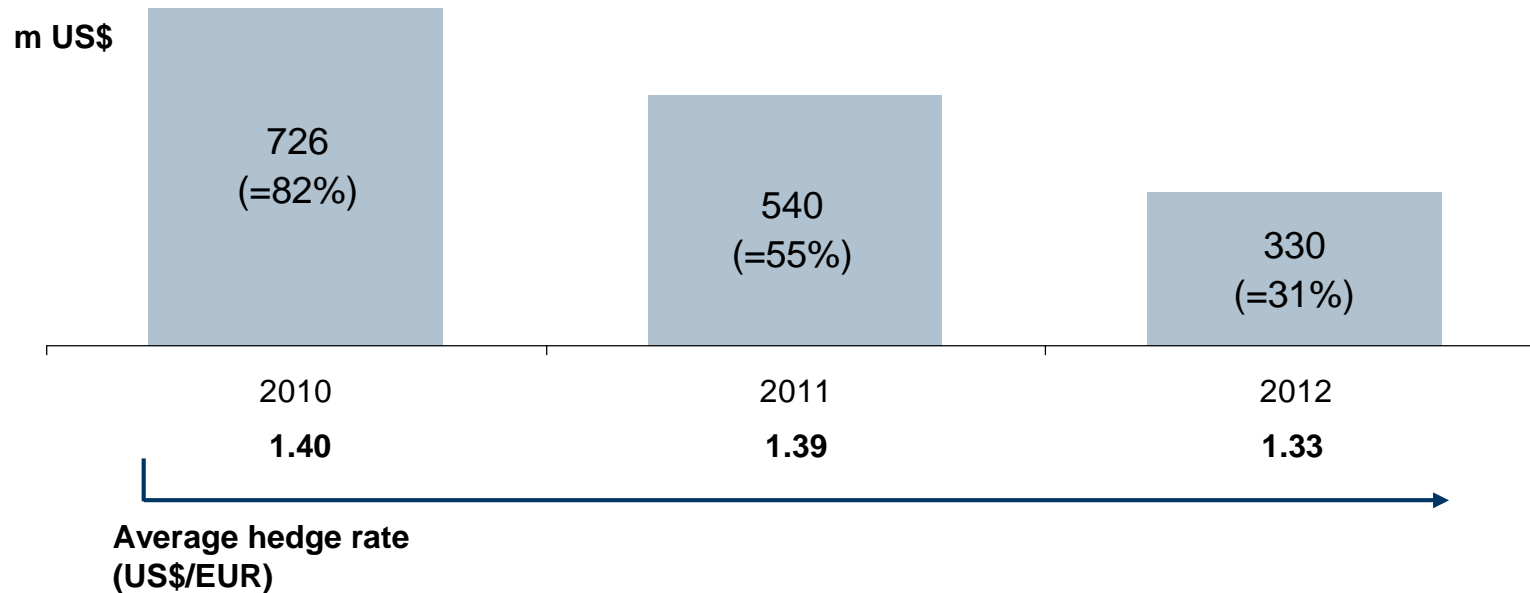


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US\$ Exchange Rate / Hedge Portfolio

Hedge book as of October 26, 2010 (% of net exposure)



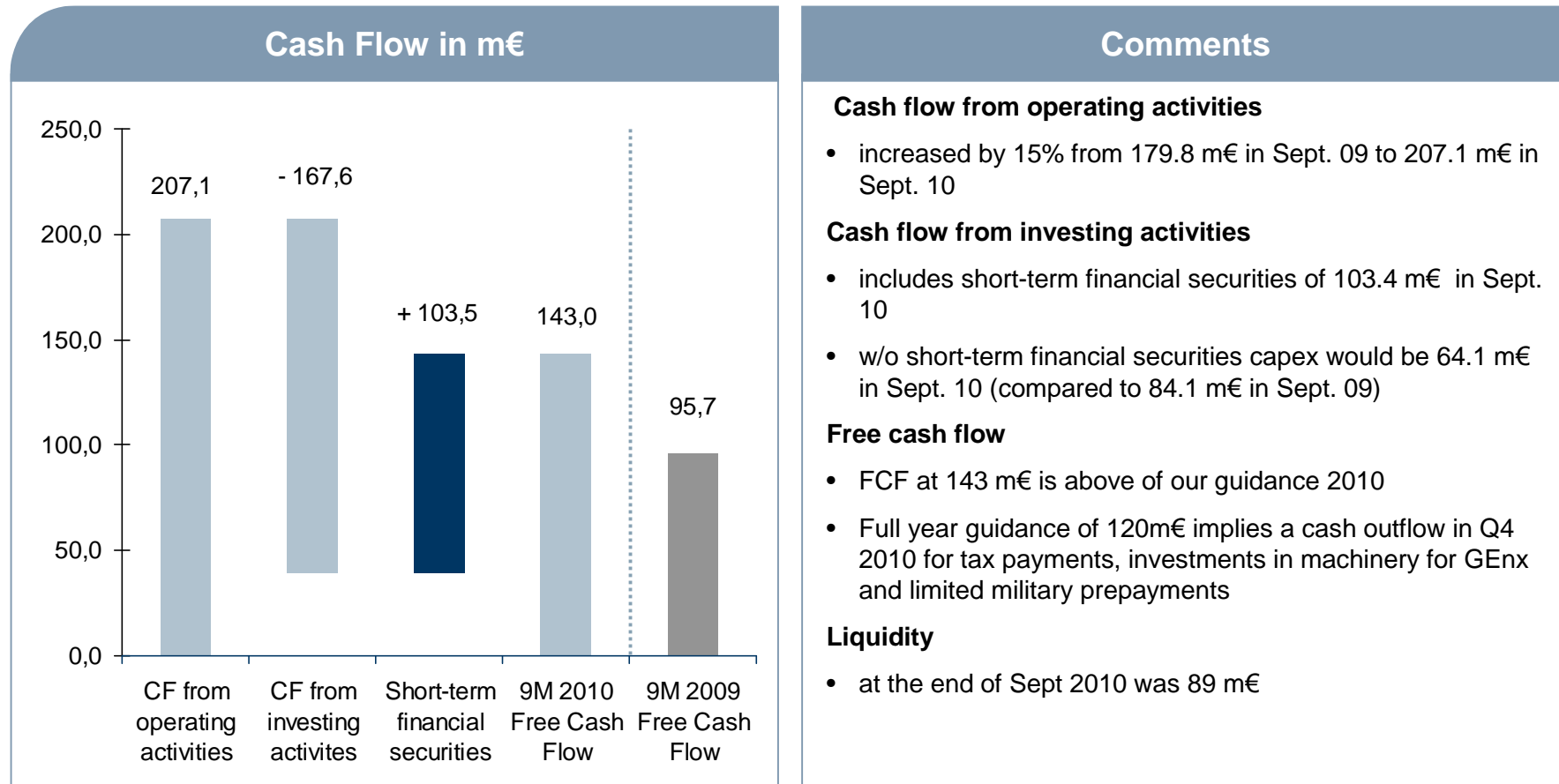
Hedge Cover 2013-2015:

5-6% (70-80 mUS\$) each year at an average hedge rate of 1.27 US\$/€

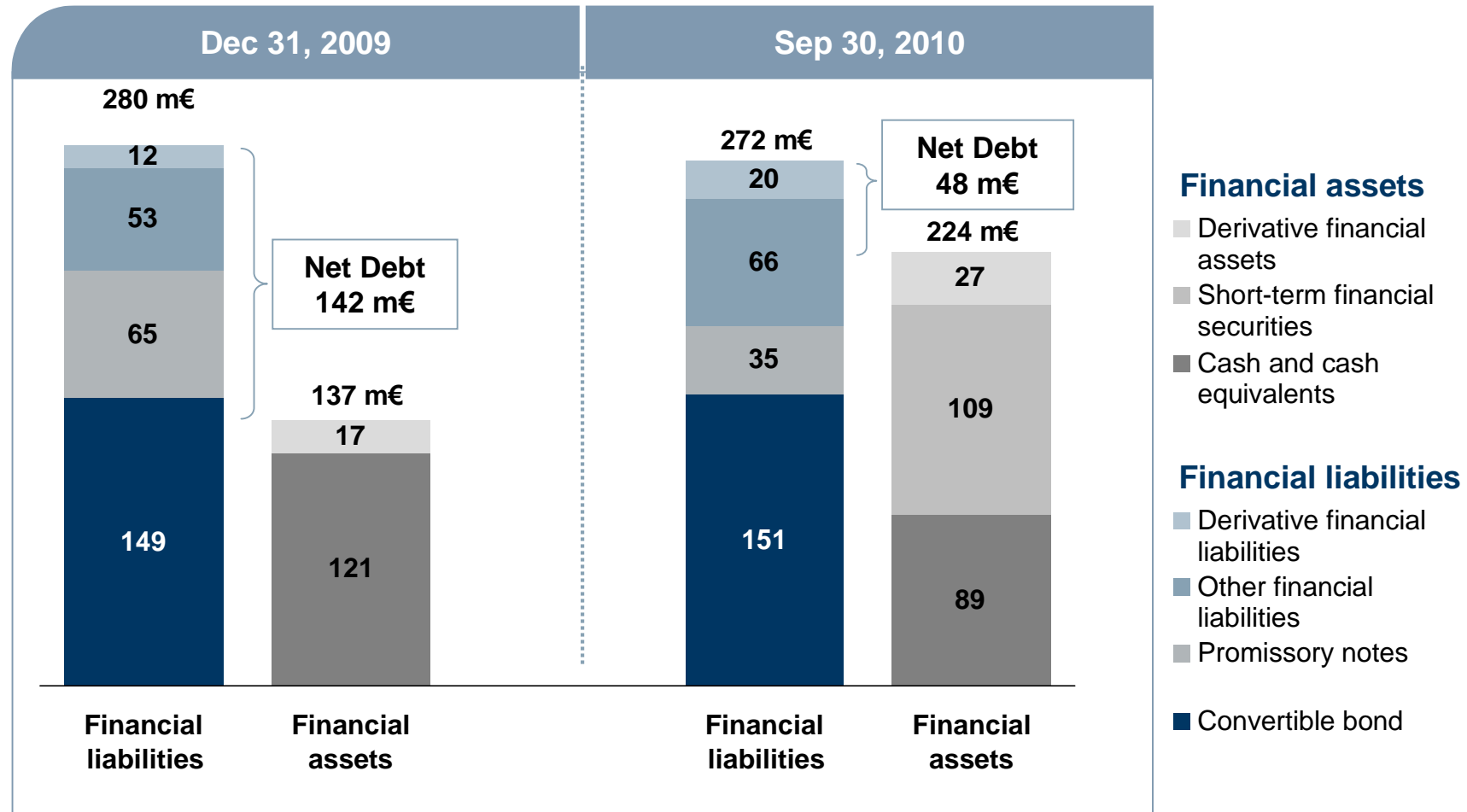
P&L Highlights

(in m€)	9M 2009	9M 2010	Change
Revenues	1,954.9	1,992.3	2%
EBIT adj.	210.8	226.1	7%
Financial result	-31.5	-42.1	-34%
<i>Interest result</i>	-10.3	-9.1	12%
<i>Other financial result</i>	-21.2	-33.0	-56%
• <i>US\$ valuations / Interests / others</i>	-11.8	-9.8	
• <i>Non cash valuations (swaps)</i>	9.4	-7.2	
• <i>Interests for pension provisions</i>	-18.8	-16.0	
EBT adj.	179.3	184.0	3%
Tax	-63.8	-62.9	
<i>Tax rate</i>	35.6%	34.2%	
Net income adj.	115.5	121.1	5%
EPS adj.	2.37	2.48	5%

9M 2010 Free Cash Flow



Net Financial Debt improved to 48 m€ in September 2010



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Guidance 2010 confirmed

(in m€)	FY 2009	Guidance 2010
Revenues	2,611	~2,750
EBIT adj.	292	~310
EBIT adj. margin	11.2%	stable
Free cash flow	120	~120
Net income	141	stable



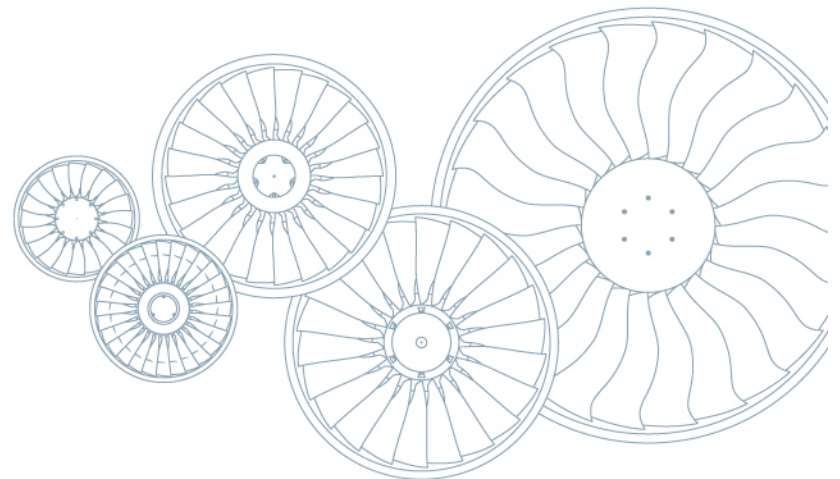
Reflects new exchange rate assumption of 1.30 \$/€

Q&A



Summary and Wrap-up

Reiner Winkler, CFO



Cautionary Note Regarding Forward-Looking Statements

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

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