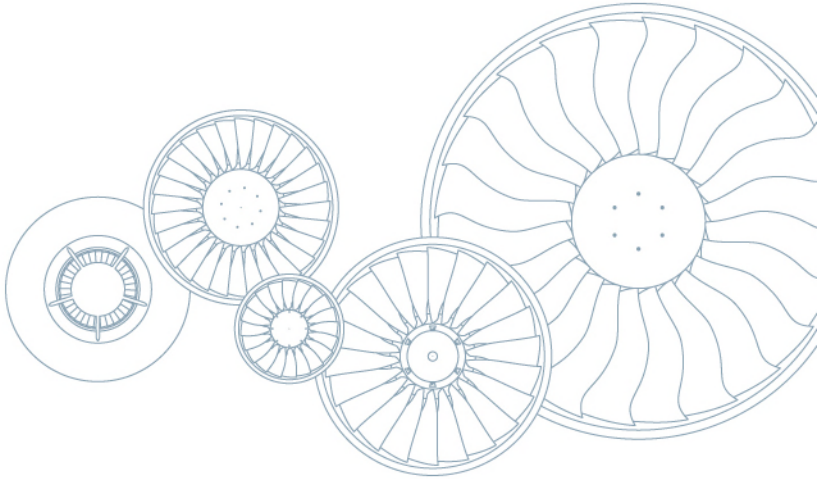
Investor & Analyst Day 2014
MTU Aero Engines AG

Munich, November 25, 2014



Agenda – MTU Investor and Analyst Day 2014

Time	Agenda	Speaker
11:30 – 11:40	Welcome	Michael Röger VP Investor Relations
11:40 – 12:00	Significant Milestones Achieved	Reiner Winkler, CEO
12:00 – 12:40	OEM Business – MTU Well Positioned In The Growing Engine Market	Michael Schreyögg, Chief Program Officer
12:40 – 13:20	The Geared Turbofan – A Successful Start Into Future Engine Generations	Dr. Rainer Martens, COO
13:20 – 14:30	Lunch Break	

Agenda – MTU Investor and Analyst Day 2014

Time	Agenda	Speaker
14:30 – 15:30	Shop Tour – Blisk Manufacturing Hall / EJ200 Engine Test Cell	
15:30 – 16:10	MRO Business – Ready For A Changing Business Environment	Dr. Stefan Weingartner President MTU Maintenance
16:10 – 16:50	Financials And Outlook / Summary	Reiner Winkler, CEO
16:50	End Of Conference	

Significant Milestones Achieved

Reiner Winkler, CEO

Munich, November 25, 2014

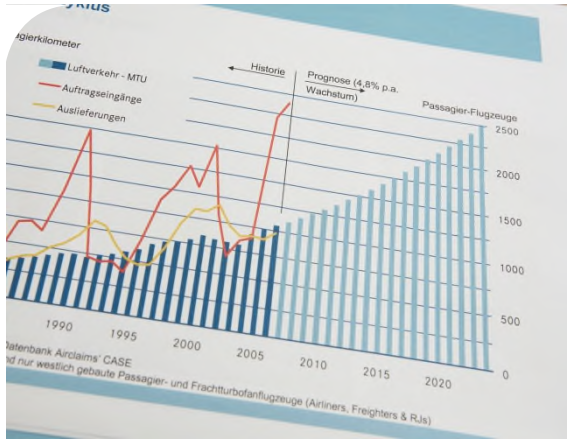
The Pure Power Engine Family makes material progress

Promising outlook for the aerospace market

- Record airliner order book of over 11,000 aircraft
- Record deliveries from Airbus and Boeing of over 1,350 aircraft expected for 2014
- Regional Jet/ Turboprop deliveries up 28% y-o-y
- Current airliner engine fleet of almost 40,000 (+4,6 % y-o-y)
- Positive development of growth indicators for 2014 (IATA estimate):

  traffic growth: 5.9 %

  airline profits: 18.0 bn US$



➔ **MTU has achieved significant milestones to benefit from the perspectives of the growing market**

OEM Business

- Over 6,000 GTF engines on firm order or optioned
- Successful first flight of A320neo in September
- V2500-E5 (powering the KC-390) achieved FAA engine certification
- Program share of 4% in the GE9X program
- Gulfstream G500/G600 powered by PW800
- Deliveries of A400M on track

➔ **MTU is consequently following its growth path**

Success Story GTF

Over 6,000 engines ordered (incl. options and not announced orders)
Roughly 50% market share with A320neo / providing power for 5 platforms

PW1100G/ A320neo	PW1200G/ MRJ	PW1400G/ MS-21	PW1500G/ CSeries	PW1700G,W1900G/ E-Jet 2nd Generation
				
Lufthansa, FLY SMART go, CIT, QATAR AIRWAYS, jetBlue, IndiGo, TransAsia, ALAFCO, Lion air, CEBU PACIFIC AIR.COM, norwegian.no, ILFC, vivaaerobus.com, tigerair	ANA, TRANS STATES HOLDINGS, EASTERN, SkyWest AIRLINES, Air Mandalay	CRECOM, nordwind airlines, Ilyushin Finance Co, VEB LEASING, Ростех	Lufthansa, MALMÖ AVIATION, atlasjet, Ilyushin Finance Co, LEASE CORPORATION INTERNATIONAL, airBaltic, PrivatAir, REPUBLIC AIRLINES, FALKO	SkyWest AIRLINES, ILFC INTERNATIONAL LEASE FINANCE CORPORATION, Azul, air costa happy flying!, TSA TRANS STATES AIRLINES, HNA Tianjin Airlines

Commercial MRO Business

- Broad portfolio covering strongly growing engine types
- GE90 ramp-up on track
- GEnx MRO contract signed
- Record quarter Q3 2014
- Contract wins in first 9 months 20% above prior year

➔ **MRO engine portfolio well positioned for the future business environment**

MTU's agenda for the next years

- Sustain balanced portfolio over all market segments
- Strong ramp-up of GTF volumes
- Further development of GTF technology
- New engine participations with tight time schedule for entry into service
- Manage transition to OEMRO aftermarket model

Thank you for your attention!

OEM Business – MTU Well Positioned In The Growing Engine Market

Michael Schreyögg,
Chief Program Officer

Munich, November 25, 2014

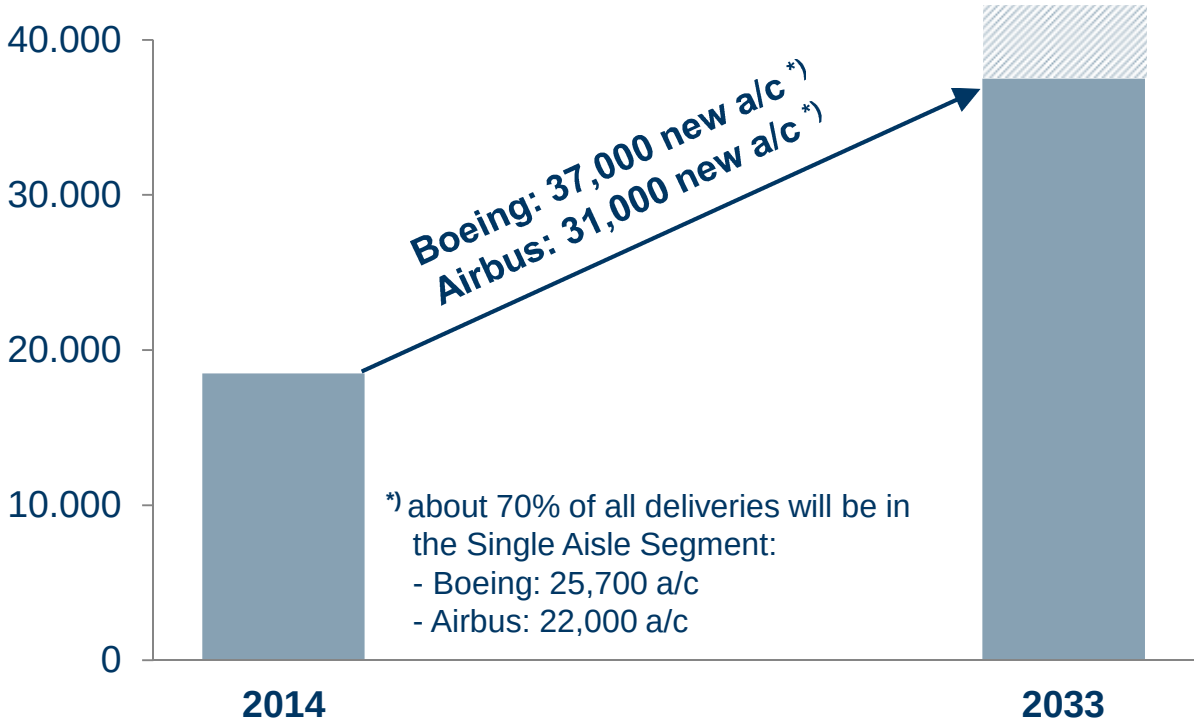
Military Business - Status

- **EJ200 (Eurofighter):**
  - More than 1,100 production engines delivered
  - Main focus on increasing overhaul services
- **TP400-D6 (A400M):**
  - Excellent performance in first missions
  - First aircraft delivered to Air Forces in France, UK, Turkey
  - First Flight of German A400M took place Oct. 14, on plan for delivery scheduled end of November
- **GE38 (CH53-K):**
  - Achievement of first engine runs on the Ground Test Vehicle
  - Preparations for First Flight 2015 in place

Military Business - Outlook

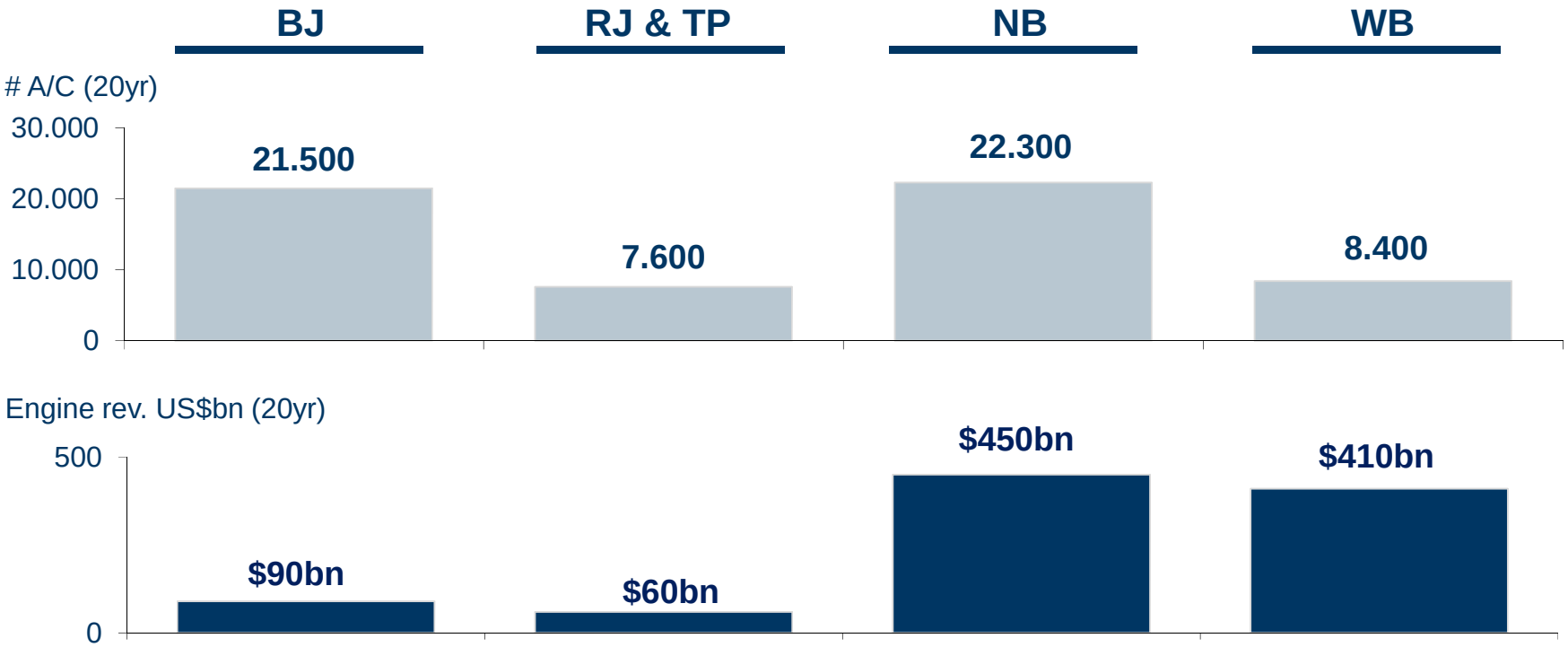
Commercial Business – Market Outlook Airbus and Boeing

Active Fleet over 100 PAX



Source: Dow Jones.de – Sep. 2014

The next 20 years will require ca. 60,000 com. aircraft, generating $1000bn of engine revenue. Thereof some 85% with NB/WB engines



- Heavy BJ strong
- Light/medium jets begin recovery

- 50% are 90 PAX
- 40% Turboprops

- New model wave
- Airbus/Boeing production rates up

- Success of twins
- Boeing with strong position

Source: MTU June 2014

New Business Jet Product Family

2015	2020	2025

Oct 14: presentation of new G500 and G600 business jets by Gulfstream

Dec 14: expected engine certification PW800

2018: expected EIS G500

2019: expected EIS G600

- Clean-sheet design
- Powered by Pure Power PW800 (GTF core)
- MTU holds a program share of 15%
- MTU will be responsible for the LPT, the first four stages of the HPC and will participate in the aftermarket business
- MTU turnover in the segment will increase by factor 4 until 2025

Regional Jet Update

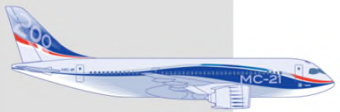
2015	2020	2025	
	*Bombardier CSeries* *(PW1500G)*		• EIS: Q3 2015 • Flight test program resumed • Over 1,100 engines ordered*)
	*Mitsubishi MRJ* *(PW1200G)*		• EIS: Q2 2017 • First roll out Oct. 25, 2014 • Over 800 engines ordered*)
	*Embraer E-Jet Gen2* *(PW1700G/ PW1900G)*		• EIS: Q2 2017 (190) • Derived from PW1200G and PW1500G • Over 1,100 engines ordered*)

*) incl. options and not announced orders

Note: Mid of aircraft represents EIS

Narrowbody Update

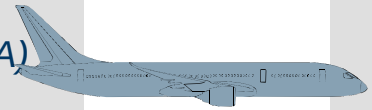
Airbus A320neo
(PW1100G)



Irkut MS-21
(PW1400G)

→ *24-35 klbs thrust*

New Generation Single Aisle (NGSA)
Airbus, Boeing,
(A320neo/737MAX successor)



GTF Gen2

2015	2020	2025	2030	2035

- EIS: Oct 2015
- A321 ext. range launched
- PIP launched
- Production ramp-up
- Over 2,600 engines ordered*)

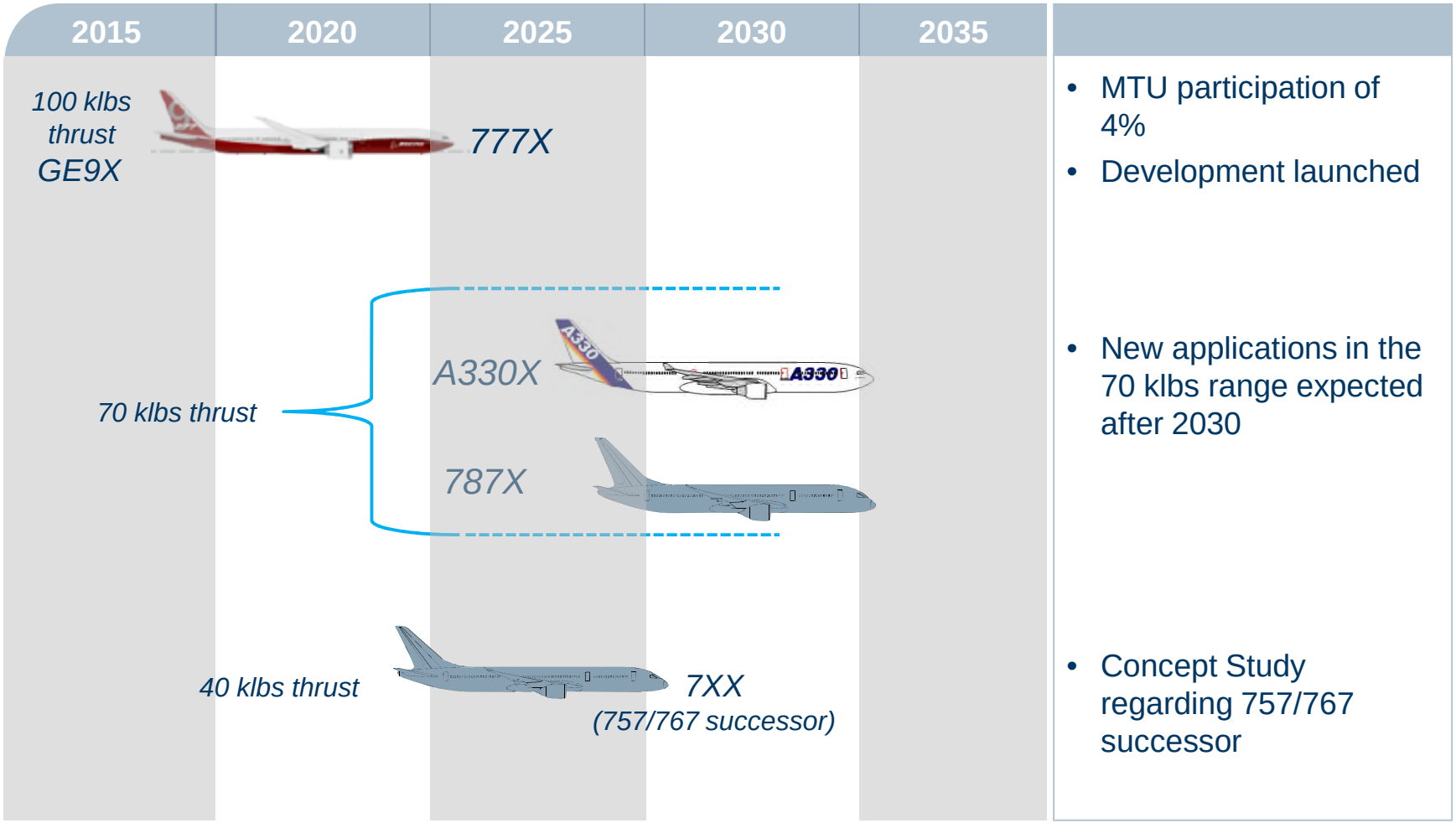
- EIS: Q4 2017
- Same engine as PW1100G
- Over 400 engines ordered*)

- Technical definition program launched

*) incl. options and not announced orders

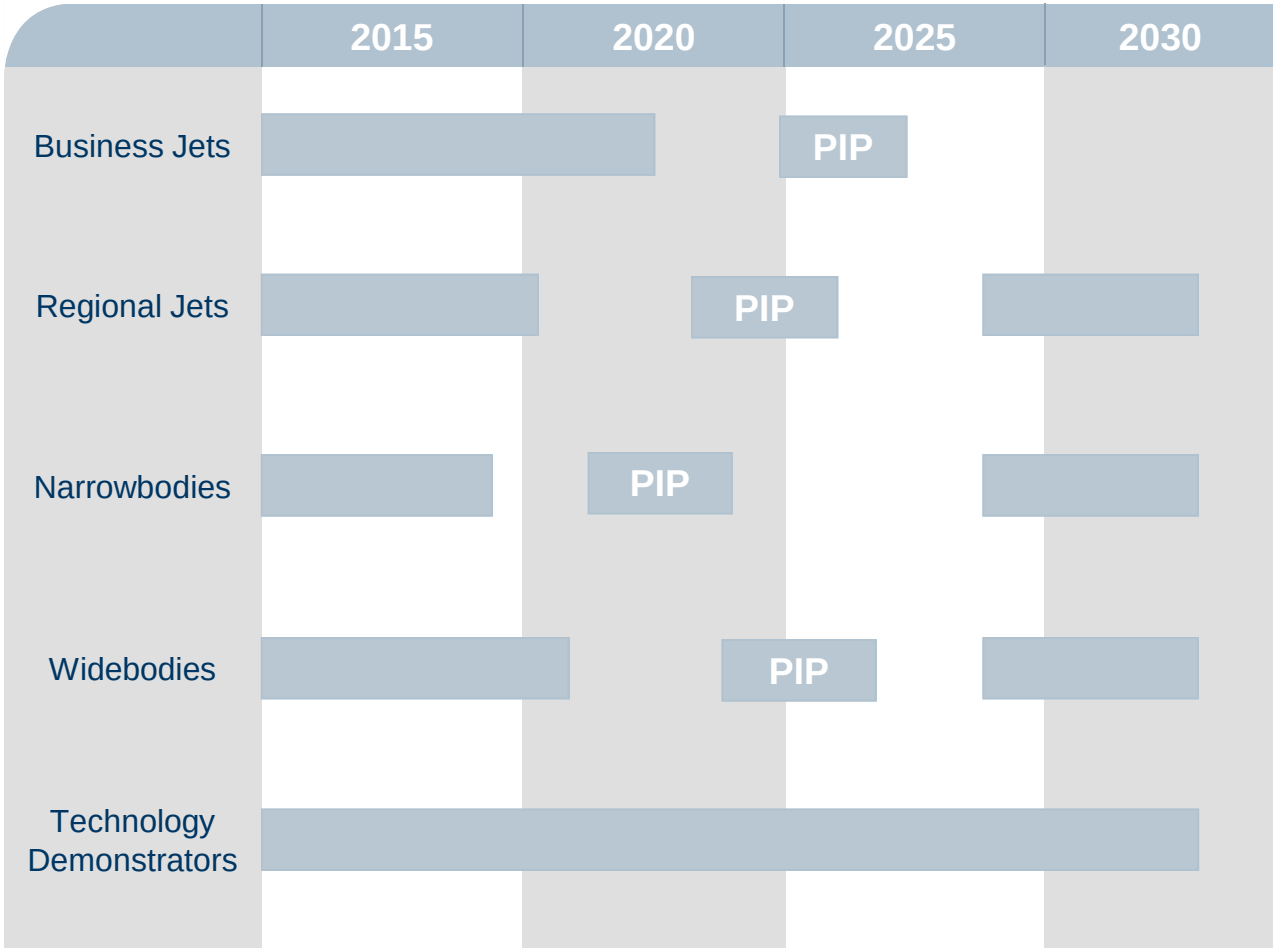
Note: Mid of aircraft represents EIS

Widebody Update



Note: Mid of aircraft represents EIS

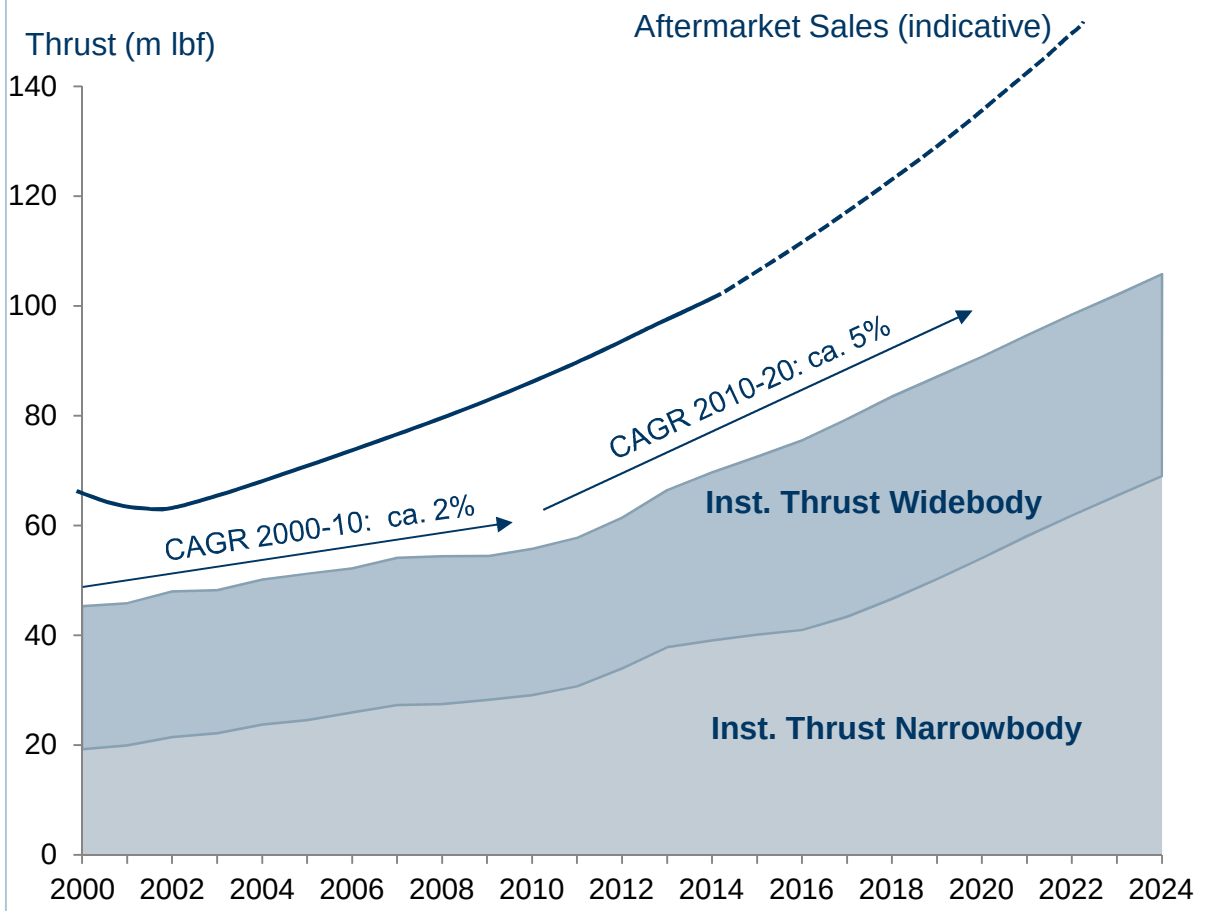
Massive invest phase of MTU coming to an end



- Currently, MTU is in the middle of a heavy investment phase in all thrust segments
- New engine types in development for all segments
- Reduction of investment towards the end of the decade
- New investment phase after 2025 in preparation of new generation aircraft

MTU's engine participations show growth with strong momentum

MTU Installed Thrust and Aftermarket Sales Potential



- Growth of installed thrust accelerating since 2010
- Main driver for MTU is its strong position in the narrowbody and regional jet market
- Installed thrust reflects non-escalated aftermarket and spares sales potential

✓ **MTU's market position substantially improved with new participations**

✓ **MTU's installed thrust will lead to strong growth of aftermarket sales within the next years**

Source: MTU Oct 2014 Note: the fleet installed thrust is weighted with program shares (# in-service a/c x thrust x program share)

Summary OEM Business

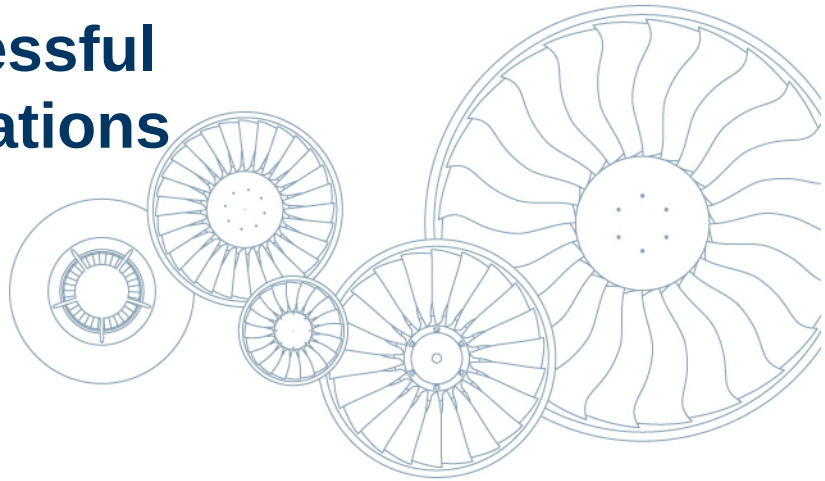
- Stable revenues in military business ✓
- Strong increase of total market expected ✓
- Market share gains in all segments for MTU ✓
- Investment phase is expected to come to an end ✓
- Increase in installed thrust ensures long term aftermarket growth ✓


Thank you for your attention!

The Geared Turbofan - A Successful Start Into Future Engine Generations

Dr. Rainer Martens, COO

Munich, November 25, 2014



Technical Milestones GTF Programs

Engine/ Aircraft	PW1500G/ CSeries	PW1100G/ A320neo	PW1200G/ MRJ	PW1400G/ MS-21	PW1900G PW1700G E-Jet 2nd Gen.
					
First Engine to Test	✓	✓	✓	Q2 2015	Q1 2015 Q2 2016
Tested in Flying Testbed	✓	✓	✓	N/A	Q2 2015 Q2 2016
Engine Certification	✓	Q4 2014	Q4 2015	Q3 2015	Q4 2015 Q2 2017
First Flight	✓	✓	Q2 2015	2016	Q4 2015 Q3 2017
EIS / Aircraft Certification	Q3 2015	Q4 2015	2017	Q4 2017	Q2 2017 Q2 2019

R&D program for all GTF platforms well on track

Production Ramp Up

	2009	2014 E	2019 E
Turbines 	800	1100	2050
Compressors 	200	270	1400
TCF 	30	400	250
Engine Assembly 	30	90	250
Total	1060	1860	3950

+80% +110%

Yearly average increase by 14%

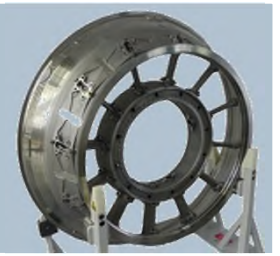
Key Projects

New Blisk Shop

Status
Progress
80%

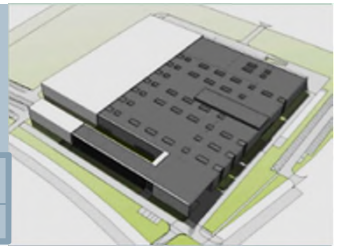
Optimize Rotor and Stator Production Lines

Status
Progress
80%



Extension of MTU-AE Polska

Status
Progress
65%



Engine Assembly

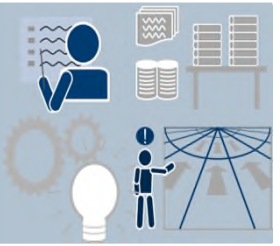
Status
Progress
40%

Logistics Building

Status
Progress
70%

Shop Floor Management

Status
Progress
95%



Projects are well on their way and will support the production ramp up

Engine Upgrades and Preparation for Series

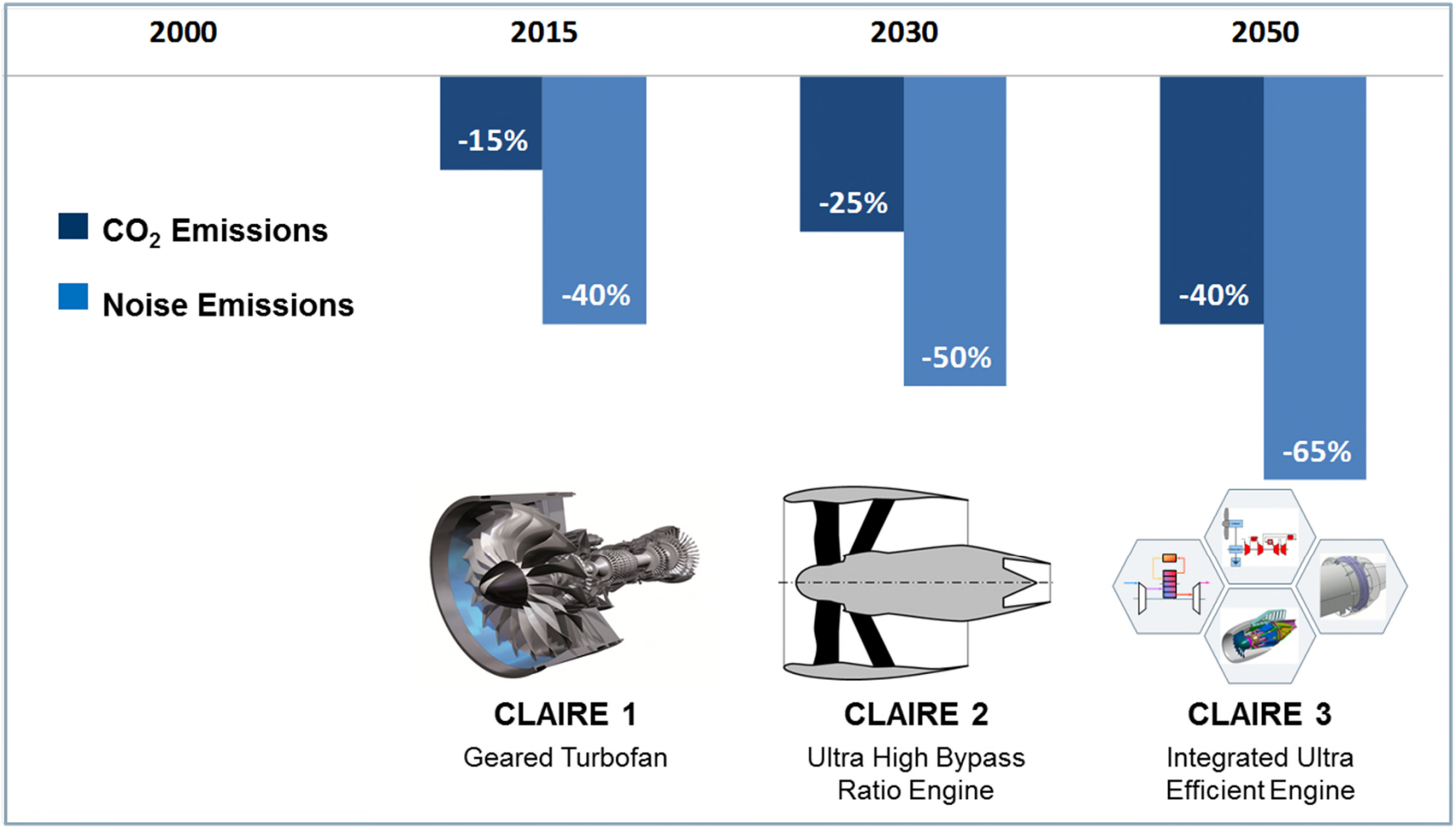
- To keep the aircraft attractive, engine upgrades are performed throughout the life of the engine. The purpose of these upgrades can be specific fuel consumption, durability, maintenance, thrust and costs
- The changes introduced by an engine upgrade typically involve module and component efficiencies, secondary air system and weight
- For the PW1100G engine a Performance Improvement Package (PIP) has been started to improve the specific fuel consumption by an additional 2% until 2019
- An upgrade in the thrust level of the GTF to 35 k lbs will secure its position for the A321 extended range version
- Preparation for Series: PCE, Manuals, EC's, Concessions, Maintenance Costs, Aftermarket and OEMRO

Ongoing activities to keep engines attractive

Workload for engineering remains high

MTU Technology Roadmap - CLean AIR Engine, CLAIRE

GTF – First Step is implemented



GE9X Program – The Aircraft

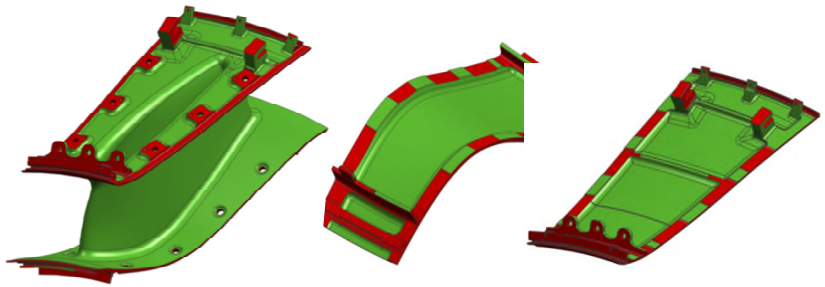
Boeing 777X

Characteristics

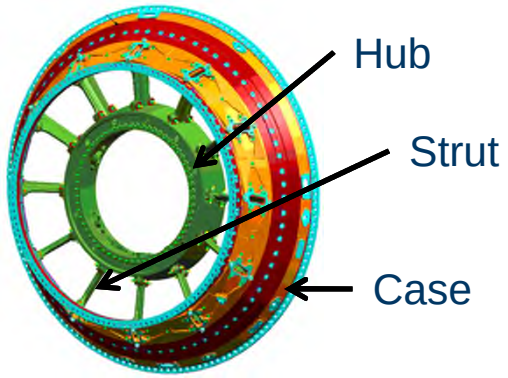
- 100,000 lb thrust
- 355 to 446 seats
- Exclusive engine GE9X
- Reduction in fuel consumption of 10% compared to 777-300ER
- 5% lower fuel consumption than any other twin-aisle engine in service in 2020
- 300 firm orders

GE9X MTU Program share

Flow Path Hardware

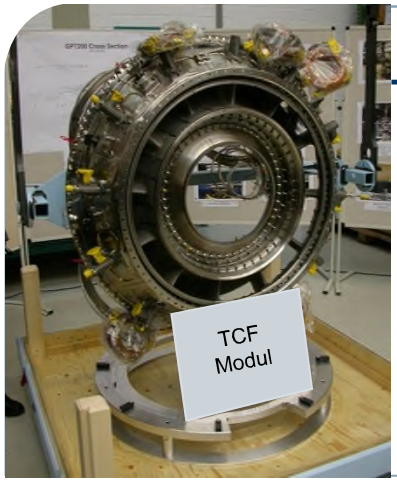


Hub Strut Case



Bearing Housing

Assembly Turbine Center Frame



GE9X Level I Milestones

Program Milestones

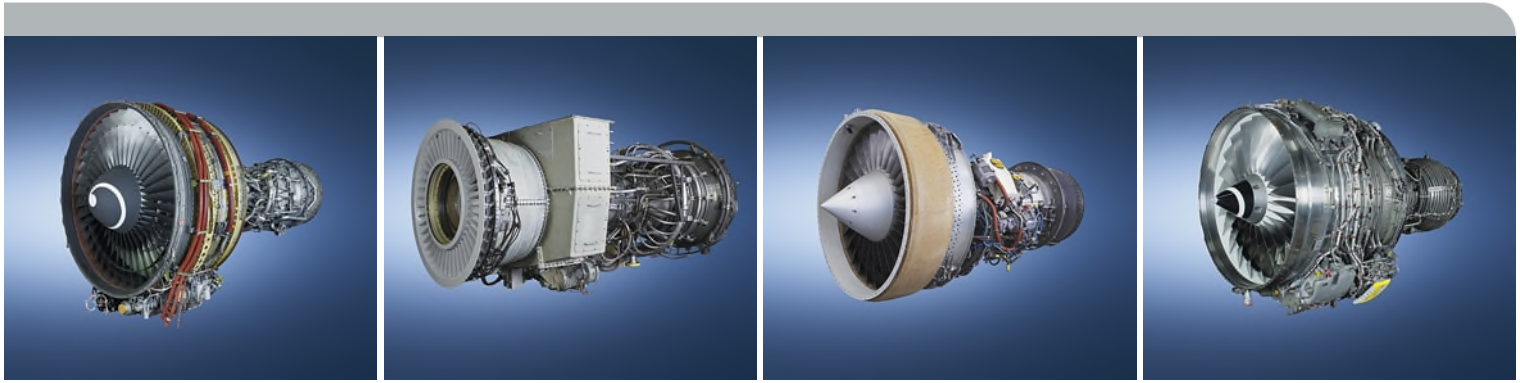
2014	2015	2016	2017	2018	Entry into Service
Start Development MTU	Design Freeze	„First Engine-to-Test“	Flying Testbed	GE9X Engine Certification	

Summary

- The Geared Turbofan is a very successful product
- Production ramp up is well on its way
- Projects to enable production are executed according to plan
- Technology roadmap for next generation engines is defined and executed
- GE9X engine program is launched

The GTF has put MTU into an excellent position

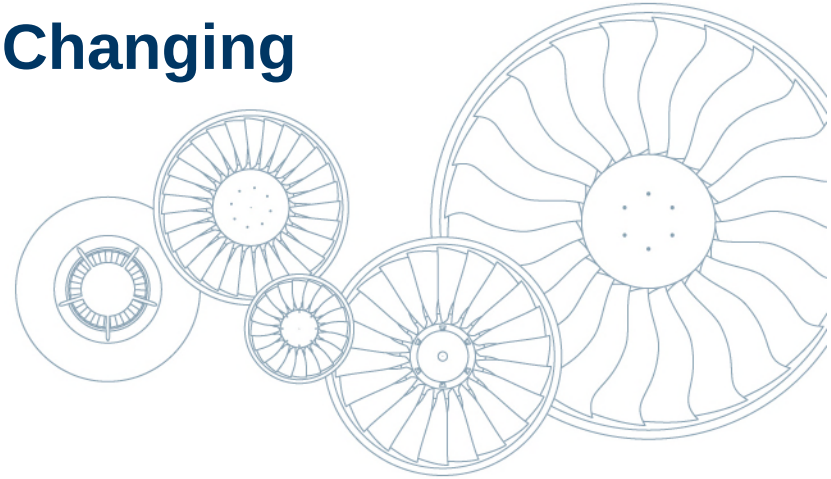
Thank you for your attention!



MRO Business - Ready For A Changing Business Environment

Dr. Stefan Weingartner,
President MTU Maintenance

Munich, November 25, 2014

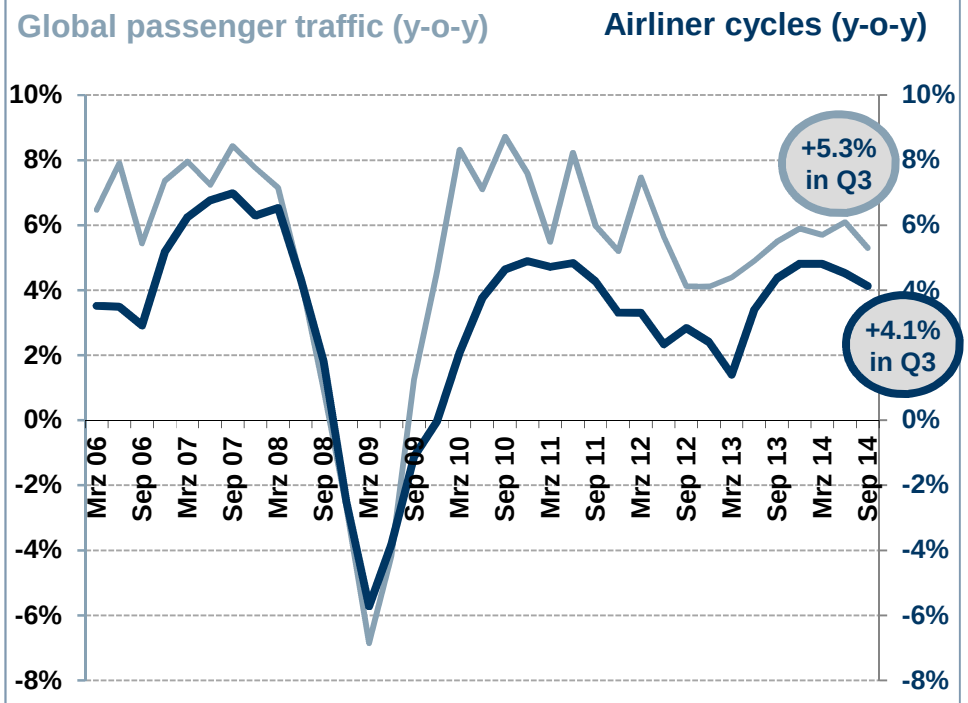


Current market trends – per November 2014

GDP	**+2.1%** (2013A) → **+2.3%** (2014E)	• Disappointing Eurozone and emerging market slowdown delay recovery • Faster growth expected in 2015 (+2.9%)
Freight traffic	**+1.4%** (2013A) → **+3.1%** (2014E)	• Cargo traffic begins recovery
Passenger traffic	**+5.7%** (2013A) → **+5.9%** (2014E)	• Strong ongoing air travel demand
Aircraft utilisation	**+4.3%** (2013A) → **+5.3%** (2014E)	• Strong growth in flight hours • Growth in cycles also rising (+3.5% to +4.4%)
Airliner engine fleet	**38,060** (Sep 13) → **39,810** (Sep 14)	• Active fleet growing strongly with +4.6% y-o-y • Double-digit growth for V2500, CFM56-5/7, GE90G
Airline profits	**+$10.6b** (2013A) → **+$18.0b** (2014E)	• 5th year of profitability thanks to strong traffic, favorable fuel prices and US consolidation
Fuel price (crude oil)	**$109** (2013A) → **$104** (2014E)	• Fuel prices on a downward trend (US$ 80 in November 2014)

Passenger traffic and cycles grow strongly and steadily

Global traffic & cycles (quarterly)



Source: IATA, Innovata
* Western Commercial Jets above 100 seats (Airbus, Boeing)

Highlights

- Global passenger traffic up 5.3% in Q3
- Cycle rebound follows traffic rebound however at a lower growth rate
- Growth in cycles for Airbus and Boeing airliners is strengthening since 2013
- Growth driven by higher utilization of in-production aircraft (A320, A330, 737NG, 777, 787, A380)
- Some out-of-production aircraft are seeing double-digit declines

Market indicators per engine type

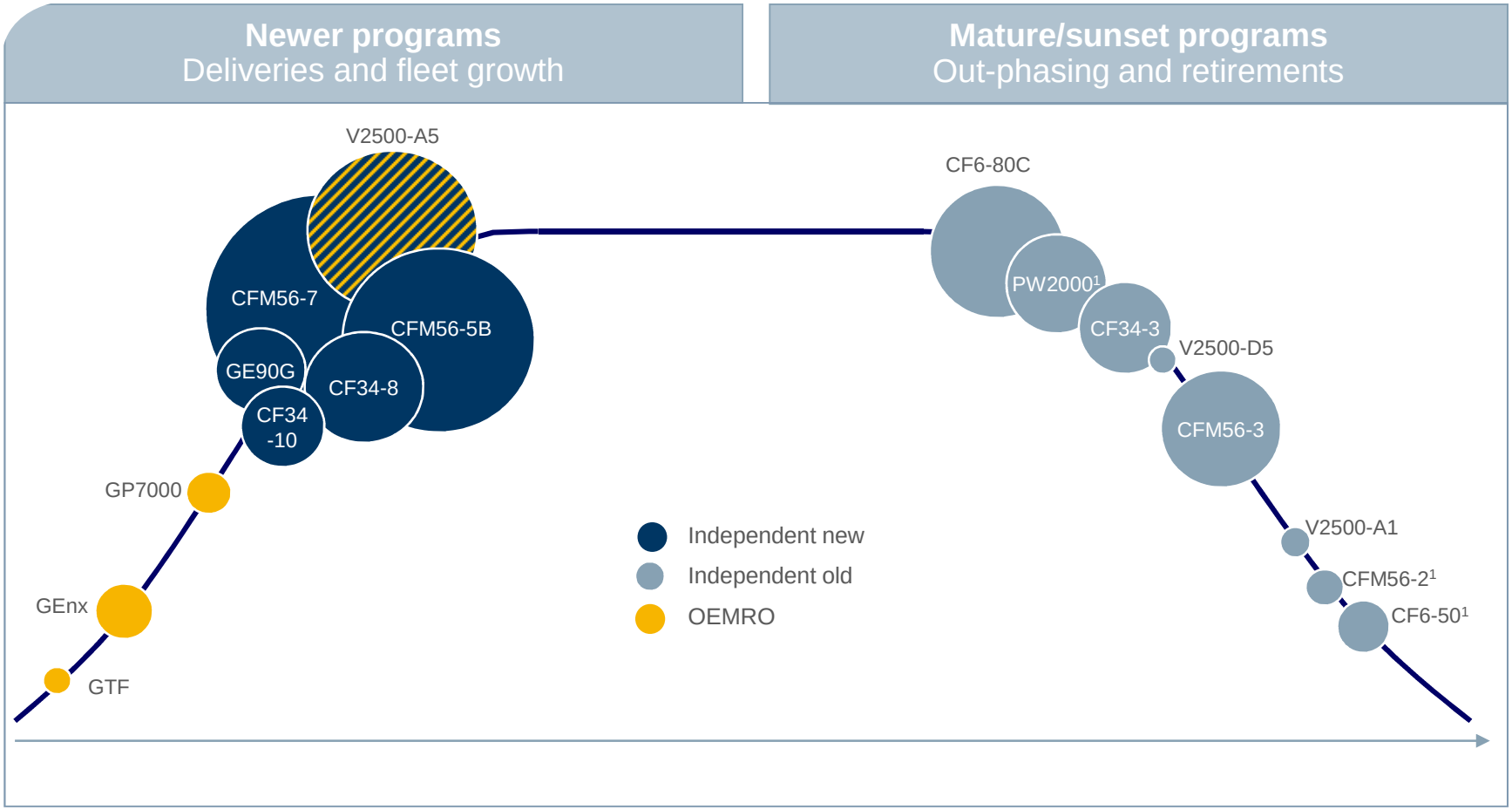
	Engine	Active fleet	Park rate	Y-O-Y as of Sept. 2014
Ø	**Airliner engines**	39,810 **+4.6%**	**9.5%**	**Continued growth in fleet and hours**
☺	**V2500-A5**	4,908 **+11%**	**2%**	Steady double-digit growth
☺	**GE90G**	1,334 **+19%**	**0%**	Stable production of 100 aircraft p.a.
☺	**CFM56-5B/-7**	15,786 **+9%**	**1%**	Strong growth
☺	**CF34-8/-10E**	3,432 **+9%**	**2%**	CF34-8 fleet up +11% (US re-fleeting), CF34-10 up +5%
☺	**CF6-50 mil.**	189 **+0%**	**n/a**	Very stable fleet and related MRO-demand
😐	**CF6-80C2**	2,563 **-5%**	**12%**	Fleet declines as storage rises
☹	**PW2000 com.**	620 **-11%**	**22%**	Storage continues to rise, hours declining faster
☹	**CF34-3**	1,288 **-8%**	**25%**	50-seaters being replaced by 70-seaters
☹	**CFM56-3**	2,020 **-6%**	**25%**	Fleet/hours decline (retirements, storage)
☹	**CF6-50 com.**	171 **-6%**	**55%**	Surplus from parked fleet strongly impacts MRO-demand

Source: Ascend, Innovata, MTU estimates 1) 3rd Quarter 2013

MTU Maintenance successfully serves three market segments with distinct characteristics

Segment	Market characteristics
1 Independent old	• Decreasing fleet (retirements) • Customers are Airlines or Lessors • Limited OEM influence
2 Independent new	• Growing fleet (engines in production) • Customers are Airlines or Lessors • Growing OEM influence
3 OEMRO	• Fast growing fleet (engines in production or upcoming EIS) • OEM is the only customer • MTU is an OEM network partner

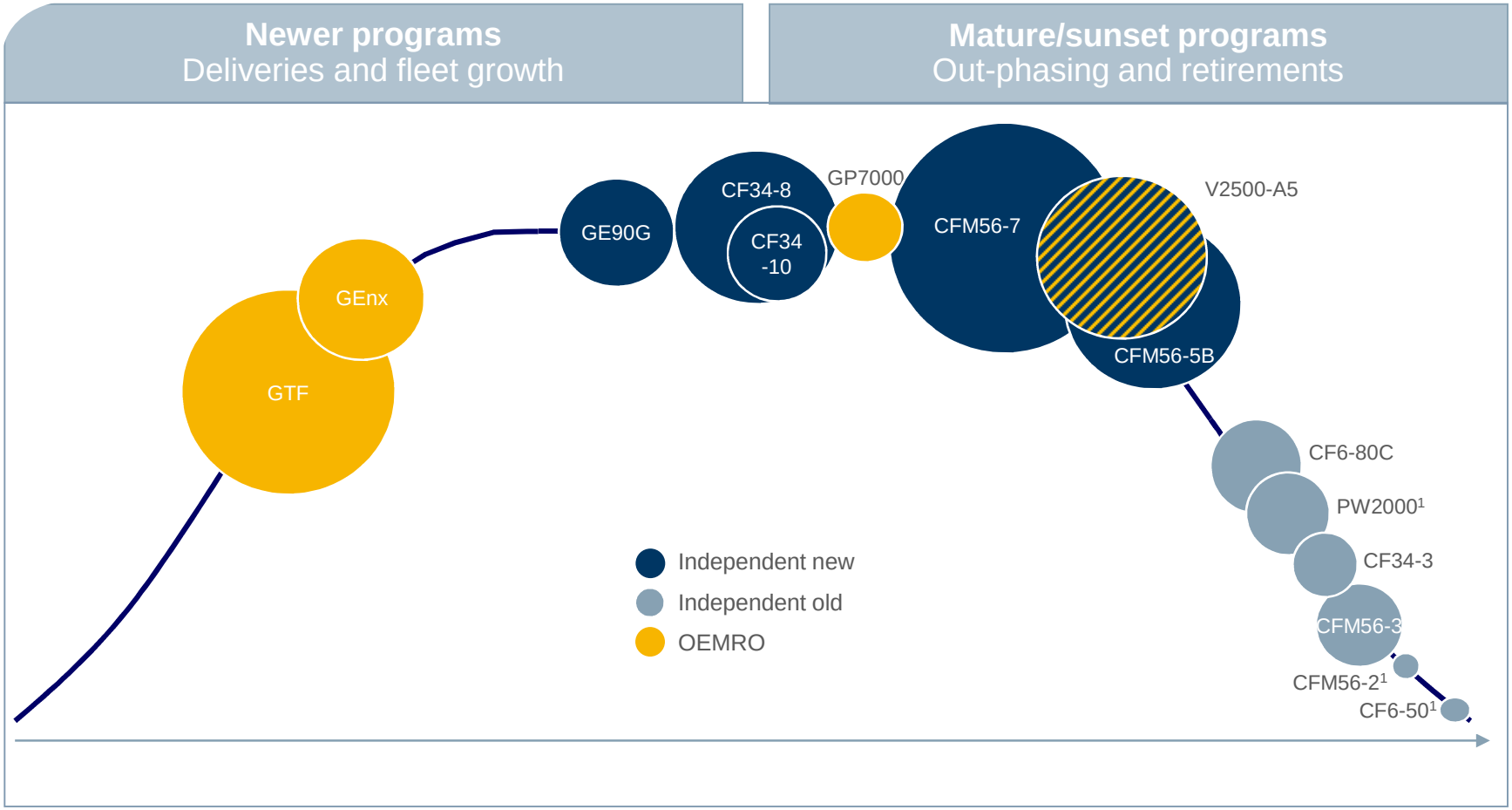
Today: Diversified portfolio with a strong focus on newer engines in their growth phase (MTU MRO portfolio only)



Source: MTU, October 2014 [1] including military applications.

Note: The bubble size represents the active engine fleet as of 2014.

2024: MTU's MRO portfolio benefits from today's growth engines reaching maturity



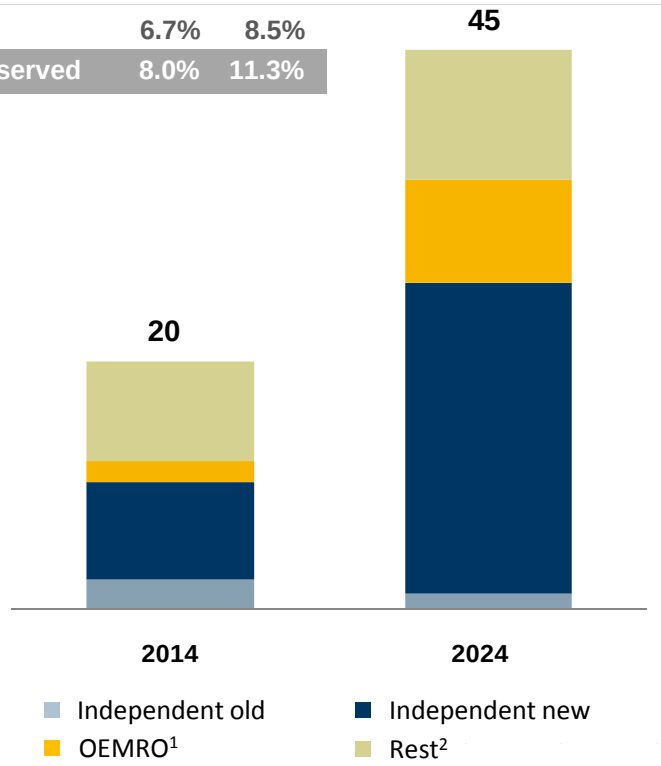
Source: MTU, October 2014 [1] including military applications.

Note: The bubble size represents the active engine fleet as of 2024.

Thanks to MTU‘s hybrid strategy and market coverage, its served market will grow over-proportionally at 11.3% over the next 10 years

Commercial MRO market [b$]*

CAGR	2014-35	14-24
Total:	6.7%	8.5%
MTU-served	8.0%	11.3%



[1] Including PW1100/1700/1900, GEnX, GE-9X; [2] Mainly RR

Remarks

- The MTU-served market will grow over-proportionally at 11.3% from 12 to 34b$ - versus a 8.5% growth of the total market.
- MTU Maintenance has the broadest engine portfolio of all MRO providers. It serves nearly all engine types except the RR engines.
- The OEMRO model gains in importance in the coming decades.

Source: MTU, October 2014 * Escalation included

MTU Maintenance Unique Selling Proposition applies to all market segments

DRIVERS

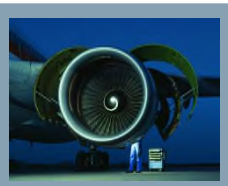
Operational parameters

Cycle length

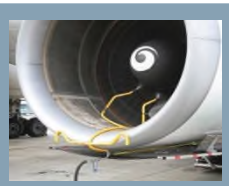
Operating environment

ENGINE OPERATIONS: Measures to defer /avoid shop visits*

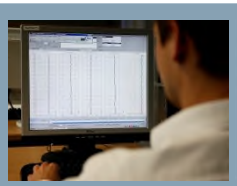
Procedure adjustments



On-site maintenance



Engine cleaning



Condition monitoring

Instant power

Optimized fleet/LLP management

Material management

MTU^{Plus} repairs

Repair vs. replace

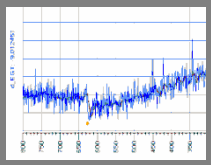
Tailored workscoping

SHOP VISIT: Measures to reduce cost and/or maximize asset value*

TRIGGERS

Unscheduled (e.g. FOD)

LLP expiry



Hardware/ performance

* Decision by airline and/or MRO

MTU Maintenance has the largest MRO portfolio and is the only provider capable of covering/accessing all market segments …

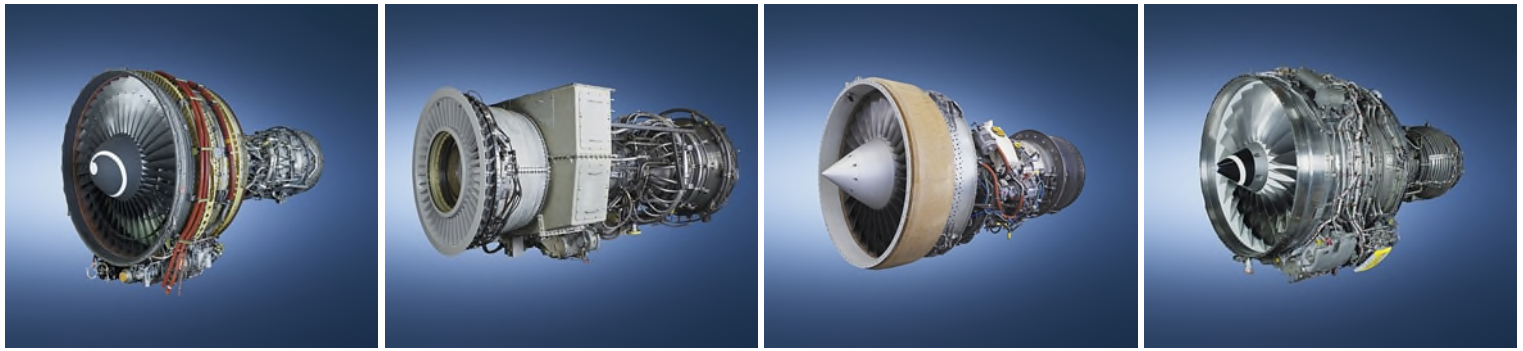
	Segment	2014	Share of MRO Revenues*
1	Independent old	• #1 independent for all types served • High market shares… up to market leadership • High repair depth and margins	25%
2	Independent new	• #1 independent • High market shares in large growing volume markets (e.g. 10% CFM56-7) • Alternative repair/workscoping solutions	35%
3	OEMRO	• High and growing V2500 IAE-FHA volume performed • GP7000 LPT MRO • Participation in GTF and GEnx MRO	20%
	IGT et al.		20%

MTU Maintenance has unique abilities to offer both alternative custom-tailored products for all market segments

	Segment	10 years outlook	Share of MRO Revenues*
1	Independent old	• Niche segment (fast declining market) • Well positioned to gain market share • Growing role of MRO alternatives (MTU^{Plus} Mature Engine Solutions)	10%
2	Independent new	• Keep or gain market shares as market matures Benefit from migrations • Large/increasing shop visit volume • Growing EBIT contribution	40%
3	OEMRO	• Increasing volumes, focus on V2500 and GTF • MRO network optimized to also fulfill OEMRO requirements	30%
	IGT et al.		20%

Summary and Outlook

- MTU‘s market coverage grows over-proportionally at 11.3% over the next 10 years
- MTU MRO’s organic growth, thanks to its diversified portfolio with a strong focus on newer engines, reaching maturity in the coming decade
- MTU Maintenance will remain the MRO provider covering all market segments by offering customized services as independent and OEM network partner
- MTU Maintenance is well positioned to gain market shares and benefit from the market dynamics within the served market segments



Thank you for your attention!

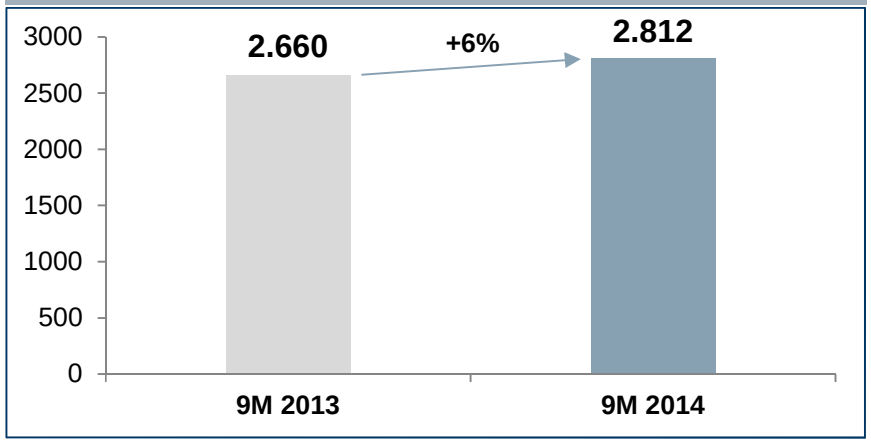
Financials & Outlook

Reiner Winkler, CEO

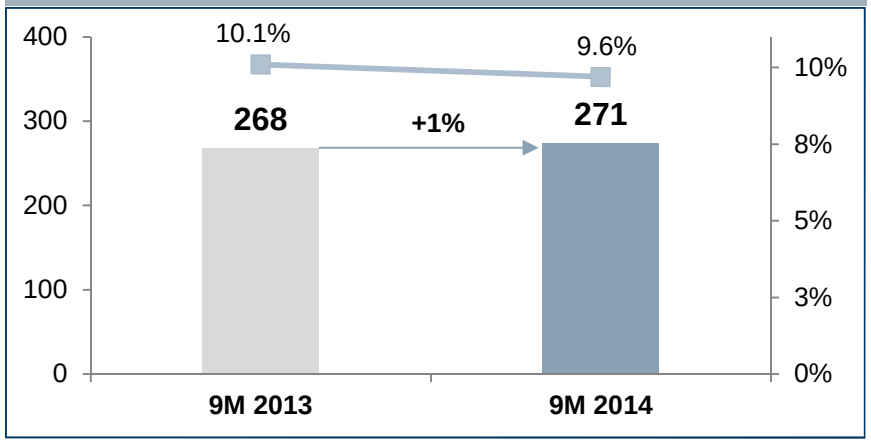
Munich, November 25, 2014

Financial Highlights 9M 2014

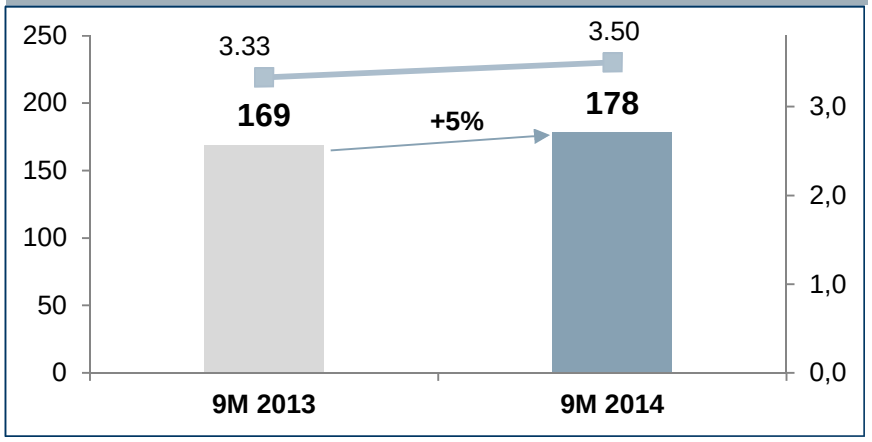
Revenues (m€)



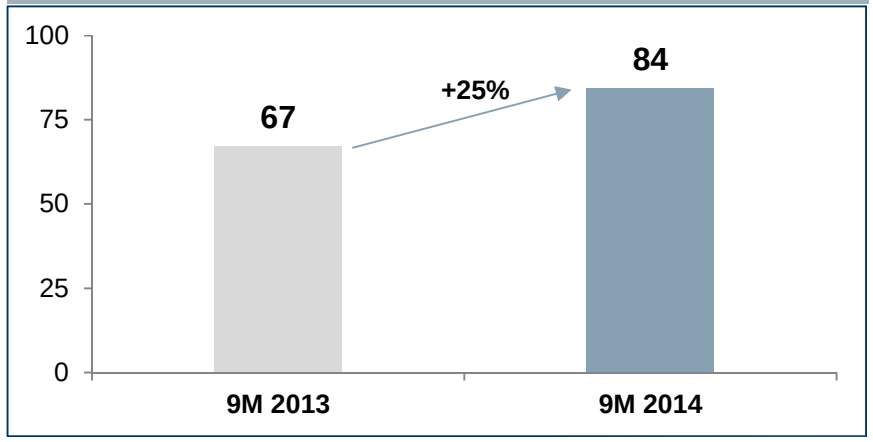
EBIT adj. / EBIT adj. Margin (m€ / %)



Net Income adj. / EPS adj. (m€ / €) * / **



Free Cash Flow (m€)



* w/o market-to-market valuations of US$, nickel and options and others ** New underlying tax rate of 30% for 2014

Guidance 2014

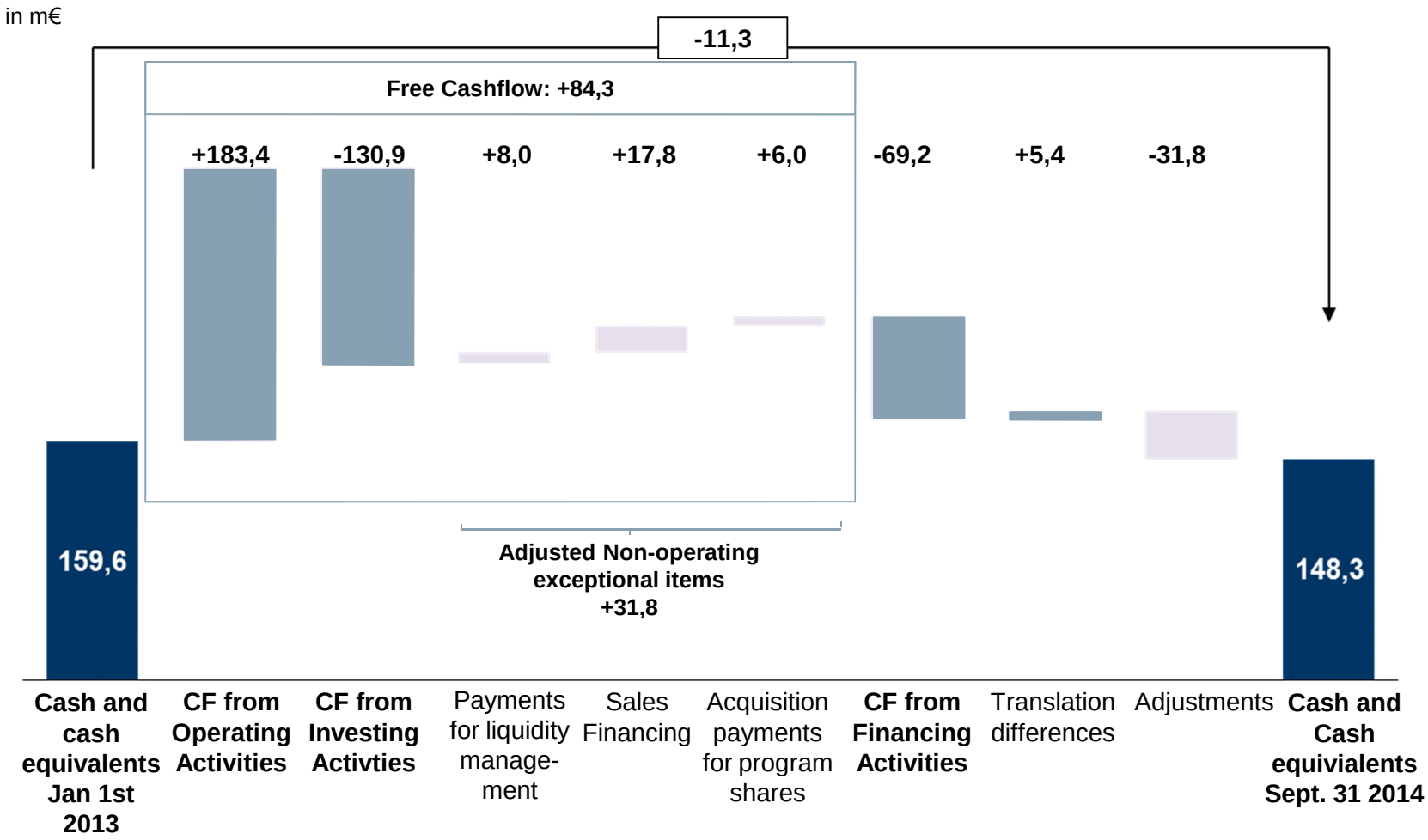
in m€	FY 2013 adjusted for MTU Zhuhai	Guidance 2014 July	Guidance 2014 Update October
Revenues	3,574.1	~ 3,650	~ 3,750
EBIT adj.	373.1 10.4%	~ 375	~ 380
Net income adj.	235.7	~ 245	~ 250

- Series revenues expected to increase in the low teens
- Spare parts revenues expected to grow high single digit
- Military revenues to remain flat on the level of 2013
- Commercial MRO revenues expected to be up low single digit
- Free Cashflow is expected at mid double digit (w/o acquisition payments for new programs)

Definition of Free Cash Flow

- Free Cash Flow is determined by combining Cash Flow from Operating Activities and Cash Flow from Investing Activities
- Both components of Free Cash Flow are well-defined under IFRS
- MTU adjusts items which have a financing character or are related to acquisitions of program stakes and thus are not part of the operating performance of MTU:
  - Liquidity management
  - Sales financing
  - Acquisition payments for new engine programs
- All adjustments and breakdown fully disclosed in MTU's annual and quarterly reports
- In the future MTU will show a waterfall chart in the quarterly presentation to further improve transparency

MTU's Cash development January – September 2014

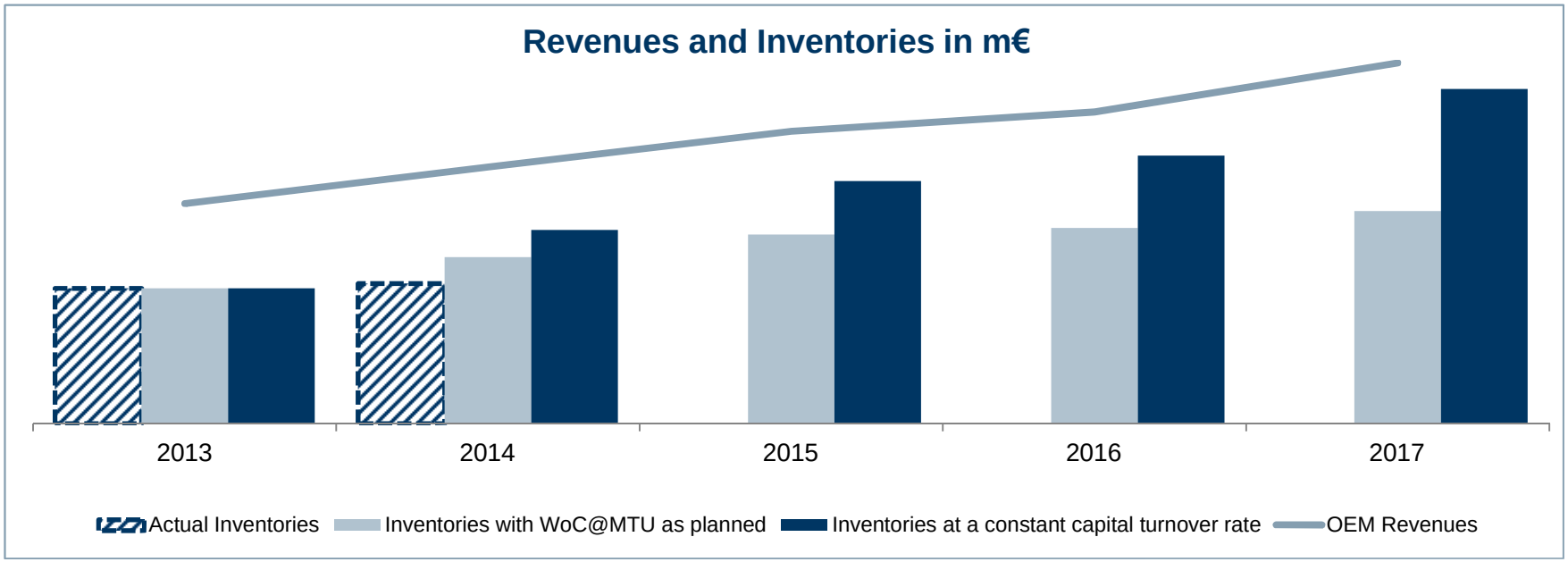


Status „Cash for Future“ Project – FCF contribution

Launched to Limit Impacts due to challenging Business Environment 2014- 2017

- Target to improve capital turnover rate from 3,5 in 2013 to 4,5 by 2017
- Capital turnover rate already expected to be around 4,4 in 2014

→ **Target to limit inventory growth by 100 m€ on track**



„Cash for Future“ Project: Examples of Working Capital Optimization

Integrated planning & coordination	**Centralized Supply Chain Management Organsiation**
Improved production flow	**Lead time reduction 3-4% in production and assembly**
Reduced provisioning buffer	**Optimization of inventory range**
Training & Qualification	**Comprehensive and customized qualification on WOC Management**

New IFRS 15: Revenues from Contracts with Customers

- IFRS 15 targets alignment of IFRS and US-GAAP revenue recognition
- The new standard was commonly issued by FASB and IASB in May 2014
- In Europe it may be applied after EU endorsement (expected Q2/2015)
- Mandatory application in 2017 for EU and US
- Core principle: Revenue recognition shall reflect the expected pricing for exchanged goods or services

All existing contracts of MTU have to be examined

IFRS 15 might impact MTU's

- **Treatment of sales concessions**
- **Treatment of FHA contracts**

Head- and Tailwinds 2015

Revenue Growth		
Military:	Stable	⇨
New engine Sales (Com. OE):	High single digit	⇧⇧
Spare parts Sales (Com. Spares):	Mid single digit	⇧
Commercial MRO:	High single digit	⇧⇧

Slight tailwind from US$ fx-rate

Long term outlook 2014 - 2024

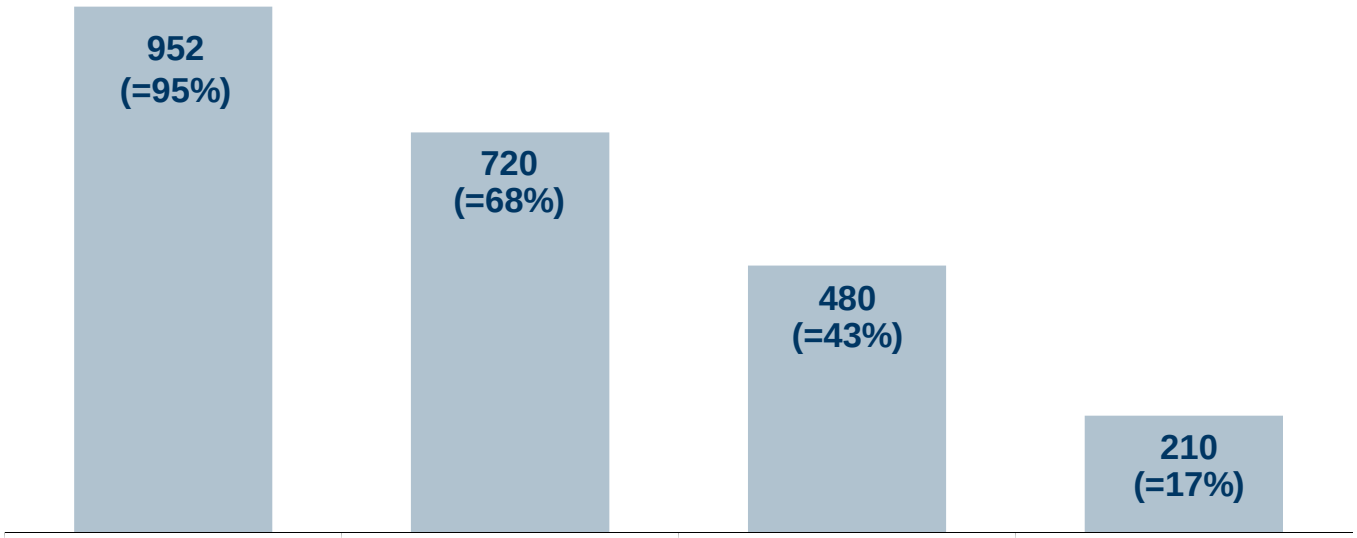
	Investment Phase 2014-2017	Consolidation Phase 2018-2024
Revenues	Military: ⇨ Com. OE: ⇧⇧ Com. Spares: ⇧ Com. MRO: ⇧⇧	Military: ⇘ Com. OE: ⇗ Com. Spares: ⇧⇧ Com. MRO: ⇧⇧
EBIT adjusted	Moderate progression	Margin expansion
Net Income adjusted	Growth stronger than EBIT adj. (Falling tax rate)	Growth in line with EBIT adj.
CCR*	Low double digit %	High double digit %

*) Cash Conversion Rate (CCR) defined as Free Cash Flow / Net income adjusted

US$ Exchange Rate / Hedge Portfolio

Hedge book as of November 25, 2014 *(% of net exposure)*

(mUS$)



	2014	2015	2016	2017
Average hedge rate (US$/€):	**1.32**	**1.30**	**1.32**	**1.31**
EBIT sensitivity +/-1 ct:		**+/- ~€ 3m**	**+/- ~ € 5m**	**+/- ~ € 7m**

Summary

- **GE9X participation** increases MTU's footprint in the widebody market
- **PW800 share** strengthens MTU's position in the future business jet market
- **R&D program** for all GTF platforms **on schedule**
- Projects for **production ramp up** well on track
- **Improvements of existing engine technology** will ensure MTU's ongoing success
- MTU **MRO well positioned** in changing business environment
- Efficiency program **"Cash for Future"** with higher impact on inventories
- **Free Cash Flow in 2014** significantly **better** than expected
- **Profitability** and **cash flow improvement targeted** by the end of the decade



Thank you for your attention!

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.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) competition from other companies in MTU's industry and MTU's ability to retain or increase its market share, (ii) MTU's reliance on certain customers for its sales, (iii) risks related to MTU's participation in consortia and risk and revenue sharing agreements for new aero engine programs, (iv) the impact of non-compete provisions included in certain of MTU's contracts, (v) the impact of a decline in German or other European defense budgets or changes in funding priorities for military aircraft, (vi) risks associated with government funding, (vii) the impact of significant disruptions in MTU's supply from key vendors, (viii) the continued success of MTU's research and development initiatives, (ix) currency exchange rate fluctuations, (x) changes in tax legislation, (xi) the impact of any product liability claims, (xii) MTU's ability to comply with regulations affecting its business and its ability to respond to changes in the regulatory environment, (xiii) the cyclicality of the airline industry and the current financial difficulties of commercial airlines, (xiv) our substantial leverage and (xv) general local and global economic conditions. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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