

Ad hoc

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MTU Aero Engines AG launches convertible bond offering

- **Issue volume of EUR 500 million, 7 year maturity**
- **Proceeds to be used for the optimization of debt structure, e.g. for the repayment of the outstanding bond due in June 2017, continued investment in accordance with communicated investment policy and for general corporate purposes**

Munich, May 11, 2016: The executive board of MTU Aero Engines AG (the "**Company**"), with the approval of the Company's supervisory board, resolved today on the offering of senior, unsecured convertible bonds in an aggregate principal amount of EUR 500 million (the "**Bonds**"), convertible into new and/or existing no-par value ordinary registered shares of the Company (the "**Ordinary Shares**"). MTU Aero Engines AG is using an authorization from its annual general meeting in 2015 for the issuance of the Bonds, which provides for an exclusion of subscription rights.

The Bonds will have a maturity of 7 years and will be issued in a denomination of EUR 100,000 each. The Bonds are expected to bear interest at a rate between 0.125 - 0.625% per annum, payable annually in arrear, and will have a conversion premium of 40 - 50% above the volume-weighted average price of the Ordinary Shares on XETRA between launch and pricing.

The final terms of the Bonds are expected to be announced later today through a separate press release, and settlement is expected to take place on or around 17 May 2016.

The Company will have the option to redeem the Bonds at their principal amount (plus accrued but unpaid interest) in accordance with the terms and conditions of the Bonds at any time (i) on or after 16 June 2020, if the price of the Ordinary Shares is equal to or exceeds 130% of the then prevailing conversion price over a specified period or (ii) if 20% or less of the aggregate principal amount of the Bonds remains outstanding.

The Company intends to use the net proceeds of the offering for the optimization of its debt structure, e.g. for the repayment of the outstanding bond due in June 2017, continued investment in accordance with its communicated investment policy and for general corporate purposes.

The Bonds will be placed in an accelerated bookbuilding only to institutional investors outside the United States in reliance on Regulation S (Category 1) under the United States Securities Act of 1933 as amended, as well as outside of Australia, Japan and any other jurisdiction in which offers or sales of the Bonds would be prohibited by applicable law.

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IMPORTANT NOTE

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