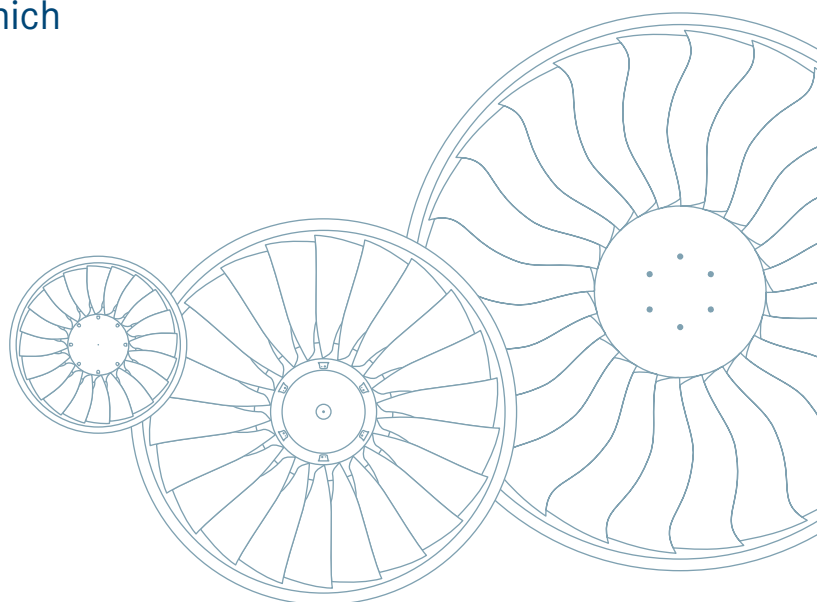




## Interim Report as at September 30, 2007

MTU Aero Engines Holding AG, Munich



# Table of Contents

|    |                                                                    |
|----|--------------------------------------------------------------------|
| 3  | <b>Selected Consolidated Financial Information and Key Figures</b> |
|    | <b>Group Management Report</b>                                     |
| 4  | Market Overview                                                    |
| 4  | Operating results, financial situation and net assets              |
| 11 | Events after the balance sheet date                                |
|    | <b>Consolidated Financial Statements</b>                           |
| 12 | Consolidated Income Statement                                      |
| 13 | Consolidated Balance Sheet                                         |
| 14 | Consolidated Statement of Changes in Equity                        |
| 15 | Consolidated Cash Flow Statement                                   |
|    | <b>Notes to the Consolidated Financial Statements</b>              |
| 16 | Basis of preparation                                               |
| 18 | Notes to the Consolidated Income Statement                         |
| 22 | Notes to the Consolidated Balance Sheet                            |
| 28 | Segment information by business segment                            |
| 30 | Financial Calendar                                                 |

| Selected Consolidated Financial Information and Key Figures            |            |                    |
|------------------------------------------------------------------------|------------|--------------------|
|                                                                        | 2007       | 2006 <sup>*)</sup> |
| <b>Key income statement figures in € million</b>                       |            |                    |
| Revenues                                                               | 1,886.8    | 1,782.4            |
| Research and development expenses                                      | 55.1       | 42.9               |
| Earnings before interest and tax (EBIT)                                | 165.3      | 152.4              |
| Earnings before interest, tax, depreciation and amortization (EBITDA)  | 280.8      | 261.1              |
| Earnings before tax (EBT)                                              | 115.8      | 128.2              |
| Income taxes                                                           | 1.2        | -53.0              |
| Net profit                                                             | 117.0      | 75.2               |
| <b>Key income statement figures in € million (adjusted)</b>            |            |                    |
| Earnings before interest, tax, depreciation and amortization (EBITDA)  | 280.8      | 230.4              |
| Earnings before tax (EBT)                                              | 171.9      | 147.5              |
| Net profit                                                             | 102.5      | 87.9               |
| <b>Key balance sheet figures in € million</b>                          |            |                    |
| Equity                                                                 | 556.3      | 562.3              |
| Total assets                                                           | 3,297.9    | 3,112.2            |
| Fixed assets                                                           | 1,681.4    | 1,739.5            |
| Non-current financial liabilities (excluding deferred tax liabilities) | 1,201.6    | 1,184.9            |
| <b>Number of employees at quarter end (market segments)</b>            |            |                    |
| Commercial and Military Engine Business                                | 4,649      | 4,773              |
| Commercial Maintenance Business                                        | 2,470      | 2,314              |
|                                                                        | 7,119      | 7,087              |
| <b>Key figures in %</b>                                                |            |                    |
| Gross margin                                                           | 16.5       | 15.2               |
| EBITDA margin                                                          | 14.9       | 14.6               |
| EBIT margin                                                            | 8.8        | 8.6                |
| Post-tax return on sales                                               | 6.2        | 4.2                |
| Return on equity                                                       | 20.9       | 14.0               |
| Equity ratio                                                           | 16.9       | 18.1               |
| <b>Cash flow in € million</b>                                          |            |                    |
| Cash flow from operating activities                                    | 179.8      | 141.7              |
| Cash flow from investing activities                                    | -60.1      | -46.2              |
| Free cash flow                                                         | 119.7      | 95.5               |
| <b>Share values</b>                                                    |            |                    |
| Average weighted number of outstanding shares (number)                 | 52,768,605 | 54,486,072         |
| Basic (undiluted) earnings per share in €                              | 2.22       | 1.38               |
| Basic (undiluted) earnings per share in € (adjusted)                   | 1.94       | 1.61               |
| Diluted earnings per share in €                                        | 2.12       | 1.38               |
| Free cash flow per share in €                                          | 2.27       | 1.75               |
| Equity per share in €                                                  | 10.54      | 10.00              |

\*) MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation

## 1 Market Overview

The first nine months of 2007 are showing all the signs that it will be another successful year for the airline industry thanks to continued good traffic growth rates, high load factors and good yields (revenue per passenger kilometres). While the recent volatility on the financial markets has dented business and consumer confidence in August, general business conditions have remained stable for airlines. This has led IATA to revise its earnings forecast for the airline industry in 2007 from US dollar 5.1 billion to US dollar 5.6 billion, based on an expected revenue growth of 8% to US dollar 489 billion. The short-term outlook for the economic fundamentals that drive series revenue, spare parts usage and maintenance services therefore remains unchanged.

Passenger traffic continued to grow, with global passenger volumes up 7.2% during the first eight months of the year\*) according to IATA. This was slightly higher than the 6.1% growth during the same period last year. Whilst all of the world's major regions are contributing to this development, the Asia-Pacific region continues to outperform Europe and North America on the back of the high economic growth rates being enjoyed in this region. The fastest growth rates over the past three years have, however, been registered by airlines based in the Middle-East. The US domestic market, which continues to grow slowly, picked up some pace over the summer months.

International air freight traffic grew by 3.9% in the first 8 months\*), and therefore faster than the 2.8% growth recorded for the first five months of the year. The relatively low growth rate can be put down mainly to strong competition from container shipping on international routes. The impact of the low growth rate is, however, limited as the cargo fleet represents only 10% of the global fleet with passenger airliners making up the remainder.

Fuel prices went up during the third quarter for the second quarter in succession and are now a few percent higher than last year's record levels. Over the past quarter, jet fuel price rose by 6% from US dollar 86 per barrel to US dollar 91 per barrel (US dollar 16 above the price of crude oil). The fact that airlines' earnings are generally improving around the world suggests, however, that they have been able to compensate for higher energy costs by carrying more passengers.

The airline companies in the three main regions (North America, Europe and Asia-Pacific) recorded improved earnings in the third quarter. Thanks to good operating results and the absence of restructuring costs, the top eight carriers in North America were all profitable in the second quarter for the first time in nearly a decade. The rise in fuel costs and the ability to meet renewed demand with downsized resources and staff levels represent the US industry's key challenges for now. In Europe, too, the profitability of the airlines continued to improve, albeit on a somewhat lower level. During the second quarter, they benefited primarily from the continuing strength of the business travel market. Airlines in the Asia-Pacific region also registered strong revenue and profit growth rates.

## 2 Operating results, financial situation and net assets

### 2.1 Operating results

#### Period from January 1 to September 30, 2007

Compared to the same period last year, **revenues** for the first three quarters of 2007 rose by € 104.4 million (5.9%) to € 1,886.8 million. Most of this increase (€ 91.9 million representing a rise of 8.7%) related to commercial and military engine business, whilst commercial MRO business increased by € 17.7 million (2.4%) to € 753.2 million. In the commercial engine business, revenues went up by € 65.0 million (8.7%) compared with the same period last year and amounted to € 811.5 million. Revenues for military engine business were up by € 26.9 million (8.5%) to € 342.3 million compared with the corresponding period last year.

**Cost of sales** increased overall by € 64.0 million (4.2%) to € 1,575.2 million. The fact that this increase was less pronounced than that of revenues was attributable to commercial and military engine business. Whereas the cost of sales in this area went up by € 33.8 million (3.8%) to € 917.0 million, and therefore at a slower rate than the increase in revenues, the cost of sales for commercial MRO business went up by € 42.1 million (6.5%) to € 685.0 million, and therefore at a faster rate than the increase in revenues.

As a result of the less pronounced increase in cost of sales, the **gross profit** rose by € 40.4 million (14.9%) to € 311.6 million (January – September 2006: € 271.2 million).

**Research and development expenses**, at € 57.7 million, were € 2.7 million higher than in the corresponding nine-month period last year (excluding utilization of the R&D provision and capitalisation of development costs).

**Selling expenses** increased by € 2.7 million, whilst **general administrative expenses** remained at roughly the previous year's level (€ 0.7 million).

**Depreciation and amortization** included in cost of sales, selling and general administrative expenses amounted to € 115.5 million (January-September 2006: € 108.7 million). The figure reported includes an impairment loss of € 14.7 million recognized on a repair operations license relating to commercial MRO business (see Note 6).

**Earnings before financial result and taxes (EBIT)** for the nine-month period improved by € 12.9 million (8.5%) to € 165.3 million as a result of the increase in gross profit.

After adjusting the figures to eliminate the current depreciation and amortization and the effect of the purchase price allocation (resulting from the acquisition of the company), the earnings before interest, tax, depreciation and amortization (EBITDA) was as follows:

\*) IATA figures for September 2007 were not available at the reporting date.

| Reconciliation of EBIT to EBITDA adjusted           |                            |                                          |
|-----------------------------------------------------|----------------------------|------------------------------------------|
| in € million                                        | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 <sup>*)</sup> |
| <b>EBIT</b>                                         | <b>165.3</b>               | <b>152.4</b>                             |
| + Current depreciation/amortization of fixed assets | 74.1                       | 58.7                                     |
| + PPA depreciation/amortization of fixed assets     | 41.4                       | 50.0                                     |
| <b>EBITDA</b>                                       | <b>280.8</b>               | <b>261.1</b>                             |
| - Utilization of R&D provision                      |                            | -12.1                                    |
| - Changes in valuation of program assets            |                            | -8.1                                     |
| - Gains on sale of land                             |                            | -10.5                                    |
| <b>EBITDA adjusted</b>                              | <b>280.8</b>               | <b>230.4</b>                             |

\*) MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation

The **financial result** for the nine-month period to September 30, 2007 was a net expense of € 48.9 million (January to September 2006: € 23.0 million). The nine-month financial result was negatively impacted by the payment of an early repayment fee incurred on repayment of the High Yield Bond (€ 19.1 million) and by fair value losses on foreign currency holdings, interest rate instruments and forward commodity contracts.

On February 1, 2007, MTU Aero Engines Finance B.V., Amsterdam, Netherlands, issued a convertible bond totalling € 180.0 million (see Note 19). The present value of the obligation under the bond is being unwound using a market interest rate of 5% p.a. The amount relating to the period from February to September 2007 is included as interest expense in financial result. During the first quarter 2007, MTU repaid the High Yield Bond using the cash proceeds from the convertible bond (see Note 19).

| Net financial liabilities during the period from Dec. 31, 2006 to Sep. 30, 2007 |                                |                                |             |
|---------------------------------------------------------------------------------|--------------------------------|--------------------------------|-------------|
| in € million                                                                    | Balance at<br>Sep. 30,<br>2007 | Balance at<br>Dec. 31,<br>2006 | Change      |
| High Yield Bond                                                                 |                                | 165.0                          | -165.0      |
| Convertible bond                                                                | 164.5                          |                                | 164.5       |
| Liabilities to banks                                                            |                                |                                |             |
| Revolving Credit Facility (RCF)                                                 | 73.0                           | 75.6                           | -2.6        |
| Other liabilities to banks                                                      | 31.2                           | 33.4                           | -2.2        |
| Finance lease liabilities                                                       | 45.2                           | 48.5                           | -3.3        |
| Loan from the province of British Columbia to MTU Maintenance Canada            | 13.8                           | 12.8                           | 1.0         |
| Sundry other financial liabilities                                              | 5.2                            | 3.5                            | 1.7         |
| <b>Total financial liabilities</b>                                              | <b>332.9</b>                   | <b>338.8</b>                   | <b>-5.9</b> |
| Cash and cash equivalents                                                       | -101.2                         | -102.2                         | 1.0         |
| <b>Net financial liabilities</b>                                                | <b>231.7</b>                   | <b>236.6</b>                   | <b>-4.9</b> |

**Earnings before tax (EBT)** fell by € 12.4 million to € 115.8 million, mainly as a result of early repayment fee on the High Yield Bond (€ 19.1 million) and the impairment loss on the repair operations license (€ 14.7 million).

#### Business tax reform 2008

Following the adoption by the Bundesrat (Federal Council) on July 6, 2007 of the law relating to Business Tax Reform 2008 (as previously passed by the German Parliament on May 25, 2007), the new legislation comes into force with effect from January 1, 2008. The previous corporation tax rate of 25% will be reduced to a uniform rate of 15% for all corporations, irrespective of whether profits are retained or distributed. As far as municipal trade tax is concerned, the basic tax rate will be reduced from 5% to 3.5%. On the other hand, however, municipal trade tax will no longer be deductible for corporation tax purposes. As a result, the combined tax rate for corporation tax and municipal trade tax relevant for the group parent company, MTU Aero Engines Holding AG, Munich, up to December 31, 2007 will be reduced with effect from January 1, 2008 from 40.4% to 32.6%. For this reason, deferred tax liabilities (primarily arising in conjunction with the Company's acquisition) have been measured with effect from the beginning of the third quarter 2007 at a uniform group rate of 32.6%, giving rise to the recognition of tax in-come in the third quarter amounting to € 49.6 million.

Overall, the Group reports a **net profit** of € 117.0 million for the period from January 1 to September 30, 2007, compared with a net profit of € 75.2 million for the same period last year.

Adjusted for the depreciation of the purchase price allocation (€ 41.4 million), the impairment loss recognized on a repair operations license (€ 14.7 million) and the effect of calculating deferred taxes with the revised tax rate (€ 49.6 million), the underlying net income is € 102.5 million. If the early repayment penalty of € 19.1 million incurred to settle the High Yield Bond were also excluded, the net profit would have been € 113.9 million.

## Operating results by segment

### OEM business

#### Operating results for the third quarter 2007

Revenues generated by commercial and military engine business in the third quarter 2007 rose by € 13.5 million (3.6%) to € 385.6 million. Within those figures, revenues from commercial engine business rose by € 5.5 million (2.1%) to € 266.6 million and revenues from military engine business went up by € 8.0 million (7.2%) to € 119.0 million.

Compared with the third quarter one year earlier, the gross profit improved by € 20.3 million (26.9%) to € 95.8 million.

Earnings before interest, tax, depreciation and amortization (EBITDA) improved accordingly by € 6.2 million (7.9%) to € 84.7 million.

Overall, earnings before tax (EBT) for the third quarter rose by € 10.5 million to € 52.7 million (third quarter 2006: € 42.2 million). The pre-tax return on sales was therefore 13.7% (third quarter 2006: 11.3%).

#### Operating results for the nine-month period to September 30, 2007

Revenues generated by commercial and military engine business in the first nine months of 2007 amounted to € 1,153.8 million, an increase of € 91.9 million (8.7%) compared with the corresponding period last year.

Revenues from commercial engine business increased by € 65.0 million (8.7%) to € 811.5 million. In the military engine business, revenues for the nine-month period went up by € 26.9 million (8.5%) and amounted to € 342.3 million.

The gross profit improved by € 58.1 million (32.5%) to € 236.8 million.

Earnings before interest, tax, depreciation and amortization (EBITDA) rose by € 27.5 million (15.0%) to € 210.5 million.

Despite the exceptional items included in financial result, nine-month earnings before tax (EBT) rose by € 14.4 million from € 78.5 million to € 92.9 million.

### MRO business

#### Operating results for the third quarter 2007

Third-quarter revenues generated by commercial MRO business increased marginally by € 2.2 million (0.9%) to € 247.9 million (third quarter 2006: € 245.7 million).

Mainly as result of the impairment loss on a repair operations license, the gross profit fell by € 13.7 million (55.9%) to € 10.8 million (see Note 6).

As a consequence, earnings before interest, tax, depreciation and amortization (EBITDA) fell by € 7.5 million (32.9%) to € 15.3 million and earnings before tax by € 23.6 million to a loss of € 8.1 million.

#### Operating results for the nine-month period to September 30, 2007

As a result of a business interruption caused by the implementation of the ERP software solution in the second quarter, revenues generated by commercial MRO business in the nine-month period increased by only € 17.7 million (2.4%) to € 753.2 million.

As a consequence of the business interruption and the impairment loss on the repair operations license, the segment gross profit decreased by € 24.4 million (26.3%) to € 68.2 million, earnings before interest, tax, depreciation and amortization (EBITDA) were down by € 9.1 million (11.5%) to € 70.3 million and earnings before tax (EBT) fell by € 25.4 million to € 30.4 million. The pre-tax return on sales for the nine-month period was therefore 4.0% compared with 7.6% one year earlier.

## 2.2 Financial position

The consolidated cash flow statement shows the sources and applications of cash flows for the first three quarters of 2007 and 2006, classified into cash flows from operating, investing and financing activities.

The cash inflow from **operating activities** for the nine-month period was € 179.8 million (January-September 2006: € 141.7 million), an increase of € 38.1 million. This was despite the fact that the increase in inventories over the first three quarters of the year was € 23.0 million greater than the increase in the previous year. By contrast, the increase in trade receivables was € 20.0 million lower than in the corresponding period last year. The increase in liabilities and advance payments from customers was € 31.0 million higher than one year earlier.

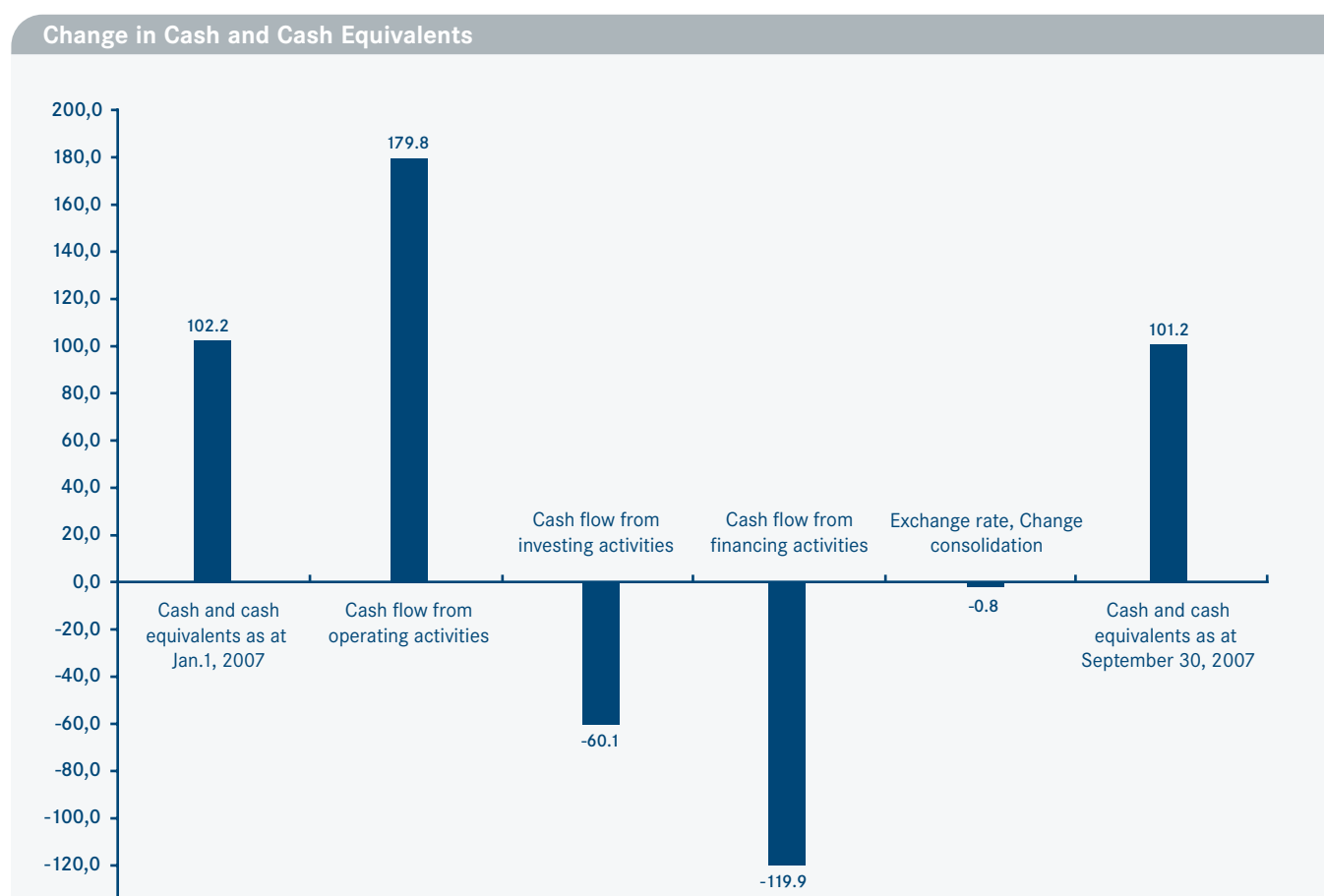
Payments for investments in intangible assets and property, plant and equipment during the nine-month period were € 10.3 million lower than in the previous year. The cash flow from **investing activities** during the period to September 30, 2007 totalled € 60.1 million (January-September 2006: € 46.2 million), including expenditure for the new site in Poland for MTU Aero Engines Polska (see Note 5).

The cash outflow for **financing activities** was affected in particular by the dividend payment made in April amounting to € 43.6 million (January-September 2006: € 40.2 million) and the acquisition of treasury shares amounting to € 84.5 million (January-September 2006: € 37.5 million). The total cash outflow for financing activities during the nine-month period ended September 30, 2007 was € 119.9 million, compared with € 30.0 million one year earlier.

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the Group, the balance of cash and cash equivalents was practically unchanged (reduction of € 1 million; January-September 2006: increase of € 66.2 million).



**Free cash flow** (the sum of the cash inflow from operating activities and the cash outflow for investing activities) totalled € 119.7 million for the period ended September 30, 2007 (January-September 2006: € 95.5 million).





## 2.3 Net assets

The balance sheet total increased by € 185.7 million or 6.0% compared to December 31, 2006.

While fixed assets decreased by € 63.1 million mainly as a result of scheduled amortization, depreciation and write-downs on intangible assets and property, plant and equipment, current assets increased overall by € 248.8 million. This includes a € 67.7 million increase in inventories and a € 194.4 million increase in receivables (including POC maintenance receivables and trade receivables). By contrast, current other assets, mainly relating to accounts receivable from related companies, went down by € 9.9 million. Cash and cash equivalents as at September 30, 2007 were almost the same as at December 31, 2006.

Group equity decreased over the nine-month period from € 562.3 million to € 556.3 million. The net profit for the nine-month period (€117.0 million) and the direct equity impact of the convertible bond, net of transaction costs and taxes (€ 9.9 million), contributed to an increase in equity on the one hand. Accumulated other equity increased from €12.9 million at the beginning of the period to €13.6 million at the end. Equity was reduced by the dividend payment for the financial year 2006 (€ 43.6 million), the acquisition of treasury shares (€ 84.5 million) and expenditure in connection with the Matching Stock Program (€ 5.5 million). As a consequence of the reduced level of equity and the increase in the balance sheet total, the equity ratio fell to 16.9% (December 31, 2006: 18.1%).

Pension provisions increased by € 15.6 million in line with schedule.

Whereas the carrying amount of other non-current provisions was largely unchanged, other current provisions went up by € 29.4 million.

Financial liabilities decreased slightly by € 5.9 million (see Note 19), mainly as a result of lower level of liabilities to banks and finance lease liabilities.

Trade payables increased by € 44.0 million to € 360.8 million due to timing factors.

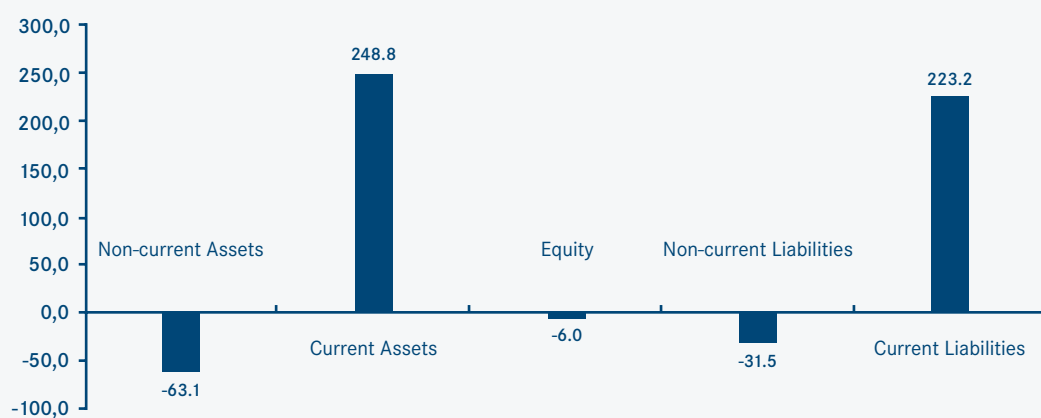
Other sundry liabilities were up by € 154.7 million to € 862.7 million. The main factors here were the increase (€ 126.9 million) in advance payments received from customers and the increase (€ 21.4 million) in liabilities to related companies (mainly due to timing factors).

The following table shows the changes in assets and liabilities during the period from December 31, 2006 to September 30, 2007, analyzed by current and non-current items:

## Change in Assets, Equity and Liabilities

| (Statement of changes between December 31, 2006 and September 30, 2007) | € million | € million    |
|-------------------------------------------------------------------------|-----------|--------------|
| <b>Non-current Assets</b>                                               |           |              |
| Intangible assets                                                       | -47.2     |              |
| Property, plant and equipment                                           | -15.1     |              |
| Financial assets                                                        | 4.2       |              |
| Other assets                                                            | -4.7      |              |
| Deferred tax assets                                                     | -0.3      | -63.1        |
| <b>Current Assets</b>                                                   |           |              |
| Inventories                                                             | 67.7      |              |
| Receivables                                                             | 194.4     |              |
| Other assets                                                            | -9.9      |              |
| Cash and cash equivalents                                               | -1.0      |              |
| Prepayments                                                             | -2.4      | 248.8        |
| <b>Change in Assets</b>                                                 |           | <b>185.7</b> |
| <b>Equity</b>                                                           |           | <b>-6.0</b>  |
| <b>Non-current Liabilities</b>                                          |           |              |
| Provisions                                                              | 17.9      |              |
| Financial liabilities                                                   | -4.6      |              |
| Other liabilities                                                       | 3.4       |              |
| Deferred tax liabilities                                                | -48.2     | -31.5        |
| <b>Current Liabilities</b>                                              |           |              |
| Provisions                                                              | 29.2      |              |
| Financial liabilities                                                   | -1.3      |              |
| Trade payables                                                          | 44.0      |              |
| Other liabilities                                                       | 151.3     | 223.2        |
| <b>Change in Equity and Liabilities</b>                                 |           | <b>185.7</b> |

## Change in Assets, Equity and Liabilities



### 3 Events after the balance sheet date

#### Changes in the Board of Management

Bernd Kessler, Munich, will leave the Board of Management of MTU Aero Engines Holding AG, Munich, with effect from November 1, 2007.

Dr. Stefan Weingartner, Munich, has been appointed as his successor. His contract runs for a period of three years.

| Consolidated Income Statement                                                   |         |                            |                                          |              |                           |
|---------------------------------------------------------------------------------|---------|----------------------------|------------------------------------------|--------------|---------------------------|
| in € million                                                                    | (Notes) | Group                      |                                          | Group        |                           |
|                                                                                 |         | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 <sup>*)</sup> | Q 3<br>2007  | Q 3<br>2006 <sup>*)</sup> |
| Revenues                                                                        |         | 1,886.8                    | 1,782.4                                  | 626.2        | 612.4                     |
| Cost of sales                                                                   | (6)     | -1,575.2                   | -1,511.2                                 | -518.2       | -512.5                    |
| <b>Gross profit</b>                                                             |         | <b>311.6</b>               | <b>271.2</b>                             | <b>108.0</b> | <b>99.9</b>               |
| Research and development expenses                                               | (7)     | -55.1                      | -42.9                                    | -21.7        | -12.7                     |
| Selling expenses                                                                | (8)     | -58.2                      | -55.5                                    | -19.8        | -18.3                     |
| General administrative expenses                                                 | (9)     | -33.9                      | -33.2                                    | -12.2        | -13.1                     |
| Other operating income and expenses                                             |         | 0.9                        | 12.8                                     | -2.7         | 10.9                      |
| <b>Earnings before interest and tax</b>                                         |         | <b>165.3</b>               | <b>152.4</b>                             | <b>51.6</b>  | <b>66.7</b>               |
| Financial result                                                                | (10)    | -48.9                      | -23.0                                    | -10.1        | -9.9                      |
| Share of profit/loss of joint ventures<br>accounted for using the equity method |         | -0.6                       | -1.2                                     |              | -0.3                      |
| <b>Earnings before tax</b>                                                      |         | <b>115.8</b>               | <b>128.2</b>                             | <b>41.5</b>  | <b>56.5</b>               |
| Income taxes                                                                    | (11)    | 1.2                        | -53.0                                    | 30.5         | -23.1                     |
| <b>Net profit</b>                                                               |         | <b>117.0</b>               | <b>75.2</b>                              | <b>72.0</b>  | <b>33.4</b>               |
| Basic (undiluted) earnings per share in €                                       | (12)    | 2.22                       | 1.38                                     | 1.36         | 0.61                      |
| Diluted earnings per share in €                                                 | (12)    | 2.12                       | 1.38                                     | 1.30         | 0.61                      |

\*) MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation

## Consolidated Balance Sheet: Assets

| in € million                  | (Notes) | Group          |                |
|-------------------------------|---------|----------------|----------------|
|                               |         | Sep. 30, 2007  | Dec. 31, 2006  |
| <b>Non-current Assets</b>     |         |                |                |
| Intangible assets             | (13)    | 1,142.3        | 1,189.5        |
| Property, plant and equipment | (14)    | 522.7          | 537.8          |
| Financial assets              |         | 16.4           | 12.2           |
| Other assets                  | (16)    | 7.1            | 11.8           |
| Deferred tax assets           |         | 1.1            | 1.4            |
|                               |         | <b>1,689.6</b> | <b>1,752.7</b> |
| <b>Current Assets</b>         |         |                |                |
| Inventories                   | (15)    | 596.7          | 529.0          |
| Receivables                   | (16)    | 805.5          | 611.1          |
| Other assets                  | (16)    | 98.1           | 108.0          |
| Cash and cash equivalents     |         | 101.2          | 102.2          |
| Prepayments                   |         | 6.8            | 9.2            |
|                               |         | <b>1,608.3</b> | <b>1,359.5</b> |
| <b>Total Assets</b>           |         | <b>3,297.9</b> | <b>3,112.2</b> |

## Consolidated Balance Sheet: Equity and Liabilities

| in € million                        | (Notes) | Group          |                |
|-------------------------------------|---------|----------------|----------------|
|                                     |         | Sep. 30, 2007  | Dec. 31, 2006  |
| <b>Equity</b>                       | (17)    |                |                |
| Subscribed capital                  |         | 55.0           | 55.0           |
| Capital reserves                    |         | 460.1          | 455.7          |
| Revenue reserves                    |         | 154.8          | 81.4           |
| Treasury shares                     |         | -127.2         | -42.7          |
| Accumulated other equity            |         | 13.6           | 12.9           |
|                                     |         | <b>556.3</b>   | <b>562.3</b>   |
| <b>Non-current Liabilities</b>      |         |                |                |
| Pension provisions                  |         | 392.9          | 377.1          |
| Other provisions                    | (18)    | 263.1          | 261.0          |
| Financial liabilities               | (19)    | 245.0          | 249.6          |
| Other liabilities                   | (20)    | 300.6          | 297.2          |
| Deferred tax liabilities            | (21)    | 259.0          | 307.2          |
|                                     |         | <b>1,460.6</b> | <b>1,492.1</b> |
| <b>Current Liabilities</b>          |         |                |                |
| Pension provisions                  |         | 17.6           | 17.8           |
| Other provisions                    | (18)    | 252.6          | 223.2          |
| Financial liabilities               | (19)    | 87.9           | 89.2           |
| Trade payables                      |         | 360.8          | 316.8          |
| Other liabilities                   | (20)    | 562.1          | 410.8          |
|                                     |         | <b>1,281.0</b> | <b>1,057.8</b> |
| <b>Total Equity and Liabilities</b> |         | <b>3,297.9</b> | <b>3,112.2</b> |

## Consolidated Statement of Changes in Equity

|                                                                        | Sub-<br>scribed<br>capital | Capital<br>re-<br>serves <sup>*)</sup> | Revenue<br>re-<br>serves | Treasury<br>shares | Accumulated other equity        |                                             |              | Total        |
|------------------------------------------------------------------------|----------------------------|----------------------------------------|--------------------------|--------------------|---------------------------------|---------------------------------------------|--------------|--------------|
|                                                                        |                            |                                        |                          |                    | Trans-<br>lation<br>differences | Derivative<br>financial<br>instru-<br>ments | Subtotal     |              |
| in € million                                                           |                            |                                        |                          |                    |                                 |                                             |              |              |
| <b>Balance as at January 1, 2006</b>                                   | <b>55.0</b>                | <b>454.5</b>                           | <b>32.5</b>              |                    | <b>1.0</b>                      | <b>-15.0</b>                                | <b>-14.0</b> | <b>528.0</b> |
| Financial instruments (forward foreign<br>exchange contracts)          |                            |                                        |                          |                    |                                 | 19.1                                        | 19.1         | 19.1         |
| Translation differences                                                |                            |                                        |                          |                    | -0.8                            |                                             | -0.8         | -0.8         |
| <b>= Income and expense not recognized<br/>in the income statement</b> |                            |                                        |                          |                    | <b>-0.8</b>                     | <b>19.1</b>                                 | <b>18.3</b>  | <b>18.3</b>  |
| Net profit for the period                                              |                            |                                        | 75.2                     |                    |                                 |                                             |              | 75.2         |
| <b>= Total income and expense for the period</b>                       |                            |                                        | <b>75.2</b>              |                    | <b>-0.8</b>                     | <b>19.1</b>                                 | <b>18.3</b>  | <b>93.5</b>  |
| Dividend payment                                                       |                            |                                        | -40.2                    |                    |                                 |                                             |              | -40.2        |
| Purchase of treasury shares                                            |                            |                                        |                          | -37.5              |                                 |                                             |              | -37.5        |
| Matching Stock Program (MSP)                                           |                            | 0.9                                    |                          |                    |                                 |                                             |              | 0.9          |
| <b>Balance as at September 30, 2006</b>                                | <b>55.0</b>                | <b>455.4</b>                           | <b>67.5</b>              | <b>-37.5</b>       | <b>0,2</b>                      | <b>4.1</b>                                  | <b>4.3</b>   | <b>544.7</b> |

|                                                                        |             |              |              |               |             |             |             |              |
|------------------------------------------------------------------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|--------------|
| <b>Balance as at January 1, 2007</b>                                   | <b>55.0</b> | <b>455.7</b> | <b>81.4</b>  | <b>-42.7</b>  | <b>-2.6</b> | <b>15.5</b> | <b>12.9</b> | <b>562.3</b> |
| Financial instruments (forward foreign<br>exchange contracts)          |             |              |              |               |             | 3.4         | 3.4         | 3.4          |
| Translation differences                                                |             |              |              |               | -2.7        |             | -2.7        | -2.7         |
| <b>= Income and expense not recognized<br/>in the income statement</b> |             |              |              |               | <b>-2.7</b> | <b>3.4</b>  | <b>0.7</b>  | <b>0.7</b>   |
| Net profit for the period                                              |             |              | 117.0        |               |             |             |             | 117.0        |
| <b>= Total income and expense for the period</b>                       |             |              | <b>117.0</b> |               | <b>-2.7</b> | <b>3.4</b>  | <b>0.7</b>  | <b>117.7</b> |
| Equity component of convertible bond                                   |             | 11.9         |              |               |             |             |             | 11.9         |
| Transaction cost (after tax)                                           |             | -2.0         |              |               |             |             |             | -2.0         |
| Dividend payment                                                       |             |              | -43.6        |               |             |             |             | -43.6        |
| Purchase of treasury shares                                            |             |              |              | -84.5         |             |             |             | -84.5        |
| Matching Stock Program (MSP)                                           |             | -5.5         |              |               |             |             |             | -5.5         |
| <b>Balance as at September 30, 2007</b>                                | <b>55.0</b> | <b>460.1</b> | <b>154.8</b> | <b>-127.2</b> | <b>-5.3</b> | <b>18.9</b> | <b>13.6</b> | <b>556.3</b> |

\*) Same period last year: The fair value of the equity instruments under the Matching Stock Program has been reclassified to capital reserves (see also Note 4).

| Consolidated Cash Flow Statement                                     |                            |                                            |
|----------------------------------------------------------------------|----------------------------|--------------------------------------------|
| in € million                                                         | Group                      |                                            |
|                                                                      | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 <sup>**) </sup> |
| <b>Net profit</b>                                                    | <b>117.0</b>               | <b>75.2</b>                                |
| + Depreciation and amortization                                      | 115.5                      | 108.7                                      |
| +/- Profit/loss of associated companies                              | 0.9                        | 3.4                                        |
| +/- Profit/loss on disposal of fixed assets                          | -0.1                       | -9.9                                       |
| +/- Change in pension provisions                                     | 15.6                       | 15.1                                       |
| +/- Change in other provisions                                       | 31.5                       | 18.9                                       |
| +/- Change in non-cash taxes                                         | -50.9                      | 1.8                                        |
| +/- Change in Matching Stock Program                                 | -5.3                       | 0.9                                        |
| +/- Change in inventories                                            | -67.7                      | -44.7                                      |
| +/- Change in receivables (excl. derivatives)                        | -175.4                     | -195.4                                     |
| +/- Change in liabilities (excl. derivatives)                        | 198.7                      | 167.7                                      |
| <b>Cash flow from operating activities</b>                           | <b>179.8</b>               | <b>141.7</b>                               |
| - Investments in intangible assets and property, plant and equipment | -55.6                      | -65.9                                      |
| - Investments in financial assets                                    | -5.3                       |                                            |
| + Proceeds from fixed asset disposals                                | 0.8                        | 19.7                                       |
| <b>Cash flow from investing activities</b>                           | <b>-60.1</b>               | <b>-46.2</b>                               |
| <b>Free cash flow</b>                                                | <b>119.7</b>               | <b>95.5</b>                                |
| +/- Change in financial liabilities                                  | -5.9                       | 47.7                                       |
| - Purchase of treasury shares                                        | -84.5                      | -37.5                                      |
| - Dividend payment                                                   | -43.6                      | -40.2                                      |
| + Change in capital in connection with convertible bond*)            | 14.3                       |                                            |
| - Expense for MSP shares                                             | -0.2                       |                                            |
| <b>Cash flow from financing activities</b>                           | <b>-119.9</b>              | <b>-30.0</b>                               |
| +/- Exchange rate movements in equity                                | -2.7                       | -0.8                                       |
| +/- Exchange rate movements in fixed assets                          | 1.9                        | 1.5                                        |
|                                                                      | -0.8                       | 0.7                                        |
| <b>Change in cash and cash equivalents</b>                           | <b>-1.0</b>                | <b>66.2</b>                                |
| Cash and cash equivalents as at January 1                            | 102.2                      | 22.0                                       |
| Cash and cash equivalents as at September 30                         | 101.2                      | 88.2                                       |
| <b>Change in cash and cash equivalents</b>                           | <b>-1.0</b>                | <b>66.2</b>                                |
| Cash and cash equivalents as at September 30                         | 101.2                      | 88.2                                       |
| - Revolving Credit Facility (see Note 19)                            | -73.0                      | -64.8                                      |
| <b>Net liquidity as at September 30</b>                              | <b>28.2</b>                | <b>23.4</b>                                |

\*) net of transaction costs

\*\*) MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, adjusted for 50% proportionate consolidation



## Basis of preparation

### 1 General information

MTU Aero Engines Holding AG and its subsidiary companies (hereafter referred to as “Group” or “Group Companies”) comprise one of the world’s leading manufacturers of engine modules and components, and the world’s leading independent provider of commercial engine MRO services.

The business activities of the Group cover the entire life-cycle of an engine program, i.e. from development, construction, testing and production of new commercial and military engines and spare parts, through to maintenance, repair and overhaul of commercial and military engines. MTU’s activities focus on two segments: “Commercial and Military Engine Business (OEM)”, and “Commercial Engine Maintenance Business (MRO)”.

MTU’s commercial engine business covers the development and production of modules, components and spare parts for commercial engine programs, including final assembly. MTU’s military engine business focuses on the development and production of modules and components for engines, production of spare parts and final assembly as well as maintenance services for these engines. The commercial engine maintenance business segment includes activities in the area of maintenance and logistical support for commercial engines.

MTU Aero Engines Holding AG (parent company) with its headquarters at Dachauer Str. 665, 80995 Munich, Germany, is registered under HRB 157 206 in the Commercial Registry at the District Court of Munich.

### 2 IFRS financial reporting

The consolidated financial statements of MTU Aero Engines Holding AG as at December 31, 2006, were drawn up in accordance with International Financial Reporting Standards (IFRS), such as these apply in the EU, and the guidelines of the International Accounting Standards Board (IASB), based in London. The interim consolidated financial statements (“Interim Report”) of MTU Aero Engines Holding AG as at September 30, 2007, which have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), have been drawn up using, in all material respects, the same accounting policies as in the 2006 consolidated financial statements. Necessary changes resulting from the application of new or revised Standards or for reasons of greater transparency are explained in Note 4. All Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at September 30, 2007 have also been applied. The Interim Report also complies with German Accounting Standard No. 6 (GAS 6) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC). The Interim Report has not been audited by the Group Auditor.

Further information about the Group’s accounting principles and policies is contained in the MTU Aero Engines Holding AG consoli-

dated financial statements as at December 31, 2006. The reporting currency for the consolidated financial statements is the Euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

### 3 New financial reporting rules

No new financial reporting rules came into force during the third quarter 2007 which are material for the Group.

### 4 Adjustments to the Group Interim Report for the nine-month period from January 1 to September 30, 2007

MTU Maintenance Zhuhai Co. Ltd., China, has been consolidated proportionately (at 50%) since the beginning of 2006. The corresponding prior year figures disclosed in the Group Interim Report have been adjusted for comparison purposes. Regardless of the method applied to consolidate this entity, there is no impact on group earnings per share for the previous year.

The following restatements were made within equity in the previous financial year i.e. all effects were taken into account in the consolidated financial statements for the year ended December 31, 2006:

The profit for the period under report is transferred to revenue reserves with the effect that the balance sheet line “Unappropriated profit” is no longer required. In addition, the acquisition of treasury shares was recognized on the line “Treasury shares” as a separate sub-item within equity. The fair value of Phantom Stocks, relating to the Matching Stock Program (MSP) and measured using the Black-Scholes method, has been re-classified from “Accumulated other equity” to “Capital reserves” within the Consolidated Statement of Changes in Equity.

Utilization of the Group’s RCF overdraft facility has an impact on liquidity. In order to improve transparency, the Group’s liquidity status is now disclosed in the Consolidated Cash Flow Statement (after the line “Change in cash and cash equivalents”). For this purpose, the current account overdraft is netted against cash and cash equivalents.

The Financial Reporting Enforcement Panel (FREP), which has the remit to examine the financial statements of the majority of companies newly listed on the Stock Exchange, has examined MTU Aero Engines Holding AG’s consolidated financial statements for the financial year 2005 pursuant to § 342b (2) sentence 3 no. 3 HGB (random sample examinations). MTU decided to concur with the result of the examination. This relevant announcement was made on January 19, 2007. The result of the FREP examination included an interpretation of the accounting treatment of the purchase price allocation relating to three commercial engine programs in conjunction with the purchase of the business by KKR in 2004. For the purposes of purchase accounting for the relevant program assets, the FREP is of the opinion that the obligations directly attributable to these programs as at December 31, 2005 are required to be reported on the liabilities side of the balance sheet (contingent

liabilities) and hence, separately from assets. The impact of the restatement was included in full in the 2006 consolidated financial statements. Since the examination findings were not made until the beginning of 2007, the comparative figures for the nine-month period ended September 30, 2006 have been restated.

## 5 Consolidated companies

MTU Aero Engines Finance B.V., Amsterdam, Netherlands, was incorporated on January 19, 2007 with share capital of € 18,000. This entity is wholly owned by MTU Aero Engines Holding AG and is included in the consolidated financial statements as at September 30, 2007.

MTU Aero Engines Polska Spółka z ograniczona odpowiedzialnoscia (in short: MTU Aero Engines Polska Sp. Z o.o.), Rzeszów, Poland, was incorporated with effect from July 20, 2007 with a share capital of Zloty 50,000 (PLN). Up to September 14, 2007, the entity's shares were 99% owned by MTU Aero Engines GmbH, Munich, and 1% owned by MTU Maintenance Hannover GmbH, Langenhagen. In accordance with the agreement dated September 14, 2007 (certified by public notary), MTU Aero Engines GmbH, Munich, acquired 1% of the share capital from MTU Maintenance Hannover GmbH, Langenhagen, at a price of PLN 500 PLN, so that MTU Aero Engines GmbH, Munich, now wholly owns MTU Aero Engines Polska Sp. Z o.o., Poland. Subsequent to the acquisition of the additional shareholding, MTU Aero Engines GmbH, Munich, resolved on September 14, 2007 to increase the share capital of MTU Aero Engines Polska Sp. Z o.o. by PLN 20,000,000 to PLN 20,050,000 and paid in the full amount (200,500 shares, with a nominal value of PLN 100 per share).

In accordance with the agreement dated June 21, 2007, certified by public notary (deed number G0957/2007), MTU Aero Engines Investment GmbH, Munich, was merged into MTU Aero Engines Holding AG, Munich. The merger was executed by transferring all of the assets and liabilities of the transferring company to the receiving company pursuant to the provisions contained in the German Company Transformation Act (UmwG), in particular in sections § 1 (1) no. 1, § 2 no. 1, § 3 (1) no. 2, §§ 4 et seq., §§ 46 et seq., and §§ 60 et seq. of that act. The merger took effect for legal and tax purposes effective January 1, 2007 and was entered in the commercial register on July 13, 2007. The merger does not have any impact on the consolidated financial statements.

In total, six German and five foreign entities are included in the consolidated financial statements of MTU Aero Engines Holding AG. Pratt & Whitney Canada Customer Service Centre Europe GmbH, Ludwigsfelde, is consolidated at equity, and MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, is consolidated proportionately. Two subsidiaries are not consolidated on the grounds of immateriality. MTU München Unterstützungskasse GmbH, Munich, is also not consolidated, since that entity's obligations are recognized in the consolidated balance sheet.

## Notes to the Consolidated Income Statement

## 6 Cost of sales

| Cost of sales                 |                            |                            |               |               |
|-------------------------------|----------------------------|----------------------------|---------------|---------------|
| in € million                  | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 | Q 3<br>2007   | Q 3<br>2006   |
| Cost of materials             | -1,199.1                   | -1,149.8                   | -401.9        | -368.2        |
| Personnel expenses            | -281.7                     | -281.5                     | -92.3         | -96.0         |
| Depreciation and amortization | -106.5                     | -101.7                     | -44.4         | -32.4         |
| Other cost of sales           | 12.1                       | 21.8                       | 20.4          | -15.9         |
|                               | <b>-1,575.2</b>            | <b>-1,511.2</b>            | <b>-518.2</b> | <b>-512.5</b> |

The carrying amount of the repair operations license for the CF34 was compared during the third quarter 2007 with the asset's recoverable amount (i.e. the present value of future cash flows). The recoverable amount was lower than the carrying amount, with the result that it was necessary to recognize an impairment loss of € 14.7 million relating to the commercial MRO segment.

## 7 Research and development expenses

| Research and development expenses |                            |                            |              |              |
|-----------------------------------|----------------------------|----------------------------|--------------|--------------|
| in € million                      | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 | Q 3<br>2007  | Q 3<br>2006  |
| Cost of materials                 | -15.4                      | -13.1                      | -6.7         | -2.7         |
| Personnel expenses                | -38.1                      | -37.7                      | -14.1        | -12.8        |
| Depreciation and amortization     | -4.2                       | -4.2                       | -1.4         | -1.2         |
|                                   | <b>-57.7</b>               | <b>-55.0</b>               | <b>-22.2</b> | <b>-16.7</b> |
| Capitalization of R&D costs       | 2.6                        |                            | 0.5          |              |
| Utilization of R&D provision      |                            | 12.1                       |              | 4.0          |
|                                   | <b>-55.1</b>               | <b>-42.9</b>               | <b>-21.7</b> | <b>-12.7</b> |

With regard to the capitalization of development costs, please refer to Note 13.

## 8 Selling expenses

| Selling expenses              |                            |                            |              |              |
|-------------------------------|----------------------------|----------------------------|--------------|--------------|
| in € million                  | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 | Q 3<br>2007  | Q 3<br>2006  |
| Cost of materials             | -9.4                       | -7.0                       | -3.4         | -2.2         |
| Personnel expenses            | -34.7                      | -33.4                      | -12.0        | -11.1        |
| Depreciation and amortization | -2.6                       | -1.7                       | -1.3         | -0.6         |
| Other selling expenses        | -11.5                      | -13.4                      | -3.1         | -4.4         |
|                               | <b>-58.2</b>               | <b>-55.5</b>               | <b>-19.8</b> | <b>-18.3</b> |

Selling expenses comprise mainly expenditure for marketing, advertising and sales personnel as well as write-downs on trade receivables.

## 9 General administrative expenses

| General administrative expenses |                            |                            |              |              |
|---------------------------------|----------------------------|----------------------------|--------------|--------------|
| in € million                    | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 | Q 3<br>2007  | Q 3<br>2006  |
| Cost of materials               | -5.8                       | -3.1                       | -2.1         | -1.4         |
| Personnel expenses              | -20.7                      | -20.6                      | -6.9         | -6.9         |
| Depreciation and amortization   | -2.2                       | -1.1                       | -1.1         | -0.4         |
| Other administrative expenses   | -5.2                       | -8.4                       | -2.1         | -4.4         |
|                                 | <b>-33.9</b>               | <b>-33.2</b>               | <b>-12.2</b> | <b>-13.1</b> |

## 10 Financial result

| Financial result                                                |                            |                            |              |             |
|-----------------------------------------------------------------|----------------------------|----------------------------|--------------|-------------|
| in € million                                                    | Jan. 1 to<br>Sep. 30, 2007 | Jan. 1 to<br>Sep. 30, 2006 | Q 3<br>2007  | Q 3<br>2006 |
| Income from associated companies                                | 0.4                        | 0.2                        | 0.4          | 0.1         |
| Losses from the disposal of investments in associated companies |                            | -0.3                       |              | -0.3        |
|                                                                 | <b>0.4</b>                 | <b>-0.1</b>                | <b>0.4</b>   | <b>-0.2</b> |
| <b>Net interest expense</b>                                     |                            |                            |              |             |
| <b>Other interest and similar income</b>                        | 5.7                        | 14.3                       | 1.9          | 1.3         |
| <b>Interest expenses</b>                                        |                            |                            |              |             |
| Bank interest                                                   | -2.9                       | -15.2                      | -1.2         | -1.1        |
| Loan interest                                                   | -2.1                       | -10.2                      |              | -3.4        |
| Convertible bond                                                | -5.4                       |                            | -2.0         |             |
| Penalty for repayment of High Yield Bond <sup>*)</sup>          | -19.1                      |                            |              |             |
| Finance leases                                                  | -1.9                       | -2.2                       | -0.6         | -0.8        |
| Non-consolidated companies                                      | -0.2                       | -0.3                       |              | -0.1        |
| Other interest expenses                                         | -1.3                       | -1.3                       | -0.6         | -0.6        |
|                                                                 | <b>-32.9</b>               | <b>-29.2</b>               | <b>-4.4</b>  | <b>-6.0</b> |
|                                                                 | <b>-27.2</b>               | <b>-14.9</b>               | <b>-2.5</b>  | <b>-4.7</b> |
| <b>Financial result on other items</b>                          |                            |                            |              |             |
| Exchange rate gains/losses on currency holdings                 | -9.7                       | -1.2                       | -6.5         | 0.4         |
| Exchange rate gains/losses on financing transactions            | 1.1                        | 0.7                        | 0.4          | 0.4         |
| Exchange rate gains/losses on finance leases                    | 1.4                        | 1.6                        | 0.9          | -0.1        |
| Exchange rate gains/losses on interest rate swaps               | -0.6                       | 4.9                        | -0.5         | -1.2        |
| Expenses/income from forward foreign exchange transactions      | 5.8                        |                            | 5.2          |             |
| Gains/losses on forward commodity contracts                     | -5.5                       |                            | -2.5         |             |
| Interest expense attributable to pension provisions             | -14.5                      | -13.8                      | -4.8         | -4.6        |
| Interest expense attributable to the R&D provision              |                            | -0.3                       |              | -0.1        |
| Interest expense attributable to other personnel provisions     | -0.1                       | -0.1                       |              |             |
| Other expenses and income                                       |                            | 0.2                        | -0.2         | 0.2         |
|                                                                 | <b>-22.1</b>               | <b>-8.0</b>                | <b>-8.0</b>  | <b>-5.0</b> |
|                                                                 | <b>-48.9</b>               | <b>-23.0</b>               | <b>-10.1</b> | <b>-9.9</b> |

\*) see Note 19

**11 Income taxes**

| <b>Income taxes</b>                           |                                    |                                    |                     |                     |
|-----------------------------------------------|------------------------------------|------------------------------------|---------------------|---------------------|
| <b>in € million</b>                           | <b>Jan. 1 to<br/>Sep. 30, 2007</b> | <b>Jan. 1 to<br/>Sep. 30, 2006</b> | <b>Q 3<br/>2007</b> | <b>Q 3<br/>2006</b> |
| Current tax expense                           | -51.2                              | -51.2                              | -21.0               | -20.9               |
| Deferred tax expense                          | 52.4                               | -1.8                               | 51.5                | -2.2                |
| Income taxes reported in the income statement | <b>1.2</b>                         | <b>-53.0</b>                       | <b>30.5</b>         | <b>-23.1</b>        |

Information regarding the impact of the business tax reform that comes into force on January 1, 2008 and the resulting change in deferred taxes is provided in the analysis of the group's performance for the nine-month period ended September 30, 2007 (Group Management Report).

## 12 Earnings per share

For the purposes of determining diluted earnings per share, the average number of shares in circulation is added to the maximum number of shares that could be exercised in conjunction with conversion rights issued under the Matching Stock Program on June 6, 2005 and to the maximum number of shares that could be exercised in conjunction with the convertible bond issued by MTU Aero Engines Finance B.V. Amsterdam, Netherlands, on February 1, 2007. In parallel, group earnings are increased by the amount of post-tax interest expense relating to the convertible bond.

| Basic (undiluted) and diluted earnings per share |              |                                         |                                                               |                                     |                                                   |
|--------------------------------------------------|--------------|-----------------------------------------|---------------------------------------------------------------|-------------------------------------|---------------------------------------------------|
|                                                  |              | Jan. 1 to<br>Sep. 30, 2007              |                                                               |                                     |                                                   |
|                                                  |              | Basic (undiluted)<br>earnings per share | Financial instruments<br>Reconciliation                       |                                     |                                                   |
|                                                  |              |                                         | Interest expenses<br>convertible<br>bond/<br>Number of shares | Current<br>and<br>deferred<br>taxes | Matching<br>Stock<br>Program/<br>Number of shares |
|                                                  |              |                                         |                                                               |                                     |                                                   |
| Net profit                                       | in € million | 117.0                                   | 5.4                                                           | -2.2                                | 120.2                                             |
| Average weighted number of<br>outstanding shares | Number       | 52,768,605                              | 3,636,364                                                     |                                     | 56,574,496                                        |
| Earnings per share                               | in €         | 2.22                                    |                                                               |                                     | 2.12                                              |

| Basic (undiluted) and diluted earnings per share |              |                                         |                                                               |                                     |                                                   |
|--------------------------------------------------|--------------|-----------------------------------------|---------------------------------------------------------------|-------------------------------------|---------------------------------------------------|
|                                                  |              | Jan. 1 to<br>Sep. 30, 2006              |                                                               |                                     |                                                   |
|                                                  |              | Basic (undiluted)<br>earnings per share | Financial instruments<br>Reconciliation                       |                                     |                                                   |
|                                                  |              |                                         | Interest expenses<br>convertible<br>bond/<br>Number of shares | Current<br>and<br>deferred<br>taxes | Matching<br>Stock<br>Program/<br>Number of shares |
|                                                  |              |                                         |                                                               |                                     |                                                   |
| Net profit                                       | in € million | 75.2                                    |                                                               |                                     | 75.2                                              |
| Average weighted number of<br>outstanding shares | Number       | 54,486,072                              |                                                               |                                     | 84,799                                            |
| Earnings per share                               | in €         | 1.38                                    |                                                               |                                     | 1.38                                              |

## Notes to the consolidated balance sheet

## 13 Intangible assets

Intangible assets comprise, as at the end of the previous year, program/product values and program-independent technologies recognized in conjunction with the purchase price allocation, software (mainly technical) and purchased goodwill.

Additions to intangible assets during the first nine months of 2007 amounted to € 8.0 million (January-September 2006: € 21.2 million) and relate primarily to military program-related investments and the capitalization of development costs (€ 2.6 million) in the

area of commercial MRO business in accordance with IAS 38. The amortization expense for the nine-month period was € 54.0 million (January-September 2006: € 41.6 million). This includes the impairment loss of € 14.7 million recognized on the repair operations license relating to the CF34 (see Note 6).

## 14 Property, plant and equipment

Capital expenditure for property, plant and equipment during the first nine months of 2007 was € 47.6 million (January-September 2006: € 44.7 million). The depreciation expense for the same period amounted to € 61.5 million (January-September 2006: € 67.1 million).

## 15 Inventories

| Inventories                |               |               |
|----------------------------|---------------|---------------|
| in € million               | Sep. 30, 2007 | Dec. 31, 2006 |
| Raw materials and supplies | 258.2         | 230.2         |
| Work in process            | 330.3         | 295.3         |
| Advance payments           | 8.2           | 3.5           |
|                            | <b>596.7</b>  | <b>529.0</b>  |

## 16 Receivables and other assets

| Receivables and other assets                                                |                                   |                                                |              |                                   |                                                |              |
|-----------------------------------------------------------------------------|-----------------------------------|------------------------------------------------|--------------|-----------------------------------|------------------------------------------------|--------------|
| in € million                                                                | Sep. 30, 2007                     |                                                |              | Dec. 31, 2006                     |                                                |              |
|                                                                             | Current<br>Due within<br>one year | Non-current<br>Due in more<br>than one<br>year | Total        | Current<br>Due within<br>one year | Non-current<br>Due in more<br>than one<br>year | Total        |
| Trade receivables                                                           | 383.3                             |                                                | 383.3        | 345.1                             |                                                | 345.1        |
| Accounts receivable attributable to production and maintenance orders (PoC) | 422.2                             |                                                | 422.2        | 266.0                             |                                                | 266.0        |
|                                                                             | <b>805.5</b>                      |                                                | <b>805.5</b> | <b>611.1</b>                      |                                                | <b>611.1</b> |

## Other Assets

|                                                   | Sep. 30, 2007                     |                                                |              | Dec. 31, 2006                     |                                                |              |
|---------------------------------------------------|-----------------------------------|------------------------------------------------|--------------|-----------------------------------|------------------------------------------------|--------------|
|                                                   | Current<br>Due within<br>one year | Non-current<br>Due in more<br>than one<br>year | Total        | Current<br>Due within<br>one year | Non-current<br>Due in more<br>than one<br>year | Total        |
| in € million                                      |                                   |                                                |              |                                   |                                                |              |
| <b>Accounts receivable from related companies</b> |                                   |                                                |              |                                   |                                                |              |
| Associated companies                              | 42.3                              |                                                | 42.3         | 51.1                              |                                                | 51.1         |
| Joint ventures                                    | 2.7                               |                                                | 2.7          | 3.8                               |                                                | 3.8          |
| <b>Tax refund claims</b>                          |                                   |                                                |              |                                   |                                                |              |
| Income taxes                                      | 2.4                               |                                                | 2.4          | 12.5                              |                                                | 12.5         |
| Other taxes                                       | 5.3                               |                                                | 5.3          | 12.0                              |                                                | 12.0         |
| <b>Receivables from suppliers</b>                 | 3.1                               |                                                | 3.1          | 4.6                               |                                                | 4.6          |
| <b>Receivables from employees</b>                 | 4.0                               |                                                | 4.0          | 1.3                               |                                                | 1.3          |
| <b>Fair value of derivatives</b>                  |                                   |                                                |              |                                   |                                                |              |
| Forward foreign exchange                          | 26.1                              | 2.2                                            | 28.3         | 18.7                              | 7.5                                            | 26.2         |
| Interest rate swaps                               |                                   | 0.4                                            | 0.4          |                                   | 0.2                                            | 0.2          |
| Forward commodity contracts                       |                                   | 0.3                                            | 0.3          |                                   |                                                |              |
| <b>Other assets</b>                               | 12.2                              | 4.2                                            | 16.4         | 4.0                               | 4.1                                            | 8.1          |
|                                                   | <b>98.1</b>                       | <b>7.1</b>                                     | <b>105.2</b> | <b>108.0</b>                      | <b>11.8</b>                                    | <b>119.8</b> |

## 17 Equity

## 17.1 Capital reserves

Changes in shareholder's equity during the period from January 1 to September 30, 2007 are shown on page 14.

## Matching Stock Program

Capital reserves include premiums arising from the issue of shares and the fair values recorded for the Matching Stock Program. Changes in valuations of non-market-related exercise thresholds are considered in the assumptions relating to the expected number of exercisable shares of phantom stock. In the event that there is a change during the vesting period, the fair value of the original equity instruments calculated at the beginning of the program must be adjusted by the amount arising for the period between the date of the amendment through to the date on which the amended equity instruments can be exercised for the first time. The exercise threshold for the first tranche of the Matching Stock Program, granted on June 6, 2005, was exceeded at the exercise date on June 6, 2007.

On the basis of the resolution taken by the Supervisory Board and Board of Management on May 23, 2007, the company has applied the option available under the terms of the Matching Stock Program to deduct the amount of dividends paid during the period between the grant date and date of payment of each tranche of phantom stocks from the basis price of the relevant tranche. In addition to

the gains and loss arising on the fair value measurement of the equity instruments in accordance with IFRS 2.27, the increase in the fair value of the phantom stocks has been recognized in the income statement (expense of € 2.2 million) in accordance with IFRS 2.B 43(a).

The exercise price for 421,674 exercisable phantom stocks out of the first tranche was € 21.97 and the gross proceeds deducted from capital reserves amounted to € 9.3 million. The average share price at exercise date was € 43.64 per share of phantom stock. In total, 112,612 shares were transferred to employees (see Note 17.3).

## Convertible bond

The equity portion of the convertible bond (net of tax) issued on February 1, 2007 is also recognized on this line (see Note 19).

## 17.2 Revenue reserves

Revenue reserves comprise the post-acquisition and non-distributed earnings of consolidated group companies. Revenue reserves increased on the one hand by € 117.0 million as a result of the net profit for the nine-month period, and was reduced by the dividend payment of € 43.6 million for the financial year 2006.



### 17.3 Treasury shares

At the Annual General Meeting of MTU Aero Engines Holding AG on May 12, 2006, the shareholders authorised the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10 % of the Company's share capital in place at the date of the resolution and to withdraw these shares from circulation without any further resolution by the Annual General Meeting. The authorization resolved at the Company's Annual General Meeting on May 12, 2006 to acquire treasury shares is valid until November 11, 2007 and was replaced by a new authorization at the Annual General Meeting held on April 27, 2007. The Company is authorized, during the period from April 28, 2007 to October 27, 2008, and pursuant to § 71 (1) no. 8 of the German Stock Corporation Act, to acquire treasury shares up to a maximum of 10 % of the Company's share capital in place at the date of the resolution. The Board of Management can elect to make the acquisition either via the stock exchange or in the form of a public offer made to all shareholders (or, where permitted by law, in the form of a request to shareholders to submit a sales offer).

In addition, the Board of Management is authorized, with the approval of the Supervisory Board, to use the bought-back treasury shares to fulfil any convertible bonds, bonds with option warrants, profit-share certificates or profit-participation bonds (or a combination of these instruments) which the Company issues or has issued on the basis of the resolution taken at the Annual General Meeting on May 31, 2005. The subscription right of existing shareholders to the treasury shares is therefore excluded.

#### Share buy-back program

In conjunction with the authorizations resolved at the Annual General Meetings held on May 12, 2006 and April 27, 2007, MTU Aero Engines Holding AG's Board of Management decided to buy back shares via the stock exchange. In total, 3,634,336 shares had been acquired by September 30, 2007 and 112,612 shares re-issued in conjunction with the Matching Stock Program. At September 30, 2007, the Company held a total of 3,521,724 treasury shares (i.e. 6.4% of the Company's share capital) at an average price of € 36.11 per share. The total cost of the buy-back (€ 127.2 million) has been recognized directly in equity on the line "Treasury shares".

As a result of the share buy-back transactions, the weighted average number of shares at September 30, 2007 was 52,768,605 shares.

## Reconciliation of weighted average number of shares:

|                                            | 2007                          |                                      |                         | 2006                          |                   |                         |
|--------------------------------------------|-------------------------------|--------------------------------------|-------------------------|-------------------------------|-------------------|-------------------------|
|                                            | Balance at beginning of month | Purchased/ Exercised MSP shares 2007 | Balance at end of month | Balance at beginning of month | Purchased 2006    | Balance at end of month |
| <b>in number</b>                           |                               |                                      |                         |                               |                   |                         |
| <b>Purchased/</b>                          |                               |                                      |                         |                               |                   |                         |
| <b>Balance as at January 1</b>             | <b>55,000,000</b>             | <b>-1,650,883</b>                    | <b>53,349,117</b>       | <b>55,000,000</b>             |                   | <b>55,000,000</b>       |
| January                                    | 53,349,117                    |                                      | 53,349,117              | 55,000,000                    |                   | 55,000,000              |
| February                                   | 53,349,117                    | -73,020                              | 53,276,097              | 55,000,000                    |                   | 55,000,000              |
| March                                      | 53,276,097                    | -101,258                             | 53,174,839              | 55,000,000                    |                   | 55,000,000              |
| April                                      | 53,174,839                    |                                      | 53,174,839              | 55,000,000                    |                   | 55,000,000              |
| May                                        | 53,174,839                    | -78,000                              | 53,096,839              | 55,000,000                    | -170,130          | 54,829,870              |
| June                                       | 53,096,839                    | -216,477                             | 52,880,362              | 54,829,870                    | -570,463          | 54,259,407              |
| June (exercised MSP shares)                | 52,880,362                    | 112,612                              | 52,992,974              | 54,259,407                    |                   | 54,259,407              |
| July                                       | 52,992,974                    | -347,246                             | 52,645,728              | 54,259,407                    | -238,916          | 54,020,491              |
| August                                     | 52,645,728                    | -916,992                             | 51,728,736              | 54,020,491                    | -270,496          | 53,749,995              |
| September                                  | 51,728,736                    | -250,460                             | 51,478,276              | 53,749,995                    | -235,110          | 53,514,885              |
| <b>Purchased/ Exercised MSP shares</b>     |                               | <b>-3,521,724</b>                    |                         |                               | <b>-1,485,115</b> |                         |
| <b>Weighted average as at September 30</b> |                               |                                      | <b>52,768,605</b>       |                               |                   | <b>54,486,072</b>       |

Transaction costs incurred in conjunction with the buy-back were recognized directly in equity (net of income taxes).

#### 17.4 Accumulated other equity

Accumulated other equity contains adjustments arising from the foreign currency translation of the financial statements of foreign subsidiaries and fair value gains and losses arising on financial instruments recognized directly in equity.

#### 18 Other provisions

Other provisions comprise primarily personnel-related obligations, pending losses on onerous contracts relating to MRO business, warranties and tax obligations. Contingent liabilities are measured in accordance with IFRS 3.48 (b). As in the past, obligations arising from contingent liabilities are measured on the basis of periods of between nine and fifteen years. Provisions for pending losses on onerous contracts relate to risks concerning the order backlog for commercial and military engine business and commercial MRO business.

## 19 Financial liabilities

| Financial liabilities                                                |                     |               |                                               |               |                             |               |               |               |
|----------------------------------------------------------------------|---------------------|---------------|-----------------------------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| in € million                                                         | Current             |               | Non-current                                   |               |                             |               | Total         | Total         |
|                                                                      | Due within one year |               | Due in more than one and less than five years |               | Due in more than five years |               |               |               |
|                                                                      | Sep. 30, 2007       | Dec. 31, 2006 | Sep. 30, 2007                                 | Dec. 31, 2006 | Sep. 30, 2007               | Dec. 31, 2006 | Sep. 30, 2007 | Dec. 31, 2006 |
|                                                                      |                     |               |                                               |               |                             |               |               |               |
| <b>Bonds</b>                                                         |                     |               |                                               |               |                             |               |               |               |
| Convertible bond                                                     |                     |               | 164.5                                         |               |                             |               | 164.5         |               |
| Interest liability                                                   | 3.3                 |               |                                               |               |                             |               | 3.3           |               |
| High Yield Bond                                                      |                     |               |                                               |               |                             | 165.0         |               | 165.0         |
| Interest liability on High Yield Bond                                |                     | 3.4           |                                               |               |                             |               |               | 3.4           |
| <b>Liabilities to banks</b>                                          |                     |               |                                               |               |                             |               |               |               |
| Revolving Credit Facility (RCF)                                      | 73.0                | 75.6          |                                               |               |                             |               | 73.0          | 75.6          |
| Other liabilities to banks                                           | 7.2                 | 7.6           | 24.0                                          | 25.8          |                             |               | 31.2          | 33.4          |
| <b>Liabilities to related companies</b>                              |                     |               |                                               |               |                             |               |               |               |
| Non consolidated subsidiaries                                        | 1.9                 |               |                                               |               |                             |               | 1.9           |               |
| Other companies                                                      |                     | 0.1           |                                               |               |                             |               |               | 0.1           |
| <b>Other financial liabilities</b>                                   |                     |               |                                               |               |                             |               |               |               |
| Finance lease liabilities                                            | 2.5                 | 2.5           | 22.8                                          | 23.3          | 19.9                        | 22.7          | 45.2          | 48.5          |
| Loan from the province of British Columbia to MTU Maintenance Canada |                     |               | 13.8                                          | 12.8          |                             |               | 13.8          | 12.8          |
|                                                                      | 87.9                | 89.2          | 225.1                                         | 61.9          | 19.9                        | 187.7         | 332.9         | 338.8         |

The Group has access to overdraft facilities amounting to € 250.0 million, based on agreements that run until March 24, 2010. These include a line of credit for € 130.0 million with a banking consortium. Bilateral credit arrangements (ancillary facilities) have been agreed with three banks for the remaining € 120.0 million. At September 30, 2007, an amount of € 73.0 million (September 30, 2006: € 64.8 million) out of the € 250.0 million was being utilized in the form of current account overdrafts. A further € 18.5 million (September 30, 2006: € 26.9 million) was drawn as bank guarantees to the benefit of third parties. The effective take-up of credit under the Revolving Credit Facility is subject to interest charged at a variable rate tied to market interest rates.

On January 23, 2007 and taking effect on February 1, 2007, MTU Aero Engines Finance B.V., Amsterdam, Netherlands, issued a convertible bond with a total volume of € 180.0 million (divided into 1,800 partial bonds). The security has a par value of € 100,000 per bond and a term to maturity of five years. The bonds can be converted into registered non-par value common shares of the company corresponding to a proportionate amount (€ 1 per share) of the company's total share capital. The bonds are entitled to receive profits from the beginning of the financial year in which they are issued and the subscription rights of existing shareholders are excluded. At a conversion price of € 49.50, the conversion ratio at issue date was 2,020.20. The coupon rate is fixed at 2.75 %, payable yearly on February 1. The issuing company is Amsterdam-based MTU Aero Engines Finance B.V., which was incorporated on January 19, 2007, and is wholly owned by MTU Aero Engines Holding AG.

The present value of the future contractually agreed cash flows under the Convertible Bonds Underwriting Agreement dated January 23, 2007 has been discounted using a market interest rate i.e. the rate the Company would have had to pay if it had issued a non-convertible bond. The interest expense that will be recognized over the term of the convertible loan results from unwinding the obligation using the market interest used to determine its present value.

MTU has used the cash inflow generated by the convertible loan to pay back the fixed-interest High-Yield-Bond of € 165.0 million plus the early repayment premium and accumulated interest. The total amount so used was € 189.6 million. The early repayment premium of € 19.1 million and the time-apportioned interest expense for 2007 of € 2.1 million has reduced Group earnings for the nine-month period ended September 30, 2007.

## 20 Other liabilities

| Other liabilities                         |                     |               |                                               |               |                             |               |               |               |
|-------------------------------------------|---------------------|---------------|-----------------------------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| in € million                              | Current             |               | Non-current                                   |               |                             |               | Total         | Total         |
|                                           | Due within one year |               | Due in more than one and less than five years |               | Due in more than five years |               |               |               |
|                                           | Sep. 30, 2007       | Dec. 31, 2006 | Sep. 30, 2007                                 | Dec. 31, 2006 | Sep. 30, 2007               | Dec. 31, 2006 | Sep. 30, 2007 | Dec. 31, 2006 |
| Advance payments from customers           | 382.8               | 255.9         | 281.8                                         | 281.8         |                             |               | 664.6         | 537.7         |
| Liabilities to related companies          |                     |               |                                               |               |                             |               |               |               |
| Non consolidated subsidiaries             | 4.0                 | 3.9           |                                               |               |                             |               | 4.0           | 3.9           |
| Joint ventures                            |                     | 0.1           |                                               |               |                             |               |               | 0.1           |
| Other companies                           | 79.1                | 57.7          |                                               |               |                             |               | 79.1          | 57.7          |
| Taxes payable                             | 11.8                | 16.5          |                                               |               |                             |               | 11.8          | 16.5          |
| Social security                           | 2.7                 | 2.6           |                                               |               |                             |               | 2.7           | 2.6           |
| Employees                                 | 61.1                | 57.9          | 5.0                                           | 4.5           |                             |               | 66.1          | 62.4          |
| Fair value of forward commodity contracts | 5.2                 |               | 0.6                                           |               |                             |               | 5.8           |               |
| Fair value of interest rate swaps         |                     |               | 0.9                                           |               |                             |               | 0.9           |               |
| Sundry other liabilities                  | 15.4                | 16.2          | 9.7                                           | 8.5           | 2.6                         | 2.4           | 27.7          | 27.1          |
|                                           | 562.1               | 410.8         | 298.0                                         | 294.8         | 2.6                         | 2.4           | 862.7         | 708.0         |

## 21 Income tax liabilities

| Income tax liabilities 2007 |                           |                     |
|-----------------------------|---------------------------|---------------------|
| in € million                | Due in more than one year | Total Sep. 30, 2007 |
| Deferred tax liabilities    | 259.0                     | 259.0               |
|                             | 259.0                     | 259.0               |

| Income tax liabilities 2006 |                           |                     |
|-----------------------------|---------------------------|---------------------|
| in € million                | Due in more than one year | Total Dec. 31, 2006 |
| Deferred tax liabilities    | 307.2                     | 307.2               |
|                             | 307.2                     | 307.2               |

Information regarding the impact of the business tax reform that comes into force on January 1, 2008 and the resulting change in deferred taxes is provided in the analysis of the group's performance for the nine-month period ended September 30, 2007 (Group Management Report).

## Related party relationships

MTU Group companies did not enter into any contracts with members of the Board of Management, the Supervisory Board or with other key management personnel or with companies in whose management or supervisory boards those persons are represented. The same applies to close members of the families of those persons.

## 22 Segment information by business segment

The activities of the various segments are described in the consolidated financial statements of MTU Aero Engines Holding AG at December 31, 2006. Segment information for the nine-month period and for the third quarter 2007 is as follows:

| Primary segment information 2007                                                               |                                         |               |                                 |               |                               |             |                         |               |
|------------------------------------------------------------------------------------------------|-----------------------------------------|---------------|---------------------------------|---------------|-------------------------------|-------------|-------------------------|---------------|
| in € million                                                                                   | Commercial and Military Engine Business |               | Commercial Maintenance Business |               | Consolidation/ reconciliation |             | Group                   |               |
|                                                                                                | Jan. 1 to Sep. 30, 2007                 | Q 3 2007      | Jan. 1 to Sep. 30, 2007         | Q 3 2007      | Jan. 1 to Sep. 30, 2007       | Q 3 2007    | Jan. 1 to Sep. 30, 2007 | Q 3 2007      |
| <b>Revenues with third parties</b>                                                             | <b>1,140.2</b>                          | <b>380.3</b>  | <b>746.6</b>                    | <b>245.9</b>  |                               |             | <b>1,886.8</b>          | <b>626.2</b>  |
| Commercial                                                                                     | 797.9                                   | 261.3         | 746.6                           | 245.9         |                               |             | 1,544.5                 | 507.2         |
| Military                                                                                       | 342.3                                   | 119.0         |                                 |               |                               |             | 342.3                   | 119.0         |
| <b>Revenues with other segments</b>                                                            | <b>13.6</b>                             | <b>5.3</b>    | <b>6.6</b>                      | <b>2.0</b>    | <b>-20.2</b>                  | <b>-7.3</b> |                         |               |
| Commercial                                                                                     | 13.6                                    | 5.3           | 6.6                             | 2.0           | -20.2                         | -7.3        |                         |               |
| Military                                                                                       |                                         |               |                                 |               |                               |             |                         |               |
| <b>Total revenues</b>                                                                          | <b>1,153.8</b>                          | <b>385.6</b>  | <b>753.2</b>                    | <b>247.9</b>  | <b>-20.2</b>                  | <b>-7.3</b> | <b>1,886.8</b>          | <b>626.2</b>  |
| Commercial                                                                                     | 811.5                                   | 266.6         | 753.2                           | 247.9         | -20.2                         | -7.3        | 1,544.5                 | 507.2         |
| Military                                                                                       | 342.3                                   | 119.0         |                                 |               |                               |             | 342.3                   | 119.0         |
| <b>Cost of sales</b>                                                                           | <b>-917.0</b>                           | <b>-289.8</b> | <b>-685.0</b>                   | <b>-237.1</b> | <b>26.8</b>                   | <b>8.7</b>  | <b>-1,575.2</b>         | <b>-518.2</b> |
| <b>Gross profit</b>                                                                            | <b>236.8</b>                            | <b>95.8</b>   | <b>68.2</b>                     | <b>10.8</b>   | <b>6.6</b>                    | <b>1.4</b>  | <b>311.6</b>            | <b>108.0</b>  |
| <b>Earnings before interest and tax (EBIT)</b>                                                 | <b>134.5</b>                            | <b>59.3</b>   | <b>30.8</b>                     | <b>-7.5</b>   |                               | <b>-0.2</b> | <b>165.3</b>            | <b>51.6</b>   |
| <b>Depreciation and amortization</b>                                                           | <b>76.0</b>                             | <b>25.4</b>   | <b>39.5</b>                     | <b>22.8</b>   |                               |             | <b>115.5</b>            | <b>48.2</b>   |
| <b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>                   | <b>210.5</b>                            | <b>84.7</b>   | <b>70.3</b>                     | <b>15.3</b>   |                               | <b>-0.2</b> | <b>280.8</b>            | <b>99.8</b>   |
| <b>Earnings before interest, tax, depreciation and amortization adjusted (EBITDA adjusted)</b> | <b>210.5</b>                            | <b>84.7</b>   | <b>70.3</b>                     | <b>15.3</b>   |                               | <b>-0.2</b> | <b>280.8</b>            | <b>99.8</b>   |
| <b>Financial result</b>                                                                        | <b>-36.9</b>                            | <b>-5.1</b>   | <b>-4.5</b>                     | <b>-2.1</b>   | <b>-7.5</b>                   | <b>-2.9</b> | <b>-48.9</b>            | <b>-10.1</b>  |
| <b>Share of profit/loss of joint ventures accounted for using the equity method</b>            |                                         |               | <b>-0.6</b>                     |               |                               |             | <b>-0.6</b>             |               |
| <b>Internal allocation</b>                                                                     | <b>-4.7</b>                             | <b>-1.5</b>   | <b>4.7</b>                      | <b>1.5</b>    |                               |             |                         |               |
| <b>Earnings before tax (EBT)</b>                                                               | <b>92.9</b>                             | <b>52.7</b>   | <b>30.4</b>                     | <b>-8.1</b>   | <b>-7.5</b>                   | <b>-3.1</b> | <b>115.8</b>            | <b>41.5</b>   |
| <b>Pre-tax return on sales %</b>                                                               | <b>8.1</b>                              | <b>13.7</b>   | <b>4.0</b>                      | <b>-3.3</b>   |                               |             | <b>6.1</b>              | <b>6.6</b>    |

During the third quarter 2007, an impairment loss of € 14.7 million (2006: € 0.0 million) was recognized by the business segment Commercial MRO, on intangible assets (repair operations license) held by MTU Maintenance Berlin-Brandenburg GmbH, Ludwigs-

felde. This has had an impact on the result for the third quarter 2007 and for the nine-month period ended September 30, 2007 (see Note 6).

## Primary segment information 2006

|                                                                                                    | Commercial and<br>Military Engine<br>Business |               | Commercial<br>Maintenance<br>Business |               | Consolidation/<br>reconciliation |             | Group                      |               |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------|---------------------------------------|---------------|----------------------------------|-------------|----------------------------|---------------|
|                                                                                                    | Jan. 1 to<br>Sep. 30, 2006                    | Q 3<br>2006   | Jan. 1 to<br>Sep. 30, 2006            | Q 3<br>2006   | Jan. 1 to<br>Sep. 30, 2006       | Q 3<br>2006 | Jan. 1 to<br>Sep. 30, 2006 | Q 3<br>2006   |
| <b>in € million</b>                                                                                |                                               |               |                                       |               |                                  |             |                            |               |
| <b>Revenues with third parties</b>                                                                 | <b>1,052.4</b>                                | <b>368.3</b>  | <b>730.0</b>                          | <b>244.1</b>  |                                  |             | <b>1,782.4</b>             | <b>612.4</b>  |
| Commercial                                                                                         | 737.0                                         | 257.3         | 730.0                                 | 244.1         |                                  |             | 1,467.0                    | 501.4         |
| Military                                                                                           | 315.4                                         | 111.0         |                                       |               |                                  |             | 315.4                      | 111.0         |
| <b>Revenues with other segments</b>                                                                | <b>9.5</b>                                    | <b>3.8</b>    | <b>5.5</b>                            | <b>1.6</b>    | <b>-15.0</b>                     | <b>-5.4</b> |                            |               |
| Commercial                                                                                         | 9.5                                           | 3.8           | 5.5                                   | 1.6           | -15.0                            | -5.4        |                            |               |
| Military                                                                                           |                                               |               |                                       |               |                                  |             |                            |               |
| <b>Total revenues</b>                                                                              | <b>1,061.9</b>                                | <b>372.1</b>  | <b>735.5</b>                          | <b>245.7</b>  | <b>-15.0</b>                     | <b>-5.4</b> | <b>1,782.4</b>             | <b>612.4</b>  |
| Commercial                                                                                         | 746.5                                         | 261.1         | 735.5                                 | 245.7         | -15.0                            | -5.4        | 1,467.0                    | 501.4         |
| Military                                                                                           | 315.4                                         | 111.0         |                                       |               |                                  |             | 315.4                      | 111.0         |
| <b>Cost of sales</b>                                                                               | <b>-883.2</b>                                 | <b>-296.6</b> | <b>-642.9</b>                         | <b>-221.2</b> | <b>14.9</b>                      | <b>5.3</b>  | <b>-1,511.2</b>            | <b>-512.5</b> |
| <b>Gross profit</b>                                                                                | <b>178.7</b>                                  | <b>75.5</b>   | <b>92.6</b>                           | <b>24.5</b>   | <b>-0.1</b>                      | <b>-0.1</b> | <b>271.2</b>               | <b>99.9</b>   |
| <b>Earnings before interest and tax (EBIT)</b>                                                     | <b>100.6</b>                                  | <b>52.4</b>   | <b>53.1</b>                           | <b>14.3</b>   | <b>-1.3</b>                      |             | <b>152.4</b>               | <b>66.7</b>   |
| <b>Depreciation and amortization</b>                                                               | <b>82.4</b>                                   | <b>26.1</b>   | <b>26.3</b>                           | <b>8.5</b>    |                                  |             | <b>108.7</b>               | <b>34.6</b>   |
| <b>Earnings before interest, tax,<br/>depreciation and amortization (EBITDA)</b>                   | <b>183.0</b>                                  | <b>78.5</b>   | <b>79.4</b>                           | <b>22.8</b>   | <b>-1.3</b>                      |             | <b>261.1</b>               | <b>101.3</b>  |
| <b>Earnings before interest, tax, depreciation<br/>and amortization adjusted (EBITDA adjusted)</b> | <b>152.3</b>                                  | <b>61.3</b>   | <b>79.4</b>                           | <b>22.8</b>   | <b>-1.3</b>                      |             | <b>230.4</b>               | <b>84.1</b>   |
| <b>Financial result</b>                                                                            | <b>-15.1</b>                                  | <b>-7.8</b>   | <b>-3.1</b>                           | <b>-0.9</b>   | <b>-4.8</b>                      | <b>-1.2</b> | <b>-23.0</b>               | <b>-9.9</b>   |
| <b>Share of profit/loss of joint ventures<br/>accounted for using the equity method</b>            |                                               |               | <b>-1.2</b>                           | <b>-0.3</b>   |                                  |             | <b>-1.2</b>                | <b>-0.3</b>   |
| <b>Internal allocation</b>                                                                         | <b>-7.0</b>                                   | <b>-2.4</b>   | <b>7.0</b>                            | <b>2.4</b>    |                                  |             |                            |               |
| <b>Earnings before tax (EBT)</b>                                                                   | <b>78.5</b>                                   | <b>42.2</b>   | <b>55.8</b>                           | <b>15.5</b>   | <b>-6.1</b>                      | <b>-1.2</b> | <b>128.2</b>               | <b>56.5</b>   |
| <b>Pre-tax return on sales %</b>                                                                   | <b>7.4</b>                                    | <b>11.3</b>   | <b>7.6</b>                            | <b>6.3</b>    |                                  |             | <b>7.2</b>                 | <b>9.2</b>    |

## Financial Calendar

|                                                    |                  |
|----------------------------------------------------|------------------|
| Teleconference on third quarter 2007 earnings      | October 25, 2007 |
| Teleconference on financial year 2007 earnings     | March 13, 2008   |
| Teleconference on first quarter 2008 earnings      | April 24, 2008   |
| Annual General Meeting for the financial year 2007 | April 30, 2008   |

## Contacts

### Investor Relations

Telephone +49 (0) 89-1489-8313

Telephone +49 (0) 89-1489-3911

Telefax +49 (0) 89-1489-95062

E-Mail [Inka.Koljonen@muc.mtu.de](mailto:Inka.Koljonen@muc.mtu.de)  
[Claudia.Heinle@muc.mtu.de](mailto:Claudia.Heinle@muc.mtu.de)

## MTU Aero Engines Holding AG on the Internet

- Further information about MTU Aero Engines Holding AG can be obtained via the Internet at: [www.mtu.de](http://www.mtu.de)
- Investor Relations information is available directly at <http://www.mtu.de/de/investorrelations/index.html>.
- Information about MTU Aero Engines Holding AG's can be obtained at: [www.mtu.de/de/programme/index.html](http://www.mtu.de/de/programme/index.html)

The German version of the report is prevail.  
The English translation is for convenience only.



MTU Aero Engines Holding AG  
Dachauer Straße 665  
80995 Munich • Germany  
Tel. +49 89 1489-0  
Fax +49 89 1489-5500  
[www.mtu.de](http://www.mtu.de)