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Tognum-holding company: record-revenues of more than €2.4 billion (+ 20%) expected for 2006; increased investment in profitable growth

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- **Additional product and market offensives by the companies MTU Friedrichshafen, MDE and injection specialist L'Orange will benefit from additional investment of €50 million by the end of 2007**
- **Tognum CEO Volker Heuer: "This expanded investment program will enable our group of companies to achieve additional organic and profitable growth in lucrative market and product segments"**
- **Assembly of the new MTU Series 1600 to start as planned in Friedrichshafen in the middle of 2009**
- **370 new jobs to be created in engine production in the medium term; number of apprenticeships to rise by a quarter to 100 in 2007**

Stuttgart/Augsburg/Friedrichshafen. Since the sale of the Off-Highway division by DaimlerChrysler AG to EQT, a Swedish financial investor, the Tognum holding company is the group with globally leading companies and brands for diesel and gas engines as well as for complete propulsion systems for ships, heavy land and rail vehicles, industrial propulsion systems and decentralized energy systems. Tognum today announced it will make additional investment of €50 million by the end of 2007. The previously

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planned investment volume of approximately €85 million has therefore been increased by well over 50%. The business plan jointly drawn up by Tognum's management and employee council together with EQT focuses on an expanded product and market offensive by the companies MTU Friedrichshafen, MDE Dezentrale Energiesysteme (in Augsburg) and injection specialist L'Orange (which has facilities in Stuttgart and the town of Glatten in the Black Forest). In addition, expenditure on research and development in the coming years will increase significantly to more than €130 million.

"This expanded investment program will enable our group of companies to achieve additional organic and profitable growth in lucrative market and product segments," explained Tognum CEO Volker Heuer to journalists in Stuttgart. At the same time, EQT's willingness to invest shows that "our shareholders and management have put a solid strategy in place for Tognum's long-term growth and value creation. The commitments made at the time of the acquisition at the beginning of this year will thus be completely fulfilled."

MTU Friedrichshafen is working offensively and effectively on penetrating new market segments worldwide with innovative products and an expanded portfolio. A strategically important move in this context is the rapid expansion of production and assembly capacities, especially at the plant in Friedrichshafen. "Our highly successful market entry with new variants of the Series 2000 and Series 4000 diesel engines – for use for example in the fields of oil and gas production and construction equipment – has generated a significant increase in demand, which we will meet by expanding our production capacity," stated Heuer. The production of engines for the market segments of rail, ships and power generation has been running at full capacity for several months. MTU will therefore substantially increase its production

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capacity for the Series 2000 and the Series 4000: By the end of 2007, annual output is to rise by one third from the present level of approximately 6000 units.

This production expansion will also have positive employment effects for the group's production plants in Detroit and Suzhou. In these factories, the Series 2000 is assembled for local markets in the United States and China – the main components are delivered from Friedrichshafen. At MTU's main plant in Friedrichshafen, an additional 120 jobs will be created by the end of 2007.

"We are thus strengthening our facilities in Friedrichshafen with high investment and jobs for highly qualified employees, mainly from the surrounding region," pointed out Tognum CEO Volker Heuer. MTU Friedrichshafen is also very active in the field of employee qualification, and plans for a total of 100 new apprenticeships and traineeships in 2007 alone – about a quarter more than this year.

Due to the ongoing positive course of business in all the divisions, Heuer is looking forward to new record revenues for the Tognum group of companies: "With a continuation of our strong business, we should achieve revenues of more than €2.4 billion this year." This would be an increase of 20%. In the year 2005, the former MTU Group – then the Off-Highway division of DaimlerChrysler AG, posted total revenues of more than €2 billion.

The Series 1600 continues to play a key role in the production strategy of MTU Friedrichshafen. This new engine is scheduled to go into production in the middle of 2009 and will be used in the areas of agriculture, rail and power generation. An investment volume of more than €100 million is planned for this project, including product development and production equipment. Following full production ramp-up, 250 new jobs will be created, a fifth of which will be

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for the pilot production, which is soon to be established in MTU's Plant 2 in Friedrichshafen. A decision will be made on the second stage of expanded production volumes in 2008.

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The expanded business plan also calls for additional product and market offensives for Tognum's subsidiaries L'Orange in Stuttgart and Glatten as well as MDE in Augsburg. L'Orange, one of the world's leading specialists for injection systems, will increase its production capacity in connection with MTU's successful Series 4000. Expansion is also planned for MDE, which specializes in gas-powered decentralized energy systems. This Tognum subsidiary will start the production of gas engine systems (combined heat and power plants) on the basis of MTU's successful Series 4000. Heuer underscored the ambitions of this Tognum subsidiary: "MDE has outstanding expertise in the field of decentralized energy systems in Germany and Europe, and we plan to make use of this expertise all over the world."

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