

Management compensation report

The management compensation report describes the principles applied when establishing the compensation to be awarded to members of the Executive Board and Supervisory Board of MTU Aero Engines AG, and states the amount and composition of that compensation. The management compensation report follows the provisions of Section 314 (1) no. 6 of the German Commercial Code (HGB), German Accounting Standard DRS 17 “Reporting on the remuneration of members of governing bodies,” the recommendations of the German Corporate Governance Code (GCGC), and the International Financial Reporting Standards (IFRSs).

Principles of the compensation system for members of the Executive Board

At the proposal of the Personnel Committee, which is independent in the meaning of the GCGC, the Supervisory Board decides on a system of compensation for the members of the Executive Board, including the main components of their contracts such as the amount and composition of the total compensation, which includes non-performance-related and performance-related components. The Personnel Committee reviews the appropriateness and the alignment with the market of the management compensation at regular intervals. This includes compiling regular comparisons of MTU and selected peer companies with the support of an independent compensation expert. This benchmarking is conducted on a sector-specific basis by taking into account 21 companies from the industrial and capital goods sector which are listed in the DAX and MDAX stock indexes. The Personnel Committee concluded from these comparisons that MTU’s Executive Board compensation lies within the average bandwidth for these peer companies.

Developed with the support of independent external compensation experts, the present management compensation system is oriented toward the company’s positive and sustainable development. The remuneration awarded to the members of the Executive Board is therefore composed of non-performance-related and performance-related components, particularly in the form of a long-term incentive. This ensures that corporate management is optimally aligned with the long-term interests of the company and its investors. The management compensation system is thus aligned with market conditions and was introduced in its current form from the financial year 2016.

Structure of the total compensation

Structure of the compensation system (total target direct compensation)

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Non-performance-related components	~ 40%	Basic salary	Fixed compensation Fringe benefits
		Short-Term Incentive (STI)	~ 40% of the variable portion of the compensation Key characteristics: Distribution based on goal achievement as regards EBIT adjusted and free cash flow Limitation 0 - 180 % (Extraordinary performance bonus/malus (in accordance with the GCGC) of up to 20%)
Performance-related components / variable compensation	~ 60%	Long-Term Incentive (LTI) / Restricted Stock Plan (RSP)	~ 60% of the variable portion of the compensation Key characteristics: Distribution based on 3-year goal achievement as regards EBIT adjusted and free cash flow Limitation 0 - 180 % Awarded in MTU shares (Vesting period 4 years)

Non-performance-related components

The non-performance-related compensation (basic salary), which makes up around 40% of the total compensation, is paid on a monthly basis and consists of the fixed compensation and fringe benefits. The latter comprise taxable reimbursements of expenses and the noncash benefit deriving from payments in kind such as insurance premiums and the use of a company car for business and private purposes, including any taxes on such benefits paid by the company.

Performance-related components

The performance-related compensation makes up around 60% of the total compensation and consists of a short-term incentive (STI) plan – referred to in previous years as the Annual Performance Bonus (APB) – and a long-term incentive (LTI) in the form of the Restricted Stock Plan (RSP).

Short-term incentive (STI)

A short-term incentive (STI) plan has been established for members of the Executive Board. Payments under this plan represent around 40% of the performance-related management compensation.

The actual payout depends on the achievement of two equally weighted performance criteria at group level – EBIT adjusted and free cash flow. The targets to be achieved in the respective financial year to ensure payment of 100% of the short-term incentive are set annually in advance by the Supervisory Board, taking the operational business planning figures into account. In addition, a threshold is set at 70% below the target level for each performance metric which, if achieved, corresponds to an STI entitlement of 50%. Should this threshold not be met, no STI shall be payable. Similarly, the maximum award is limited to 180% which is payable if the maximum achievement level of 115% is reached in respect of the targets set for each of the two performance metrics. Between the threshold, the 100% level and the maximum achievement limit, the entitlement is interpolated using a straight-line method. The effective STI entitlement is calculated on the basis of the arithmetical mean of the achievement of the two performance targets. As stipulated in the GCGC, the Supervisory Board is entitled to take each Executive Board member's individual performance into account by adjusting the STI entitlement for the respective financial year by up to 20% (bonus/malus), based on the individual performance determined by the Supervisory Board. In this regard, the Supervisory Board resolved in March 2011 generally not to apply a bonus or malus regulation. Accordingly, the STI entitlement was not adjusted in 2017 or in 2016.

Long-term incentive (LTI)

A performance-related long-term incentive is awarded in the form of the Restricted Stock Plan (RSP). This compensation component is share-based and represents around 60% of the variable portion of the total compensation. The RSP is awarded in the form of a cash settlement, subject to income tax, the full net amount of which the respective member of the Executive Board must immediately reinvest in MTU shares subject to disposal restrictions. The shares awarded under this plan must be held for a vesting period of four years.

To strengthen the long-term incentive effect of this compensation component, the value of these RSP shares at the grant date is adjusted according to a long-term performance target. The latter is calculated by taking the arithmetical mean of the STI entitlements established for the three financial years preceding the year in which the RSP shares were granted. It is capped at a maximum of 180%. In the case that a new Executive Board member joins the company, their multi-year performance level for the missing years is established by assuming an STI entitlement of 100%.

Beyond that, the employment contracts of the Executive Board members do not stipulate any share ownership guidelines. Nevertheless, the share ownership guidelines¹ applied by a limited number of MDAX-listed companies were fulfilled by the CEO of MTU in 2017 and 2016.

¹ According to an analysis of the 50 MDAX-listed companies by an independent consultant, only 8 of them implement share ownership guidelines. The strictest rules concerning share ownership quotas are applied by 2 companies, whose CEOs are required to invest at least 200% of their annual basic salary in shares of the company they direct.

Value of performance-related components

Short-term incentive (STI)

The performance targets set by the Supervisory Board for the 2017 STI were € 525.0 million for “EBIT adjusted” (actual EBIT adjusted in 2017: € 606.6 million) and € 110.0 million for “free cash flow” (actual free cash flow in 2017: € 151.1 million).

The achievement of the two key performance indicators at group level was 115.54% (2016: 108.17%) for EBIT adjusted and 137.36% (2016: 112.00%) for free cash flow. The overall achievement was thus 126.45% (2016: 110.09%), resulting in an STI entitlement of 180.00% (2016: 153.81%).

Long-term incentive (LTI)

The value of Restricted Stock Plan (RSP) shares at the grant date is derived in the reporting period from the fixed amount of the total compensation allocated for this purpose and the multi-year performance target reached. The latter was calculated for each Executive Board member in 2017 by taking the arithmetical mean of the STI entitlements established for the financial years 2014, 2015 and 2016.

The following numbers of MTU shares (with a vesting period of four years from the date of acquisition) were acquired by Executive Board members under the terms of the RSP:

Purchased RSP shares				
Executive Board members	Year	Number of shares	Purchase price per share	Vesting period until
Reiner Winkler	2017	4,339	130.55	April 30, 2021
	2016	6,051	82.87	April 30, 2020
Dr. Rainer Martens	2017	2,697	130.55	April 30, 2021
	2016	3,761	82.87	April 30, 2020
Michael Schreyögg	2017	2,896	130.55	April 30, 2021
	2016	4,038	82.87	April 30, 2020

The following table shows the basis for establishing the multi-year achievement level in respect of the Restricted Stock Plan (RSP):

Entitlements granted in respect of variable compensation (in %)					
	2017	2016	2015	2014	2013
STI	180,00	153.81	170,61	149.17	95.74
LTI / RSP	157,86	138.51			

Compensation of individual members of the Executive Board

Benefits granted (target figures) for 2017 (GCGC)

In line with the recommendations of the German Corporate Governance Code (GCGC) (model table), the following table shows benefits granted for the financial years 2017 and 2016 as well as the minimum and maximum amounts applicable for the financial year 2017 based on the 100% goal achievement:

Benefits granted				
Executive Board member		Reiner Winkler Chief Executive Officer		
Individual items in €	2017	2017 (Min)	2017 (Max)	2016
Fixed compensation	750,000	750,000	750,000	750,000
Fringe benefits ¹⁾	27,163	27,163	27,163	27,767
Subtotal	777,163	777,163	777,163	777,767
STI	540,000		1,166,400	540,000
RSP / LTI	740,000		1,332,000	740,000
Total fixed and variable compensation	2,057,163	777,163	3,275,563	2,057,767
Service cost in accordance with IAS 19	225,211	225,211	225,211	215,398
Total compensation (GCGC)	2,282,374	1,002,374	3,500,774	2,273,165
Executive Board member		Dr. Rainer Martens Chief Operating Officer until December 31, 2017		
Individual items in €	2017	2017 (Min)	2017 (Max)	2016
Fixed compensation	500,004	500,004	500,004	500,004
Fringe benefits ¹⁾	8,643	8,643	8,643	15,664
Subtotal	508,647	508,647	508,647	515,668
STI	310,000		669,600	310,000
RSP / LTI	460,000		828,000	460,000
Total fixed and variable compensation	1,278,647	508,647	2,006,247	1,285,668
Service cost in accordance with IAS 19	189,235	189,235	189,235	181,990
Total compensation (GCGC)	1,467,882	697,882	2,195,482	1,467,658

Benefits granted (cont.)

Executive Board member	Michael Schreyögg Chief Program Officer			
	2017	2017 (Min)	2017 (Max)	2016
Individual items in €				
Fixed compensation	500,004	500,004	500,004	500,004
Fringe benefits ¹⁾	31,043	31,043	31,043	25,790
Subtotal	531,047	531,047	531,047	525,794
STI	310,000		669,600	310,000
RSP / LTI	460,000		828,000	460,000
Total fixed and variable compensation	1,301,047	531,047	2,028,647	1,295,794
Service cost in accordance with IAS 19	116,834	116,834	116,834	107,825
Total compensation (GCGC)	1,417,881	647,881	2,145,481	1,403,619

¹⁾ Fringe benefits include charges to taxable income covering personal use of company vehicles amounting to € 61,445 (2015: € 63,814) and premiums for insurance policies taken out on behalf of members of the Executive Board amounting to € 5,404 (2015: € 5,407).

Prerequisites for achieving the maximum amounts of variable compensation awarded in 2017

One-year variable compensation

STI	Target achievement of EBIT adjusted 115% (STI entitlement 180%) and
	Target achievement of free cash flow 115% (STI entitlement 180%) and
	Extraordinary performance bonus/malus (in accordance with the GCGC) of up to 20%

Multi-year variable compensation

LTI / RSP	STI entitlement 3 years prior to grant date 180% and
	STI entitlement 2 years prior to grant date 180% and
	STI entitlement 1 year prior to grant date 180%

Compensation for the financial year 2017 under the German Commercial Code (Section 314 (1) no. 6a HGB) and allocation in the reporting period (GCGC)

The members of the Executive Board were awarded total compensation determined under the German Commercial Code (HGB) amounting to €7.5 million (2016: €7.6 million) for their activities on the board in the financial year 2017. Of this amount, €1.8 million (2016: €1.8 million) was non-performance-related and €5.7 million (2016: €5.8 million) was performance-related.

The table below shows the total compensation for the individual members of the Executive Board for the years 2017 and 2016 as defined by Section 314 (1) no. 6a HGB, and, in accordance with the German Corporate Governance Code (GCGC) recommendations (model table), the allocation of fixed and variable compensation for the financial years 2017 and 2016 as well as the service cost (benefit expense) for the pension plan:

Total compensation (HGB)/allocation (GCGC)

Executive Board member	Reiner Winkler Chief Executive Officer		Dr. Rainer Martens Chief Operating Officer until December 31, 2017		Michael Schreyögg Chief Program Officer	
	2017	2016	2017	2016	2017	2016
in €						
Fixed compensation	750,000	750,000	500,004	500,004	500,004	500,004
Fringe benefits ¹⁾	27,163	27,767	8,643	15,664	31,043	25,790
Subtotal	777,163	777,767	508,647	515,668	531,047	525,794
STI	972,000	830,574	558,000	476,811	558,000	476,811
LTI	1,168,164	1,024,974	726,156	637,146	726,156	637,146
Deferred STI 1 ²⁾		354,261		246,014		246,014
Deferred STI 2 ²⁾	414,583	309,742	287,905	205,204	287,905	180,037
Total compensation (Section 314 (1) no. 6a HGB)	3,331,910	3,297,318	2,080,708	2,080,843	2,103,108	2,065,802
PSP 2012 (vesting period: 4 years) ²⁾		525,921		473,354		
Settlement for PSP, SMP ²⁾		1,589,792		1,178,025		836,197
Total fixed and variable compensation	3,331,910	5,413,031	2,080,708	3,732,222	2,103,108	2,901,999
Service cost in accordance with IAS 19	225,211	215,398	189,235	181,990	116,834	107,825
Total compensation (GCGC)	3,557,121	5,628,429	2,269,943	3,914,212	2,219,942	3,009,824

¹⁾ Fringe benefits include charges to taxable income covering personal use of company vehicles amounting to € 61,445 (2015: € 63,814) and premiums for insurance policies taken out on behalf of members of the Executive Board amounting to € 5,404 (2015: € 5,407).

²⁾ Awarded under the management compensation system in place until the end of financial year 2015. See under "Subsequent effects of the compensation system up until December 31, 2015".

Members of the Executive Board did not receive any compensation for mandates on boards of MTU group companies, nor were they granted any loan facilities by the company in 2017 or 2016.

Subsequent effects of the management compensation system up until December 31, 2015

The management compensation system was modified with effect from the financial year 2016. The objective was to make the compensation system easier to understand by reducing its complexity, and thus increase transparency. In 2017 and 2016, deferred components were awarded in respect of the multi-year performance-based variable compensation under the old compensation system. The tables showing the compensation of the individual Executive Board members therefore also include deferred components from prior periods. The impacts of this are described in the following. For a full description of the previous compensation system in place until the end of 2015, please refer to the management compensation report in the Annual Report 2015.

Deferred STI payment

Until the financial year 2015, only 50% of the STI was paid out in the calendar year following the financial year in which it was awarded, the deferred component in two equal portions over the following two financial years (deferred STI 1 and 2). The ultimate amount of the deferred STI depended on the target achievement attained in respect of the two key performance indicators at group level (EBIT adjusted and free cash flow) in the respective financial years prior to the payment of the deferred STI. In exceptional cases, a bonus or malus determined at the discretion of the Supervisory Board of up to 20% for a given financial year would also have applied in line with GCGC guidelines.

In accordance with the original commitment, the remaining deferred STI components for 2015 will continue to run until 2018. Accordingly, in addition to the STI allocated and granted for the respective year, the tables showing the compensation of the Executive Board members for the financial years 2017 and 2016 also shows deferred STI entitlements and allocations relating to prior periods. In the financial year 2017, former Executive Board member Dr. Stefan Weingartner was paid his deferred STI entitlement for 2015 (deferred STI 2) amounting to € 22,360 based on a goal achievement level of 100%.

Performance Share Plan (PSP)

Until the financial year 2015, the members of the Executive Board received virtual shares under the Performance Share Plan (PSP) entitling them to receive a share-based payment at the end of a four-year assessment period that reflected the relative performance of the MTU share compared with the other shares in the MDAX index, based on total shareholder return (TSR).

The benefits arising from the PSP entitled the recipients to a payment in cash. The amount disbursed for each PSP tranche equaled the actual number of virtual shares (granted on the basis of the total shareholder return performance of the MTU share relative to that of all other MDAX-listed shares during the performance period) multiplied by the average MTU Aero Engines AG share price (XETRA) over the last 30 trading days prior to the end of the performance period. Accordingly, in 2016 a scheduled payment was made in respect of the PSP tranche granted in 2012 (PSP 2012). Subsequent PSP tranches were cashed out, as described below.

Share Matching Plan (SMP)

The members of the Executive Board were entitled until the financial year 2015 to use the post-tax benefits payable under each tranche of the Performance Share Plan (PSP) to purchase MTU Aero Engines AG shares subject to disposal restrictions. At the end of the three-year vesting period, these shares were matched on the basis of the Share Matching Plan (SMP), with each Executive Board member being awarded one additional free share for every three MTU shares acquired in this way.

Settlement of entitlements under the Performance Share Plan (PSP) and Share Matching Plan (SMP)

In view of the need to make the new compensation system for members of the Executive Board as of the financial year 2016 as efficient as possible, the entitlements under the Performance Share Plan (PSP) and the Share Matching Plan (SMP) granted to active members of the Executive Board up until December 31, 2015, but not yet exercisable, were converted into MTU shares subject to disposal restrictions with a vesting period of two years.

In respect of this conversion, MTU granted each of the Executive Board members a one-time cash settlement corresponding to the fair value of the entitlements to be converted under the PSP and the SMP as at December 31, 2015, with the obligation of immediately and fully converting the net proceeds (after tax) into MTU shares with a vesting period of two years (ends on April 30, 2018). Under this scheme, the members of the Executive Board acquired a total of 21,639 MTU shares at a price (XETRA) of € 82.87 per share (Reiner Winkler 9,385 shares, Dr. Rainer Martens 6,954 shares and Michael Schreyögg 5,300 shares).

Former Executive Board member Dr. Stefan Weingartner retained his right to 1,506 free shares for the MTU shares subject to disposal restrictions he purchased in 2014 under the terms of the Share Matching Plan (SMP). Instead of matching shares, he received a cash settlement at the end of the three-year vesting period in 2017 in the amount of € 198,340.

Rules when terminating the contracts of members of the Executive Board

The members of the Executive Board are insured under a defined benefit plan. The benefits payable to members of the Executive Board under this plan correspond to those of their peers in comparable companies.

Retirement and survivors' pensions

The members of the Executive Board earn company pension entitlements in accordance with the "MTU Pension Capital" plan, which constitutes the current post-employment benefits plan for members of the Executive Board of MTU Aero Engines AG. The goal of the plan is to provide a pension amounting to 60% of each member's basic salary after 15 years of service on the Executive Board. When this plan was introduced on January 1, 2010, the vested benefits that each member of the Executive Board had earned up until December 31, 2009 under the previous plan were transferred to the new plan in the form of initial units. This entitlement represents the benefit payable at age 60 under the old plan, adapted to reflect the ratio between the actual number of years of service with the company and the number of years from start of service with the company until age 60. The initial units transferred to the new plan correspond to the current cash value of the pension converted into a lump sum.

Contribution period capped
at 15 years of service

Once this amount had been determined, a pension account was opened for each member of the Executive Board to which further capital units are credited annually. The annual capital units are calculated on the basis of an individual contribution and an age-dependent factor, with the latter taking into account an interest rate of 6% per annum up to the age of 60. The contribution period is as a rule capped at 15 years of service on the Executive Board, or at age 60, whichever comes first. As of the age of 61, the pension account earns interest at an annual rate of 4% until such time as the pension is drawn (= bonus amount). The accrued capital units plus the units initially transferred to the account plus any bonus amounts credited to the account together make up the pension capital available to finance post-employment benefits. If a member of the Executive Board dies before reaching age 60, 50% of the benefits that he/she would otherwise have earned up to that age are added to the accrued balance on the pension account – taking into account the permissible contribution period.

As a general rule, the pension capital is paid as a single lump sum. However, at the request of the Executive Board member and subject to the company's approval, the pension capital may be drawn either in ten installments (with the amassed pension capital being increased by 4% before payment of the installments) or as a lifelong pension with annual increments of 1%. In any insured event, the pension account is topped up to the level of benefits the insured party would have reached under the previous plan (guaranteed capital). Pension benefits do not become payable until such time as an insured event occurs (i.e. on reaching pensionable age, or in the event of disability or death), even if the insured party leaves the Executive Board. The pension entitlement cannot be forfeited once the initial contribution has been paid.

Reiner Winkler and Dr. Rainer Martens had already been promised under the previous pension plan that their years of service with former group companies would count toward their pensions.

Details of the above-mentioned obligations and benefits are shown in the following table:

Existing post-employment benefit entitlements

Executive Board members in €	Initial transfer amount ¹⁾	Guaranteed capital ²⁾	Annual contribution	End of contribution period	One-time payment
Reiner Winkler ³⁾	1,625,140	2,510,788	400,000	1.10.2019	7,744,205
Dr. Rainer Martens ⁴⁾	1,366,176	2,317,650	220,000	1.4.2018	4,517,676
Michael Schreyögg	365,627	365,627	215,478	1.8.2026	4,801,945

¹⁾ Credit for past service up to December 31, 2009 (date of changeover to new system).

Michael Schreyögg: Changeover date July 1, 2013.

²⁾ Level of benefits to which the insured party would have been entitled under the previous pension plan.

³⁾ Reiner Winkler was promised a special transfer amount of € 575,065 in 2010 in connection with the changeover of his pension entitlements to the new system.

⁴⁾ On October 24, 2017, an agreement was made with Dr. Rainer Martens to pay his pension entitlements as a lifelong pension.

The differences in the annual contributions to the MTU pension accounts result from the remaining periods of service on the Executive Board until the end of the respective contribution period, from the respective age-dependent factors, and from the different salary amounts eligible for pension contributions.

[Differentiated contributions to individual pension accounts](#)

The following table shows the service cost for the financial years 2017 and 2016, and the corresponding carrying amounts of pension provisions recognized for members of the Executive Board in accordance with both IFRS and the German Commercial Code (HGB):

Allocations to pension provisions and total amounts recognized					
Executive Board members	Year	Service cost (IFRS)	Service cost (HGB)	Carrying amount of pension provisions at Dec. 31 (IFRS)	Carrying amount of pension provisions at Dec. 31 (HGB)
in €					
Reiner Winkler	2017	225,211	200,390	6,694,772	6,093,190
	2016	215,398	195,610	6,447,991	5,606,825
Dr. Rainer Martens	2017	189,235	172,639	8,184,370	5,728,716
	2016	181,990	168,116	4,786,287	4,220,570
Michael Schreyögg	2017	116,834	92,286	3,348,230	2,766,611
	2016	107,825	90,264	3,241,263	2,502,890
Total	2017	531,280	465,315	18,227,372	14,588,517
Total	2016	505,213	453,990	14,475,541	12,330,285

The pension obligations toward former members of the Executive Board in accordance with International Accounting Standards (DBO) amounted to € 7,968,694 (2016: € 8,039,606).

Disability pensions

Under the new pension rules of January 1, 2010, if a member of the Executive Board is disabled before reaching the age of 60, 50% of the benefits to which he/she would normally have been entitled up to the maximum age limit are added to the balance on the pension account at the time of disablement. The amount credited is based on the contributions paid in the last year of employment. This arrangement also applies if the insured party dies before reaching the age of 60.

Severance payments on premature termination of contracts for members of the Executive Board

Members of the Executive Board are entitled to receive a severance payment if MTU prematurely terminates their employment contract. This severance package comprises pro-rata amounts of the board member's basic salary, STI entitlement and Restricted Stock Plan (RSP) benefits covering the period up to the date on which his contract would normally have expired. The total amount of the severance payment is capped at twice the departing board member's total annual compensation. If the employment contract is terminated by MTU for cause, no severance package is payable. In such cases, MTU also has the right to demand repayment of the tranche of RSP shares granted in the financial year in which the contract was terminated (claw-back). No other claw-back regulations are applied because the German Stock Corporation Act (Section 93 AktG) already provides for damage claims against members of the Executive Board who violate their duties.

[Capped severance payments](#)

Severance payments on premature termination of contracts for members of the Executive Board in the event of a change of control or substantial changes in the ownership of MTU Aero Engines AG

In accordance with the contracts for members of the Executive Board in force as of January 1, 2016, a change of control is deemed to have occurred if, pursuant to Section 22 of the German Securities Trading Act (WpHG), a shareholder directly or indirectly acquires a majority of the voting rights and this results in significant disadvantages for members of the Executive Board. Significant disadvantages exist in particular if the member of the Executive Board is dismissed, his duties and responsibilities significantly change or if the Executive Board member is asked to agree to a reduction in salary or premature termination of his contract. In such cases, Executive Board members are accorded special rights of termination, which must be exercised within six months, with three months' notice to the end of the month. If a member of the Executive Board makes use of these special termination rights, or if the Executive Board member's contract is terminated by mutual agreement within nine months of the change of control, the board member is entitled to a severance package comprising all outstanding compensation components covering the period up to the date on which his contract would normally have expired. When calculating the amount of the severance payment, a target achievement level of 100% is assumed for the variable compensation components. The maximum amount of the severance payment is capped at three times the total annual compensation.

Supervisory Board compensation

Compensation in line with the size of the company

The rules governing Supervisory Board compensation are laid down in the articles of association of MTU Aero Engines AG. Such compensation is established relative to the size of the company and the duties and responsibilities of the respective members.

Pursuant to Article 12 of the articles of association of MTU Aero Engines AG, members of the Supervisory Board receive a fixed annual payment of € 50,000, payable at the end of the financial year. This sum is tripled in the case of the chair of the Supervisory Board and multiplied by one and a half in the case of the deputy chair. In addition to the fixed annual payment, members serving on one of the Supervisory Board's committees receive an additional € 10,000 and a further € 20,000 if they chair a committee. Further, members of the Supervisory Board receive an attendance fee of € 3,000 for each meeting of the Supervisory Board and its committees, subject to an upper limit of € 3,000 per day. The attendance fee is halved for meetings convened by the chair or deputy chair that take place via telephone or video conference. Expenses incurred in connection with the exercise of their office are reimbursed, as is the value-added tax payable on the fees.

The members of the Supervisory Board do not receive any share-based compensation.

The following compensation was awarded to the individual members of the Supervisory Board of MTU Aero Engines AG for the financial years 2017 and 2016 respectively.

Supervisory Board compensation								
in €	2017 ¹⁾				2016 ¹⁾			
Supervisory Board member	Fixed annual payment	Committee member fees	Attendance fees	Total compensation	Fixed annual payment	Committee member fees	Attendance fees	Total compensation
Klaus Eberhardt (Supervisory Board and Personnel Committee chairman) ^{3) 4)}	150,000.00	50,000.00	27,000.00	227,000.00	150,000.00	50,000.00	24,000.00	224,000.00
Josef Mailer (Supervisory Board deputy chairman) ^{2) 3) 5)}	75,000.00	20,000.00	24,000.00	119,000.00	75,000.00	20,000.00	24,000.00	119,000.00
Dr. Joachim Rauhut (Audit Committee chairman)	50,000.00	30,000.00	24,000.00	104,000.00	50,000.00	30,000.00	24,000.00	104,000.00
Thomas Bauer	50,000.00		15,000.00	65,000.00	50,000.00		15,000.00	65,000.00
Michael Behé ⁵⁾	50,000.00		15,000.00	65,000.00	50,000.00		15,000.00	65,000.00
Dr. Wilhelm Bender	50,000.00		15,000.00	65,000.00	50,000.00		15,000.00	65,000.00
Thomas Dautl	50,000.00		15,000.00	65,000.00	50,000.00		15,000.00	65,000.00
Babette Fröhlich (until April 14, 2016) ^{3) 5)}				0.00	14,444.44	2,888.89	9,000.00	26,333.33
Dr.-Ing. Jürgen M. Geißinger ^{2) 4)}	50,000.00	20,000.00	15,000.00	85,000.00	50,000.00	20,000.00	15,000.00	85,000.00
Dr. Martin Kimmich ^{2) 5)}	50,000.00	10,000.00	15,000.00	75,000.00	50,000.00	10,000.00	15,000.00	75,000.00
Heike Mandan (since April 15, 2016) ^{3) 5)}	50,000.00	10,000.00	24,000.00	84,000.00	35,555.56	7,111.11	12,000.00	54,666.67
Prof. Dr.-Ing. Klaus Steffens	50,000.00		15,000.00	65,000.00	50,000.00		15,000.00	65,000.00
Prof. Dr. Marion A. Weissenberger-Eibl	50,000.00		15,000.00	65,000.00	50,000.00		15,000.00	65,000.00
Total	725,000.00	140,000.00	219,000.00	1,084,000.00	725,000.00	140,000.00	213,000.00	1,078,000.00

¹⁾ Amounts do not include VAT.

²⁾ Member of the Personnel Committee.

³⁾ Member of the Audit Committee.

⁴⁾ Member of the Nomination Committee.

⁵⁾ These employee representatives have declared that they will donate their Supervisory Board compensation to the Hans-Böckler-Stiftung, in accordance with the guidelines of the Confederation of German Trade Unions.