



# **INVITATION**

**TO THE ANNUAL GENERAL MEETING  
OF MTU AERO ENGINES AG**

***PROSPECTS***

2019

*Convenience translation - the German version of this document is authoritative.*

# Invitation to the Annual General Meeting of MTU Aero Engines AG

**Munich · Securities code (WKN) A0D 9PT · ISIN DE000A0D9PT0**

We hereby invite the shareholders of our Company to  
attend the Annual General Meeting, which will be held on

**Thursday, April 11, 2019 at 10 a.m.**

at the

**Hilton Munich Park Hotel**

**Ballroom**

**Am Tucherpark 7**

**80538 Munich, Germany**

Doors open at 9 a.m.

# I. Agenda

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## 1. Presentation of the adopted annual financial statements, the approved consolidated financial statements, the combined management report for the Company and the Group, and the report of the Supervisory Board including the explanatory report of the Executive Board on the statements pursuant to Sections 289a and 315a of the German Commercial Code (HGB), each for the financial year 2018.

The above-mentioned documents will be made available on the Company's website at [www.mtu.de/hv](http://www.mtu.de/hv) as of the date on which the Annual General Meeting is convened.

According to the statutory requirements, no resolution is necessary in respect of this item of the agenda, because the Supervisory Board has already approved the annual financial statements and the consolidated financial statements.

## 2. Resolution on the appropriation of net profit

The Executive Board and Supervisory Board propose that the net profit generated by MTU Aero Engines AG in the financial year 2018, amounting to EUR 147,455,286.83 be appropriated as follows:

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### Appropriation of net profit

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1. Payment of a dividend of EUR 2.85 on each non-par share entitled to receive a dividend	EUR	147,157,546.95
2. Allocation to revenue reserves	EUR	297,739.88
3. Profit carried forward	EUR	0.00

Treasury shares held by the Company are not entitled to a dividend. The number of non-par shares entitled to a dividend may change prior to the date of the Annual General Meeting. In this case, an appropriately modified proposal for the appropriation of net profit will be presented to the Annual General Meeting which still allows a dividend of EUR 2.85 to be paid on each non-par share entitled to a dividend.

The dividend is payable on the third working day after the resolution has been passed by the Annual General Meeting, i.e. April 16, 2019.

## 3. Resolution on the discharge of members of the Executive Board for the financial year 2018

The Executive Board and Supervisory Board propose that discharge be granted to the members of the Executive Board for the financial year 2018.

## 4. Resolution on the discharge of members of the Supervisory Board for the financial year 2018

The Executive Board and Supervisory Board propose that discharge be granted to the members of the Supervisory Board for the financial year 2018.

## 5. Resolution on the appointment of the auditor for the financial year 2019

Following the recommendation of the Audit Committee, the Supervisory Board proposes that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, be appointed to audit the annual and consolidated financial statements for the financial year 2019 and to review the half-year interim report for the financial year 2019.

## 6. Election of a member of the Supervisory Board

Pursuant to Sections 95, 96 (1) and 101 of the German Stock Corporation Act (AktG) in conjunction with Sections 1 (1), 5 (1) and Section 7 (1) sentence 1, no. 1 of the German Co-Determination Act (MitbestG) and Article 7 (1) of the Company's articles of association, the Supervisory Board consists of twelve members. Six members are elected by the Annual General Meeting (shareholder representatives) and six are elected in accordance with the provisions of the German Co-Determination Act (MitbestG) (employee representatives).

At the end of the Annual General Meeting on April 11, 2019 the term of office of the Supervisory Board member Dr. Joachim Rauhut expires.

Dr. Rauhut is currently chairman of the audit committee of the Company and "Financial Expert" in the meaning of Sections 100 (5) and 107 (4) of the German Stock Corporation Act (AktG).

Section 96 (2) sentence 1 of the German Stock Corporation Act (AktG) stipulates that at least 30% of the seats on the supervisory board of listed companies must be held by women and at least 30% by men. Given that an appeal has been lodged against overall compliance (i.e. applicable to the Supervisory Board as a whole), the quota must be met separately by both sides of the Supervisory Board: the shareholder representatives and the employee representatives. This means that there must be at least two women and two men among each set of representatives. The following proposal for a resolution respects these minimum percentages.

Following the proposal of the Nomination Committee, the Supervisory Board proposes the following candidate for reelection as member of the Supervisory Board:

**Dr. Joachim Rauhut**, independent consultant, former Chief Financial Officer of Wacker Chemie AG, residing in Munich.

The elected candidate will take up his duty as of the end of the Annual General Meeting on April 11, 2019. His term of office ends after the Annual General Meeting entrusted with granting discharge on his fourth financial year of service, not including the financial year in which he was appointed.

The proposal complies with statutory requirements and with the objectives set by the Supervisory Board pursuant to Section 5.4.1 of the German Corporate Governance Code (GCGC) regarding the board's composition and the desired profile of skills and expertise of its members. The Supervisory Board has assured itself that the candidate will be able to devote the required time to his duties as member of the Supervisory Board and is considered independent in the meaning of Section 5.4.2 of the German Corporate Governance Code (GCGC).

Dr. Rauhut is member of the following supervisory boards or comparable controlling bodies of other business enterprises in Germany or abroad:

- B. Braun Melsungen AG (not listed)
- creditsheff AG (listed)
- J. Heinrich Kramer Holding GmbH (not listed)
- Stabilus S.A. (listed)

To the best knowledge of the Supervisory Board, the proposed candidate has no personal or business interests in the Company, other companies in the Company's group, the Company's governing bodies, or any shareholder directly or indirectly owning more than 10% of the voting shares in the Company, which might affect the decision of the Annual General Meeting.

More information on the candidate standing for election to the Supervisory Board is provided on the pages following this Agenda and on the Company's website at [www.mtu.de/hv](http://www.mtu.de/hv).

## **7. Resolution concerning the authorization to purchase and use treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) and to exclude subscription rights, revocation of the existing authorization**

The authorization of the Company to purchase treasury shares resolved by the Annual General Meeting on April 15, 2015 expires on April 14, 2020. It is to be replaced ahead of time by a new authorization.

The Executive Board and the Supervisory Board thus propose the following resolution:

- a) The Company is authorized to purchase treasury shares accounting for a proportion of up to 10% of the Company's capital stock, as applicable on the date of the resolution, during the period from April 11, 2019 through April 10, 2024, pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). At no point in time may the value of the acquired shares, together with other treasury shares in the Company's possession or which are to be attributed to it pursuant to Section 71a et seq German Stock Corporation Act (AktG), exceed 10% of the Company's capital stock. At the discretion of the Executive Board, the shares may be purchased through the stock exchange or by means of a public offer to buy addressed to all shareholders (or – where permitted by law – through a public call to submit a sell offer).

The shares must be sold in return for proceeds that are not more than 10% above or below the quoted share price, net of any supplementary transaction charges. In the case of a sale through the stock exchange, the reference for the quoted share price as defined in the above provision is the average value of share prices in the closing auction of Xetra trading (or a comparable successor system) on the last three trading days prior to the purchase of the shares. In the case of shares purchased by means of a public offer to buy addressed to all shareholders (or a public call to submit a sell offer), the reference for the quoted share price is the average value of share prices in the closing auction of Xetra trading (or a comparable successor system) on the last three trading days prior to the publication of the offer. In the event of substantial fluctuations in the share price, the Executive Board is authorized to publish this public offer to buy or a public call to submit a sell offer, based on a recalculated average value of share prices computed as outlined in the previous sentence.

The volume of the offer can be limited in the case of shares purchased by means of a public offer to buy addressed to all shareholders (or a public call to submit a sell offer). If the whole take-up of the offer (or the total number of offers) exceeds this volume, the purchase must be transacted in proportion to the number of shares offered. Preferential treatment may be given to small packages (up to 100 shares) offered for sale. Further conditions may be imposed in the offer or the call to submit offers.

- b) The Executive Board is authorized to sell the purchased treasury shares in a manner other than through the stock exchange or by means of an offer addressed to all shareholders, on the condition that the shares are sold in return for cash payment at a price that is not significantly below the stock market price of similarly entitled shares of the Company at the time of sale. However, this authorization shall apply only on the condition that the shares sold excluding subscription rights pursuant to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) do not exceed a total amount of 5% of the Company's capital stock when this authorization becomes effective or - if such value is lower - when this authorization is exercised. This limit of 5% of the capital stock shall also include option rights and/or conversion rights on shares of the Company which are issued during this authorization, i.e. since April 11, 2019, excluding subscription rights in mutatis mutandis application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG), as well as the disposal or sale of treasury shares from without subscription rights pursuant to Section 186 (3) sentence 4 German Stock Corporation Act (AktG).
- c) The Executive Board is authorized, to use the purchased treasury shares in a manner other than through the stock exchange or by means of an offer addressed to all shareholders if the treasury shares are issued to program participants in conjunction with the Company's stock option programs and those participants are, or were, employees or officers of the Company or one of its affiliated companies. If shares are to be used by issuing them to active or former members of the MTU Executive Board under the terms of the Company's stock option programs, the Supervisory Board is authorized to transact this issue.
- d) Furthermore, the Executive Board is authorized to use the purchased treasury shares as partial or complete payment in conjunction with business combinations or the acquisition, whether direct or indirect, of companies, parts of companies or holdings in companies.

- e) The Executive Board is also authorized, with the consent of the Supervisory Board, to use the purchased treasury shares to exercise conversion rights or discharge conversion obligations relating to convertible bonds, bonds with warrants, profit participation certificates or income bonds (or combinations of such instruments) issued by the Company or by a dependent affiliated company.
- f) The Executive Board is moreover authorized, with the consent of the Supervisory Board and without any requirement for a further resolution to be passed by the Annual General Meeting, to redeem purchased treasury shares in whole or in part. They may be redeemed in a simplified procedure without any capital reduction and by adapting the arithmetic value of the outstanding portion of non-par shares to that of the Company's stock capital. The redemption may be limited to a defined fraction of the purchased shares. The authorization to redeem shares may be used on one or more occasions. If the simplified procedure is employed, the Executive Board is authorized to amend the number of non-par shares stated in the Articles of Association.
- g) The above-stated authorizations may be exercised on one or more occasions, in whole or in part, individually or in combination. They may also be exercised by affiliated companies as defined in Section 17 German Stock Corporation Act (AktG).
- h) The subscription rights of existing shareholders in respect of these treasury shares are excluded insofar as the shares are used in the manner described in the authorizations stated above under lit. b) to e).
- i) The authorization to purchase treasury shares granted to the Company on April 15, 2015, is revoked as of the effective date of this new authorization. The authorization to use the treasury shares purchased under the terms of the above-mentioned earlier resolution dated April 15, 2015, remains in force.

## **8. Resolution on the revocation of the Authorized Capital 2015 and creation of new Authorized Capital 2019 with the authorization to exclude subscription rights; revision of Section 4 (5) of the Articles of Association**

The authorization of the Executive Board resolved at the Annual General Meeting held on April 15, 2015 to increase the capital stock against cash contributions expires at the end of April 14, 2020. The authorization has not been utilized.

To ensure that the Company has the flexibility also in future to secure at any time its equity capitalization, the authorization of the Executive Board shall be renewed ahead of time by a new authorization to increase the capital stock (Authorized Capital 2019). The Authorized Capital 2019 shall be created in the amount of 30% of the existing capital stock.

The Executive Board and Supervisory Board thus propose the following resolution:

By revoking the existing authorization of the Executive Board to increase the capital stock in accordance with Section 4 (5) of the Articles of Association (Authorized Capital 2015), an authorized capital (Authorized Capital 2019) is created as set out below by revising Section



4 (5) of the Articles of Association with effect from the time when the amendment to the Articles of Association is entered in the Commercial Register:

*“(5) The Company’s Executive Board is authorized, with the consent of the Supervisory Board, to increase the capital stock up to April 10, 2024 by an amount of up to EUR 15,600,000 (in words: fifteen million six hundred thousand euros) by issuing new registered non-par shares against cash contributions on one or more occasions (Authorized Capital 2019).*

*Shareholders shall be granted subscription rights. The new shares can be subscribed by credit institutions selected by the Executive Board, under the condition to offer the shares to the shareholders (indirect subscription right). However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the subscription rights of shareholders and to also exclude these subscription rights, with the consent of the Supervisory Board, insofar as this is necessary to grant holders of conversion or option rights to registered non-par shares of the Company subscription rights to the extent to which they would be entitled after exercising their conversion or option rights.*

*Furthermore, the Executive Board is entitled, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders if the issue price is not significantly lower than the stock market price. However, this authorization shall apply only subject to the condition that the shares issued excluding subscription rights according to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) account for a total amount of no more than 5 % of the capital stock calculated in relation to the date on which this authorization becomes effective or – if such value is lower – when this authorization is exercised. This limit of 5 % of the capital stock shall include, since the authorization was granted, i.e. since April 11, 2019, any option and conversion rights granted to shares of the Company, excluding shareholder subscription rights, according to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) as well as any treasury shares sold, excluding subscription rights, according to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG).*

*The amount of shares issued by virtue of the Authorized Capital 2019 without subscription rights, including other shares of the Company which are issued or sold by the Company without subscription rights during the term of the Authorized Capital 2019 as well as any option and conversion rights granted to shares of the Company excluding shareholder subscription rights, according to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) during the term of the Authorized Capital 2019, may not exceed 5 % of the capital stock, not at the date on which this authorization becomes effective nor when this authorization is exercised.*

*The Executive Board is authorized, with the consent of the Supervisory Board, to determine all other rights of the shares, the details of the capital increase and the terms of issue, specifically the issue price.*

*The Supervisory Board is authorized to revise the wording of the Articles of Association after the complete or partial implementation of the increase in the capital stock from the Authorized Capital 2019 or after the expiry of the authorization period according to the extent of the capital increase from the Authorized Capital 2019.”*

## **9. Resolution on the authorization to issue convertible bonds and/or bonds with warrants, also excluding subscription rights; creation of a new Conditional Capital (Conditional Capital 2019); amendment of the Articles of Association by Section 4 (7)**

The Executive Board was authorized by resolution at the Annual General Meeting on April 15, 2015 to issue, until April 20, 2020, on one or more occasions, with the consent of the Supervisory Board, convertible bonds and/or bonds with warrants (in the following “Bonds 2015”), with or without restrictions on maturity, at a total nominal value of up to EUR 500,000,000 and to grant the holders of Bonds 2015 the right, obligation or option to convert them into registered non-par shares of the Company representing a pro-rata amount in the capital stock of up to EUR 5,200,000 under the conditions established for the issuance of convertible bonds or bonds with warrants (in the following: “Authorization 2015”). In order to serve the Bonds 2015 a Conditional Capital 2015 in the amount of EUR 5,200,000 was created (Section 4 (6) of the Articles of Association).

In May 2016 the company has issued through a private placement a convertible bond in the total nominal amount of EUR 500,000,000 with an exclusion of subscription rights, based on the Authorization 2015. Consequently the Authorization 2015 resolved by Annual General Meeting on April 15, 2015 is exhausted.

The convertible bond initially was convertible in about 4 million new or existing shares of the Company. This equals a stake in the capital stock of around 7.7%, referring to the date on which the authorization became effective as well as the date when it was exercised. Accordingly the still available Conditional Capital 2015 amounts to about EUR 1,200,000 (which equals about 2.3% of the capital stock).

In order to keep the Company flexible to issue, as needed, convertible bonds and/or bonds with warrants (or combinations of these instruments), including an exclusion of subscription rights, and to grant shares to serve the resulting option or conversion rights, a new authorization and a new conditional capital (Conditional Capital 2019) shall be created.

The Executive Board and the Supervisory Board thus propose the following resolution:

a) Authorization to issue convertible bonds and/or bonds with warrants

aa) General

The Executive Board is authorized until April 10, 2024 to issue, on one or more occasions, with the consent of the Supervisory Board, bearer and/or registered convertible bonds and/or bonds with warrants (collectively referred to as “Bonds”), with or without restrictions on maturity, at a total nominal value of up to EUR 600,000,000 and to grant the holders or creditors of convertible bonds and/or bonds with warrants the right, obligation or option to convert them into registered non-par shares of the Company representing a pro-rata amount in the capital stock of up to EUR 2,600,000 under the conditions established for the issuance of convertible bonds or bonds with warrants. The Bonds may be issued in return for cash payment only.

The Bonds may be issued in euros or – at an equivalent value – in any other legal currency, for instance that of an OECD country. They may also be issued by an affiliated company managed by the Company (“Affiliated Company”). In such cases, and subject to the consent of the Supervisory Board, the Executive Board is authorized to act as guarantor for the Bonds, and to grant the holders of convertible bonds and/or bonds with warrants the right, obligation or option to convert them into registered non-par shares in the Company.

The Bond issues will be divided into partial Bonds.

bb) Bonds with warrants and convertible bonds

In the event of the issuance of bonds with warrants, one or more warrants will be attached to each partial bond which entitle the holder, subject to the conditions established for the issuance of bonds with warrants to be determined by the Executive Board, to subscribe to registered non-par shares of the Company. The respective warrants may be separable from the respective partial bonds. The conditions may provide that the option price may be discharged by a transfer of the partial bonds (trade-in) and by an additional payment, if necessary. The maturity date of the option right may not exceed the maturity date of the bond with warrants. The conditions may also provide that any fractional amounts are combined and/or settled in cash.

In the event of the issuance of convertible bonds, the holders or creditors receive the right or have the obligation, subject to the conditions established for the issuance of convertible bonds to be determined by the Executive Board, to exchange their partial bonds for registered non-par shares of the Company. The rate at which partial bonds are converted into shares shall be the result of dividing the par value or the issue price of a partial bond, where lower than the par value, by the defined conversion price for a registered non-par share of the Company. The conversion rate may be rounded up or down to the nearest full number; an additional cash payment can also be determined if necessary. The conditions may also provide that any fractional amounts are combined and/or settled in cash. Sections 9 (1) and 199 German Stock Corporation Act (AktG) remain unaffected.

cc) Conversion obligation

The conditions of the convertible bonds may also determine a conversion obligation on the maturity date or at an earlier time. The pro-rata amount of the capital stock attributable to the non-par shares of the Company to be issued per partial bond on conversion may not exceed the par value of the partial bond.

Sections 9 (1) and 199 German Stock Corporation Act (AktG) remain unaffected.

dd) Substitution right

The conditions of the convertible bonds and bonds with warrants can provide for the right of the Company to wholly or partially grant the holders or creditors of the bond new shares or treasury shares of the Company in lieu of a payment of the due cash amount. Subject to more detailed provisions laid down in the bond conditions, the shares are in each case determined at a value which is equal to the arithmetic mean of the closing auction prices, rounded up to the nearest full cent, quoted for the same class of shares of the Company in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before notice or exercise of conversion, respectively.

The conditions of the convertible bonds or bonds with warrants may further provide for treasury shares in the Company to be granted on conversion or exercise. They may also provide that instead of granting holders of convertible bonds or bonds with warrants shares in the Company, the Company pays a sum of money for the number of shares otherwise to be supplied which is equivalent to the volume-weighted average price of the shares of the Company in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange over a reasonable period to be determined by the Executive Board of days before or after notice of the conversion or exercise.

ee) Conversion price or option price

The conversion price or option price to be determined must amount to at least 80% of the arithmetic mean of the closing auction prices quoted for the same class of shares of the Company in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before the date of the resolution by the Executive Board concerning the issuance of the bonds or – in case subscription rights are granted – at least 80% of the arithmetic mean of closing auction prices quoted for the same class of shares of the Company in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange in the period from the beginning of the subscription period up to (and inclusive of) the third day before notice of the final conditions pursuant to Section 186 (2) sentence 2 German Stock Corporation Act (AktG). In cases of a substitution right or a conversion obligation, as further defined in the conditions of the Bond, the conversion or option price at least can either amount to the above minimum price or to the volume-weighted average price of the same class of shares in Xetra trading (or a comparable successor system on the Frankfurt Stock Exchange) in the last ten trading days prior to or on the final maturity date of the Bond, even if this average rate is below the above minimum price (80%).

Sections 9 (1) and 199 German Stock Corporation Act (AktG) remain unaffected.

ff) Dilution protection

The authorization includes the possibility, as further defined in the conditions of the convertible bonds or warrants, to provide in certain cases for a dilution protection or adaptations. Dilution protection or adaptations specifically may be allowed in case the capital stock of the Company is modified during the conversion or option period (for instance through an increase or decrease of the capital stock or a share split), but also in relation to dividend payments, the issuance of further convertible bonds and bonds with warrants, restructurings as well as in other measures taking place during the effectiveness of the bonds or warrants, which might affect the value of the conversion rights (as a change of control by a third party). Dilution protection or adaptations especially may be provided through the grant of subscription rights, through modifications of the conversion or option price as well as through the modification or the grant of cash payments.

Sections 9 (1) and 199 German Stock Corporation Act (AktG) remain unaffected.

gg) Subscription rights and exclusion of subscription rights

In principle, shareholders are entitled to subscription rights, i.e. the Company's shareholders are to be given the opportunity to subscribe to the convertible Bonds and/or Bonds

with warrants. The Bonds may also be assumed by one or more banks subject to the condition that they offer them to the shareholders for subscription. If Bonds are issued by an Affiliated Company, the Company will ensure that subscription rights are suitably offered to the Company's shareholders.

However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights to Bonds,

- if the Executive Board, after due examination, comes to the conclusion that the issue price is not significantly lower than the theoretical market value of the Bonds as calculated using recognized methods of financial mathematics. This authorization to exclude subscription rights shall, however, apply only to Bonds with a conversion or option right (or a conversion obligation) to shares, the amount of which may not exceed 5% of the Company's capital stock when this authorization becomes effective or – if such value is lower – when this authorization is exercised. The upper limit of 5% of the Company's capital stock shall be reduced by the pro-rata amount of the capital stock allocable to shares which (i) are issued during the term of this authorization within the scope of a capital increase excluding subscription rights in accordance with Section 186 (3) sentence 4 German Stock Corporation Act (AktG) or which (ii) are sold as purchased treasury shares during the term of this authorization in a manner other than through the stock exchange or through an offer made to all shareholders in analogous application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG);
- for fractional amounts arising as a result of the subscription ratio; or
- to the extent necessary to be able to grant the holders of previously issued conversion or option rights subscription rights to the extent they would be owed as shareholders after exercising their conversion or option rights or fulfilling their conversion obligations.

The total amount of Bonds issued under the before granted authorizations to exclude the subscription rights are limited to that amount of Bonds with a conversion or option right (or a conversion obligation) to shares, the amount of which may not exceed 5% of the Company's capital stock in total when this authorization becomes effective or – if such value is lower – when this authorization is exercised. Shares as well as conversion or option rights, which are issued or sold during the validity of this authorization without subscription rights are to be credited against such 5% limit.

#### hh) Further possibilities

The Executive Board is authorized, with the consent of the Supervisory Board, to define further details concerning the issuance and terms of issue of the Bonds, particularly the interest rate and type of interest, issue price, maturity period and denomination, conditions on dilution protection, conversion or exercise period and the conversion or option price, or define these in agreement with the governing bodies of the Affiliated Companies issuing the Bonds.

#### b) Creation of Conditional Capital 2019

The capital stock of the Company is conditionally increased by up to EUR 2,600,000 by issuing up to 2,600,000 new registered non-par shares with a pro-rata amount of the capital

stock of one euro each (Conditional Capital 2019). The purpose of the Conditional Capital increase is to grant shares to the holders or creditors of convertible bonds or bonds with warrants which are issued based on the authorization above. The increase in the Conditional Capital shall be carried out only to the extent that conversion or option rights are exercised or conversion obligations from such bonds are fulfilled and the Conditional Capital is required subject to the conditions of the convertible bonds or bonds with warrants. New shares may be issued at the option or conversion price determined on the basis of the conditions laid down in the authorization above. The new shares participate in the profits from the beginning of the financial year in which they are issued through the exercise of conversion or option rights or the fulfillment of conversion obligations. The Executive Board is authorized, with the consent of the Supervisory Board, to define further details concerning the implementation of the increase in Conditional Capital.

c) The Articles of Association are amended by a new Section 4 (7):

*“(7) The capital stock of the Company is conditionally increased by up to EUR 2,600,000 (in words: two million six hundred thousand euros) by issuing up to 2,600,000 new registered non-par shares with a pro-rata amount of the capital stock of one euro (Conditional Capital 2019).*

*The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds or bonds with warrants which are issued based on the authorization resolved by the Annual General Meeting of the Company on April 11, 2019. The issuance is carried out at the conversion or option price to be specified according to this authorization.*

*The conditional capital increase shall be carried out only insofar as conversion or option rights are exercised or the creditors or holders of conversion or option rights with conversion obligations fulfill their conversion obligations, and insofar as treasury shares are not used to cover this. Shares issued in such manner shall participate in the profits from the beginning of the financial year in which they are issued through the exercise of conversion or option rights or the fulfillment of conversion obligations.*

*The Executive Board is authorized, with the consent of the Supervisory Board, to define further details concerning the implementation of the increase in Conditional Capital.*

*The Supervisory Board is authorized to revise the wording of the Articles of Association after the complete or partial implementation of the increase in the capital stock from the Conditional Capital 2019, according to the extent of the capital increase from the Conditional Capital 2019.“*

## II. Further information on the candidate proposed for election to the Supervisory Board under item 6 of the agenda

### Dr. Joachim Rauhut

Independent Consultant

<b>Born</b>	1954
<b>Nationality</b>	German
<b>Biography</b>	
1979	Technical University Karlsruhe: graduation as chartered industrial engineer
1982	Corporate planning department, Mannesmann Demag AG, Duisburg
1984	Head of finance and accounting department, Mannesmann Demag (Pty.) Ltd. Johannesburg, South Africa
1988	Group accounting department, Mannesmann AG, Düsseldorf
1993	Head of controlling and accounting, Mannesmann Demag AG, Duisburg
1996	Member of the Executive Board (CFO), Mannesmann Demag Hüttentechnik, Duisburg
1997	Member of the Executive Board (CFO), Krauss-Maffei AG, Munich
1999	Member of the Executive Board (CFO), Mannesmann AG and Atecs Mannesmann AG, Düsseldorf
2001	Member of the Executive Board (CFO), Wacker Chemie GmbH, Munich
2005-2015	CFO of Wacker Chemie AG, Munich

Member of the Supervisory Board of MTU Aero Engines AG since 2009

End of Office: at the end of the Annual General Meeting on April 11, 2019

### **Specific knowledge and experience that the candidate can contribute to the Company as a member of the Supervisory Board**

Besides his many years of extensive experience in various national and international industrial companies, last as CFO of Wacker Chemie AG in Munich, Dr. Rauhut possesses special knowledge in accounting and auditing in the meaning of Section 100 (5) of the German Stock Corporation Act (AktG) and therefore qualifies as independent financial expert.

## III. Reports of the Executive Board

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### **1. Report of the Executive Board on item 7 of the agenda (resolution on the authorization to purchase and use treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) and to exclude subscription rights, revocation of the existing authorization) pursuant to Section 71 (1) no. 8 sentence 5 in conjunction with Section 186 (4) sentence 2 of the German Stock Corporation Act (AktG)**

In accordance with customary business practice, the proposal for a resolution put forward by the Executive Board and the Supervisory Board provides on the basis of Section 71 (1) no. 8 German Stock Corporation Act (AktG) for authorization by the Annual General Meeting for the Company to acquire treasury shares amounting to up to 10% of the current capital stock for five years. The Executive Board already has such an authorization. This expires at the end of April 14, 2020 and is to be renewed ahead of time.

When making a decision on the use of treasury shares, the Executive Board shall be guided solely by the interests of the shareholders and the Company. The Executive Board shall report to the Annual General Meeting on any exercise of the proposed authorization.

When purchasing treasury shares, the principle of equal treatment must be observed pursuant to Section 53a German Stock Corporation Act (AktG). Such envisioned purchase of the shares on the stock exchange or through a public offer to buy (or a public call to submit a sell offer) observes this principle. Insofar as a public offer or a public call to submit an offer is oversubscribed, acquisition must take place pro rata. For the resale of treasury shares purchased, the law provides in principle for the sale on the stock exchange or through an offer to all shareholders, by which means the principle of equal treatment pursuant to Section 53a German Stock Corporation Act (AktG) is observed.

The Annual General Meeting may, however, also resolve a disposal by other means in analogous application of Section 186 (3) and (4) German Stock Corporation Act (AktG). In this respect, the resolution provides that the Executive Board is authorized to effect disposal of the purchased treasury shares in a manner other than on the stock exchange or through an offer addressed to all shareholders if the treasury shares that have been purchased are sold in return for a cash payment at a price which is not significantly lower than the stock exchange price of shares of the Company of the same class and terms of issue at the time of disposal. The Executive Board shall allocate any markdown on the stock exchange price based on the market conditions prevailing at the time of placement so that it is as low as possible. This authorization also makes use of the possibility to exclude subscription rights as permitted in Section 71 (1) no. 8 German Stock Corporation Act (AktG), in analogous application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). Overall, the shareholders' financial



and voting right interests are suitably protected if the treasury shares are sold to third parties excluding shareholders from subscription rights on the basis of Section 71 (1) no. 8 German Stock Corporation Act (AktG). The authorization to sell treasury shares in return for a cash payment, including shares for which subscription rights are excluded in application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) when making use of the authorized capital and/or when exercising the authorization to issue convertible bonds and/or bonds with warrants, is restricted to a maximum of 5% of the Company's capital stock when the authorization becomes effective or – if such value is lower – when this authorization is exercised. It is thereby ensured that no purchased treasury shares are sold based on the simplified exclusion of subscription rights pursuant to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) where this would result in the exclusion of the subscription rights of the shareholders for a total of more than 5% of the capital stock in direct or indirect application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). This restriction is in the interest of the shareholders who would like to maintain, if possible, the proportion of their shareholding and who are basically able to retain the amount of their shareholding in the Company in this manner by purchasing MTU shares through the stock exchange. The Executive Board and the Supervisory Board take the view that this framework serves the Company's interests, given the strategy pursued by the Company, and is also suitable to serve the shareholders' interests.

The resolution further provides for an authorization for the Executive Board, to use the acquired treasury shares in whole or in part to satisfy the claims of the Company's employees and officers accruing from the Company's stock programs. MTU promotes a culture of ownership within the Company and, through share-based compensation and employee stock programs, enables the Executive Board, executive employees and staff to participate in the Company and its development. Against this backdrop, treasury shares may be used in connection with share-based compensation or employee stock programs of the Company or its affiliated companies and issued to persons who are, or were, employees or officers of the Company or one of its affiliated companies. In terms of legal technique, this form of use is contingent on the subscription rights of the shareholders being excluded in this respect with regard to the treasury shares of the Company. The exclusion of subscription rights required for such use is in the interests of the Company and its shareholders.

Furthermore, the resolution provides for an authorization for the Executive Board to offer to third parties, and/or to make use of, all or some of the acquired treasury shares as (part) counter payment, in the context of business combinations or in the acquisition, whether direct or indirect, of companies, parts of companies or holdings in companies. When opportunities arise, the Company is to be enabled to implement targeted acquisitions of companies or of holdings in accordance with the Company's object, as set out in its Articles. In an international context in particular, owners of companies and holdings frequently expect to receive shares in the acquiring company as a counter payment for the disposal of the company or holding. The proposed authorization places the Company in a position in which it is also able, for instance, to make use of available treasury shares as a counter payment in concrete acquisition projects in which it may be in competition with other prospective buyers, and

hence under certain circumstances to be able to forego increasing the capital stock in return for non-cash contributions as would otherwise be necessary. In terms of legal technique, this form of use is also contingent on the subscription rights of shareholders being excluded in this respect with regard to treasury shares of the Company, which is provided for by the resolution in this sense.

Moreover, the Executive Board is to be entitled, with the consent of the Supervisory Board, to use acquired treasury shares to fulfill conversion rights or obligations arising under convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or a combination of these instruments) issued by the Company or by affiliated companies. This authorization is in the interests of the Company and of the shareholders simply because it enables the Company, insofar as is proper in the specific case, to avoid issuing new shares from the Conditional Capital, and hence increasing the capital and diluting shareholders' voting rights and quotas. The price at which the shares are issued in the cases described above depends on the respective circumstances of the individual case and on the point in time. In setting prices, the Executive Board will orient itself in line with the interests of the Company. It is also a prerequisite in terms of legal technique for the subscription rights of the shareholders to be excluded in this respect with regard to the treasury shares of the Company, which is a constitutive element of the resolution.

Treasury shares acquired on the basis of the present authorizing resolution may be redeemed by the Company without a new resolution by the Annual General Meeting with the consent of the Supervisory Board. In accordance with Section 237 (3) no. 3 German Stock Corporation Act (AktG), the Company's Annual General Meeting may resolve the redemption of its fully paid-up non-par shares without thereby necessitating a reduction in the capital stock of the Company. The proposed authorization explicitly provides for this alternative, in addition to a redemption that is coupled with a capital reduction. In the event of redemption of treasury shares without a capital reduction, the mathematical proportion of the remaining non-par shares in the Company's capital stock increases automatically. The Executive Board shall hence be authorized to effect the amendment to the Articles of Association necessitated thereby with regard to the number of shares altered by such redemption.

On the basis of the above considerations, the Executive Board and the Supervisory Board regard the proposed authorization concerning the acquisition of treasury shares as being in the interests of shareholders, and in individual cases can justify the exclusion of shareholders' subscription rights. The respective corporate bodies shall hence examine and consider on a case-by-case basis whether the sale or other use of treasury shares, excluding subscription rights, is in the overriding interest of the Company.

## **2. Report of the Executive Board on item 8 on the agenda (resolution on the revocation of the Authorized Capital 2015 and creation of a new Authorized Capital 2019, with the authorization to exclude subscription rights; revision of Section 4 (5) of the Articles of Association) pursuant to Section 203 (2) sentence 2 in conjunction with Section 186 (4) sentence 2 of the German Stock Corporation Act (AktG)**

The Executive Board and Supervisory Board propose that the Annual General Meeting approve the creation of an authorized capital to enable the Company to respond at short notice to market conditions without having to convene a new General Meeting. The authorization to create authorized capital granted to the Company by the Annual General Meeting on April 15, 2015 has not been used to date by the Company (as in February 2019) and expires on April 14, 2020. It is to be replaced ahead of time by a new authorization. As before, the new authorization is limited to five years.

In total, authorized capital of EUR 15,600,000 is to be created against cash contributions. This is equivalent to 30% of the Company's current capital stock. The authorization is to be granted for the maximum period of five years permitted by law (until April 10, 2024). The existing Authorized Capital 2015 is revoked.

As a basic principle, the new shares originating from the use of the authorized capital must be offered to the shareholders for subscription. Subscription rights may also be granted to the shareholders in such way that new shares are assumed by a bank or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (KWG), subject to the obligation that the shares be offered to the shareholders for subscription (Sections 203 (1) and 186 (5) German Stock Corporation Act (AktG)). However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights, in whole or in part, in certain cases. Specifically:

The Executive Board and the Supervisory Board propose that the Annual General Meeting approves the creation of Authorized Capital 2019 at a nominal aggregate amount of up to EUR 15,600,000 which can be used against cash contributions.

The Executive Board is to be authorized to exclude fractional amounts from subscription rights. This will serve to create a practicable subscription ratio. Without the exclusion of subscription rights for fractional amounts, the technical implementation of the capital increase and the exercise of subscription rights would be rendered considerably more complicated, especially if the capital were increased in rounded amounts. By limiting the exclusion to fractional amounts, the potential dilution effect is very small. The new shares, which as fractional amounts are excluded from subscription rights, will either be sold on the stock exchange or otherwise disposed of in a way that best benefits the Company.

Furthermore, the Executive Board shall, with the consent of the Supervisory Board, be able to exclude subscription rights to the extent this is necessary to grant holders of convertible bonds or bonds with warrants subscription rights to new shares if stipulated under the conditions of these bonds. To facilitate their placement on the capital market, bonds usually

have protection against dilution which provides for the holders to be granted subscription rights for new shares in subsequent share issuances equal to that of shareholders. Often the Conditional Capital is insufficient to satisfy these subscription rights of bondholders, particularly since the size of the future share issuances cannot be predicted at the time the relevant Conditional Capital is created. In order to give the bonds this kind of protection against dilution, the subscription rights must be able to be satisfied out of the Authorized Capital. Therefore, when using the Authorized Capital, the subscription rights of shareholders must be excluded in respect of these shares. This facilitates the placement of the bonds and is thus in line with the shareholders' interest in an optimum financing structure for the Company.

In accordance with Sections 203 (2), 186 (3) sentence 4 German Stock Corporation Act (AktG), the Executive Board is to be authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights if the new shares are issued at an issue price that does not fall significantly below the stock exchange price. The number of shares issued in this manner excluding subscription rights may not exceed a total amount of 5 % of the capital stock when this authorization becomes effective or is exercised. This authorization places the Company in a position to rapidly and flexibly exploit market opportunities in its various business segments and, if necessary, to cover any capital requirements for these measures at very short notice. The exclusion of subscription rights not only enables the Company to respond rapidly but also to place shares at a price close to the stock market price, i.e. without the markdown required in case of rights emissions. This produces higher proceeds from the issuance for the benefit of the Company. Moreover, new groups of shareholders can be won through such a placement.

In the event that subscription rights are maintained, Section 186 (2) German Stock Corporation Act (AktG) provides for the possibility not to determine the specific issue price when publishing the subscription period but only to indicate the basis for its determination. However, even in this case, it cannot be expected that the best possible placement success will ultimately be achieved for the Company because the issue price must be published at least three days prior to the expiry of the subscription period. In addition, if subscription rights are granted, the successful placement with third parties is jeopardized or entails additional expenses and/or time because it is uncertain to what extent subscription rights will be exercised (subscription conduct). Thus, the best possible reinforcement of equity capital is achieved by the authorization to exclude the shareholders' subscription rights in the interests of the Company and all shareholders.

When exercising the authorization, the Executive Board will calculate the markdown as low as possible, taking into account the market situation prevailing on the date of the placement. The issue price and thus the proceeds received by the Company for the new shares will be based on the stock market price of the shares already listed and not fall significantly below the current stock market price, i.e. at least by not more than 5%. The exclusion of subscription rights may not exceed 5 % of the Company's current capital stock. In calculating this 5 % limit of the capital stock, an allowance shall be made for the granting of option or conversion rights for company shares excluding subscription rights after this authorization, i.e. since April 11, 2019, in accordance with Section 186 (3) sentence 4 German Stock Corporation Act (AktG).

Finally, in calculating this 5% limit, an allowance shall be made for sales of treasury shares excluding subscription rights in accordance with Section 186 (3) sentence 4 German Stock Corporation Act (AktG).

In accordance with the statutory provisions, the need to protect shareholders by providing extensive protection against the dilution of their share ownership is accounted for by these requirements. Because of the issue price of the new shares being close to the stock market price and the limiting of the size of the capital increase without subscription rights, in principle, each shareholder has the opportunity to acquire the shares required to maintain his/her/its shareholding through the stock exchange at almost identical conditions. Thus, it is ensured that in accordance with the legal purpose of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) the financial and voting right interests are reasonably safeguarded when using the Authorized Capital excluding subscription rights, while at the same time the Company gains reasonable freedom to act in the interest of all shareholders.

Having considered all the described facts and circumstances, the Executive Board and the Supervisory Board deem the exclusion of subscription rights in the described cases both adequate and necessary for the reasons described above, even when taking into account the dilution effect arising to the detriment of the shareholders.

The Executive Board will report on the use of the Authorized Capital at the next Annual General Meeting.

### **3. Report of the Executive Board on item 9 of the agenda (resolution on the authorization to issue convertible bonds and/or bonds with warrants, also excluding subscription rights; creation of a new Conditional Capital (Conditional Capital 2019); amendment of the Articles of Association by Section 4 (7)) pursuant to Section 221 (4) sentence 2 in conjunction with Section 186 (4) sentence 2 of the German Stock Corporation Act (AktG)**

The Executive Board and Supervisory Board propose that the Annual General Meeting approve the authorization and the creation of Conditional Capital (Conditional Capital 2019) for the issuance of convertible bonds and/or bonds with warrants (collectively the “Bonds”). The issuance of Bonds (or a combination of these instruments) may provide an opportunity, in addition to the conventional possibilities of raising debt and equity capital, to make use of attractive financing alternatives on the capital market, depending on the market situation. The issuance is to be limited to a total nominal value of the bonds of up to EUR 600,000,000 and an entitlement to subscribe up to a maximum of 2,600,000 registered non-par shares of the Company.

The issuance of Bonds facilitates the raising of debt capital on favorable conditions (compared to conventional debt financing) which may be converted into equity capital upon maturity under certain conditions and thus may remain with the Company. The envisaged possibility to also create conversion obligations in addition to the granting of conversion and/or option rights provides more leeway for the structuring of this financing instrument. The authorization will provide the Company with the necessary flexibility to place the bonds itself or via affiliated companies managed by the Company (“Affiliated Companies”). In addition to the euro, the Bonds may also be denominated in other legal currencies, for example that of an OECD country, and may be issued with limited or unlimited maturity.

The Bonds may also provide for or permit new or treasury shares of the Company to be granted in the event of the exercise of conversion and/or option rights or the fulfillment of conversion obligations. To further increase flexibility, the conditions established for the Bonds may also provide for or permit that instead of granting holders of conversion or option rights or conversion obligations treasury shares in the Company, the Company pays an equivalent sum of money to them upon exercise of the conversion and/or option rights or upon fulfillment of the conversion obligations. This takes due account of the fact that an increase in the capital stock upon the exercise of conversion and/or option rights and/or the fulfillment of conversion obligations at a future point in time might not be welcome. Notwithstanding this, the use of the possibility of cash payment protects shareholders against a reduction in the proportion of their shareholding and against a dilution of the value of their shares because no new shares are issued.

Shareholders shall generally be granted subscription rights. In case of a placement via Affiliated Companies, the Company shall also ensure that the Company's shareholders are granted statutory subscription rights. In order to facilitate the settlement, a possibility is provided for the Bonds to be issued to one or several banks with the obligation that the Bonds be offered to the shareholders for subscription in accordance with their subscription rights.

However, the Executive Board shall also be authorized to exclude, with the consent of the Supervisory Board, the subscription rights of shareholders to the extent that the issuance of shares based on conversion or option rights or conversion obligations is restricted to a maximum of 5% of the capital stock when this authorization becomes effective or – if such value is lower – when this authorization is exercised. This possibility to exclude subscription rights provides the Company with the flexibility to exploit favorable capital market situations at short notice and, by determining the conditions in accordance with the prevailing market situation, to achieve better terms when stipulating the interest rates and issue price of the Bond. The decisive factor is that, as opposed to an issuance of Bonds with subscription rights, the issue price can be determined immediately before the placement, thereby avoiding an increased risk of price change for the duration of the subscription period. In contrast, where subscription rights are granted, the subscription price would have to be disclosed by three days prior to the expiry of the subscription period. In view of the frequently observed volatility on the stock markets, the market risk would still be immanent for a number of days, which would result in safety margins being deducted when stipulating the conditions of the Bond. The subscription period would also make it more difficult to respond to favorable market conditions at short notice. Particularly in the case of Bonds, the granting of subscription rights could jeopardize any successful placement with third parties, or result in additional expenses, due to the uncertainty of the exercise thereof. By determining the issue price of the Bonds in these cases as not materially below the notional market value as calculated using recognized methods of financial mathematics, the shareholders' need for protection with regard to an economic dilution of their shareholding is to be accounted for. If the issue price were equivalent to the market value, the value of the subscription rights would be decreased virtually to zero. Thus, the shareholders will not suffer any significant economic disadvantages on account of the exclusion of subscription rights. The Executive Board will endeavor to achieve the highest issue price possible and to keep any economic gap to the price at which the current shareholders can buy additional shares via the market as small as possible. Shareholders who would like to maintain their share in the Company's capital stock can achieve this by way of additional purchases via the market at roughly the same conditions. Any relevant losses in the proportions of their shareholdings can also be ruled out from the viewpoint of the shareholders. The authorization is restricted to the issuance of conversion and/or option rights (also with conversion obligations), which account for up to 5% of the Company's capital stock. Any other issuance of shares against cash contributions or sale of treasury shares shall

be taken into account in this 5% of the capital stock, to the extent that such shares are issued excluding subscription rights pursuant to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) during the term of the proposed authorization. It is thereby ensured that no Bonds are issued where this would result in the exclusion of subscription rights of shareholders for a total of more than 5% of the capital stock in direct or indirect application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). This further restriction is in the interests of the shareholders who would like to maintain, if possible, the proportion of their shareholding in case of corporate action to this effect.

Moreover, the Executive Board shall be authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the subscription rights of shareholders. Such fractional amounts may result from the amount of the respective issue volume and the need for a practicable subscription ratio. In these cases, the exclusion of subscription rights for fractional amounts facilitates the implementation of the corporate measure. The new fractional shares, which are excluded from the subscription rights of shareholders, will either be sold on the stock exchange or otherwise disposed of in a way that best benefits the Company. The restriction of the exclusion to fractional amounts does not result in any significant dilution for the shareholders; in the opinion of the Executive Board, such restriction is justified and appropriate in view of the circumstances.

Furthermore, the Executive Board is to be provided with the possibility to exclude, with the consent of the Supervisory Board, the subscription rights of shareholders in order to grant to the holders or creditors of conversion and/or option rights or convertible bonds with conversion obligations subscription rights for the same number of shares to which they would be entitled as shareholders upon exercise of their conversion or option rights or upon compliance with their conversion obligations. Placing the holders/creditors of conversion and/or option rights (also with conversion obligation) at an economic disadvantage is thereby avoided; they are granted dilution protection which is in accordance with capital market practice, which facilitates the placement of the convertible bonds and/or bonds with warrants, and which enables the Company to have a higher cash inflow, as there is no need in these cases for a reduction of the conversion and/or option price or for any other dilution protection. The only disadvantage for the existing shareholders lies in the fact that the holders/creditors of conversion and/or option rights (also with conversion obligation) are granted subscription rights to which they would in any event be entitled if they had already exercised their conversion and/or option rights or complied with their conversion obligation. Consequently, in considering the advantages and disadvantages, the exclusion of the subscription rights appears reasonable in this case.



## IV. Further information concerning the convocation

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### 1. Total number of shares and voting rights

At the time of convening the 2019 Annual General Meeting, the Company's capital stock consisted of 52,000,000 registered non-par shares, each representing one vote. Voting rights may currently be exercised in respect of 51,634,227 of these shares. No voting rights may be exercised in respect of the 365,773 treasury shares held by the Company.

### 2. Conditions for participating in the Annual General Meeting and for exercising voting rights

In order to participate in the Annual General Meeting and exercise their voting rights, shareholders must be listed in the Company's share register and their requests to register their shareholding must be received by the Company at the latest by the end of April 4, 2019 (Thursday).

Shareholders who are listed in the share register can register their shareholding by writing (in German or English) to MTU Aero Engines AG at the following address:

MTU Aero Engines AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich  
Germany

or by sending a fax to the number  
+49 (0)89 210 27 288

or by sending an email to  
namensaktien@linkmarketservices.de

or by completing the online registration form at  
[www.mtu.de/hv](http://www.mtu.de/hv)

For online registration on the website above, you will require the personal access code that is provided with your shareholders' documentation. More detailed information on the registration procedure can be found in the shareholders' documentation sent to you by post or on the website mentioned above.

Banks, associations of shareholders, and other parties as defined in Section 135 of the German Stock Corporation Act (AktG) are not permitted to exercise voting rights for shares which they do not own and for which they are not listed in the share register as the holders, without the express authorization of the shareholder.

The shareholding listed in the share register on the date of the Annual General Meeting determines the entitlement to participate in the meeting and exercise voting rights. Please note that, for administrative reasons, no changes in share ownership will be recorded in the share register on the last three working days preceding the date of the Annual General Meeting, nor on the date of the meeting itself, meaning from Monday April 8, 2019 (00:00 hours) up to and including Thursday April 11, 2019 (24:00 hours). Shares that have been registered for the purposes of the Annual General Meeting are not blocked. After registration, shareholders remain free to dispose of their shares as they wish, even during the above-mentioned period in which changes in share ownership are not immediately recorded.

### **3. Procedure for voting by proxy; proxies appointed by the Company**

#### **a) Authorization of a third party**

Shareholders listed in the share register may appoint a proxy, for instance a bank or an association of shareholders, to vote on their behalf. The deadline for registration of the shares, by the shareholder or the proxy, must also be respected in this case. The text form is required for the granting and revocation of the power of attorney and for proof of the proxy's authorization if such authorization is granted neither to a bank nor to an association of shareholders or equivalent person or institution as defined in Sections 135 (8) and (10) of the German Stock Corporation Act (AktG).

Proof of the granted or revoked authorization can be submitted to the Company by the shareholder or proxy in text form either (i) by sending the appropriate documents to the postal address, email address, fax number or website specified in item 2 above or (ii) by presenting these documents at the reception desk on the day of the Annual General Meeting. No documentation is required to revoke a previously granted power of attorney if the shareholder attends the Annual General Meeting in person.

For the authorization of banks, associations of shareholders or equivalent persons or institutions as defined in Sections 135 (8) and (10) German Stock Corporation Act (AktG) and for the revocation and proof of such authorization and revocation, the legal requirements, especially Section 135 German Stock Corporation Act (AktG), apply. Please also consider, where necessary, the rules issued in that respect by the banks, associations of shareholders or other equivalent persons or institutions.

#### **b) Authorization of proxies appointed by the Company**

Alternatively, we offer you the option of being represented at the Annual General Meeting by an employee of the Company, charged with voting on your behalf in accordance with your instructions. In this case, you must grant power of attorney to the proxy and provide instructions on how you wish your voting rights to be exercised. These proxies are obligated to vote as instructed.

Documentary evidence of the powers of attorney and voting instructions issued to proxies appointed by the Company, the revocation of the same, and proof of the proxy's authorization can be submitted in text form to the Company up to the end of April 10, 2019 (Wednesday), the day before the Annual General Meeting. Shareholders can also use the online system for powers of attorney and voting instructions available at [www.mtu.de/hv](http://www.mtu.de/hv). Please note that the option of granting power of attorney to proxies appointed by the Company and acting under your instructions is available only to shareholders who register their shareholding for the purposes of the Annual General Meeting no later than the end of April 4, 2019. No documentation is required to revoke a previously granted power of attorney or annul the instructions issued to the proxy if the shareholder or another authorized third party attends the Annual General Meeting in person.

Please note that proxies appointed by the Company are not allowed to accept instructions requiring them to speak to the assembly, or ask questions, or propose motions, and are not allowed to vote on procedural motions or unannounced motions proposed by shareholders. Further details, including forms for granting powers of attorney and issuing instructions to proxies, are included in the information to shareholders enclosed with the invitation to the Annual General Meeting.

#### **4. Procedure for exercising voting rights by means of a postal vote**

Shareholders listed in the share register who are unable to attend the Annual General Meeting in person have the further option of exercising their voting rights by means of a postal vote. This option is also available to banks, associations of shareholders, and equivalent parties as defined in Section 135 German Stock Corporation Act (AktG).

In order to exercise their voting rights by means of a postal vote, shareholders must register in due time, as specified in item 2 above ("Conditions for participating in the Annual General Meeting and for exercising voting rights"), at the latest by the end of April 4, 2019.

Shareholders who have registered in due time for the Annual General Meeting may submit their postal votes, or modify or withdraw previously submitted postal votes, up to the end of April 10, 2019 (Wednesday), whereby the Company must have received them by this date. Postal votes may be submitted in text form or online to one of the addresses specified for registration in item 2 above.

Votes that have been cast by means of a postal vote are invalidated if the shareholder attends the Annual General Meeting in person or is represented at the meeting by a proxy.

Please note that it is not possible to use the postal voting procedure to vote on a counter-motion submitted in the course of the Annual General Meeting, nor to submit nominations. Similarly, it is not possible to use the postal voting procedure to address the assembly, ask questions or propose motions.

Further details, including forms for postal voting, are included in the information to shareholders enclosed with the invitation to the Annual General Meeting.

## 5. Additions to the agenda, motions, nominations and requests for information by shareholders

a) Additions to the agenda requested by a minority pursuant to Section 122 (2) German Stock Corporation Act (AktG)

Shareholders whose shares together represent one twentieth of the capital stock or the proportionate amount of EUR 500,000 may call for items to be included in the agenda and published. Each new item must be accompanied by a reason or a draft resolution. Such requests must be received by the Company in writing at the postal address specified in item 5 b) at the latest by the end of March 11, 2019 (Monday). The parties filing the motion shall provide evidence of the fact that they have been holders of such shares for at least 90 days prior to the day of receipt of the motion and that they will hold the shares until a decision on the motion by the Executive Board has been rendered.

b) Shareholders' motions and nominations pursuant to Sections 126 (1) and 127 German Stock Corporation Act (AktG)

Pursuant to Section 126 et seq German Stock Corporation Act (AktG), the Executive Board will make shareholders' motions and nominations accessible only if they are received by the Company at the latest by the end of March 27, 2019 (Wednesday), and on the condition that the persons submitting the motions and nominations are listed as shareholders in the share register. Shareholders' motions and questions as defined in Section 126 (1) German Stock Corporation Act (AktG) and nominations as defined in Section 127 German Stock Corporation Act (AktG) will be accepted only if they are sent directly to the Company at one of the following addresses:

Postal address

MTU Aero Engines AG  
Investor Relations  
Dachauer Straße 665  
80995 München

or by sending a fax to the number

+49 (0)89 1489 95139

or by sending an email to

hv2019@mtu.de

Motions and nominations sent to any other address will not be taken into account. Shareholders' motions and nominations received in due time at the above addresses will be published without delay on the Company's website at

[www.mtu.de/hv](http://www.mtu.de/hv)

together with the name of the relevant shareholder, the reasons given, and any opinion expressed by management.

c) Shareholder's right to information pursuant to Section 131 (1) German Stock Corporation Act (AktG)

The Executive Board is obliged to provide information about Company matters, including legal and business relationships with affiliated companies, and the situation of the group and the companies included in its consolidated financial statements, to any shareholder who requests such information during the Annual General Meeting, insofar as this is necessary for the proper appraisal of an item on the agenda.

## **6. Publication on the Company's website**

This invitation to the Annual General Meeting, the documents to be made available pursuant to Section 124a German Stock Corporation Act (AktG), shareholders' motions, detailed explanations of the above-mentioned shareholders' rights, and other information are available on the Company's website at [www.mtu.de/hv](http://www.mtu.de/hv).

The voting results will be published in the same section of the website after the Annual General Meeting.

## **7. Information about Data Protection**

If you register for the Annual General Meeting or you grant a proxy, we collect personal data of you and/or your proxy in order to enable you to enact your rights in the Annual General Meeting. Your data also appears in the list of attendees that by law we have to make accessible in the Annual General Meeting. Also if you call for items to be included in the agenda or you want to submit motions or nominations, we might be required by law under certain conditions to publish your name.

If you authorize a person to represent you in the Annual General Meeting, it is your responsibility to inform this authorized person about the collection of personal data by us. We collect the personal data of the authorized person exclusively for the purposes of sending the admission cards and organizing the attendance of the person at the Annual General Meeting, including their exercise of relevant rights and, especially, the voting right.

MTU Aero Engines AG processes your personal data as the controller in compliance with the EU Data Protection Regulation, as well as all other relevant regulations. Further information about data protection can be found under [www.mtu.de/hv](http://www.mtu.de/hv). On demand we also mail to you the information as printed version.

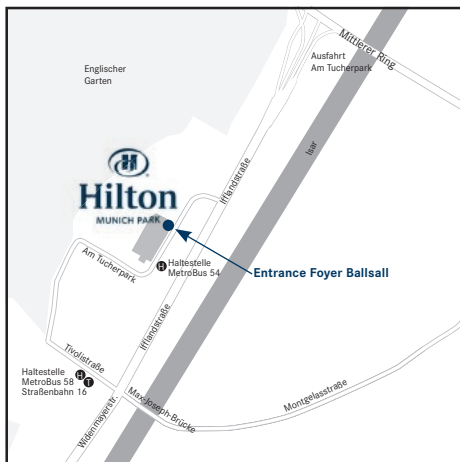
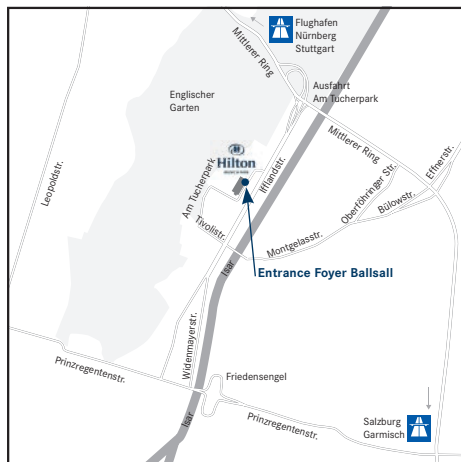
Munich, March 2019  
MTU Aero Engines AG

The Executive Board



# How to find us

**Hilton Munich Park Hotel**  
**Ballroom**  
**Am Tucherpark 7**  
**80538 Munich, Germany**



## Public transportation

### From Airport Franz-Josef-Strauß

- Take the S-Bahn no. S8 direction “Herrsching“ to “Ostbahnhof“
- From “Ostbahnhof“ change to MetroBus No. 54 direction “Münchner Freiheit“, exit at bus stop “Am Tucherpark“

### From Hauptbahnhof (main station) or station Karlsplatz Stachus

- Take tram no. 16 direction “Effenplatz“, exit at the stop “Tivolistraße“, approx. 5 minutes to walk to the Hotel Hilton Munich Park Hotel

### From Hauptbahnhof Nord (main station Nord)

- Take MetroBus no. 58 direction “CityRing via Pinakotheken-Giselastraße“, exit at bus stop “Tivolistraße“, approx. 5 minutes to walk to the Hotel Hilton Munich Park Hotel

### From Marienplatz

- Take the underground no. U3 direction “Moosach“, exit at the stop “Giselastraße“.
- At “Giselastraße“ change to MetroBus no. 54 direction “Lorettoplatz“. Exit at bus stop “Am Tucherpark“.

## Parking

A limited number of parking spaces is available at the Hilton Munich Park Hotel.

Alternatively, please use the car park at the Chinese Tower, English Garden 3, 80538 Munich.



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