

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, their duties and responsibilities significantly change or if the Executive Board member is asked to agree to a reduction in salary or premature termination of their 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 their 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

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 2018 and 2017 respectively:

[T16] Supervisory Board compensation

in €	2018 ¹⁾				2017 ¹⁾			
	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	27,000.00	227,000.00
Josef Mailer (Supervisory Board deputy chairman) ^{2) 3) 5)}	75,000.00	20,000.00	27,000.00	122,000.00	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 (until April 11, 2018)	14,027.78		6,000.00	20,027.78	50,000.00		15,000.00	65,000.00
Michael Behé (until April 11, 2018) ⁵⁾	14,027.78		6,000.00	20,027.78	50,000.00		15,000.00	65,000.00
Dr. Wilhelm Bender (until April 11, 2018)	14,027.78		6,000.00	20,027.78	50,000.00		15,000.00	65,000.00
Dr. Christine Bortenlänger (since April 11, 2018)	36,111.11		12,000.00	48,111.11				
Thomas Dautl	50,000.00		15,000.00	65,000.00	50,000.00		15,000.00	65,000.00
Dr.-Ing. Jürgen M. Geißinger ^{2) 4)}	50,000.00	20,000.00	18,000.00	88,000.00	50,000.00	20,000.00	15,000.00	85,000.00
Angelo Gross (since April 11, 2018) ⁵⁾	36,111.11		12,000.00	48,111.11				
Anita Heimerl (since July 17, 2018) ⁵⁾	22,777.78		9,000.00	31,777.78				
Dr. Martin Kimmich ^{2) 5)}	50,000.00	10,000.00	18,000.00	78,000.00	50,000.00	10,000.00	15,000.00	75,000.00
Heike Madan ^{3) 5)}	50,000.00	10,000.00	24,000.00	84,000.00	50,000.00	10,000.00	24,000.00	84,000.00
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	712,083.34	140,000.00	234,000.00	1,086,083.34	725,000.00	140,000.00	219,000.00	1,084,000.00

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.