

## Management compensation report

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The compensation report describes the principles applied in determining the compensation for the Executive Board and Supervisory Board of MTU Aero Engines AG, and states the amount and composition of that compensation. The compensation report follows the provisions of Section 314 (1) no. 6 of the German Commercial Code (HGB), German Accounting Standard (GAS) 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 within the meaning of the GCGC, the Supervisory Board decides on a system of compensation for the members of the Executive Board, including the material components of their contracts such as the amount and breakdown into non-performance-related and performance-related components. The Personnel Committee reviews the appropriateness and alignment with the market of the Executive Board compensation at regular intervals. To this end, regular benchmarking is conducted with selected peers – currently 14 mechanical engineering companies listed in the DAX and MDAX indices – with the support of an independent compensation expert. The above-mentioned benchmarking prompted the Personnel Committee and the Supervisory Board to raise the compensation of the Chief Executive Officer to within average range for CEOs in the peer group. Similarly, the compensation of Executive Board members Peter Kameritsch and Lars Wagner was adjusted to the average ranges for similar functions in the peer group and now corresponds to the amount of compensation of Executive Board member Michael Schreyögg.

Developed with the support of independent external compensation experts, the present compensation system for the Executive Board is primarily oriented toward the group's positive and sustainable development. The compensation awarded to members of the Executive Board is therefore composed of non-performance-related and performance-related components, particularly in the form of long-term incentives. This ensures that corporate governance is optimally aligned with the long-term interests of the group and its investors. This means that the compensation system is aligned with market conditions; it was introduced in its current form with effect from the fiscal year 2016.

## Structure of total compensation

### [T32] Structure of the compensation system (total target direct compensation)

Non-performance-related components	~ 40%	Fixed annual payment	Fixed compensation Fringe benefits
			Approx. 40% of variable compensation
		Short-term incentive (STI)	Key characteristics: Distribution based on attainment of adjusted EBIT and free cash flow targets Capped at 0-180% (exceptional performance bonus/penalty of up to 20% in accordance with the German Corporate Governance Code)
Performance-related components	~ 60%	Restricted Stock Plan (RSP) long-term incentive (LTI)	Approx. 60% of variable compensation
			Key characteristics: Distribution based on achievement of 3-year targets for adjusted EBIT and free cash flow in previous years Capped at 0-180% Granted as MTU shares (vesting period of 4 years)

#### Non-performance-related components

Non-performance-related compensation (basic salary), which makes up around 40% of total compensation, is paid on a monthly basis and consists of fixed compensation and fringe benefits. Fringe benefits comprise taxable reimbursements of expenses and the cash equivalent of payments in kind, such as the use of a company car for business and private purposes and insurance premiums, including any taxes on such benefits that have been reimbursed.

#### Performance-related components

Performance-related compensation makes up around 60% of total compensation; it consists of a short-term incentive (STI) and the Restricted Stock Plan (RSP).

##### Short-term incentive (STI)

Performance-related compensation is paid in the form of short-term incentive (STI) compensation. This amounts to around 40% of the performance-related Executive Board compensation.

The actual amount depends on the degree of target achievement for two equally weighted key performance indicators at group level – adjusted EBIT and free cash flow.

The targets to be achieved in the respective fiscal year to ensure payment of 100% of the STI are set annually in advance by the Supervisory Board, taking the operational business plan into account. In addition, an entry threshold is set at 70% of the target level which, if achieved, corresponds to an STI payment of 50%. There

is no STI entitlement below this entry threshold. Similarly, the maximum payment is limited to 180%, which is payable if the maximum degree of target achievement of 115% is reached. Between the entry threshold, the 100% level and maximum target achievement, the payment percentage is interpolated on a straight line. The effective STI payment percentage is calculated by taking the arithmetic mean of the degree of achievement of the two performance targets.

The targets set by the Supervisory Board for the reporting period on the basis of the operational business planning figures do not include the effects of the initial application of the financial reporting standard IFRS 16 (Leases). In particular, the application of IFRS 16 requires the allocation of material amounts of procurement lease payments to cash flow from financing activities (rather than cash flow from operating activities as before) and this led to a material improvement in free cash flow in the reporting period. To ensure that target achievement is measured consistently, the free cash flow realized in the reporting period is adjusted for the effects of the initial application of IFRS 16 for the calculation of the degree of target achievement (more information can be found in the [Notes to the consolidated financial statements in Section I. "Accounting policies and principles" under "IFRS 16 Leases"](#)).

In accordance with the GCGC, the Supervisory Board has the right to take each Executive Board member's individual performance into account by adjusting the STI for the respective fiscal year by up to 20% (bonus/penalty),

based on the individual performance determined by the Supervisory Board. In this context, the Supervisory Board resolved in March 2011 generally not to grant any bonus or apply any penalty. Accordingly, the STI was not adjusted by a bonus or penalty in the reporting period or in the previous year.

**Restricted Stock Plan (RSP)/long-term incentive (LTI)**

Performance-related long-term incentive compensation is awarded under the Restricted Stock Plan (RSP). This compensation component is share-based and represents around 60% of variable compensation. Technically, the RSP is awarded in the form of a cash settlement; its net amount (less income tax) must be reinvested immediately in restricted MTU shares by the respective member of the Executive Board. The shares awarded in this way must be held for a holding period of four years (shareholding requirements).

To strengthen the long-term incentive effect of this compensation component, the grant value of these RSP shares is weighted with a long-term performance factor, which is calculated by taking the arithmetic mean of the STI payment percentages for the three fiscal years preceding the granting of the RSP shares. A maximum of 180% is applied. If a new Executive Board member joins the group, their multi-year performance level for the years prior to their joining the group is determined by assuming an STI payment percentage of 100%.

**Value of performance-related components**

**Short-term incentive (STI)**

For the reporting period, the Supervisory Board had set the following performance targets: for the short-term incentive (STI), adjusted EBIT of €700.0 million (actual: €756.9 million) and free cash flow (FCF) of €250.0 million (actual: €358.3 million, adjusted for the effects of the initial application of IFRS 16: €317.2 million). As mentioned above, the FCF figure used in the reporting period is adjusted for the effects of the initial application of IFRS 16 (Leases; more information can be found in the [Notes to the consolidated financial statements in Section I. "Accounting policies and principles" under "IFRS 16 Leases"](#)). Accordingly, the FCF realized in the reporting period was adjusted for the effect of IFRS 16 to ensure that target achievement is measured consistently. On this basis, the maximum target achievement for the STI was reached in the reporting period, leading to a payment percentage of 180.0% (previous year: 160.80%).

**Restricted Stock Plan (RSP)/  
long-term incentive (LTI)**

The grant value of Restricted Stock Plan (RSP) shares was derived in the reporting period from the amount allocated as the percentage of total compensation and the multi-year performance target reached. The latter was calculated for each Executive Board member in the reporting period by taking the arithmetic mean of the short-term incentive (STI) payment percentages for the fiscal years 2016, 2017 and 2018.

The following numbers of MTU shares (each with a holding period of four years) were acquired by Executive Board members under the RSP:

**[T33] Purchased RSP shares**

Members of the Executive Board	Year	Number of shares	Purchase price per share in €	Vesting period until
<b>Reiner Winkler</b>	<b>2019</b>	<b>3,512</b>	<b>209.20</b>	<b>April 30, 2023</b>
	2018	4,460	143.30	April 30, 2022
<b>Peter Kameritsch</b>	<b>2019</b>	<b>1,999</b>	<b>209.20</b>	<b>April 30, 2023</b>
	2018	1,941	143.30	April 30, 2022
<b>Michael Schreyögg</b>	<b>2019</b>	<b>1,999</b>	<b>209.20</b>	<b>April 30, 2023</b>
	2018	2,976	143.30	April 30, 2022
<b>Lars Wagner</b>	<b>2019</b>	<b>1,999</b>	<b>209.20</b>	<b>April 30, 2023</b>
	2018	1,941	143.30	April 30, 2022

The following table shows the basis for determining the multi-year performance target achievement level under the Restricted Stock Plan (RSP):

**[T34] Entitlements granted in respect of variable compensation (in %)**

	2019	2018	2017	2016	2015
STI	180.00	160.80	180.00	153.81	170.61
RSP/LTI	164.87	168.14	157.86	138.51	

**Compensation of individual members of the Executive Board**

**Benefits granted (target figures) for the reporting period (GCGC)**

In accordance with the recommendations of the GCGC (model table), the following table shows benefits granted for the fiscal years 2019 and 2018 based on 100% target achievement as well as the minimum and maximum amounts achievable for the fiscal year 2019.

For the reporting period, the service cost reported and the level of provisions recognized for post-employment benefits arising from the pension commitments to all members of the Executive Board were determined on the basis of the present value, which is calculated pro rata with a diminishing balance; in the previous year, the pension commitments made to Lars Wagner were recognized at the present value of the benefits accumulated, given his shorter period of service.

**[T35] Benefits granted**

**Reiner Winkler**  
Chief Executive Officer

Individual data in €	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	924,000	924,000	924,000	787,500
Fringe benefits <sup>1)</sup>	25,848	25,848	25,848	25,400
<b>Total</b>	<b>949,848</b>	<b>949,848</b>	<b>949,848</b>	<b>812,900</b>
STI	665,000		1,436,400	567,000
RSP/LTI	911,000		1,639,800	777,000
<b>Total fixed and variable compensation</b>	<b>2,525,848</b>	<b>949,848</b>	<b>4,026,048</b>	<b>2,156,900</b>
Service cost in accordance with IAS 19	76,928	76,928	76,928	668,202 <sup>2)</sup>
<b>Total compensation (German Corporate Governance Code)</b>	<b>2,602,776</b>	<b>1,026,776</b>	<b>4,102,976</b>	<b>2,825,102</b>

**Peter Kameritsch**  
Chief Financial Officer and Chief Information Officer

Individual data in €	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	525,000	525,000	525,000	360,000
Fringe benefits <sup>1)</sup>	19,666	19,666	19,666	19,195
<b>Total</b>	<b>544,666</b>	<b>544,666</b>	<b>544,666</b>	<b>379,195</b>
STI	325,500		703,080	225,000
RSP/LTI	483,000		869,400	315,000
<b>Total fixed and variable compensation</b>	<b>1,353,166</b>	<b>544,666</b>	<b>2,117,146</b>	<b>919,195</b>
Service cost in accordance with IAS 19	127,851	127,851	127,851	1,918,064 <sup>3)</sup>
<b>Total compensation (German Corporate Governance Code)</b>	<b>1,481,017</b>	<b>672,517</b>	<b>2,244,997</b>	<b>2,837,259</b>

**Michael Schreyögg**  
Chief Program Officer

Individual data in €	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	525,000	525,000	525,000	525,000
Fringe benefits <sup>1)</sup>	33,500	33,500	33,500	34,395
<b>Total</b>	<b>558,500</b>	<b>558,500</b>	<b>558,500</b>	<b>559,395</b>
STI	325,500		703,080	325,500
RSP/LTI	483,000		869,400	483,000
<b>Total fixed and variable compensation</b>	<b>1,367,000</b>	<b>558,500</b>	<b>2,130,980</b>	<b>1,367,895</b>
Service cost in accordance with IAS 19	116,682	116,682	116,682	116,468
<b>Total compensation (German Corporate Governance Code)</b>	<b>1,483,682</b>	<b>675,182</b>	<b>2,247,662</b>	<b>1,484,363</b>

**Lars Wagner**  
Chief Operating Officer

Individual data in €	2019	2019 (min.)	2019 (max.)	2018
Fixed compensation	525,000	525,000	525,000	360,000
Fringe benefits <sup>1)</sup>	12,097	12,097	12,097	15,110
<b>Total</b>	<b>537,097</b>	<b>537,097</b>	<b>537,097</b>	<b>375,110</b>
STI	325,500		703,080	225,000
RSP/LTI	483,000		869,400	315,000
<b>Total fixed and variable compensation</b>	<b>1,345,597</b>	<b>537,097</b>	<b>2,109,577</b>	<b>915,110</b>
Service cost in accordance with IAS 19 <sup>4)</sup>	465,979	465,979	465,979	383,060 <sup>3)</sup>
<b>Total compensation (German Corporate Governance Code)</b>	<b>1,811,576</b>	<b>1,003,076</b>	<b>2,575,556</b>	<b>1,298,170</b>

<sup>1)</sup> Fringe benefits comprise the cash equivalent of additions to compensation covering the personal use of company vehicles amounting to €84,273 (previous year: €88,166) and premiums for insurance policies taken out on behalf of members of the Executive Board amounting to €6,838 (previous year: €5,934).

<sup>2)</sup> One-year variable compensation.

<sup>3)</sup> Multi-year variable compensation.

<sup>4)</sup> Including past service cost reflecting an improved commitment from Jan. 1, 2019.

<sup>5)</sup> Including past service cost reflecting a new commitment and an improved commitment from Jan. 1, 2019.

<sup>6)</sup> In the previous year, the pension commitments made to Lars Wagner were recognized at the present value of the benefits accumulated, given his shorter period of service; since the provision is measured on the basis of present value calculated pro rata with a diminishing balance, this will lead to an increase in pension plan expense in subsequent periods.

**[T36] Prerequisites for achieving the maximum amounts of variable compensation granted in 2019**

**One-year variable compensation**

STI	Target achievement for adjusted EBIT Target achievement for free cash flow
	Arithmetic mean of both figures 115% (payment percentage of 180%) and exceptional performance bonus/penalty of up to 20% in accordance with the German Corporate Governance Code

**Multi-year variable compensation**

RSP/LTI	STI entitlement 180% for each of the 3 years prior to grant date
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**Compensation for the reporting period (Section 314 (1) no. 6a of the German Commercial Code [HGB]) and benefits granted in the reporting period (GCGC)**

The members of the Executive Board received total compensation within the meaning of Section 314 of the German Commercial Code (HGB) amounting to €9.4 million (previous year: €7.5 million) for the fiscal year 2019. Of this amount, €2.6 million (previous year: €2.1 million) was non-performance-related and €6.8 million (previous year: €5.4 million) was performance-related.

The table below discloses the total compensation for individual Executive Board members pursuant to Section 314 (1) no. 6a of the German Commercial Code (HGB) as well as the actual fixed and variable compensation granted and the service cost in accordance with the GCGC's recommendations (model table) for the fiscal years 2019 and 2018:

**[T37] Total compensation (German Commercial Code)/allocation (German Corporate Governance Code)**

Members of the Executive Board	Reiner Winkler Chief Executive Officer		Peter Kameritsch Chief Financial Officer and Chief Information Officer		Michael Schreyögg Chief Program Officer		Lars Wagner Chief Operating Officer	
	2019	2018	2019	2018	2019	2018	2019	2018
in €								
Fixed compensation	924,000	787,500	525,000	360,000	525,000	525,000	525,000	360,000
Fringe benefits <sup>1)</sup>	25,848	25,400	19,666	19,195	33,500	34,395	12,097	15,110
<b>Total</b>	<b>949,848</b>	<b>812,900</b>	<b>544,666</b>	<b>379,195</b>	<b>558,500</b>	<b>559,395</b>	<b>537,097</b>	<b>375,110</b>
STI <sup>2)</sup>	1,197,000	911,736	585,900	361,800	585,900	523,404	585,900	361,800
RSP/LTI	1,501,966	1,306,448	796,322	529,641	796,322	812,116	796,322	529,641
<b>Total fixed and variable compensation (total compensation in accordance with Section 314 (1) no. 6a of the German Commercial Code)</b>	<b>3,648,814</b>	<b>3,031,084</b>	<b>1,926,888</b>	<b>1,270,636</b>	<b>1,940,722</b>	<b>1,894,915</b>	<b>1,919,319</b>	<b>1,266,551</b>
Service cost in accordance with IAS 19 <sup>3)</sup>	76,928	668,202 <sup>4)</sup>	127,851	1,918,064 <sup>5)</sup>	116,682	116,468	465,979 <sup>3)</sup>	383,060 <sup>5)</sup>
<b>Total compensation (German Corporate Governance Code)</b>	<b>3,725,742</b>	<b>3,699,286</b>	<b>2,054,739</b>	<b>3,188,700</b>	<b>2,057,404</b>	<b>2,011,383</b>	<b>2,385,298</b>	<b>1,649,611</b>

<sup>1)</sup> Fringe benefits include charges to taxable income covering personal use of company vehicles amounting to €84,273 (previous year: €88,166) and premiums for insurance policies taken out on behalf of members of the Executive Board amounting to €6,838 (previous year: €5,934).

<sup>2)</sup> The amount reported for the one-year variable compensation corresponds to the amount promised for 2019, to be paid out in 2020 after adoption of the annual financial statements.

<sup>3)</sup> Multi-year variable compensation.

<sup>4)</sup> In the previous year, the pension commitments made to Lars Wagner

were recognized at the present value of the benefits accumulated, given his shorter period of service; since the provision is measured on the basis of present value calculated pro rata with a diminishing balance, this will lead to an increase in pension plan expense in subsequent periods.

<sup>5)</sup> Including past service cost reflecting an improved commitment from Jan. 1, 2019.

<sup>6)</sup> Including past service cost reflecting a new commitment and an improved commitment from Jan. 1, 2019.

Members of the Executive Board did not receive any compensation for board appointments in group-owned companies. The group did not grant any loans to members of the Executive Board in the reporting period or the previous year.

### Rules when terminating the contracts of members of the Executive Board

The members of the Executive Board are given defined benefit commitments whose structure corresponds to that of pension commitments for members of governing bodies of peer-group companies.

### Retirement and survivors' pensions

The members of the Executive Board earn company pension entitlements in accordance with the "MTU Pension Capital" plan, which governs the post-employment benefits for members of the Executive Board of MTU Aero Engines AG. The benefit target is to provide a pension amounting to 60% of the basic salary after 15 years of service on the Executive Board. When the previous plan was replaced, the benefits earned up until December 31, 2009, were transferred to the new plan as the initial transfer amount. This entitlement represents the benefits payable under the old plan at the age of 60, adjusted by the ratio of actual years of service with the group to the number of years from joining the group until the age of 60. The initial transfer amount corresponds to the pension equivalent converted into a one-time capital amount.

Once the initial transfer amount has been determined, a pension account is opened for each member of the Executive Board, to which further capital units are credited annually. The annual capital units are determined on the

basis of the individual Executive Board member's contribution and an age-related factor. The age-related factor represents an interest rate of 6% p.a. until the age of 60. The contribution period is normally limited to 15 years of service on the Executive Board and ends at the age of 60. From the age of 61, the pension account earns interest at 4% p.a. until the pension is drawn (= bonus amount). The total of accrued capital units, plus the initial transfer amount and any bonus amounts credited, make up the pension capital available to finance post-employment benefits. If a member of the Executive Board dies before reaching the age of 60, 50% of the benefits earnable up to the fixed age limit are added to the accrued balance on the pension account, taking into account the promised contribution period.

When an insured event occurs, the pension capital is generally granted as a one-time payment. However, at the request of the Executive Board member and subject to the group's approval, the balance accumulated on the pension account may either be drawn as capital in ten installments (with a 4% increase in the balance accumulated) or as a life annuity with annual increments of 1%. When an insured event occurs, the pension account is topped up to the level of benefit commitment under the previous plan (guaranteed capital). Pension benefits do not become payable until 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 is vested from inception.

Basic details of the above-mentioned commitments and benefits are shown in the following table:

#### [T38] Existing post-employment benefit entitlements

Members of the Executive Board in €	Initial transfer amount <sup>1)</sup>	Guaranteed capital <sup>2)</sup>	Annual contribution	End of contribution period	One-time payment
Reiner Winkler	1,625,140 <sup>3)</sup>	2,510,788	400,000	Aug. 1, 2021 <sup>4)</sup>	8,537,538 <sup>5)</sup>
Peter Kameritsch	461,573	461,573	226,027	April 1, 2029	4,324,204
Michael Schreyögg	365,627	365,627	215,478	Aug. 1, 2026	4,801,945
Lars Wagner	207,344	207,344	211,965	Jan. 1, 2033	6,791,104

<sup>1)</sup> Credit for past service up to date of changeover to new system. Reiner Winkler: Dec. 31, 2009; Michael Schreyögg: July 1, 2013; Peter Kameritsch and Lars Wagner: Jan. 1, 2018.

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

<sup>3)</sup> Reiner Winkler had already been promised under the previous pension plan that his years of service with former group companies would count toward his pension. In connection with the transfer of his pension entitlements to the new plan, he was promised a special transfer amount of €575,065 in 2010.

<sup>4)</sup> As part of the contract extension in 2018, the contribution period was extended to the age of 60.

<sup>5)</sup> With interest cost of 4% p.a., the one-time payment at the end of the settlement period on September 30, 2024, will amount to €9,511,228.



The differences in the annual contributions to the pension accounts result from the remaining periods of service until the end of the respective contribution period, the respective age-related factors, and the individual amounts of pensionable compensation.

The following table shows the service cost for the fiscal years 2019 and 2018, and the corresponding levels of provisions, recognized in accordance with IFRSs and the German Commercial Code (HGB) for members of the Executive Board:

**[T39] Allocations to pension provisions and total amounts recognized**

	Year	Service cost (IFRSs)	Service cost (German Commercial Code)	Carrying amount of pension provisions as of Dec. 31 (IFRSs)	Carrying amount of pension provisions as of Dec. 31 (German Commercial Code)
Members of the Executive Board					
in €					
<b>Reiner Winkler</b>	<b>2019</b>	<b>76,928</b>	<b>71,010</b>	<b>8,142,654</b>	<b>7,349,686</b>
	2018	668,202 <sup>2)</sup>	246,519	7,620,475	6,890,376
<b>Peter Kameritsch <sup>1)</sup></b>	<b>2019</b>	<b>127,851</b>	<b>110,627</b>	<b>3,738,115</b>	<b>3,086,058</b>
	2018	1,918,064 <sup>3)</sup>	1,647,618	3,274,661	2,746,169
<b>Michael Schreyögg</b>	<b>2019</b>	<b>116,682</b>	<b>103,850</b>	<b>3,859,434</b>	<b>3,363,355</b>
	2018	116,468	98,026	3,477,192	3,051,934
<b>Lars Wagner <sup>1)</sup></b>	<b>2019</b>	<b>465,979</b>	<b>356,922</b>	<b>1,518,331</b>	<b>1,107,808</b>
	2018	383,060 <sup>3)</sup>	293,705	687,282	522,105
<b>Total</b>	<b>2019</b>	<b>787,440</b>	<b>642,409</b>	<b>17,258,534</b>	<b>14,906,907</b>
<b>Total</b>	<b>2018</b>	<b>3,085,794</b>	<b>2,285,868</b>	<b>15,059,610</b>	<b>13,210,584</b>

<sup>1)</sup> Member of the Executive Board since Jan. 1, 2018.

<sup>2)</sup> Including past service cost reflecting an improved commitment from Jan. 1, 2019.

<sup>3)</sup> Including past service cost reflecting a new commitment and an improved commitment from Jan. 1, 2019.

The defined benefit obligations for former members of the Executive Board, measured in accordance with International Financial Reporting Standards (IFRSs), amount to €18,372,009 (previous year: €16,262,628).

### Disability

Under the rules of January 1, 2010, if a member of the Executive Board becomes disabled before reaching the age of 60, 50% of the benefits earnable up to the maximum age limit are added to the balance on the pension account from the time of disablement. The amount credited is based on the contribution paid at the time of exit.

### Severance payments on premature termination of contracts of service with members of the Executive Board

Members of the Executive Board whose contract of service is terminated prematurely by MTU are entitled to receive a severance payment equivalent to the total of the prorated basic salary, prorated short-term incentive (STI) and prorated compensation under the Restricted Stock Plan (RSP) for the original remaining term of their contract. The severance payment is capped at twice the departing Executive Board member's total annual compensation. If the contract of service is terminated by MTU for cause, no severance package is paid. In such cases, MTU also has the right to demand the repayment of the RSP tranche granted in the fiscal year in which the contract was terminated (clawback). No other clawback regulations are applied because the German Stock Corporation Act (Section 93 of the AktG) already provides for damage claims against members of the Executive Board who breach their duties.

### Severance payments on premature termination of contracts of service with members of the Executive Board in the event of a change of control or changes of shareholders of MTU Aero Engines AG

Under the contracts of service for members of the Executive Board in effect since January 1, 2016, a change of control is deemed to have occurred if a shareholder, alone or on the basis of the voting rights attributable to him or her pursuant to Section 22 of the German Securities Trading Act (WpHG), acquires the majority of the voting rights and this results in significant disadvantages for the Executive Board. Material disadvantages are, in particular, if the Executive Board member is removed, if his/her responsibilities and duties are significantly altered, or if the Executive Board member is asked to accept a reduction in employment benefits or to agree to premature termination of his/her contract of service. In such case, each member of the Executive Board shall have a special right of termination, which is to be exercised within a period of six months, with a period of notice of three months to the end of a month. If a member of the Executive Board makes use of his/her special right of termination, or if the Executive Board member's contract of service is terminated by mutual consent within nine months of the change of control, the Executive Board member receives a severance payment corresponding to the benefits still to be awarded up to the end of the contract term originally agreed. For the calculation of the severance payment, 100% target fulfillment is agreed for the variable compensation components. The maximum amount of the severance payment is capped at three times the total annual compensation.

### Compensation of the Supervisory Board

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

Pursuant to Article 12 of the articles of association of MTU Aero Engines AG, members of the Supervisory Board receive fixed annual compensation of €50,000, payable at the end of the fiscal year. The chair of the Supervisory Board receives three times and the deputy one-and-a-half times the amount of fixed compensation. In addition to this compensation, 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. Furthermore, members of the Supervisory Board receive an attendance fee of €3,000 per meeting of the Supervisory Board and its committees, limited to €3,000 per day. The attendance fee is halved for meetings convened by the chair or deputy chair if they are conducted by means of telecommunication (telephone or video conference). Expenses incurred in connection with the exercise of their office are reimbursed, as is the value-added tax payable on compensation.

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

The following compensation was awarded to members of the Supervisory Board of MTU Aero Engines AG for the fiscal years 2019 and 2018:

**[T40] Compensation of the Supervisory Board**

Supervisory Board members	2019 <sup>1)</sup>				2018 <sup>1)</sup>			
	Fixed annual payment	Compensation for membership in committee	Attendance fees	Total compensation	Fixed annual payment	Compensation for membership in committee	Attendance fees	Total compensation
Klaus Eberhardt (Chairman of the Supervisory Board, Personnel Committee and Nomination Committee) <sup>3)</sup>	150,000.00	50,000.00	28,500.00	228,500.00	150,000.00	50,000.00	27,000.00	227,000.00
Josef Mailer (Deputy Chairman of the Supervisory Board) <sup>2) 3) 5)</sup>	75,000.00	20,000.00	25,500.00	120,500.00	75,000.00	20,000.00	27,000.00	122,000.00
Dr. Joachim Rauhut (Audit Committee Chairman)	50,000.00	30,000.00	25,500.00	105,500.00	50,000.00	30,000.00	24,000.00	104,000.00
Roberto Armellini (since June 13, 2019) <sup>2) 5)</sup>	27,500.00	5,500.00	9,000.00	42,000.00				
Thomas Bauer (until April 11, 2018)					14,027.78		6,000.00	20,027.78
Michael Behé (until April 11, 2018) <sup>5)</sup>					14,027.78		6,000.00	20,027.78
Dr. Wilhelm Bender (until April 11, 2018)					14,027.78		6,000.00	20,027.78
Dr. Christine Bortenlänger (since April 11, 2018)	50,000.00		15,000.00	65,000.00	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 <sup>2) 4)</sup>	50,000.00	20,000.00	15,000.00	85,000.00	50,000.00	20,000.00	18,000.00	88,000.00
Angelo Gross (since April 11, 2018) <sup>5)</sup>	50,000.00		15,000.00	65,000.00	36,111.11		12,000.00	48,111.11
Anita Heimerl (since July 17, 2018) <sup>5)</sup>	50,000.00		15,000.00	65,000.00	22,777.78		9,000.00	31,777.78
Dr. Martin Kimmich (until May 31, 2019) <sup>2) 5)</sup>	20,833.33	4,166.67	6,000.00	31,000.00	50,000.00	10,000.00	18,000.00	78,000.00
Heike Madan <sup>3) 5)</sup>	50,000.00	10,000.00	25,500.00	85,500.00	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
<b>Total</b>	<b>723,333.33</b>	<b>139,666.67</b>	<b>225,000.00</b>	<b>1,088,000.00</b>	<b>712,083.34</b>	<b>140,000.00</b>	<b>234,000.00</b>	<b>1,086,083.34</b>

<sup>1)</sup> Amounts do not include VAT.

<sup>2)</sup> Member of the Personnel Committee.

<sup>5)</sup> 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.

<sup>3)</sup> Member of the Audit Committee.

<sup>4)</sup> Member of the Nomination Committee.