

**Special Meeting of the Holders of Common Non-Voting
Shares of Schaeffler AG on April 20, 2018**

**Explanations of the Shareholders' Rights pursuant to
section 121 para. 3 no. 3 German Stock Companies Act
("Aktiengesetz" – AktG)**

**(pursuant to section 122 para. 2, section 126 para. 1,
section 127, section 131 para. 1, section 138* AktG)**

**1. Motions by shareholders to supplement the agenda pursuant to
section 122 para. 2, section 138 AktG**

Shareholders, i.e. holders of common voting shares and/or common non-voting shares, whose shares, alone or taken together, represent a one-twentieth part (5%) of the share capital or, alone or taken together, reach the proportionate amount of EUR 500,000.00 may demand items to be included on the agenda of the special meeting of the holders of common non-voting shares and announced. Pursuant to section 138 sentence 3 AktG, holders of common non-voting shares may further request the announcement of a subject to be included for a special vote at the special meeting of the holders of common non-voting shares if their combined participation totals ten percent of the shares which carry voting rights for such special resolution; this equals 16,600,000 common non-voting shares.

Each new item must be accompanied by a statement of reason or a draft resolution. Motions to supplement the agenda must be received by the company in writing at least 30 days before the special meeting of the holders of common non-voting shares – the date of receipt and the date of the special meeting of the holders of common non-voting shares will not be counted –, i.e. no later than by the end of

March 20, 2018
(24:00 CET)

Motions to supplement the agenda received later will not be taken into account. The shareholders are asked to direct such motions to supplement the agenda to the following address:

Schaeffler AG
Board of Managing Directors
attn.: Legal Department
Industriestr. 1-3
91074 Herzogenaurach
Germany

* Pursuant to section 138 sentence 2 AktG, the provisions governing shareholders' meetings shall apply accordingly to the calling of a special meeting of the holders of non-voting shares, attendance of such meeting, and the right to information; the provisions governing resolutions of shareholders' meetings shall apply accordingly to such special resolutions.

Persons submitting a motion must prove that they have held the shares for at least 90 days before the date the motion is received and that they hold the shares until the board of managing directors decides on the motion, with section 70 AktG being applicable when calculating the time for which the shares have been held. A shift from a Sunday, Saturday or a public holiday to a preceding or subsequent business day shall not be possible. Sections 187 to 193 BGB shall not be applied accordingly.

Motions to supplement the agenda that are to be announced – if they were not announced with the convocation – will be announced promptly after receipt of the motion in the Federal Gazette and will be submitted for publication to such media for which it may be expected that they will disseminate the information across the European Union. They will also be announced on the internet at www.schaeffler.com/agm and communicated to the shareholders.

The provisions of the German Stock Companies Act (AktG) underlying these shareholders' rights are as follows:

Section 138 AktG Special meeting; special vote

Where this Act or the articles provide for special resolutions of certain shareholders, such resolutions shall be adopted either at a special meeting of such shareholders or by a special vote, unless the law provides otherwise. The provisions governing shareholders' meetings shall apply accordingly to the calling of a special meeting, attendance of such meeting, and the right to information; the provisions governing resolutions of shareholders' meetings shall apply accordingly to such special resolutions. If shareholders who are entitled to take part in the voting on a special resolution request a special meeting or announcement of a proposal to be voted on separately, it shall suffice if the shares with which they may take part in the voting on the special resolution in aggregate equal or exceed one tenth of the shares entitled to vote on such special resolutions.

Section 122 AktG Convening a meeting at the request of a minority (excerpts)

- (1) A shareholders' meeting shall be called if shareholders whose combined shares amount to at least one-twentieth of the share capital request such meeting in writing, stating the purpose and the reasons of such meeting; such request shall be addressed to the board of managing directors. The articles may provide that the right to request a shareholders' meeting shall require another form and the holding of a lower portion of the share capital. Persons submitting a motion must prove that they have held the shares for at least 90 days before the date the motion is received and that they hold the shares until the board of managing directors decides on the motion. Section 121 para. 7 shall apply *mutatis mutandis*.

- (2) In the same manner, shareholders whose combined shares amount to at least one-twentieth of the share capital or a proportionate ownership of at least € 500,000 may request that items be placed on the agenda and be published. Each new item must be accompanied by a statement of reason or a draft resolution. The request within the meaning of sentence 1 must be received by the company no later than 24 days, in the case of stock exchange listed companies no later than 30 days prior to the meeting, excluding the day of receipt.

Section 70 AktG Calculation of the period of shareholding

If the exercise of rights arising from the share requires that the shareholder has been the holder of such share for a certain period of time, the right to demand transfer of title from a credit institution, a financial services institution or an enterprise operating under Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or Section 53b para. 7 of the German Banking Act (KWG) shall be deemed equivalent to ownership. The period during which the share has been owned by a predecessor shall be attributed to the shareholder if he / she has acquired the share without consideration, from his / her trustee, as full legal successor, in connection with the winding-up of a co-ownership or as a result of a transfer of assets pursuant to Section 13 of the Insurance Supervision Act or Section 14 of the Building Loan Associations Act.

2. Countermotions by shareholders pursuant to sections 126, 138 AktG

In the special meeting of the holders of common non-voting shares, the holders of common non-voting shares may also submit countermotions to proposals from the board of managing directors and/or the Supervisory Board for items on the agenda to the company. Countermotions must include a statement of reason.

Countermotions by holders of common non-voting shares that have been received by the company at the address specified below at least 14 days before the special meeting of the holders of common non-voting shares – the date of receipt and the date of the special meeting of the holders of common non-voting shares are not counted –, i.e. no later than by the end of

April 5, 2018
(24:00 CEST)

will promptly be made available, including the name of the holder of common non-voting shares, the statement of reason and any comment by the administration, on the internet at www.schaeffler.com/agm (sections 126 para. 1 sentence 3, 138 AktG).

The company may refrain from making available a countermotion and its statement of reason if circumstances for exclusions under section 126 para. 2 AktG apply.

Counter motions (including a statement of reason) by the holders of common non-voting shares for the special meeting of the holders of common non-voting shares must be directed exclusively to the following address:

Schaeffler AG
Legal Department
Industriestr. 1-3
91074 Herzogenaurach
Germany

Counter motions addressed otherwise will not be made available.

The right of each holder of common non-voting shares to submit counter motions to the agenda item during the special meeting of the holders of common non-voting shares, without prior submission to the company, remains unaffected. Please note that counter motions submitted in advance to the company in a timely manner will only be considered at the special meeting of the holders of common non-voting shares if they are submitted verbally at the meeting.

Section 127 AktG, which provides for the right to submit proposals for election, will not apply at the special meeting of the holders of common non-voting shares.

The provisions of the German Stock Companies Act (AktG) underlying these shareholders' rights, which also specify under which conditions counter proposals need not be made available, are as follows:

Section 126 AktG Motions by shareholders

- (1) Motions by shareholders including the shareholders' name, supporting information and, if any, management's position shall be made available to the eligible persons referred to in Section 125 para. 1 through 3 under the conditions specified therein, provided that the shareholder transmitted to the company at least 14 days prior to the meeting a counterproposal to a proposal of the board of managing directors and the supervisory board regarding a specific item on the agenda, together with supporting information, to the address designated for this purpose in the shareholders' meeting notice. The day of receipt shall not be counted. In the case of stock exchange listed companies, the required accessibility shall be provided over the website of the company. Section 125 (3) shall apply mutatis mutandis.

- (2) A counterproposal and its supporting information need not be made available if:
1. the board of managing directors would by reason of such availability become criminally liable;
 2. the counterproposal would result in a resolution of the shareholders' meeting that would be illegal or would violate the articles;
 3. the supporting information contains statements which are manifestly false or misleading in material respects or which are libelous;
 4. a counterproposal of such shareholder based on the same facts has already been made available with respect to a shareholders meeting of the company pursuant to Section 125;
 5. the same counterproposal of such shareholder based on essentially identical supporting information has already been made available pursuant to Section 125 to at least two shareholders' meetings of the company within the past five years and at such shareholders' meetings less than one-twentieth of the share capital represented has voted in favor of such counterproposal;
 6. the shareholder indicates that he / she will neither attend nor be represented at the shareholders' meeting; or
 7. within the past two years at two shareholders' meetings the shareholder has failed to make a counterproposal he / she has submitted or failed to cause said counterproposal to be made.

The supporting information need not be made available if it exceeds a total of 5,000 characters.

- (3) If several shareholders make counterproposals for resolution with respect to the same subject matter, the board of managing directors may combine such counterproposals and the respective supporting information.

3. Right to information pursuant to sections 131 para. 1, 138 AktG

Every holder of common non-voting shares is entitled to information from the board of managing directors on the company affairs, including the company's legal and business relations with affiliated companies, and on the position of the group and the companies included in the consolidated financial statements, upon request in the special meeting of the holders of common non-voting shares to the extent that it is required to make an informed judgment on any given agenda item. Requests for information must be submitted verbally in the special meeting of the holders of common non-voting shares during the general debate.

The board of managing directors is authorized to refuse information in specific cases as provided by section 131 para. 3 AktG.

The underlying regulations to these shareholders' rights of the AktG, which also state under which circumstance the board of managing directors are allowed to refuse answering questions, are as follows:

Section 131 AktG Right to obtain information

- (1) Upon request, the board of managing directors must provide each shareholder with information at the shareholders' meeting regarding the company's affairs insofar as such information is necessary for the proper assessment of an item of the agenda. This obligation to provide information applies equally to the company's legal and business relations with an affiliated company. If a company makes use of the simplified procedure pursuant to section 266 para. 1 sentence 3, section 276 or section 288 of the German Commercial Code (HGB), each shareholder may request that the annual financial statements be presented to him / her at the shareholders' meeting on such annual financial statements in the form that would have been used if said simplifications were not applied. The duty of the board of managing directors of a parent company (section 290 para. 1 and 2 HGB) to provide information at the shareholders' meeting, to which the consolidated financial statements and the consolidated management report are presented, also includes the situation of the group and the companies included in the consolidated financial statements.
- (2) The information provided shall comply with the principles of conscientious and accurate accounting. The articles or the bylaws pursuant to section 129 may authorize the chairman of the meeting to reasonably limit a shareholder's time to speak and ask questions and may provide relevant details in this connection.
- (3) The board of managing directors may refuse to provide information,
 1. to the extent that providing such information is, according to sound business judgment, likely to cause material damage to the company or an affiliated company;
 2. to the extent that such information relates to tax valuations or the amount of certain taxes;
 3. with regard to the difference between the value at which items are shown in the annual balance sheet and the higher market value of such items, unless the shareholders' meeting is to approve the annual financial statements;

4. with regard to the methods of classification and valuation, if disclosure of such methods in the notes suffices to provide a clear view of the actual condition of the company's assets, financial position and profitability within the meaning of section 264 para. 2 HGB; the foregoing shall not apply if the shareholders' meeting is to approve the annual financial statements;
5. if provision thereof would render the board of managing directors criminally liable;
6. insofar as, in the case of a credit institution or financial services institution, information need not be given on methods of accounting and valuation applied and setoffs made in the annual financial statements, management report thereof, consolidated financial statements or management report thereof;
7. if the information is continuously available on the company's website seven or more days prior to the shareholders' meeting as well as during the meeting.

The provision of information may not be denied for other reasons.

- (4) If information has been provided outside a shareholders' meeting to a shareholder by reason of his status as a shareholder, such information shall upon request be provided to any other shareholder at the shareholders' meeting, even if such information is not necessary to permit a proper evaluation of an item on the agenda. The board of managing directors may not refuse to provide such information on the grounds of the aforementioned numbers 1 through 4. Sentences 1 and 2 shall not apply if a subsidiary (section 290 para. 1 and 2 of the German Commercial Code (HGB)), a joint venture (section 310 para. 1 of the German Commercial Code (HGB)) or an associated company (section 311 para. 1 of the German Commercial Code (HGB)) provides information to a parent company (section 290 para. 1 and 2 of the German Commercial Code (HGB)) for the purpose of inclusion of the company in the consolidated financial statements of the parent company and such information is needed for such purposes.
- (5) A shareholder who has been denied information may request that his question and the reason for which the information was denied be recorded in the minutes of the meeting.

Pursuant to section 18 para. 2 of the articles of association of Schaeffler AG the chairman of the meeting can limit the shareholders' right to pose questions and speak as appropriate; in particular, he is authorized to determine the time frame for the meeting, discussions on individual items of the agenda or for individual questions or comments.

The underlying regulations of the articles of association of the company are as follows:

Section 18 para. 2 of the articles of association of Schaeffler AG:

18.2. The chair of the meeting will chair the meeting. He will determine in which order the items on the agenda will be discussed and the type and order of voting. The chair of the meeting may also decide in which order presentations are made and is authorized to limit the shareholders' right, to ask questions and make comments to an appropriate amount of time. In particular, he/she is authorized to set an appropriate time frame at the beginning or during the general meeting for the entire course of the general meeting, for individual items on the agenda or for individual questions or comments.

Herzogenaurach, March 2018

Schaeffler AG
– The Board of Managing Directors –

Disclaimer

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