

Domination and Profit and Loss Transfer Agreement

between

Schaeffler AG
Industriestraße 1 – 3
91074 Herzogenaurach

- hereinafter referred to as “dominating company” -

and

Schaeffler Verwaltungsholding Vier GmbH
Industriestraße 1 – 3
91074 Herzogenaurach

- hereinafter referred to as “dominated company” -

§ 1

The dominated company places its management under the domination of the dominating company. Accordingly, the dominating company has the right to issue instructions to the management of the dominated company regarding the management of the company.

§ 2

The management of the dominated company continues to be responsible for the management and representation of the dominated company. It retains its full decision-making authority and responsibility, insofar as these are not restricted by instructions.

§ 3

The dominated company undertakes to transfer its entire profit to the dominating company - subject to the creation or release of reserves in accordance with section 4. The provision of section 301 AktG, in its respective applicable version, applies accordingly.

The dominating company undertakes to offset the annual net losses of the dominated company in accordance with section 302 AktG, in its respective applicable version.

During the course of a financial year, the dominating company is obliged at any time to make advance payments on the net loss for the year expected at the end of the balance sheet date if otherwise over-indebtedness under insolvency law would occur. If the accumulated deficit during the course of a financial year firstly exceeds the net loss

expected at the end of the balance sheet date or if a net profit is expected at the end of the balance sheet date and secondly there is a risk of over-indebtedness under insolvency law, the dominated company is entitled to demand payments over and above sentence 1 insofar as this is necessary to avoid over-indebtedness under insolvency law. Payment claims of the dominated company from sentence 1 and sentence 2 expire for the respective financial year on the balance sheet date.

§ 4

When preparing its commercial balance sheet, the dominated company may only form other revenue reserves with the consent of the dominating company and only to the extent that these are economically justified based on reasonable commercial judgment. The transfer of amounts from the release of capital reserves formed before or during the term of this agreement (section 272 para. 2 no. 4 HGB) and of pre-contractual revenue reserves (section 272 para. 3 HGB) is excluded.

§ 5

The agreement becomes effective upon entry in the commercial register of the dominated company and is valid for the entire financial year in progress at the time of entry in the commercial register.

The contract is concluded for an indefinite period.

The agreement can be terminated by either party subject to a notice period of six (6) months to the end of each financial year of the dominated company, but at the earliest at the end of the financial year after which the minimum tax term of a profit transfer agreement required for the recognition of a consolidated tax group for corporate income tax and trade tax purposes as stipulated in section 14 para. 1 no. 3 German Corporation Tax Act (*Körperschaftsteuergesetz*) has expired (five (5) years according to the current legal situation), i.e. at the earliest on 31.12.2028.

The right to terminate the contract for good cause remains unaffected.

Good cause exists in particular if the dominating company no longer holds the majority of the voting rights from the shares in the dominated company, if the dominated company is converted into the legal form of a partnership or if there is good cause within the meaning of R 60 para. 6 KStR 2004 (or a corresponding successor provision applicable at the time of termination).

In the event of termination for good cause, the contract ends at the end of the day specified in the notice of termination, at the earliest at the end of the day on which the notice of termination is received (effective date).

If the reporting date falls within a current financial year of the dominated company, the obligations to transfer profits and offset losses are limited to the result accrued up to the reporting date, which is to be determined by means of interim financial statements prepared as at the reporting date.

Schaeffler AG

Schaeffler Verwaltungsholding Vier GmbH