



Letter to the Company's shareholders

„Stronger Together“

Herzogenaurach, December 20, 2023

Dear Shareholders,

Schaeffler is taking the next major step in its development: Through the planned merger with Vitesco, we are creating a unique Motion Technology Company with four focused divisions, each with leading market positions in their respective markets. The combined company will have a projected pro-forma annual turnover of around EUR 25 billion, employ more than 120,000 people worldwide and have more than 100 production plants in all major regions of the world.

The merger with Vitesco will further improve our competitiveness considerably. The two companies have a highly complementary technology portfolio, particularly in the field of electrification. As a combined company, we will be able to offer a complete product range in this area and thus better advantage-taking of the accelerated growth potential of electromobility. The transaction also offers considerable synergy potential with an expected EBIT effect of EUR 600 million per year, which should be fully achieved in 2029. This will be offset by one-off integration costs of up to EUR 665 million. The transaction is expected to have a positive impact on earnings per share for the first time in 2026.

To create this leading Motion Technology Company, we announced a three-step overall transaction on October 9, 2023 and concluded an agreement on the business combination (so-called business combination agreement) with Vitesco on November 27, 2023. The first step of the overall transaction is the public tender offer for all outstanding Vitesco shares, which we expect to successfully complete shortly.

The second step is now pending: the planned simplification of Schaeffler's shareholder structure. In this regard, we are offering you, dear shareholders, to vote on the conversion of your non-voting common shares into voting common shares. For this purpose, we invite you to the extraordinary general meeting of Schaeffler AG and to the separate meeting of the non-voting common shareholders on February 2, 2024 in Herzogenaurach.

The acquisition offer and the simplification of the shareholder structure follows the third step of the overall transaction in the course of 2024: the merger of Vitesco into Schaeffler. This step will then require the approval of the respective general meetings of both companies, which are expected to take place on April 24, 2024 (Vitesco) and April 25, 2024 (Schaeffler).

First, however, the vote on the conversion of the non-voting common shares into voting common shares with full voting rights at a ratio of 1:1 is pending. In our view, the proposed standardization of the classes of shares offers you, dear non-voting common shareholders, two significant advantages:

Firstly, you will benefit from significantly improved co-determination rights in our Company.

With the conversion of the non-voting common shares into voting common shares, Schaeffler will apply with the principle of "one share, one vote" in the future, i.e. each share is associated with a voting right at the general meeting. We are thus responding to a request often expressed by capital market participants for greater participation in our Company. This will further increase Schaeffler's attractiveness as an investment for many institutional investors.

Secondly: In addition to a simplified shareholder structure with only one class of shares, the conversion into voting common shares, together with the intended merger, will lead to improved liquidity in the share and an increased free float. On this basis, the Schaeffler shares are expected to be included in the MDAX and the MSCI Europe indices after completion of the transaction.

In addition, we continue to view Schaeffler shares as a dividend-paying security that provides you with reliable recurring income and intend to maintain the current payout ratio wherever possible.

By granting voting rights, the family shareholders are therefore not only supporting the overall transaction. They are also making you an offer, which is in line with a long-standing request of the non-voting common shareholders. Due to this exclusively advantageous structure, we are confident that this offer is entirely in your interest and that you will accordingly vote in favor of converting your non-voting common shares into voting common shares.

We look forward to welcoming you in person at the extraordinary general meeting and the separate meeting of the non-voting common shareholders on February 2, 2024 in Herzogenaurach. Of course, registered shareholders also have the opportunity, in accordance with their respective participation and voting rights, to follow the extraordinary general meeting and the separate meeting of the non-voting common shareholders via the Internet and to cast their votes or to authorize a proxy designated by the Company to exercise their voting rights in accordance with their instructions. We ask you to make use of these opportunities if you are unable to attend the meetings in person. Please note that you must register in good time as described in the invitations to the meetings.

Thank you very much for your support.

Yours sincerely

Georg F. W. Schaeffler
Family Shareholder and
Chairman of the Supervisory Board

Klaus Rosenfeld
Chairman of the Board of
Managing Directors