

**SCHAEFFLER**

**Invitation  
to a special meeting of the holders of common non-voting shares of  
Schaeffler AG on April 20, 2018**

**Schaeffler AG**  
**Herzogenaurach**

ISIN (common non-voting shares): DE000SHA0159 (WKN SHA015)

We hereby invite our holders of common non-voting shares to attend the special meeting of the holders of common non-voting shares taking place

on Friday, April 20, 2018, following the annual general meeting on the same date,  
but no earlier than 1:00 p.m. (CEST)

at the Frankenhalle of the NürnbergMesse GmbH, Exhibition Center, 90471 Nuremberg.

*This is a convenience translation of the German language invitation to the special meeting of the holders of common non-voting shares of Schaeffler AG, which is provided to English-speaking readers for informational purposes only. Only the German version of this document is legally binding on Schaeffler AG. No warranty is made as to the accuracy of this translation and Schaeffler AG assumes no liability with respect thereto.*

## Agenda

### 1. Special resolution of the holders of common non-voting shares regarding the adoption of the resolution of the annual general meeting on April 20, 2018 on the conversion of 166,000,000 common shares into common non-voting shares and the corresponding amendment of the articles of association (agenda item 6 of the annual general meeting)

The company's share capital is divided into no-par-value shares and comprises 500,000,000 common voting bearer shares and 166,000,000 common non-voting bearer shares. The common non-voting shares have preferred dividend distribution rights of EUR 0.01 and are admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with other post-admission obligations (*Prime Standard*) and admission to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*).

It is intended to convert 166,000,000 common shares of the company, while granting the same preferred dividend distribution rights as the previously issued common non-voting shares, into common non-voting bearer shares, with the effect that the share capital of the company will be divided into 334,000,000 common shares and 332,000,000 common non-voting shares with the same preferred dividend distribution rights. By means of the conversion, 166,000,000 common voting bearer shares will become common non-voting bearer shares.

Under agenda item 6 of the company's annual general meeting, convened for April 20, 2018, the resolution of the annual general meeting on the conversion of common shares into common non-voting shares and a corresponding amendment of the articles of association is contemplated. This resolution of the annual general meeting requires consent by way of special resolution of the holders of common non-voting shares.

The Board of Managing Directors and Supervisory Board propose to resolve as follows:

The holders of common non-voting shares consent to the following resolution of the company's annual general meeting on April 20, 2018 as listed under agenda item 6 by way of special resolution to be adopted in a special meeting:

- a) 166,000,000 of the total 500,000,000 common shares with share numbers 334,000,001 to 500,000,000, securitized in a global certificate dated October 2015 and deposited with Clearstream Banking Aktiengesellschaft, Frankfurt am Main (share numbers 000,000,001 to 500,000,000), will be converted, while granting the preferred dividend distribution rights pursuant to section 22.2(b) of the company's articles of association, into common non-voting shares (no-par-value shares) (the "**New Common Non-Voting Shares**"). The preferred dividend right for the New Common Non-Voting Shares amounts to EUR 0.01 for each New Common Non-Voting Share. The preferred dividend rights for the New Common Non-Voting Shares shall apply for the first time when distributing the net profit for the financial year during which the amendment to the articles of association resolved under this agenda item is registered with the commercial register.
- b) A future resolution on the conversion of existing common voting shares into preferred common shares with or without voting rights, or the issue of preferred common shares with or without voting rights, whose dividend rights will take priority over or be equal to the rights of the existing common non-voting shares when distributing the company's profits or assets is being reserved.
- c) Section 6.2 of the articles of association will be revised as follows due to the conversion of a part of the common shares into common non-voting shares as resolved under a):

"6.2. The capital stock is divided into 334,000,000 common shares and 332,000,000 non-voting bearer preferred shares. The portion in the capital stock allocated to each bearer share amounts to EUR 1.00. A contribution to the capital stock in an amount of EUR 500,000,000.00 was made by way of form-changing conversion of INA Beteiligungsgesellschaft mit beschränkter Haftung, Herzogenaurach, into a stock corporation."

## **Report by the Board of Managing Directors on agenda item 6 of the annual general meeting and on agenda item 1 of the special meeting of the holders of common non-voting shares**

The Board of Managing Directors submits the following written report to the company's annual general meeting convened for April 20, 2018 and to the special meeting of the holders of common non-voting shares convened for the same date regarding the proposed resolutions on the conversion of common shares into common non-voting shares as set forth under agenda item 6 of the annual general meeting and agenda item 1 of the special meeting of the holders of common non-voting shares:

### **1. Subject of the proposed resolutions**

The company's share capital is currently divided into 500,000,000 common voting bearer shares and 166,000,000 common non-voting bearer shares. The common non-voting shares have preferred dividend distribution rights of EUR 0.01 and are admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with other post-admission obligations (*Prime Standard*) and admission to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*).

The Board of Managing Directors and Supervisory Board propose converting 166,000,000 common voting bearer shares of the company into common non-voting bearer shares while granting preferred dividend distribution rights ("**New Common Non-Voting Shares**"). In this regard, an amendment to the articles of association is to be resolved upon as is required for the conversion of the common shares into common non-voting shares (agenda item 6 c) of the annual general meeting and agenda item 1 c) of the special meeting of the holders of common non-voting shares).

IHO Verwaltungs GmbH has, as sole holder of all 500,000,000 common shares, irrevocably declared its consent vis-à-vis the company to the conversion of 166,000,000 common shares into common non-voting shares as set forth under item 6 of the agenda for the annual general meeting of Schaeffler AG and agenda item 1 of the agenda of the special meeting of the holders of common non-voting shares, each as of April 20, 2018, as proposed by the Board of Managing Directors and the Supervisory Board.

The proposed resolution of the annual general meeting under agenda item 6 also requires a special resolution of the holders of common non-voting shares, to be adopted in a special meeting (agenda item 1 of the special meeting of the holders of common non-voting shares).

### **2. Current capital structure**

The company's share capital currently amounts to EUR 666,000,000.00 and is divided into 666,000,000 no-par-value shares, comprising 500,000,000 common bearer shares with voting rights and 166,000,000 common non-voting bearer shares. The notional interest in the share capital is EUR 1.00 for each no-par-value share. The common non-voting shares have preferred dividend distribution rights pursuant to section 22.2(b) of the articles of association. Accordingly, the net profit, unless otherwise resolved upon by the annual general meeting, will first be used to pay the preferred dividend in the amount of EUR 0.01 per share to the holders of common non-voting shares. Any other dividends will be paid to all shareholders based on their participation in the company's share capital.

The company's articles of association stipulate that holders of common non-voting shares generally have no voting right. However, if the annual preferred dividend of EUR 0.01 per common non-voting share as set forth in section 22.2(b) of the company's articles of association is not paid or not fully paid for a year, and the outstanding amount is not paid in the subsequent year together with the full preferred dividend for such year, the holders of common non-voting shares will be entitled to voting rights until the outstanding amount has been paid in full.

### **3. New capital structure**

After the conversion of 166,000,000 common shares into common non-voting shares, the share capital will continue to amount to EUR 666,000,000.00 and be divided into 666,000,000 no-par-value shares. The Board of Managing Directors anticipates that the proposed amendment to the articles of association will be registered with the commercial register in the near term following the annual general meeting and the special meeting of the holders of common non-voting shares. Only after the relevant amendment to the articles of association is registered with the commercial register will the conversion of 166,000,000 common shares into common non-voting shares of the company take effect. If the conversion is implemented as expected, the preferred dividend

rights for the New Common Non-Voting Shares will first be taken into account when the net profit is distributed for the business year 2018. In exchange for the cancellation of voting rights, each former common share will after conversion be entitled to the preferred dividend rights as described under 2. Following the conversion, the New Common Non-Voting Shares will no longer be subject to the legal provisions that apply to voting shares in listed companies, particularly not the notification obligations under sections 33 et seq. German Securities and Trading Act ("Wertpapierhandelsgesetz" – WpHG).

#### **4. Process of conversion**

The conversion of common voting bearer shares into common non-voting bearer shares will be implemented by granting the preferred dividend rights for common non-voting shares pursuant to section 22.2(b) of the articles of association of the company by way of amendment of the articles of association, which will take effect following registration with the commercial register. As a result of the amendment to the articles of association, the rights of the New Common Non-Voting Shares will be adapted following conversion to those of the existing common non-voting shares. The conversion of 166,000,000 common shares (share numbers 334,000,001 to 500,000,000) into new common non-voting shares will therefore take place in a ratio of 1 : 1; the respective pro rata participation of each shareholder in the company's share capital will not change.

The conversion requires a resolution by the annual general meeting. IHO Verwaltungs GmbH has, as the sole holder of all common shares, irrevocably declared its consent to such conversion. The conversion also requires a special resolution by the holders of common non-voting shares of the company that in turn requires a majority of three quarters of the votes cast pursuant to section 141 para. 3 sentence 2 German Stock Companies Act ("Aktengesetz" – AktG). The holders of common non-voting shares will decide upon such special resolution in a special meeting (section 141 para. 3 sentence 1 AktG), which is convened separately also for April 20, 2018 (to be held following the annual general meeting of the same day) with this invitation.

The conversion of the common shares into common non-voting shares will be consummated as a matter of corporate law upon registration of the resolution of the annual general meeting regarding the conversion and the corresponding amendment to the articles of association with the commercial register. The company will publish the exact date of the contemplated registration of the conversion in the Federal Gazette (*Gesellschaftsblätter*) and by way of public announcement.

IHO Verwaltungs GmbH has confirmed vis-à-vis the company that, at the time the annual general meeting and special meeting of the holders of common non-voting shares are being convened, it is the sole holder of all 500,000,000 common shares. IHO Verwaltungs GmbH has, vis-à-vis the company, assumed the obligation to cover all costs relating to the conversion.

#### **5. Effects on the existing listing on the stock exchange**

As a result of the conversion, the existing listing of the common non-voting shares will continue unmodified. These shares continue to be tradable under ISIN DE000SHA0159 (WKN SHA015).

It is contemplated to admit the 166,000,000 New Common Non-Voting Shares to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to trading on the sub-segment of the regulated market with other post-admission obligations (*Prime Standard*) and admission to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*).

IHO Verwaltungs GmbH has undertaken vis-à-vis the company that it will not dispose of the New Common Non-Voting Shares before April 30, 2019.

## Further information and notes

### Total number of shares and voting rights

At the time of the convocation of the annual general meeting and special meeting of the holders of common non-voting shares, the company's share capital amounts to EUR 666,000,000.00 and is divided into 666,000,000 no-par-value shares, each representing a notional interest in the share capital of EUR 1.00. Of the 666,000,000 no-par-value shares, 500,000,000 shares are common shares with just as many voting rights and 166,000,000 shares are common non-voting shares. The common non-voting shares also have no voting rights in the annual general meeting pursuant to section 140 para. 2 sentence 1 German Stock Companies Act ("Aktiengesetz" – AktG). At the time of the convocation the company holds no treasury shares.

Unlike is the case in the annual general meeting, only holders of common non-voting shares are entitled to vote at the special meeting of the holders of common non-voting shares. The total number of voting rights in the special meeting of the holders of common non-voting shares corresponds to the total number of common non-voting bearer shares and therefore, at the time of notice of convening of the annual general meeting and the special meeting of the holders of common non-voting shares, in the Federal Gazette, is 166,000,000.

### Conditions for participating in the special meeting of the holders of common non-voting shares and exercising voting rights

Only those holders of common non-voting shares who register in time for the special meeting of the holders of common non-voting shares and provide proof of their eligibility to participate are entitled to take part in the special meeting of the holders of common non-voting shares and to exercise their voting rights at this meeting.

Registration and proof of right to participate must each be received by the company at:

Schaeffler AG  
c/o Deutsche Bank AG  
Securities Production  
General Meetings  
Post Box 20 01 07  
60605 Frankfurt am Main  
Germany  
Fax: +49 (0)69 – 12012 86045  
E-mail: wp.hv@db-is.com

at least six days before the special meeting of the holders of common non-voting shares, with the date of the special meeting of the holders of common non-voting shares and the date of receipt not being counted, i.e. by **April 13, 2018 (24:00 CEST)**. For the purpose of proving the right to participate, a proof of shareholding issued by the custodian bank in text form (section 126b German Civil Code "Bürgerliches Gesetzbuch" – BGB) in the German or English language is sufficient. Proof of shareholding must be as of the beginning of **March 30, 2018 (00:00 CEST)** ("**Record Date**"). The proof of eligibility for participation in the annual general meeting also counts as proof of eligibility for participating in the special meeting of the holders of common non-voting shares. Thus, holders of common non-voting shares who have submitted proof of eligibility for taking part in the annual general meeting do not have to submit separate proof of eligibility for participating in the special meeting of the holders of common non-voting shares.

In relation to the company, only someone who has provided the specific proof of the right to participate in the special meeting of the holders of common non-voting shares and to exercise voting rights as a holder of common non-voting shares may participate in the special meeting for holders of common non-voting shares and exercise voting rights as a holder of common non-voting shares. This means that holders of common non-voting shares who have acquired their common non-voting shares after 00:00 CEST on the Record Date have the right to participate and exercise their voting rights with regard to these shares only if they have been appointed as a proxy or authorized to exercise these rights. The Record Date does not prevent a sale of common non-voting shares. Holders of common non-voting shares who sell all or any of their common non-voting shares after 00:00 CEST on the Record Date are therefore – subject to timely registration and submission of proof of shareholding – nevertheless entitled in relation to the company both to participate in the special meeting of the holders of common non-voting shares and to exercise voting rights. The Record Date is not a relevant date for the dividend entitlement of the common non-voting shares.

Following fulfillment of the above conditions for participation, the holders of common non-voting shares will receive admission tickets for the special meeting of the holders of common non-voting shares. The admission tickets are not a prerequisite for taking part in the special meeting of the holders of common non-voting shares or for exercising voting rights; they are for organization purposes only.

The holders of common shares have no participation or voting right at the special meeting of the holders of common non-voting shares.

### **Authorization of proxies for exercising voting rights or participation**

A holder of common non-voting shares may also exercise his voting rights or other rights to participate in the special meeting of the holders of common non-voting shares via a proxy, e.g. via the custodian bank, an association of shareholders, the proxies designated by the company or another person of his choosing. Holders of common non-voting shares who would like to grant a power of attorney must also register for the special meeting of the holders of common non-voting shares as described above in a timely manner and provide proof of their entitlement. Granting of the power of attorney, its revocation and proof of authorization vis-à-vis the company must be in text form; section 135 AktG remains unaffected. Holders of common non-voting shares who wish to grant a power of attorney are kindly requested to use the proxy form for issuance, which the company provides for this purpose. This form is printed on the back of the admission ticket that the holder of common non-voting shares receives upon timely registration and provision of proof.

The appointment of a proxy, its revocation and proof of a power of attorney vis-à-vis the company can also be submitted in text form (section 126b BGB) to the following address before the special meeting of the holders of common non-voting shares:

Schaeffler AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich  
Fax: +49 (0)89-21027-289  
Email: [inhaberaktien@linkmarketservices.de](mailto:inhaberaktien@linkmarketservices.de)

If powers of attorney for exercising voting rights at the special meeting of the holders of common non-voting shares are granted to credit institutions, equivalent institutions or enterprises (sections 135 para. 10, 125 para. 5 AktG) as well as to associations of shareholders or persons within the meaning of section 135 para. 8 AktG, the proxy holder must verifiably record the power of attorney. It must also be complete and may only contain declarations related to the exercise of voting rights. We therefore ask holders of common non-voting shares who wish to grant power of attorney to a credit institution, an association of shareholders or another equivalent institution, enterprise or person under section 135 AktG to coordinate the form of the power of attorney with the proxy.

If the holder of common non-voting shares grants power of attorney to more than one person, the company may reject one or more of these persons.

Holders of common non-voting shares have the possibility to have their voting rights exercised in accordance with their instructions in the special meeting of the holders of common non-voting shares through proxies designated by the company for this purpose. In this case, a holder of common non-voting shares must, as described above, also register for the special meeting and provide proof of shareholding in a timely manner. If a holder of common non-voting shares wishes to grant power of attorney to the proxies designated by the company, he must give them instructions with respect to every item on the agenda that is being voted on as to how the voting right is to be exercised. The proxies designated by the company are obligated to vote in accordance with the instructions issued to them. The proxies designated by the company are not permitted to exercise voting rights at their own discretion.

Please note that the proxies designated by the company do not accept authorizations for the lodging of objections against resolutions at the special meeting of the holders of common non-voting shares, for the exercise of the rights to speak or ask questions or submit motions. They are also not available to vote on motions in respect of which proposals have not been published in the present convocation or later.

The form that holders of common non-voting shares receive with the admission ticket to the special meeting of the holders of common non-voting shares when registering and providing proof in a timely manner can be used for granting power of attorney and instructions to the instruction-bound proxies designated by the company. The same form is also available to holders of common non-voting shares on the company's website at [www.schaeffler.com/agm](http://www.schaeffler.com/agm).

The appointment of the proxies designated by the company, its revocation and the issuance of instructions can also be submitted in text form to the following address before the special meeting of the holders of common non-voting shares until April 19, 2018 (24:00 CEST):

Schaeffler AG  
c/o Link Market Services GmbH



Landshuter Allee 10  
80637 Munich  
Fax: +49 (0)89-21027-289  
Email: [inhaberaktien@linkmarketservices.de](mailto:inhaberaktien@linkmarketservices.de)

## **Rights of shareholders**

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

Shareholders 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 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.

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 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

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](http://www.schaeffler.com/agm) and communicated to shareholders.

### **Countermotions by holders of common non-voting shares under sections 138, 126, 127 AktG**

The holders of common non-voting shares can also submit countermotions to proposals by the Board of Managing Directors and/or Supervisory Board on certain agenda items at the special meeting of the holders of common non-voting shares. Countermotions must include a 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 – the date of receipt and the date of the special meeting 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](http://www.schaeffler.com/agm) (sections 126 para. 1 sentence 3 AktG).

The company may refrain from making available a countermotion and its statement of reason if circumstances for exclusions apply pursuant to section 126 para. 2 AktG. The circumstances for exclusions are presented on the company's website at [www.schaeffler.com/agm](http://www.schaeffler.com/agm).

Countermotions (including a statement of reason) by 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 only item on the agenda during the special meeting of the holder 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.

#### **Right to information pursuant to sections 138, 131 para. 1 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 holder of common non-voting shares during the general debate.

In accordance with section 18.2 of the company's articles of association, the chairman of the meeting can limit the shareholders' right to pose questions and speak as appropriate. The Board of Managing Directors is also authorized to refuse information in specific cases as provided by section 131 para. 3 AktG. The circumstances under which the Board of Managing Directors is entitled to refuse to provide information are presented on the company's website at [www.schaeffler.com/agm](http://www.schaeffler.com/agm).

#### **Information pursuant to sections 138, 124a AktG on the company's website**

The content of the convocation of the special meeting of the holders of common non-voting shares, the documents to be made available (in particular the documents submitted under agenda item 1 of this special meeting of the holders of common non-voting shares), motions from holders of common non-voting shares that are to be made available as well as further information relating to the special meeting of the holders of common non-voting shares (including the rights of the holders of common non-voting shares) are available on the company's website at [www.schaeffler.com/agm](http://www.schaeffler.com/agm). The documents to be made available will also be available during the special meeting of the holders of common non-voting shares on April 20, 2018.

The notice of convocation of the special meeting of the holders of common non-voting shares will appear in the Federal Gazette dated March 12, 2018 and was submitted for publication to such media for which it may be expected that they will disseminate the information across the European Union.

Herzogenaurach, March 2018

The Board of Managing Directors