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## 4. Remuneration report

This remuneration report describes the main features of the remuneration system for the Board of Managing Directors, i.e. the remuneration structure and amount. In addition, the remuneration report provides disclosures about benefits the company has promised to provide to the members of the Board of Managing Directors upon termination of their employment as well as disclosures on the remuneration of the Supervisory Board.

The remuneration report is in accordance with the requirements of the German Commercial Code (HGB) and International Financial Reporting Standards (IFRS) and is part of the group management report. It also reflects the recommendations of the German Corporate Governance Code.

### 4.1 Main features of the remuneration system for the Board of Managing Directors

As stipulated in the German Corporate Governance Code (GCGC) and section 87 AktG, the Supervisory Board sets the total remuneration and regularly reviews the remuneration scheme.

To ensure that the total remuneration is appropriate, the Supervisory Board takes into account customary levels of remuneration both in other companies of comparable size within the same industry and country (horizontal comparison) and the wage and salary structure within the enterprise itself (vertical comparison of remuneration of Board of Managing Directors to the company's workforce).

The total remuneration of the Board of Managing Directors is performance- and success-based and supports the Schaeffler Group's operational and strategic objectives in a dynamic and international environment. The remuneration of each member of the Board of Managing Directors consists of a fixed amount as well as short- and long-term variable components. The variable component is largely long-term in nature. In addition, the members of the Board of Managing Directors receive the customary fringe benefits, pension commitments, a company car, and insurance benefits.

## Remuneration of Board of Managing Directors – system and components

No. 071

Components	Performance metric	Range of remuneration	Conditions for payment	Payment cycle
<b>Non-performance-based components</b>				
Fixed remuneration	Function and responsibility	None	Contractually agreed	Monthly
Fringe benefits	Function and responsibility	None	Contractually agreed	Payment not applicable
<b>Performance-based components</b>				
Short-term bonus	For the CEO and the Chief Officers of the functions: Free cash flow (FCF Group) and Schaeffler Value Added (SVA Group) at group level (weighted equally). For the divisional CEOs: Free cash flow (FCF Group) and Schaeffler Value Added (SVA Group) at group level as well as Schaeffler Value Added (SVA Division) and cash flow (CF Division) at division level (weighted equally)	0% –150%	Meeting annual performance targets	Annually
Long-term bonus	Share price trend of Schaeffler common non-voting shares and meeting targets consisting of:	Maximum is the number of PSUs granted, minimum number is nil		
Performance Share Unit Plan (PSUP)	50% service condition and 25% relative Total-Shareholder-Return-(TSR)-based performance target and 25% cumulative FCF-based performance target	Share price cap: double the share price at grant date	Meeting service condition and/or performance targets	4 years after grant date
<b>Retirement benefits</b>			Retirement or triggering event	Generally monthly

## Non-performance-based components

## Fixed remuneration

Each ordinary member of the Board of Managing Directors receives an identical amount of fixed remuneration; the Chief Executive Officer receives twice this amount. Fixed remuneration is paid in twelve equal installments each month.

## Fringe benefits

Fringe benefits include the use of a company car, including for private purposes, and customary insurance benefits such as directors' and officers' liability insurance (D&O insurance). This D&O insurance policy includes a deductible provision that is in accordance with section 93 (2) (3) AktG. Tax on the pecuniary advantage related to fringe benefits granted is paid individually by each member of the Board of Managing Directors. No loans were granted to members of the Board of Managing Directors in 2017.

## Performance-based components

## Short-term variable component – short-term bonus

All members of the Board of Managing Directors receive an annual short-term bonus if the relevant targets are met. The employment contracts of the members of the Board of Managing Directors set out the individual target-based bonus based on achievement of 100% of the performance targets.

The Supervisory Board determines the performance target tiers including the minimum and maximum targets on an annual basis. The performance targets underlying the remuneration reflect the strategic direction of the Schaeffler Group. The amount of the short-term bonus payable to the CEO and the Chief Officers of the functions is determined based on the extent to which the performance targets have been met. The performance targets are weighted equally and consist of free cash flow (FCF Group) of the Schaeffler Group and Schaeffler Value Added (SVA Group) of the Schaeffler Group. For the divisional CEOs, the performance targets used to determine the extent to which performance targets have been met consist of free cash flow of the Schaeffler Group (FCF Group) and Schaeffler Value Added of the Schaeffler Group (SVA Group) and of Schaeffler Value Added of the division (SVA Division) as well as cash flow of the division (CF Division), again weighted equally.

FCF Group is generally calculated based on the Schaeffler Group's cash flows from operating activities and from investing activities for the relevant year. SVA Group is generally based on the Schaeffler Group's EBIT less its cost of capital. SVA Division is determined in the same manner based on measures segmented in accordance with IFRS 8. The CF Division performance target is calculated as the sum of EBIT plus depreciation, amortization, and impairment losses plus change in working capital less additions to property, plant and equipment and intangible assets.

The Supervisory Board can set other strategic targets in addition to the FCF, SVA, and CF performance targets. Furthermore, the Supervisory Board can establish a multiplier ranging from 0.8 to 1.2 to reflect a Managing Director's individual performance. The short-term bonus may lapse in its entirety if the minimum targets are not met. In the event that maximum targets are exceeded, payment of all short-term bonuses is limited to 150% of the individual target-based bonus, regardless of whether an additional strategic target is set or a multiplier reflecting a Managing Director's individual performance is applied. The short-term bonus earned during a year is paid in a lump sum once the extent to which targets have been met has been determined.

### Long-term variable component – long-term bonus (Performance Share Unit Plan, PSUP)

The Supervisory Board has implemented a share-based remuneration instrument in the form of a PSUP in order to align the interests of the Board of Managing Directors with those of the shareholders and to promote the sustainable development of the Schaeffler Group.

One performance share unit (PSU) conveys the right to a cash payment amounting to the average share price of the last 60 trading days of the performance period provided the previously defined target amounts are achieved. The PSUP is granted in annual tranches. Each tranche has a performance period of four years beginning on January 01 of the year it is granted. The target amount per tranche is stipulated in the employment contracts of the members of the Board of Managing Directors and is designed to create a remuneration structure that is largely oriented toward the long term. The target amount of the variable long-term remuneration exceeds the target bonus under the variable short-term remuneration. In addition, the number of PSUs granted to each individual member of the Board of Managing Directors is based on that member's duties and responsibilities. The number of PSUs granted at any one date as part of a tranche remains constant.

Vesting of PSUs is linked to the following three conditions:

- 50% of PSUs (base number) are granted subject to a service condition. The base number is only paid out if the member of the Board of Managing Directors remains employed as a member of a governing body of Schaeffler AG and is not under notice of termination at the end of the performance period.<sup>3</sup>
- 25% of the PSUs are granted subject to a long-term FCF-based performance target which involves a comparison of cumulative FCF for the performance period to the target FCF.
- 25% of the PSUs are granted subject to a relative performance target based on total shareholder return (TSR) (share price performance including dividends). To determine to what extent these PSUs have vested, TSR for Schaeffler AG's common non-voting shares is compared to the TSR of companies in the benchmark group (MDAX) over the vesting period.

The Supervisory Board sets the FCF- and TSR-based target amounts for each tranche when PSUs are granted.

<sup>3</sup> Taking into account the rules applicable to leavers.

The 2015, 2016, and 2017 tranches of PSUs subject to FCF- and TSR-based performance targets vest based on the following target tiers.

PSUP performance targets (1)		No. 072
Cumulative FCF for the performance period		Number of FCFPSUs vested in %
Cumulative FCF compared to target-FCF > ~ 6.01%		100%
2.01% < cumulative FCF compared to target-FCF < ~ 6.00%		75%
-2.00% < cumulative FCF compared to target-FCF < ~ 2.00%		50%
-6.00% < cumulative FCF compared to target-FCF < ~ -2.01%		25%
Cumulative FCF compared to target-FCF < ~ -6.01%		0%

PSUP performance targets (2)		No. 073
TSR outperformance over the performance period		Number of TSR PSUs vested in %
> 25%		100%
5% < TSR outperformance ≤ 25%		75%
-5% < TSR outperformance ≤ 5%		50%
-25% < TSR outperformance ≤ -5%		25%
≤ -25%		0%

The target amounts for the FCF-based performance target are derived from the Schaeffler Group's medium-term plan. The payment under a PSU is capped at double the underlying share price at the grant date.

The underlying share price of the 2017 tranche is EUR 13.18. The PSUs granted to each individual and the related fair values in 2017 are as follows:

PSUs granted in 2017 <sup>1)</sup>		No. 074		
	Target amount (in € thousands)	Number of PSUs outstanding on December 31, 2017 <sup>1)</sup>	Grant date fair value per PSU (in €)	Grant date fair value (in € thousands)
<b>Klaus Rosenfeld (CEO)</b>	1,300			
Base number of PSUs		49,316	11.84	584
FCFPSUs		24,659	11.84	292
TSR PSUs		24,659	6.99	172
<b>Prof. Dr. Peter Gutzmer</b>	950			
Base number of PSUs		36,039	11.84	427
FCFPSUs		18,020	11.84	213
TSR PSUs		18,020	6.99	126
<b>Dietmar Heinrich<sup>2)</sup></b>	271			
Base number of PSUs		10,275	10.67	110
FCFPSUs		5,137	10.67	55
TSR PSUs		5,137	4.58	24
<b>Oliver Jung</b>	950			
Base number of PSUs		36,039	11.84	427
FCFPSUs		18,020	11.84	213
TSR PSUs		18,020	6.99	126
<b>Prof. Dr. Peter Pleus</b>	950			
Base number of PSUs		36,039	11.84	427
FCFPSUs		18,020	11.84	213
TSR PSUs		18,020	6.99	126
<b>Corinna Schittenhelm</b>	650			
Base number of PSUs		24,659	11.84	292
FCFPSUs		12,329	11.84	146
TSR PSUs		12,329	6.99	86
<b>Dr. Stefan Spindler</b>	800			
Base number of PSUs		30,348	11.84	359
FCFPSUs		15,175	11.84	180
TSR PSUs		15,175	6.99	106
<b>Matthias Zink</b>	650			
Base number of PSUs		24,659	11.84	292
FCFPSUs		12,329	11.84	146
TSR PSUs		12,329	6.99	86
<b>Managing Directors who left the company in 2017</b>				
<b>Dr. Ulrich Hauck<sup>3)</sup></b>	800			
Base number of PSUs		30,348	11.84	359
FCFPSUs		15,175	11.84	180
TSR PSUs		15,175	6.99	106
<b>Total</b>	<b>7,321</b>	<b>555,450</b>	<b>-</b>	<b>5,873</b>

<sup>1)</sup> Equals the number of PSUs granted on January 01, 2017 (on July 17, 2017 for Dietmar Heinrich).

<sup>2)</sup> Dietmar Heinrich has been a member of the Board of Managing Directors of Schaeffler AG since August 01, 2017.

<sup>3)</sup> Dr. Ulrich Hauck left the Board of Managing Directors of Schaeffler AG as at July 31, 2017. His employment agreement remains in effect until March 31, 2018.

The underlying share price of the 2016 tranche is EUR 14.58. The PSUs granted to each individual and the related fair values in 2016 are as follows:

PSUs granted in 2016 <sup>1)</sup>		No. 075		
	Target amount (in € thousands)	Number of outstanding PSUs on December 31, 2016 <sup>1)</sup>	Grant date fair value per PSU (in €)	Grant date fair value (in € thousands)
<b>Klaus Rosenfeld (CEO)</b>	1,300			
Base number of PSUs		44,581	13.82	616
FCF PSUs		22,291	13.82	308
TSR PSUs		22,291	9.13	204
<b>Prof. Dr. Peter Gutzmer</b>	950			
Base number of PSUs		32,578	13.82	450
FCF PSUs		16,290	13.82	225
TSR PSUs		16,290	9.13	149
<b>Dr. Ulrich Hauck</b>	800			
Base number of PSUs		27,434	13.82	379
FCF PSUs		13,718	13.82	190
TSR PSUs		13,718	9.13	125
<b>Oliver Jung</b>	950			
Base number of PSUs		32,578	13.82	450
FCF PSUs		16,290	13.82	225
TSR PSUs		16,290	9.13	149
<b>Prof. Dr. Peter Pleus</b>	950			
Base number of PSUs		32,578	13.82	450
FCF PSUs		16,290	13.82	225
TSR PSUs		16,290	9.13	149
<b>Corinna Schittenhelm</b>	650			
Base number of PSUs		22,290	13.82	308
FCF PSUs		11,146	13.82	154
TSR PSUs		11,146	9.13	102
<b>Dr. Stefan Spindler</b>	800			
Base number of PSUs		27,434	13.82	379
FCF PSUs		13,718	13.82	190
TSR PSUs		13,718	9.13	125
<b>Managing Directors who left the company in 2016</b>				
<b>Norbert Indlekofer<sup>2)</sup></b>	950			
Base number of PSUs		32,578	13.82	450
FCF PSUs		16,290	13.82	225
TSR PSUs		16,290	9.13	149
<b>Total</b>	<b>7,350</b>	<b>504,117</b>	<b>-</b>	<b>6,376</b>

<sup>1)</sup> Equals the number of PSUs granted on January 01, 2016.

<sup>2)</sup> Norbert Indlekofer left the Board of Managing Directors of Schaeffler AG as at December 31, 2016.

The PSUs granted are classified and measured as cash-settled share-based compensation. The fair value for PSUs subject to the TSR-based performance target was determined using a binomial model. The fair value of the base number and of the PSUs subject to the FCF-based performance target was determined based on the price of the company's common non-voting shares as at the measurement date. The valuation model takes into account the terms of the contract under which the PSUs were granted (including payment floors and caps, target tiers, expected dividend payments, as well as the volatility of the company's common non-voting shares and of the benchmark index).

The valuation as at the grant date of the 2017 tranche (prior year: 2016 tranche) reflects the following input parameters:

- risk-free interest rate for the remaining performance period of -0.16% (prior year: 0.15%) for a January 01, 2017 grant date, -0.04% for a July 17, 2017 grant date;
- expected dividend yield of Schaeffler AG common non-voting shares over the performance period of 2.49% (prior year: 2.15%) for a January 01, 2017 grant date, 4.01% for a July 17, 2017 grant date,
- expected volatility of Schaeffler AG common non-voting shares of 34.27% (prior year: 33.02%) for a January 01, 2017 grant date, 28.78% for a July 17, 2017 grant date,
- expected volatility of the benchmark index of 18.75% (prior year: 19.56%) for a January 01, 2017 grant date, 10.62% for a July 17, 2017 grant date,
- expected correlation coefficient between the benchmark index and Schaeffler AG common non-voting shares of 0.61 (prior year: 0.43) for a January 01, 2017 grant date, 0.48 for a July 17, 2017 grant date.

## Retirement benefits

All current members of the Board of Managing Directors hold retirement benefit commitments. The pension resulting from the various individual retirement benefit commitments is generally calculated as a percentage of pensionable remuneration based on the duration of the individual's service on the Board of Managing Directors. Individual percentages vary between 1.5% and 3.0% per year of membership on the Board of Managing Directors. Pension commitments for each member of the Board of Managing Directors are tailored individually. The pension received by a member of the Board of Managing Directors is based on their last pensionable employment income before retirement. Individual maximum pensions range from 40% to 60% of pensionable employment income.

Pension payments commence in the form of retirement benefits if employment ends at or after attainment of the age of 65, and in the form of disability benefits if employment ends due to disability. Beneficiaries are entitled to claim a reduced pension early as a retirement benefit beginning at age 60. Upon the death of the

member of the Board of Managing Directors, the spouse is entitled to between 50% and 60% of the pension as a surviving dependants' pension. Surviving dependent children are entitled to 10% or 20% of the pension as a half- or full-orphan's pension, respectively.

The pension increases by 1.0% each year beginning at retirement. The pension of one member of the Board of Managing Directors is subject to annual increases by the same percentage as the consumer price index in Germany. This also applies to disability, widows', and orphans' pensions.

The following tables summarize the service cost and defined benefit obligation of pension benefits earned up to December 31, 2017, calculated in accordance with IAS 19 and based on the beneficiary's current age and years of service.

**Service cost for 2017 and defined benefit obligations as at December 31, 2017 in accordance with IAS 19** No. 076

in € thousands	Year	Service cost	Defined benefit obligation
Klaus Rosenfeld (CEO)	2017	1,331	10,952
Prof. Dr. Peter Gutzmer	2017	0	4,569
Dietmar Heinrich <sup>1)</sup>	2017	114	546
Oliver Jung	2017	307	2,891
Prof. Dr. Peter Pleus	2017	383	6,097
Corinna Schittenhelm	2017	326	651
Dr. Stefan Spindler	2017	308	680
Matthias Zink	2017	317	799
<b>Managing Directors who left the company in 2017</b>			
Dr. Ulrich Hauck <sup>2)</sup>	2017	-949	0
<b>Total</b>		<b>2,137</b>	<b>27,185</b>

<sup>1)</sup> Dietmar Heinrich has been a member of the Board of Managing Directors of Schaeffler AG since August 01, 2017.

<sup>2)</sup> Dr. Ulrich Hauck left the Board of Managing Directors of Schaeffler AG as at July 31, 2017. His employment agreement remains in effect until March 31, 2018.

**Service cost for 2016 and defined benefit obligations as at December 31, 2016 in accordance with IAS 19** No. 077

in Tsd. EUR	Year	Service cost	Defined benefit obligation
Klaus Rosenfeld (CEO)	2016	1,158	10,387
Prof. Dr. Peter Gutzmer	2016	287	4,840
Dr. Ulrich Hauck	2016	458	949
Oliver Jung	2016	272	2,750
Prof. Dr. Peter Pleus	2016	357	6,092
Corinna Schittenhelm	2016	319	326
Dr. Stefan Spindler	2016	250	517
<b>Managing Directors who left the company in 2016</b>			
Norbert Indlekofer <sup>1)</sup>	2016	194	5,049
<b>Total</b>		<b>3,295</b>	<b>30,910</b>

<sup>1)</sup> Norbert Indlekofer left the Board of Managing Directors of Schaeffler AG as at December 31, 2016.

## Change in remuneration system

When the new remuneration system for the Board of Managing Directors went into effect in 2015, any members of the Board of Managing Directors already in office in 2015 and whose term in office extended beyond December 31, 2015 were granted a one-time sign-on bonus to offset the shortfall in liquidity caused by the change. The sign-on bonuses were paid in equal installments in October 2015 and October 2016.

In addition, the company has committed to pay two Managing Directors advances of EUR 300 thousand each for 2017 and payments of EUR 300 thousand and EUR 225 thousand, respectively, for 2018, and has also committed to pay EUR 300 thousand to one of these Managing Directors for 2019; these payments will be offset against payment of the long-term bonuses granted in 2017, 2018, and 2019.

## Benefits granted in connection with the termination of membership on the Board of Managing Directors

Payments made to a member of the Board of Managing Directors upon early termination of their employment agreement without due cause are limited to two years' remuneration (severance cap) and must not represent compensation for more than the remaining term of the employment agreement. The severance cap is generally calculated based on the total remuneration for the last full financial year and also on the expected total remuneration for the current year where applicable.

Members of the Board of Managing Directors whose employment has terminated are generally subject to a non-competition clause for a period of 2 years following termination of their employment agreement. In return, they are entitled to compensation in the amount of 50% of the average contractual remuneration granted to the member of the Board of Managing Directors for the last 12 months before the end of their employment. Such contractual remuneration includes both performance-based and non-performance-based remuneration components. Income from other employment is deducted from the compensation payment in accordance with section 74c HGB.

The employment agreements of Dietmar Heinrich and Matthias Zink, who were appointed to the Board of Managing Directors in 2017, and Corinna Schittenhelm, appointed to the Board of Managing Directors in 2016, include post-contract non-competition clauses calling for corresponding compensation.

Dr. Ulrich Hauck left Schaeffler AG's Board of Managing Directors early effective July 31, 2017. His employment agreement remains in effect until March 31, 2018. The post-contract non-competition clause was waived. The fixed remuneration including fringe benefits he will continue to receive amounts to a total of EUR 403 thousand and his proportionate short-term bonus for 2017 is EUR 291 thousand. In addition, the company agreed to pay Dr. Hauck the proportionate short-term bonus for 2018 (target bonus EUR 188 thousand) and a proportionate long-term bonus for 2018 (target bonus EUR 200 thousand). In connection with the waiver of the post-contract non-competition clause, the company will make payments for the period of approx. 4 months, in the amount of 50% of the average monthly contractual remuneration granted for the last 12 months before the end of Dr. Hauck's employment.

### External activities of members of the Board of Managing Directors

The members of the Board of Managing Directors have agreed to work exclusively for the company. External activities, whether paid or unpaid, require prior approval by the executive committee of the Supervisory Board. This ensures that neither the time commitment involved nor the related remuneration conflict with the individual's responsibilities toward Schaeffler AG. External activities representing a position on legally required supervisory boards or similar supervisory bodies of commercial enterprises are listed in section 5 "Governing bodies of the company".

### Appropriateness of the remuneration of the Board of Managing Directors

In accordance with section 87 AktG, the Supervisory Board of Schaeffler AG ensures that the remuneration of individual members of the Board of Managing Directors bears a reasonable relationship to the duties and performance of such member as well as the condition of the company. The Supervisory Board engaged Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to review the appropriateness of the Managing Directors' remuneration, most recently in 2016. Ernst & Young concluded that the total remuneration of the members of the Board of Managing Directors is customary and appropriate in comparison to that of other companies of comparable size within the same industry and country in terms of the amount, structure, and features of remuneration instruments.

## 4.2 Amounts of remuneration of the Board of Managing Directors

The fixed and variable components of remuneration are disclosed below. The following tables show the benefits granted and received for 2017 and 2016.

### Benefits granted for 2017

in € thousands	Klaus Rosenfeld				Prof. Dr. Peter Gutzmer				Dietmar Heinrich			
	Chief Executive Officer				Deputy Chief Executive Officer and Chief Technology Officer				Chief Financial Officer			
	since October 24, 2014				since October 24, 2014				since August 01, 2017			
	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)
Fixed remuneration	1,200	1,200	1,200	1,200	600	600	600	600	-	250	250	250
Fringe benefits	27	28	28	28	28	29	29	29	-	9	9	9
<b>Total</b>	<b>1,227</b>	<b>1,228</b>	<b>1,228</b>	<b>1,228</b>	<b>628</b>	<b>629</b>	<b>629</b>	<b>629</b>	<b>-</b>	<b>259</b>	<b>259</b>	<b>259</b>
One-year variable remuneration	1,200	1,200	0	1,800	900	900	0	1,350	-	250	0	375
Multi-year variable remuneration												
• Long-term bonus: PSUP (4 years) - 2015 tranche	-	-	-	-	-	-	-	-	-	-	-	-
• Long-term bonus: PSUP (4 years) - 2016 tranche	1,128	-	-	-	824	-	-	-	-	-	-	-
• Long-term bonus: PSUP (4 years) - 2017 tranche	-	1,048	0	2,600	-	766	0	1,900	-	189	0	542
<b>Total</b>	<b>3,555</b>	<b>3,476</b>	<b>1,228</b>	<b>5,628</b>	<b>2,352</b>	<b>2,295</b>	<b>629</b>	<b>3,879</b>	<b>-</b>	<b>698</b>	<b>259</b>	<b>1,176</b>
Pension expense	1,158	1,331	1,331	1,331	287	0	0	0	-	114	114	114
<b>Total remuneration</b>	<b>4,713</b>	<b>4,807</b>	<b>2,559</b>	<b>6,959</b>	<b>2,639</b>	<b>2,295</b>	<b>629</b>	<b>3,879</b>	<b>-</b>	<b>812</b>	<b>373</b>	<b>1,290</b>

### Benefits received for 2017

in € thousands	Klaus Rosenfeld		Prof. Dr. Peter Gutzmer		Dietmar Heinrich	
	Chief Executive Officer		Deputy Chief Executive Officer and Chief Technology Officer		Chief Financial Officer	
	since October 24, 2014		since October 24, 2014		since August 01, 2017	
	2017	2016	2017	2016	2017	2016
Fixed remuneration	1,200	1,200	600	600	250	-
Sign-on bonus	-	600	-	300	-	-
Fringe benefits	28	27	29	28	9	-
<b>Total</b>	<b>1,228</b>	<b>1,827</b>	<b>629</b>	<b>928</b>	<b>259</b>	<b>-</b>
One-year variable remuneration	1,116	1,199	837	899	233	-
Multi-year variable remuneration						
• Long-term bonus: PSUP (4 years) - 2015 tranche	0	0	0	0	0	-
• Long-term bonus: PSUP (4 years) - 2016 tranche	0	0	0	0	0	-
• Long-term bonus: PSUP (4 years) - 2017 tranche	0	0	0	0	0	-
<b>Total</b>	<b>2,344</b>	<b>3,026</b>	<b>1,466</b>	<b>1,827</b>	<b>492</b>	<b>-</b>
Pension expense	1,331	1,158	0	287	114	-
<b>Total remuneration</b>	<b>3,675</b>	<b>4,184</b>	<b>1,466</b>	<b>2,114</b>	<b>606</b>	<b>-</b>



No. 078

Oliver Jung				Prof. Dr. Peter Pleus				Corinna Schittenhelm				Dr. Stefan Spindler				Matthias Zink			
Chief Operating Officer				CEO Automotive				Chief Human Resources Officer				CEO Industrial				CEO Automotive			
since October 24, 2014				since October 24, 2014				since January 01, 2016				since May 01, 2015				since January 01, 2017			
2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)
600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	-	600	600	600
28	28	28	28	41	42	42	42	23	25	25	25	23	24	24	24	-	24	24	24
<b>628</b>	<b>628</b>	<b>628</b>	<b>628</b>	<b>641</b>	<b>642</b>	<b>642</b>	<b>642</b>	<b>623</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>623</b>	<b>624</b>	<b>624</b>	<b>624</b>	-	<b>624</b>	<b>624</b>	<b>624</b>
900	900	0	1,350	900	900	0	1,350	600	600	0	900	750	750	0	1,125	-	600	0	900
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
824	-	-	-	824	-	-	-	564	-	-	-	694	-	-	-	-	-	-	-
-	766	0	1,900	-	766	0	1,900	-	524	0	1,300	-	645	0	1,600	-	524	0	1,300
<b>2,352</b>	<b>2,294</b>	<b>628</b>	<b>3,878</b>	<b>2,365</b>	<b>2,308</b>	<b>642</b>	<b>3,892</b>	<b>1,787</b>	<b>1,749</b>	<b>625</b>	<b>2,825</b>	<b>2,067</b>	<b>2,019</b>	<b>624</b>	<b>3,349</b>	-	<b>1,748</b>	<b>624</b>	<b>2,824</b>
272	307	307	307	357	383	383	383	319	326	326	326	250	308	308	308	-	317	317	317
<b>2,624</b>	<b>2,601</b>	<b>935</b>	<b>4,185</b>	<b>2,722</b>	<b>2,691</b>	<b>1,025</b>	<b>4,275</b>	<b>2,106</b>	<b>2,075</b>	<b>951</b>	<b>3,151</b>	<b>2,317</b>	<b>2,327</b>	<b>932</b>	<b>3,657</b>	-	<b>2,065</b>	<b>941</b>	<b>3,141</b>

No. 079

Oliver Jung		Prof. Dr. Peter Pleus		Corinna Schittenhelm		Dr. Stefan Spindler		Matthias Zink	
Chief Operating Officer		CEO Automotive		Chief Human Resources Officer		CEO Industrial		CEO Automotive	
since October 24, 2014		since October 24, 2014		since January 01, 2016		since May 01, 2015		since January 01, 2017	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
600	600	600	600	600	600	600	600	600	-
-	300	-	300	-	300	-	300	-	-
28	28	42	41	25	23	24	23	24	-
<b>628</b>	<b>928</b>	<b>642</b>	<b>941</b>	<b>625</b>	<b>623</b>	<b>624</b>	<b>923</b>	<b>624</b>	-
837	899	778	862	558	599	608	522	518	-
0	0	0	0	0	0	0	0	0	-
0	0	0	0	0	0	0	0	0	-
0	0	0	0	0	0	0	0	0	-
<b>1,465</b>	<b>1,827</b>	<b>1,420</b>	<b>1,803</b>	<b>1,183</b>	<b>1,222</b>	<b>1,232</b>	<b>1,445</b>	<b>1,142</b>	-
307	272	383	357	326	319	308	250	317	-
<b>1,772</b>	<b>2,099</b>	<b>1,803</b>	<b>2,160</b>	<b>1,509</b>	<b>1,541</b>	<b>1,540</b>	<b>1,695</b>	<b>1,459</b>	-

Benefits granted for 2017 –  
Managing Directors who left the company

No. 080

in € thousands	Dr. Ulrich Hauck			
	Chief Financial Officer			
	from April 01, 2015 to July 31, 2017			
	2016	2017	2017 (Min)	2017 (Max)
Fixed remuneration	600	350	350	350
Fringe benefits	28	16	16	16
<b>Total</b>	<b>628</b>	<b>366</b>	<b>366</b>	<b>366</b>
One-year variable remuneration	750	438	0	656
Multi-year variable remuneration				
• Long-term bonus: PSUP (4 years) - 2015 tranche	-	-	-	-
• Long-term bonus: PSUP (4 years) - 2016 tranche	694	-	-	-
• Long-term bonus: PSUP (4 years) - 2017 tranche	-	645	0	1,600
<b>Total</b>	<b>2,072</b>	<b>1,449</b>	<b>366</b>	<b>2,622</b>
Pension expense	458	-949	-949	-949
<b>Total remuneration</b>	<b>2,530</b>	<b>500</b>	<b>-583</b>	<b>1,673</b>

Benefits received for 2017 –  
Managing Directors who left the company

No. 081

in € thousands	Dr. Ulrich Hauck	
	Chief Financial Officer	
	from April 01, 2015 to July 31, 2017	
	2017	2016
Fixed remuneration	350	600
Sign-on bonus	-	300
Fringe benefits	16	28
<b>Total</b>	<b>366</b>	<b>928</b>
One-year variable remuneration	407	749
Multi-year variable remuneration		
• Long-term bonus: PSUP (4 years) - 2015 tranche	0	0
• Long-term bonus: PSUP (4 years) - 2016 tranche	0	0
• Long-term bonus: PSUP (4 years) - 2017 tranche	0	0
<b>Total</b>	<b>773</b>	<b>1,677</b>
Pension expense	-949	458
<b>Total remuneration</b>	<b>-176</b>	<b>2,135</b>

The total remuneration for 2017 and 2016 is broken down by individual and by its various components in accordance with section 285 (9a) HGB and section 314 (1) (6a) HGB below.

**Total remuneration (HGB) for 2017 by individual** No. 082

in € thousands	Remuneration components			Total remuneration
	fixed	variable, short-term	variable, long-term <sup>1)</sup>	
Klaus Rosenfeld (CEO)	1,228	1,116	1,048	3,392
Prof. Dr. Peter Gutzmer	629	837	766	2,232
Dietmar Heinrich <sup>2)</sup>	259	233	189	681
Oliver Jung	628	837	766	2,231
Prof. Dr. Peter Pleus	642	778	766	2,186
Corinna Schittenhelm	625	558	524	1,707
Dr. Stefan Spindler	624	608	645	1,877
Matthias Zink	624	518	524	1,666
<b>Managing Directors who left the company in 2017</b>				
Dr. Ulrich Hauck <sup>3)</sup>	366	407	645	1,418
<b>Total</b>	<b>5,625</b>	<b>5,892</b>	<b>5,873</b>	<b>17,390</b>

<sup>1)</sup> Share-based payment in the form of the PSUP.

<sup>2)</sup> Dietmar Heinrich has been a member of the Board of Managing Directors of Schaeffler AG since August 01, 2017.

<sup>3)</sup> Dr. Ulrich Hauck left the Board of Managing Directors of Schaeffler AG as at July 31, 2017. His employment agreement remains in effect until March 31, 2018.

**Total remuneration (HGB) for 2016 by individual** No. 083

in € thousands	Remuneration components			Total remuneration
	fixed	variable, short-term	variable, long-term <sup>1)</sup>	
Klaus Rosenfeld (CEO)	1,227	1,199	1,128	3,554
Prof. Dr. Peter Gutzmer	628	899	824	2,351
Dr. Ulrich Hauck	628	749	694	2,071
Oliver Jung	628	899	824	2,351
Prof. Dr. Peter Pleus	641	862	824	2,327
Corinna Schittenhelm	623	599	564	1,786
Dr. Stefan Spindler	623	522	694	1,839
<b>Managing Directors who left the company in 2016</b>				
Norbert Indlekofer <sup>2)</sup>	625	862	824	2,311
<b>Total</b>	<b>5,623</b>	<b>6,591</b>	<b>6,376</b>	<b>18,590</b>

<sup>1)</sup> Share-based payment in the form of the PSUP.

<sup>2)</sup> Norbert Indlekofer left the Board of Managing Directors of Schaeffler AG as at December 31, 2016.

The total expenses resulting from the PSUP for 2017 are broken down by individual in accordance with section 314 (1) (6a) (8) HGB in connection with IFRS 2.51a below.

**PSUP expenses in 2017** No. 084

in € thousands	Expenses (IFRS)
Klaus Rosenfeld (CEO)	669
Prof. Dr. Peter Gutzmer	489
Dietmar Heinrich <sup>1)</sup>	21
Oliver Jung	837
Prof. Dr. Peter Pleus	489
Corinna Schittenhelm	196
Dr. Stefan Spindler	355
Matthias Zink	101
<b>Managing Directors who left the company</b>	
Dr. Ulrich Hauck <sup>2)</sup>	1,090
<b>Total</b>	<b>4,247</b>

<sup>1)</sup> Dietmar Heinrich has been a member of the Board of Managing Directors of Schaeffler AG since August 01, 2017.

<sup>2)</sup> Dr. Ulrich Hauck left the Board of Managing Directors of Schaeffler AG as at July 31, 2017. His employment agreement remains in effect until March 31, 2018.

The total expenses resulting from the PSUP for 2016 are broken down by individual in accordance with section 314 (1) (6a) (8) HGB in connection with IFRS 2.51a below.

**PSUP expenses in 2016** No. 085

in € thousands	Aufwendungen (IFRS)
Klaus Rosenfeld (CEO)	402
Prof. Dr. Peter Gutzmer	293
Dr. Ulrich Hauck	213
Oliver Jung	293
Prof. Dr. Peter Pleus	184
Corinna Schittenhelm	88
Dr. Stefan Spindler	201
<b>Managing Directors who left the company</b>	
Norbert Indlekofer <sup>1)</sup>	948
<b>Total</b>	<b>2,622</b>

<sup>1)</sup> Norbert Indlekofer left the Board of Managing Directors of Schaeffler AG as at December 31, 2016.

### 4.3 Remuneration of the Supervisory Board

The description of the remuneration of the Supervisory Board includes the disclosures required by German commercial law and is consistent with the recommendations of the GCGC. The remuneration of the Supervisory Board was set by a resolution passed by the general meeting on December 01, 2014.

The members of the Supervisory Board of Schaeffler AG receive fixed remuneration of EUR 50,000 per year. The Chairman of the Supervisory Board receives twice this amount, his Deputies 1.5 times this amount. In addition, membership on committees is compensated as follows:

- Executive committee; committee remuneration of EUR 20,000 for each ordinary member, twice this amount for the chairman.
- Audit committee; committee remuneration for each ordinary member of EUR 20,000, twice this amount for the chairman.

Where a member of the Supervisory Board chairs several committees or chairs both the Supervisory Board and one or more committees, no remuneration is paid for the additional chairmanship. Where the term of office of a member of the Supervisory Board or the position entitling the Supervisory Board member to increased remuneration begins or ends during the year, the remuneration or increased remuneration paid to the Supervisory Board member is prorated.

In addition, each member of the Supervisory Board receives an attendance fee of EUR 1,500 for each meeting of the Supervisory Board or its committees he or she attends in person. No attendance fees are paid where meetings of the Supervisory Board or its committees are attended via telephone.

Members of the Supervisory Board are reimbursed for expenses incurred in connection with the performance of their duties and for any value-added tax on their remuneration and expenses.

The company has obtained director's and officers' liability insurance (D&O insurance) for all members of the Supervisory Board; the features of the policy's deductible provision are in accordance with section 93 (3) (3) AktG.

No advances or loans were granted to members of the Supervisory Board in 2017 or 2016. The following tables summarize the amount of remuneration of each member of the Supervisory Board.

Supervisory Board remuneration for 2017 <sup>1)</sup>				No. 086
in € thousands	Fixed remuneration	Remuneration for committee membership	Attendance fees <sup>2)</sup>	Total remuneration
Bullinger, Prof. Dr. Hans-Jörg	50		8	58
Engelmann, Dr. Holger	50		6	56
Gottschalk, Prof. Dr. Bernd	50		6	56
Grimm, Andrea (since April 08, 2017) <sup>3)</sup>	36		6	42
Lenhard, Norbert <sup>3)</sup>	50	20	12	82
Luther, Dr. Siegfried	50	40	14	104
Mittag, Dr. Reinold <sup>3)</sup>	50	20	14	84
Münch, Yvonne (until March 07, 2017) <sup>3)</sup>	9		2	11
Resch, Barbara <sup>3)</sup>	50	20	12	82
Schaeffler, Georg F.W.	100	40	15	155
Schaeffler-Thumann, Maria-Elisabeth	75	20	3	98
Schmidt, Stefanie <sup>3)</sup>	50		8	58
Spindler, Dirk	50		8	58
Stalker, Robin	50	20	14	84
Stolz, Jürgen <sup>3)</sup>	50		8	58
Vicari, Salvatore <sup>3)</sup>	50	20	14	84
Wechsler, Jürgen <sup>3)</sup>	75	20	11	106
Wiesheu, Dr. Otto	50		8	58
Wolf, Prof. KR Ing. Siegfried	50	20	11	81
Worrich, Jürgen <sup>3)</sup>	50	20	14	84
Zhang, Prof. Dr.-Ing. Tong	50		6	56
<b>Total</b>	<b>1,095</b>	<b>260</b>	<b>200</b>	<b>1,555</b>

<sup>1)</sup> All amounts shown exclude any value-added tax applicable on remuneration. The positions held by the Supervisory Board members are listed in section 5 "Governing bodies of the company".

<sup>2)</sup> No attendance fees are paid where meetings of the Supervisory Board or its committees are attended via telephone.

<sup>3)</sup> These employee representatives have declared that their board remuneration is transferred to the Hans Böckler Foundation in accordance with the guidelines issued by the German Federation of Trade Unions.

Supervisory Board remuneration for 2016 <sup>1)</sup>				No. 087
in € thousands	Fixed remuneration	Remuneration for committee membership	Attendance fees <sup>2)</sup>	Total remuneration
Bullinger, Prof. Dr. Hans-Jörg	50		6	56
Engelmann, Dr. Holger	50		6	56
Gottschalk, Prof. Dr. Bernd	50		6	56
Lenhard, Norbert <sup>3)</sup>	50	20	11	81
Luther, Dr. Siegfried	50	40	14	104
Mittag, Dr. Reinold <sup>3)</sup>	50	20	14	84
Münch, Yvonne <sup>3)</sup>	50		8	58
Resch, Barbara <sup>3)</sup>	50	20	12	82
Schaeffler, Georg F.W.	100	40	12	152
Schaeffler-Thumann, Maria-Elisabeth	75	20	6	101
Schmidt, Stefanie <sup>3)</sup>	50		6	56
Spindler, Dirk	50		8	58
Stalker, Robin	50	20	12	82
Stolz, Jürgen <sup>3)</sup>	50		8	58
Vicari, Salvatore <sup>3)</sup>	50	20	12	82
Wechsler, Jürgen <sup>3)</sup>	75	20	11	106
Wiesheu, Dr. Otto	50		6	56
Wolf, Prof. KR Ing. Siegfried	50	20	8	78
Worrich, Jürgen <sup>3)</sup>	50	20	14	84
Zhang, Prof. Dr.-Ing. Tong	50		8	58
<b>Total</b>	<b>1,100</b>	<b>260</b>	<b>188</b>	<b>1,548</b>

<sup>1)</sup> All amounts shown exclude any value-added tax applicable on remuneration. The positions held by the Supervisory Board members are listed in section 5 "Governing bodies of the company".

<sup>2)</sup> No attendance fees are paid where meetings of the Supervisory Board or its committees are attended via telephone.

<sup>3)</sup> These employee representatives have declared that their board remuneration is transferred to the Hans Böckler Foundation in accordance with the guidelines issued by the German Federation of Trade Unions.

Members of the Supervisory Board have not received any compensation for personal services, especially consulting and agency services, in 2017 or 2016.