

PROPOSED APPROPRIATION OF PROFIT

A. PRELIMINARY REMARKS

The appropriation of net distributable profit for financial year 2013 as set out below under B. ("**Proposed Appropriation of Profit for 2013**") will be proposed to the Annual General Meeting of the Company on 12 June 2014 as Item 2 of the Agenda.

The distribution of an "Additional Dividend" proposed for resolution under Item 2.2 of the Proposed Appropriation of Profit for 2013 shall take place only subject to the condition precedent that

- the resolution on the reduction of the registered share capital through redemption of shares and authorisation of the Board of Management to purchase treasury shares proposed as Item 3 of the Agenda ("**Capital Reduction Resolution**") is not adopted, or
- the Capital Reduction Resolution is adopted, but no treasury shares are tendered to the Company in the public purchase offer to be conducted.

For the sake of clarity and explanation, the proposal under Item 3 of the Agenda for adoption of the resolution on reduction of the registered share capital through redemption of shares and authorisation of the Board of Management to purchase treasury shares is therefore additionally attached to this Proposed Appropriation of Profit for 2013.

B. PROPOSAL ON THE APPROPRIATION OF NET DISTRIBUTABLE PROFIT FOR FINANCIAL YEAR 2013

The full text of the proposal on the appropriation of net distributable profit for financial year 2013 (Item 2 of the Agenda) as well as the proposal relating to the adoption of the resolution on reduction of the registered share capital through redemption of shares and authorisation of the Board of Management to purchase treasury shares (Item 3 of the Agenda) reads as follows:

"2. RESOLUTION ON THE APPROPRIATION OF THE NET DISTRIBUTABLE PROFIT

The Company's Annual Financial Statements for the year ended 31 December 2013, which have been prepared by the Board of Management, approved by the Supervisory Board and thus adopted as final, show a net distributable profit of € 1,704,524,834.19.

The Board of Management and the Supervisory Board propose adopting the following resolution:

2.1 Of the net distributable profit

- (a) an amount of € 34,552,000.00 shall be appropriated for distribution of a dividend of € 0.25 per non-par share with dividend entitlement (DE0007042301), and
- (b) the remaining amount of € 1,669,972,834.19 shall be carried forward to new account. If the Annual General Meeting adopts the resolution pursuant to 3. on the reduction of the registered share capital through redemption of shares after purchase, the amount carried forward to new account will be available to redeem shares against the net distributable profit. In the event of distribution of an Additional Dividend (2.2), the amount to be carried to new account shall be reduced pursuant to 2.2 (d).

- 2.2 Of that portion of net distributable profit carried forward to new account pursuant to 2.1 (b), an amount of € 1,669,552,640.00 shall be appropriated for distribution of an additional dividend of € 12.08 per non-par share with dividend entitlement (DE0007042301) ("**Additional Dividend**") if one of the Dividend Conditions (2.2 (a)) is met.
- (a) The resolution pursuant to this 2.2 shall take effect and the claim to payment of the Additional Dividend shall arise only if one of the two following conditions precedent has been met:
- (i) The Annual General Meeting has not adopted the resolution pursuant to 3. on the reduction of the registered share capital through redemption of shares after purchase ("**Dividend Condition A**").
- or
- (ii) The Annual General Meeting has adopted the resolution pursuant to 3. on the reduction of the registered share capital through redemption of shares after purchase and no treasury shares have been tendered to the Company based on a 2014 Public Purchase Offer by expiry of the relevant Latest Acceptance Date (3.2 (e)) ("**Dividend Condition B**").
- (Dividend Condition A and Dividend Condition B each individually a "**Dividend Condition**" and collectively the "**Dividend Conditions**".)
- (b) If Dividend Condition A is met, the claim to payment of the Additional Dividend shall arise on the conclusion of the Annual General Meeting. If Dividend Condition B is met, the claim to payment of the Additional Dividend shall arise on commencement of the fifth calendar day from expiry of the relevant Latest Acceptance Date (3.2 (e)).
- (c) The claim to payment of the Additional Dividend shall finally fail to arise if the Annual General Meeting has adopted the resolution pursuant to 3. and no treasury shares have been tendered to the Company before expiry of the relevant Latest Acceptance Date (3.2 (e)) under a 2014 Public Purchase Offer.
- (d) In derogation from 2.1 (b), an amount of € 420,194.19 shall be carried forward to new account in the event of a Dividend Condition being met.

3. RESOLUTION ON THE REDUCTION OF THE REGISTERED SHARE CAPITAL THROUGH REDEMPTION OF SHARES IN SIMPLIFIED PROCEDURE AFTER PURCHASE BY THE COMPANY, AUTHORISATION OF THE BOARD OF MANAGEMENT TO PURCHASE TREASURY SHARES ("2014 SHARE BUY-BACK")

The Board of Management and the Supervisory Board propose adopting the following resolution:

3.1 Capital reduction through redemption of shares to be purchased in simplified procedure

- (a) The Company's registered share capital amounting to € 345,580,000.00, divided into 138,232,000 non-par bearer shares is reduced by a total amount of up to € 177,354,802.50 to up to € 168,225,197.50 through redemption of fully paid-up shares yet to be purchased by way of simplified redemption pursuant to section 237 (3) no. 2, (4) and (5) of the German Stock Corporation Act (Aktiengesetz, AktG). The exact reduction amount shall be equal to the pro rata amount in the registered share capital attributable to those shares purchased by the Company under a 2014 Public Purchase Offer (3.2 (b)).
- (b) The shares to be redeemed shall be purchased and redeemed by the Company within the period up to expiry of 12 December 2014 pursuant to section 71 (1) no. 6 of the AktG ("**Execution Period**"). In the event of legal action being lodged against the resolution adopted pursuant to this 3., the Execution Period shall be prolonged automatically until expiry of 12 January 2015.
- (c) The capital reduction shall take place in each case entirely for the purpose of adjusting the registered share capital to the smaller size of the Company following the transaction with Fresenius/HELIOS, thus enabling shareholders to exit the Company in a manner that limits the impact on the share price as well as partial repayment of the registered share capital to the shareholders.
- (d) Purchase of the shares shall be performed in accordance with the provisions of 3.2 below. The purchased shares shall be redeemed without undue delay. Redemption shall take place against net distributable profit or other retained earnings. The amount equal to the pro rata amount in the registered share capital attributable to the redeemed shares is to be allocated to the capital reserve.
- (e) The resolution on the capital reduction shall be filed with the commercial register without undue delay following conclusion of the Annual General Meeting.
- (f) The further details shall be stipulated by the Board of Management subject to the consent of the Supervisory Board.

3.2 Purchase of treasury shares pursuant to section 71 (1) no. 6 of the AktG

- (a) The Board of Management is authorised pursuant to section 71 (1) no. 6 of the AktG, subject to the consent of the Supervisory Board within the Execution Period – as prolonged where applicable – (3.1 (b)), to acquire by way of purchase shares of the Company with a pro rata amount in the Company's registered share capital attributable to the same totalling up to € 177,354,802.50 for the purpose of redemption subject to the capital reduction resolution under 3.1.
- (b) The purchase shall take place after the capital reduction resolution has been entered into the commercial register observing the principle of equal treatment (section 53a of the AktG) by means other than on a stock exchange by way of a public purchase offer addressed to all shareholders ("**2014 Public Purchase Offer**").
- (c) The pay-out volume available in total for the purchase of treasury shares (including ancillary purchasing costs) amounts to 1,669,972,834.19 € ("**Pay-Out Volume**"). The 2014 Public Purchase Offer includes the Maximum Repurchase Volume. The "**Maximum Repurchase Volume**" is the maximum number of full shares that can be purchased with the Pay-Out Volume (less ancillary purchasing costs) at the defined offer price per share.
- (d) The offer price per share offered by the Company (excluding ancillary purchase costs) may not be lower nor may be more than [7]% higher than the weighted average market price on the Frankfurt Stock Exchange as determined based on the arithmetic mean of the closing auction prices of the RHÖN-KLINIKUM share in XETRA trading (or on any comparable trading system substituting XETRA) for the three trading days immediately preceding the date on which the 2014 Public Purchase Offer is published for the first time, i.e. prior to 29 April 2014 ("**Offer Price**"). In the event that considerable price deviations from the Offer Price should arise after the first-time publication of the 2014 Public Purchase Offer, the Offer Price may be adjusted. In this case the relevant amount shall be determined by the respective price for the three trading days immediately preceding the publication of an adjustment; the [7]% threshold for the exceeding of the market price shall be applied to this amount. An adjustment of the Offer Price in the course of the Acceptance Period (3.2 (e)) is excluded.

- (e) In the 2014 Public Purchase Offer, a period for acceptance of the 2014 Public Purchase Offer ("**Acceptance Period**") is to be stipulated. The Acceptance Period must end no later than upon expiry of 30 November 2014 and, in the event of the Execution Period being prolonged, no later than upon expiry of 31 December 2014 (in each case "**Latest Acceptance Date**").
- (f) The acceptance notices of the shareholders will be considered based on shareholding ratios through notification of the tender rights attributable to the shareholding as well as any tender rights additionally acquired by other shareholders.
- (g) The further terms and conditions of the 2014 Public Purchase Offer, in particular the establishment and terms of trading in tender rights, shall be determined by the Board of Management subject to the consent of the Supervisory Board.
- 3.3 The Supervisory Board is authorised to adjust the version of Section 4 Clause 1 of the Articles of Association (Registered share capital) according to the extent to which the capital reduction is executed.
- 3.4 The resolution pursuant to this 3. shall be invalid if (i) Dividend Condition B has been met, or (ii) the purchase of the shares to be redeemed and the redemption have not been executed no later than by expiry of the Execution Period – as prolonged where applicable – (3.1 (b)).

Bad Neustadt a. d. Saale, 29 April 2014

RHÖN-KLINIKUM Aktiengesellschaft

The Supervisory Board

The Board of Management