



RHÖN-KLINIKUM AG

*(a stock corporation incorporated under the laws of the Federal Republic of Germany,
having its corporate seat in Bad Neustadt a.d. Saale, Federal Republic of Germany)*

€[●] [●] per cent. Notes due 2016

Issue price: [●] per cent.

ISIN: XS0491047154

RHÖN-KLINIKUM AG (the "**Issuer**" and "**RHÖN-KLINIKUM AG**") will issue on or about 11 March 2010 (the "**Issue Date**") €[●] [●] per cent. Notes due 11 March 2016 (the "**Notes**") in a denomination of €1,000 each.

The Notes will be governed by the laws of Germany.

The Notes will be redeemed at par on 11 March 2016. They are subject to redemption (in whole, but not in part) at their principal amount at the option of the Issuer in the event of certain changes affecting taxation in the Federal Republic of Germany ("**Germany**") (see "Terms and Conditions of the Notes – § 4 (Redemption, Repurchase)").

The Notes will bear interest from and including 11 March 2010 to but excluding their maturity date, payable annually in arrear on 11 March of each year, commencing on 11 March 2011.

The final issue price, principal amount and interest rate of the Notes, and the issue proceeds, the commissions, the yield and the expenses in respect of the Notes will be included in the Pricing Notice (as defined in "Subscription, Sale and Offer of the Notes" below) which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the Issue Date of the Notes.

The Notes have been assigned the following securities codes: ISIN XS0491047154, Common Code 049104715 and WKN A1C9UX.

The Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be issued in new global note form and will be delivered on or prior to the Issue Date to a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Each Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a Permanent Global Note, without interest coupons, on or after a date which is expected to be 21 April 2010, upon certification as to non-U.S. beneficial ownership.

This prospectus in respect of the Notes (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier*, Luxembourg ("**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*, the "**Luxembourg Prospectus Law**"). The Issuer has requested CSSF to provide the competent authority in Germany, Austria and the Netherlands and may request CSSF to provide competent authorities in additional host Member States within the European Economic Area, with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law.

Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

Joint Lead Managers

Credit Suisse

UniCredit Bank

WestLB

Co-Manager

Hauck & Aufhäuser Privatbankiers KGaA

RESPONSIBILITY STATEMENT

The Issuer with its registered office in Germany accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer further confirms that (i) this Prospectus contains all information with respect to the Issuer as well as to the Issuer and its consolidated subsidiaries taken as a whole (the "**RHÖN-KLINIKUM Group**", "**RHÖN-KLINIKUM**" or the "**Group**") and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and of the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the RHÖN-KLINIKUM Group and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the RHÖN-KLINIKUM Group and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the RHÖN-KLINIKUM Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

No person has been authorised to give any information which is not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes.

This Prospectus should be read in conjunction with any amendment or supplement hereto and with any other documents incorporated herein by reference. This Prospectus reflects the status as of its date of issue.

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the caption "General Information on the Issuer and the RHÖN-KLINIKUM Group – Outlook" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Issuer. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

Each potential purchaser of any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Managers (as defined in "Subscription, Sale and Offer of the Notes") to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The offering, sale and delivery of the Notes may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since the date hereof. To the extent permitted by the laws of any relevant jurisdiction, neither any Manager nor any of its respective affiliates accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any other document incorporated by reference.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. For a description of the restrictions applicable in the European Economic Area, the United States of America, the United Kingdom, Italy and Japan, see "Subscription, Sale and Offer of the Notes – Selling Restrictions". In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to U.S. persons.

The legally binding language of this Prospectus is English. Any part of the Prospectus in German language constitutes a translation, except for the terms and conditions of the Notes in respect of which German is the legally binding language.

IN CONNECTION WITH THE ISSUE OF THE NOTES, UNICREDIT BANK AG (THE "**STABILISING MANAGER**") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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SUMMARY

*The following constitutes the summary (the "**Summary**") of the essential characteristics of and risks associated with the Issuer and the Notes. This Summary should be read as an introduction to this Prospectus. Any decision by an investor to invest in the Notes should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor may, under the national legislation of a member state of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer, who has tabled this Summary including any translation thereof, and applied for its notification, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.*

Summary of the Terms and Conditions of the Notes

Issuer	RHÖN-KLINIKUM AG, Bad Neustadt a.d. Saale, Federal Republic of Germany
Joint Lead Managers	Credit Suisse Securities (Europe) Limited UniCredit Bank AG WestLB AG
Co-Manager	Hauck & Aufhäuser Privatbankiers KGaA
Principal Paying Agent	Citibank, N.A., London Branch acting through its Agency and Trust business
Determination of Principal Amount and Issue Price, etc.	The final issue price, principal amount, the interest rate, the issue proceeds, the commissions, the yield and the expenses of the issue will be included in the pricing notice which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the issue date of the Notes.
Principal Amount	€[•]
Issue price	[•] per cent.
Issue date of the Notes	On or about 11 March 2010
Interest Commencement Date	11 March 2010
Maturity Date	The Notes will be redeemed at par on 11 March 2016
Denomination	€1,000
Form of Notes	The Notes will initially be represented by a temporary global note (the " Temporary Global Note ") without interest coupons which will be deposited with a common safekeeper to Clearstream Banking, société anonyme, Luxembourg (" Clearstream, Luxembourg ") and Euroclear Bank SA/NV (" Euroclear ") (Clearstream, Luxembourg and Euroclear each an " ICSD " and together the " ICSDs " and the " Clearing System "). Each Temporary Global Note will be exchangeable, free of charge to the holder of Notes not earlier than 40 days after the date of issue of the Temporary Global Note, in whole or in part

upon certification as to non-U.S. beneficial ownership, the contents and nature of which shall correspond to the requirements of the laws of the United States of America or to the standard practices of the security clearing system(s) which then exist(s), for a permanent global bearer Note (the "**Permanent Global Note**") (the Temporary Global Note and the Permanent Global Note, each a "**Global Note**") without interest coupons. The right of the holders of Notes (each a "**Noteholder**") to require the issue and delivery of definitive notes or interest coupons is excluded.

The Notes are issued in new global note form and are kept in custody by a common safekeeper on behalf of the ICSDs.

Status of the Notes

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

Negative Pledge

So long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Principal Paying Agent, the Issuer undertakes (i) not to grant or permit to subsist any encumbrance over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness (as defined below) issued or guaranteed by the Issuer or by any of its Principal Subsidiaries (as defined below) or by any other person, and (ii) to procure (to the extent legally possible and permissible) that none of its Principal Subsidiaries will grant or permit to subsist any encumbrance over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness issued or guaranteed by the Issuer, other than any encumbrance existing over assets of a newly acquired company which becomes a Principal Subsidiary, without at the same time having the Noteholders share equally and rateably in such security or such other security as shall be provided by an independent expert as being equivalent security.

"Capital Market Indebtedness" means any obligation for the payment or repayment of borrowed money (including obligations by reason of any guarantee or other liability agreement for obligations of third parties) which is in the form of, or represented by, a certificate of indebtedness or notes or other securities which are or are capable of being quoted, listed, dealt in or traded on a stock exchange or

other recognised securities market, including Schuldscheine.

"Principal Subsidiary" means a Subsidiary of the Issuer, the turnover or the total assets of which, as shown in its audited financial statements following consolidation measures (in each case consolidated where that Subsidiary itself has any Subsidiaries and draws up group financial statements), as at the date at which its latest audited consolidated financial statements were prepared or, as the case may be, for the financial period to which those financial statements relate, account for ten per cent. or more of the turnover or total assets of the Group (all as calculated by reference to the latest audited consolidated financial statements of the Group). **"Group"** means the Issuer and its Subsidiaries from time to time, taken as a whole.

"Subsidiary" means any enterprise controlled by the Issuer or, as the case may be, by a Subsidiary of the Issuer, within the meaning of § 17 German Stock Corporation Act (*Aktiengesetz*) (*abhängiges Unternehmen*).

Interest

The Notes will bear interest from and including 11 March 2010 at a fixed rate of [●] per cent. per annum payable in arrear on 11 March of each year.

Taxes

All payments of principal and interest will be made without any withholding or deduction by the Issuer at source of any present or future taxes, duties, assessments or governmental charges of whatever kind which are imposed, levied or collected by or in or on behalf of the Federal Republic of Germany or by or on behalf of a regional or local authority empowered to impose taxes therein unless the Issuer is required by law to make such withholding or deduction. In that event, the Issuer will pay such additional amounts as may be necessary to ensure the payment to the Noteholders of the full nominal amount of principal and interest, subject to customary exceptions set out in the Terms and Conditions of the Notes.

Early Redemption for Tax Reasons

The Issuer may redeem the Notes in whole but not in part at par if as a result of any change in the laws of the Federal Republic of Germany additional amounts become payable as set out above under "Taxes".

Early Redemption upon the occurrence of a Change of Control

Each holder of Notes may request that the Issuer redeem the Notes of each such requesting Noteholder at par plus accrued interest upon the occurrence of a Change of Control.

Where:

A "**Change of Control**" occurs if any person or persons acting in concert within the meaning of § 22 para. 2 of the WpHG acquire Control of the Issuer after the Issue Date of the Notes.

"**Control**" means (i) direct or indirect (within the meaning of § 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz*, the "**WpHG**") legal or beneficial ownership of shares carrying, in the aggregate, more than 50 per cent. of the voting rights in the Issuer or (ii) in the event of a public tender offer for shares of the Issuer a situation in which (x) shares already directly or indirectly in control of the bidder and/or Persons acting in concert with the bidder and shares which have already been tendered in the tender offer carry in aggregate more than 50 per cent. of the voting rights in the Issuer and (y) the offer is or has become unconditional and any conditions relating to regulatory, in particular merger control, approvals and other conditions the satisfaction of which may remain pending following the end of the acceptance period pursuant to § 16 para. 1 of the German Takeover Act (*Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen – WpÜG*) have been met.

If a Change of Control occurs, the Issuer will fix the control record date, which will be not less than 30 nor more than 60 days after the notice of the Change of Control, (the "**Control Record Date**") and give notice to the Noteholders of the Change of Control and the Control Record Date as soon as practicable after becoming aware thereof.

Early Redemption at the Option of the Issuer

The Issuer may also redeem the Notes (in whole but not in part) at a redemption price equal to the principal amount plus interest accrued to but excluding the date of redemption in case the Issuer has redeemed or repurchased Notes equal to or in excess of 80% of the aggregate principal amount of the Notes initially issued.

Events of Default

The Terms and Conditions of the Notes contain certain events of default (including a cross-default provision) entitling Noteholders to demand immediate redemption of the Notes.

Listing and Admission to Trading

Application will be made for the Notes to be admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

Governing Law

The Notes will be governed by German law.

**German Act on Issues
of Debt Securities
(Schuldverschreibungsgesetz)**

The Notes will be subject to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*), which, *inter alia*, provides for the possibility of the Noteholders to amend the Terms and Conditions, with the consent of the Issuer, by majority vote and to appoint a joint representative (*gemeinsamer Vertreter*) for the preservation of their rights.

Jurisdiction

Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main, Federal Republic of Germany.

Selling Restrictions

European Economic Area, United States of America, United Kingdom, Japan, Italy.

Clearing and Settlement

The Notes will be accepted for clearing through Euroclear SA/NV, Brussels, and Clearstream Banking S.A., Luxembourg (together the "**Clearing System**").

Security Codes

ISIN: XS0491047154;
Common Code: 049104715;
German Securities Code (*WKN*): A1C9UX

Availability of Documents

This Prospectus and the documents incorporated by reference herein will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Summary in respect of the Issuer and the RHÖN-KLINIKUM Group

The Issuer is a stock corporation (*Aktiengesellschaft*) with unlimited duration, incorporated under the laws of Germany and registered in the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of Schweinfurt under the number HRB 1670. The Issuer's business address and registered office is RHÖN-KLINIKUM AG, Salzburger Leite 1, 97616 Bad Neustadt a.d. Saale, Germany. The telephone number is +49 (0) 9771 65-0.

Based on information submitted to the Issuer pursuant to sections 21 *et seq.* German Securities Trading Act (*Wertpapierhandelsgesetz*, the "**WpHG**") and section 15a WpHG as of the date of this Prospectus major shareholders are Eugen Münch and Ingeborg Münch (both hold shares in the Issuer amounting to a total of 12.5%), Alecta pensionsförsäkring, ömsesidigt (9.9%) and Franklin Mutual Advisors (5.07%). As the submissions to the Issuer pursuant to sections 21 *et seq.* WpHG occurred before the capital increase in August 2009, the change in the shareholding based on the capital increase are partly not reflected in above figures.

The Issuer, established in 1970 under the name "Kurbetriebs- und Verwaltungsgesellschaft m.b.H.", is, in the Issuer's view, one of the leading private hospital operators in Germany. Among these operators, the Issuer is the only one that is listed on a stock exchange. The Issuer is the parent company of the Group. The Issuer operates the hospitals for cardiovascular and hand surgery and the psychosomatic hospitals in Bad Neustadt a.d. Saale, as well as a health spa (*Heilbad*). All other facilities of the RHÖN-KLINIKUM Group, e.g. the hospitals and Medical Care Centres (as defined below) are operated by the respective consolidated subsidiaries of the Issuer.

The RHÖN-KLINIKUM Group establishes, operates, acquires and restructures hospitals (in particular with regard to the course of treatment) and establishes, acquires and operates medical care centres (*Medizinische Versorgungszentren*, "**Medical Care Centres**") in Germany. As at 1 January 2010, the RHÖN-KLINIKUM Group comprised 53 hospitals in 42 locations in 10 German federal states and 29 Medical Care Centres which currently have 110 specialist physician practises (*Facharztsitze*).

The Issuer's fiscal year coincides with the calendar year, beginning on 1 January and ending on 31 December of each year.

Pursuant to section 2 of its Articles of Association, the Issuer's business purpose is

- the establishment, operation of and provision of consulting services to hospitals, of all manner of sanatorium, diagnostic and therapy facilities, professional qualification and training facilities as well as tourism, restaurant, and hotel facilities.
- the development, manufacture and distribution of, and trading in, medical-technical devices and the development, manufacture and distribution of, and trading in, all manner of items conducive to the establishment or operation of the aforementioned facilities,
- the management of real estate, notably residential and condominium property.

The current members of the Management Board are: Wolfgang Pföhler (Chairman), Gerald Meder, Andrea Aulkemeyer, Dr. rer. pol. Erik Hamann, Wolfgang Kunz, Ralf Stähler, Dr. rer. oec. Irmgard Stippler and Dr. med. Christoph Hans Straub.

Auditors of the Issuer for the periods covered by this Prospectus are PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Olof-Palme-Strasse 35, 60439 Frankfurt am

Main, Germany. The consolidated and unconsolidated financial statements of the Issuer for the financial years ended 31 December 2008 and 2007 were audited, and each was provided with an unqualified auditor's report by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Olof-Palme-Strasse 35, 60439 Frankfurt am Main, Germany. The interim financial information for the quarter ending 30 September 2009 is neither audited nor reviewed.

The following table sets out the key ratios of the RHÖN-KLINIKUM Group:

	1 January until 30 September		1 January until 31 December	
	2009	2008	2008	2007
	in EUR m	in EUR m	in EUR m	in EUR m
	(unaudited)	(unaudited)	(audited)	(audited)
Total Revenue.....	1,843.7	1,697.1	2,279.5	2,160.9
EBITDA ¹	209.6	192.5	262.8	249.3
Net consolidated profit	97.1	89.2	122.6	111.2
Operating cash flow ²	173.9	156.4	213.7	191.0
Total assets.....	2,714.4	2,095.0	2,140.9	2,073.1
Property, plant and equipment as well as investment property.....	1,499.3	1,317.9	1,391.0	1,209.4
Equity ratio in %	51.1	41.4	41.5	39.1
Equity Capital.....	1,387.6	867.1	889.3	810.8
Net financial debt	221.6	546.2	605.8	505.7

	1 January until 30 September		1 January until 31 December	
	2009	2008	2008	2007
	(unaudited)	(unaudited)	(audited)	(audited)
Number of employees ³	34,828	33,046	33,679	32,222
Case numbers (patients treated) ⁴ ..	1,354,652	1,241,530	1,647,972	1,544,451
Beds and places ⁴	14,874	14,684	14,828	14,647

¹ EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) refers to earnings for the relevant period before interest, tax, depreciation and amortization. EBITDA is not recognised under IFRS as a key figure and does not replace the key figures from the income statement or the cash flow statement determined in accordance with IFRS. Moreover, there is no standardised definition for EBITDA so that EBITDA reported by other companies cannot necessarily be compared with the Company's EBITDA.

² Operating cash flow is not an audited figure. Operating Cashflow is not recognized under IFRS as a key figure and does not replace the key figures from the income statement or the cashflow statement determined in accordance with IFRS. The Company calculates it as the net profit plus depreciation of fixed assets and intangible assets included in the income statement of the Company and plus or minus one-off non-cash effects.

³ As at 30 Sept or 31 December, respectively

⁴ Unaudited

The Issuer has published unaudited preliminary figures on 11 February 2010. Following which the Issuer expects that RHÖN-KLINIKUM generated, on a group wide basis in the fiscal year 2009 consolidated revenues of EUR 2,319.5 million and a net consolidated profit of EUR 131.7 million. The Issuer will publish its final consolidated audited financial statements for the fiscal year 2009 in accordance with the financial calendar on 28 April 2010.

Summary of Risk factors

Summary of risks relating to the Issuer and the RHÖN-KLINIKUM Group

The business of the Issuer and its consolidated subsidiaries taken as a whole (the "**RHÖN-KLINIKUM Group**", "**RHÖN-KLINIKUM**" and the "**Group**"), and as a result, the value of the Notes, are exposed to a number of risks. The following contains a description of certain risks, which may materially adversely affect RHÖN-KLINIKUM's net assets, financial position and results of operations and the ability of the Issuer to fulfil its obligations under the Notes:

Market and industry-specific risks

- The prices for services of the RHÖN-KLINIKUM Group are not determined by the market but are regulated by statutory provisions. The RHÖN-KLINIKUM Group has no influence on the determination of prices. Pricing may change disadvantageously due to sudden changes in the law, and changes in pricing may not be fully or even partially offset by additional services and cost savings.
- The Issuer's business model would be jeopardised if a legal requirement limited private hospital operators' profits.
- The revenues of the RHÖN-KLINIKUM Group depend on the demand for medical services and the competition for patients. The "outpatient before in-patient" trend may continue, and the Company may not be able to compensate for this through different or innovative treatment options.
- The diagnosis-related group payment system (the "DRG payment system") could lead to the fact that the income generated by any or all of the specialty clinics will not cover their expenditures or will generate a smaller margin than in the general hospitals of the RHÖN-KLINIKUM Group. Also there is a risk of incorrect primary diagnosis by a physician of the RHÖN-KLINIKUM Group or systematic deficiencies in the recording of diagnoses and treatment procedures.
- The revenues of the RHÖN-KLINIKUM Group depend heavily on the budgets and compensation agreements which are agreed prior to each calendar year and determined on the basis of services. RHÖN-KLINIKUM Group may be unsuccessful in negotiating future compensation agreements that are profitable or that cover costs.
- The revenue of the RHÖN-KLINIKUM Group depends significantly on the financial position of the social security organisations, which, in turn, is largely influenced by the level of insurance contributions, the level of employment and the general economy. As a result, changes in the real economy may have a delayed impact on the financial position of the social security organisations, which could lead to a reduction in payments made to hospitals. Social security organisations may also seek ways to reimburse services at a lower level or not at all or may only provide payment following a delay.
- There are no special regulations for the billing of physicians' services by the Medical Care Centres. The revenues of the RHÖN-KLINIKUM Group with regard to the Medical Care Centres depend on the fixed standard service volumes (*Regelleistungsvolumina*) which are allocated by the association of statutory health insurance accredited physicians. The

revenues of the medical care centres also depend on allocated standard service volumes (*Regelleistungsvolumina*).

Operating risks

- Acquisition Strategy: the Issuer's strategy is to grow through the acquisition of hospitals and Medical Care Centres. Acquisitions represent a significant business risk and can have significant adverse effects on the earnings, financial position and result of operations of the RHÖN-KLINIKUM Group. The growth of the RHÖN-KLINIKUM Group may be limited because of antitrust laws. Thus, the RHÖN-KLINIKUM Group's growth could be limited or not occur at all. Further risk in connection with the acquisition strategy are delay of the expected pressure to privatise and acquisition of less profitable hospitals initially hurts the margins of the RHÖN-KLINIKUM Group as a whole.
- Patient claims / Reputation: Institutions in the healthcare sector are regularly subject to lawsuits resulting from negligence, treatment errors and other claims, for example in connection with viral or bacterial infection. This had in recent years and could in future lead to a significant increase in insurance premiums. Regardless of the outcome, lawsuits consume Issuer's resources, may involve claims for significant damages and costs for legal defence and may lead to a loss of reputation for the RHÖN-KLINIKUM Group. A loss of reputation may also lead to a decline in patient numbers and, therefore, to a decline in revenue.
- Employees: A shortage of qualified managers and employees and, in particular, specialists in the medical and nursing services leads to an intense competition in the sector for specialist personnel. This situation could lead to higher personnel costs or even to a reduction in capacity. There is also a risk of an inability of the RHÖN-KLINIKUM Group to retain and/or hire well-trained personnel.
- IT risks: In its operations, the RHÖN-KLINIKUM Group uses a variety of hardware, software programs and an internet connection for administrative and business operations purposes. Interruptions in such systems could lead to the result that services provided might not be billed promptly or data might be lost and could have a negative impact on data transfer and business operations.
- Risk management: There may be unknown or unrecognised risks to the RHÖN-KLINIKUM Group or previously recognised risks could have been evaluated incorrectly. Further, it cannot be ruled out that the risk management system could prove to be partially or completely insufficient or could fail.

Financial Risk Factors

- Sufficient liquidity is indispensable for the RHÖN-KLINIKUM Group. It cannot be ruled out that liquidity shortages could occur within the RHÖN-KLINIKUM Group. There are financing risks in connection with the acquisition strategy. The RHÖN-KLINIKUM Group's earnings depend to a considerable extent on utilisation of capacity and the level of fixed costs.
- The RHÖN-KLINIKUM Group is subject to credit, liquidity and interest-rate risks. There is a risk of liquidity shortfalls due to calling of the loans with immediate effect or imposing of less favourable conditions.
- As holding company the Issuer's ability to repay its debts depends primarily on receiving sufficient funds from its subsidiaries and, thus, on their financial condition and results of operations.

- The RHÖN-KLINIKUM Group is exposed to the risk that one or more of the statutory health insurance plans could permanently default on payments.

Legal and Tax Risks

- The RHÖN-KLINIKUM Group is dependent to a significant degree on regulatory permits and approvals, e.g. acute care hospitals must be included in the hospital requirement plan of a federal state to be allowed to provide hospital treatment for the statutory health insurance plans. If government requirements are not met or if an acute care hospital would be wholly or partly removed from the hospital plan, a facility of the RHÖN-KLINIKUM Group could be excluded from accepting patients or be closed.
- Changes in the political or legal framework or in the underlying conditions in the healthcare market may significantly impair the business activities of the RHÖN-KLINIKUM Group. For example, the current coalition agreement between CDU, CSU and FDP stipulates that legal entities may only on rare occasions be the majority shareholder of Medical Care Centres and, as a result, the RHÖN-KLINIKUM Group could be prevented from acquiring new centres.
- Negative quality reports might lead to a lower demand for services and reduced utilisation of the RHÖN-KLINIKUM Group's hospitals.
- The RHÖN-KLINIKUM Group has received substantial government grants in the past. Under certain conditions the grants may be revoked or withdrawn with immediate effect and must be repaid.

Further Risks

The RHÖN-KLINIKUM Group may also face the following other risks:

- Increasing personnel and material expenses;
- Strikes or other industrial action;
- Errors in the production of medications and products and in the provision of services;
- Supplier bottlenecks or quality problems with suppliers and service providers;
- Gaps in the public power grid or the in-house emergency power supply; Inadequate provisions for severance payments;
- Additional payment obligations if the federal and state pension scheme (*Versorgungsanstalt des Bundes und der Länder* ("VBL")) or the state supplementary insurance plans (*Zusatzversorgungskassen der Länder* ("ZVK")) are unable to meet their obligations; potential offsetting payment obligations if one of the companies of the RHÖN-KLINIKUM Group ceased to be a member of the VBL or a ZVK;
- Insufficient insurance coverage;
- Force majeure events (e.g. fires, floods, hurricanes, storms, earthquakes or terrorist attacks);
- Unknown or unrecognised risks;
- Write-downs due to potential impairment to the RHÖN-KLINIKUM Group's fixed assets, particularly real estate;
- Loss of one or more key members of the management team;

- The loss of Universitätsklinikum Giessen's und Marburg GmbH's status as a university hospital;
- The reversion of ownership of individual hospitals to the sellers without full compensation (reversion clause) due to the violation of state hospital planning regulations;
- Contractual risks arising from the use of standardised contractual terms;
- Additional tax payments insufficiently covered by provisions therefor;
- Potential liability for local business tax (*Gewerbesteuer*) for periods not yet finalised and lapse of the requirements for local business tax relief in the future as well as repeal of VAT exemptions for certain services provided by hospitals and increase in the overall tax rates;
- Obstruction by, penalties and damages for violations of, environmental regulations.

The realisation of any of the risks described above may affect the Issuer's ability to fulfil its payment obligations under the Notes and/or lead to a decline in the market price of the Notes.

Summary of risks relating to the Notes

An investment in the Notes involves certain risks associated with the characteristics of the Notes which could lead to substantial losses the Noteholders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Those risks include the following:

- The Notes will be redeemed on 11 March 2016. The Issuer is under no obligation to redeem the Notes at any time before the relevant maturity date and the Noteholders have no right to call for their redemption except upon the occurrence of a Change of Control.
- There is no restriction on the amount of debt which the Issuer may issue ranking equal to the obligations under or in connection with the Notes.
- Application has been made for the Notes to be admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Notes will develop.
- It cannot be ruled out that the price of the Notes may fall as a result of changes in the current interest rate on the capital market (market interest rate), as the market interest rate fluctuates.

GERMAN TRANSLATION OF THE SUMMARY

ZUSAMMENFASSUNG

Die nachfolgenden Ausführungen stellen eine Zusammenfassung (die "**Zusammenfassung**") der wesentlichen Merkmale und Risiken, die auf die Emittentin und die Schuldverschreibungen zutreffen, dar. Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Jede Entscheidung eines Anlegers zu einer Anlage in die Schuldverschreibungen sollte sich auf die Prüfung des gesamten Prospektes stützen. Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte ein als Kläger auftretender Anleger in Anwendung der Rechtsvorschriften des betreffenden Staates des Europäischen Wirtschaftsraums die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Die Emittentin, die als Verantwortliche die Zusammenfassung einschließlich einer jeden Übersetzung davon vorgelegt hat, kann haftbar gemacht werden, jedoch nur in dem Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird.

Zusammenfassung der Anleihebedingungen

Emittentin	RHÖN-KLINIKUM AG, Bad Neustadt a.d. Saale, Bundesrepublik Deutschland (" Deutschland ")
Joint Lead Manager	Credit Suisse Securities (Europe) Limited UniCredit Bank AG WestLB AG
Co-Manager	Hauck & Aufhäuser Privatbankiers KGaA
Hauptzahlstelle	Citibank, N.A., London Branch handelnd durch ihre Agency and Trust Abteilung
Bestimmung des Gesamtnennbetrags und des Emissionspreises u.a.	Der endgültige Emissionspreis, Gesamtnennbetrag, der Zinssatz, die Provisionen, die Rendite und die Kosten der Begebung der Schuldverschreibungen werden in der Pricing Notice enthalten sein, die auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) am oder vor dem Tag der Begebung der Schuldverschreibungen veröffentlicht wird.
Gesamtnennbetrag	€[●]
Emissionspreis	[●]%
Begebungstag der Schuldverschreibungen	Am oder um den 11. März 2010
Zinslaufbeginn	11. März 2010
Fälligkeit	Die Schuldverschreibungen werden am 11. März 2016 zum Nennbetrag zurückgezahlt.
Stückelung	€1.000
Form der Schuldverschreibungen	Die Schuldverschreibungen sind zunächst in einer vorläufigen Inhaber-Globalurkunde (die " Vorläufige Globalurkunde ") ohne Zinsscheine verbrieft, die bei einer

gemeinsamen Verwahrstelle (*common safekeeper*) für Clearstream Banking, société anonyme, Luxemburg ("**Clearstream, Luxemburg**") und Euroclear Bank SA/NV ("**Euroclear**") (Clearstream, Luxemburg und Euroclear jeweils ein "ICSD" und zusammen die "ICSDs" bzw. das "**Clearing System**"), hinterlegt ist. Jede Vorläufige Globalurkunde wird frühestens 40 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde gegen Nachweis über das Nichtbestehen wirtschaftlichen U.S.-Eigentums im Sinne des U.S.-Rechts (*non-U.S. beneficial ownership*), der nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten von Amerika oder den dann bestehenden Usancen der Clearingsysteme entspricht, für den Inhaber von Schuldverschreibungen unentgeltlich insgesamt oder teilweise gegen eine dauerhafte Inhaber-Globalurkunde (die "**Dauer-Globalurkunde**") (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "**Globalurkunde**") ohne Zinsscheine ausgetauscht werden. Ein Recht der Anleihegläubiger auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.

Die Schuldverschreibungen werden in Form einer New Global Note ausgegeben und von einer gemeinsamen Verwahrstelle (*common safekeeper*) im Namen beider ICSDs verwahrt.

Status der Schuldverschreibungen

Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

Negativverpflichtung der Emittentin

Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Hauptzahlstelle zur Verfügung gestellt worden sind, (i) weder ihr gegenwärtiges noch ihr zukünftiges Vermögen ganz oder teilweise als dingliche Sicherheit für eine gegenwärtige oder zukünftige Kapitalmarktverbindlichkeit (wie nachstehend definiert), die von der Emittentin, einer ihrer Wesentlichen Tochtergesellschaften (wie nachstehend definiert) oder einer anderen Person eingegangen oder gewährleistet ist, zu belasten oder eine solche dingliche Sicherheit zu diesem Zweck bestehen zu lassen, und (ii) ihre wesentlichen Tochtergesellschaften zu veranlassen (soweit rechtlich möglich und zulässig), weder ihr

gegenwärtiges noch ihr zukünftiges Vermögen ganz oder teilweise als dingliche Sicherheit für eine gegenwärtige oder zukünftige Kapitalmarktverbindlichkeit, die von der Emittentin eingegangen oder gewährleistet ist, zu belasten oder eine solche dingliche Sicherheit zu diesem Zweck bestehen zu lassen, mit Ausnahme von bestehenden Besicherungen am Vermögen einer Gesellschaft, die im Rahmen einer Akquisition wesentliche Tochtergesellschaft wird, ohne jeweils die Anleihegläubiger zur gleichen Zeit und im gleichen Rang an einer solchen Sicherheit oder an anderen Sicherheiten, die von einem unabhängigen Sachverständigen als gleichwertige Sicherheiten anerkannt werden, teilnehmen zu lassen.

"Kapitalmarktverbindlichkeit" ist jede Verbindlichkeit zur Zahlung oder Rückzahlung aufgenommener Gelder (einschließlich Verpflichtungen aus Garantien oder anderen Haftungsvereinbarungen für Verbindlichkeiten von Dritten), die durch Schuldscheine oder durch Schuldverschreibungen oder sonstige Wertpapiere, die an einer Börse oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können, verbrieft, verkörpert oder dokumentiert ist, einschließlich Schuldscheine.

"Wesentliche Tochtergesellschaft" bezeichnet eine Tochtergesellschaft der Emittentin, deren Umsatz oder deren Summe der Aktiva aufgrund ihres geprüften Abschlusses nach Konsolidierungsmaßnahmen (jedoch auf konsolidierter Basis, falls die betreffende Tochtergesellschaft ihrerseits Tochtergesellschaften hat und einen Konzernabschluss erstellt) ausweislich des jeweils letzten geprüften konsolidierten Abschlusses der Emittentin bzw. für den Zeitraum, auf den sich dieser Abschluss bezieht, mindestens 10 Prozent des Umsatzes oder der Summe der Aktiva des Konzerns betragen hat, wie im geprüften konsolidierten Konzernabschluss ausgewiesen. "Konzern" bezeichnet die Emittentin und ihre jeweiligen Tochtergesellschaften, betrachtet als Ganzes.

"Tochtergesellschaft" ist jedes von der Emittentin oder einer Tochtergesellschaft abhängige Unternehmen im Sinne von § 17 Aktiengesetz.

Verzinsung

Die Schuldverschreibungen werden vom 11. März 2010 (einschließlich) zu einem festen Zinssatz von [●]% per annum verzinst. Die Zinsen sind am 11. März eines jeden Jahres nachträglich zu zahlen.

Steuern

Kapital und Zinsen sind ohne Einbehalt oder Abzug durch

die Emittentin an der Quelle von oder wegen irgendwelchen gegenwärtigen oder zukünftigen Steuern, Abgaben, Veranlagungen oder regierungsseitigen Gebühren gleich welcher Art, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben oder eingezogen werden ("**Quellensteuern**"), zu zahlen, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet. In diesem Fall wird die Emittentin vorbehaltlich üblicher Ausnahmen, die in den Emissionsbedingungen beschrieben sind, diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, um die Zahlung von Zinsen und Kapital zum jeweiligen vollen Nennbetrag an die Anleihegläubiger sicherzustellen.

Vorzeitige Rückzahlung aus Steuergründen

Die Emittentin kann die Schuldverschreibungen insgesamt, jedoch nicht teilweise, zum Nennbetrag zurückzahlen, falls infolge einer Änderung der Gesetze der Bundesrepublik Deutschland zusätzliche Beträge zahlbar werden, wie vorstehend unter "Steuern" beschrieben.

Vorzeitige Rückzahlung aufgrund eines Kontrollwechsels

Jeder Anleihegläubiger kann die Emittentin zur vorzeitigen Rückzahlung der Schuldverschreibungen zum Nennbetrag zuzüglich aufgelaufener Zinsen auffordern, wenn ein Kontrollwechsel eingetreten ist.

Dabei gilt Folgendes:

Ein "**Kontrollwechsel**" tritt ein, wenn eine Person oder mehrere Personen, die abgestimmt im Sinne des § 22 Absatz 2 WpHG handeln, nach dem Tag der Begebung der Schuldverschreibungen Kontrolle über die Emittentin erwirbt bzw. erwerben.

"**Kontrolle**" bezeichnet (i) direktes oder indirektes (im Sinne des § 22 WpHG) rechtliches oder wirtschaftliches Eigentum von Aktien, die zusammen mehr als 50% der Stimmrechte der Emittentin gewähren oder (ii) im Falle eines öffentlichen Übernahmeangebotes für Aktien der Emittentin eintritt, in der (x) Aktien, die sich bereits direkt oder indirekt in der Kontrolle des Bieters und oder von Personen, die mit dem Bieter gemeinsam handeln, befinden, und Aktien, die diesen bereits im Rahmen des Angebots angedient wurden, zusammen mehr als 50% der Stimmrechte der Emittentin gewähren und (y) das Angebot unbedingt geworden ist und aufsichtsrechtliche, insbesondere kartellrechtliche Genehmigungen und sonstige Bedingungen, deren Erfüllung nach dem Ende

	<p>der Annahmefrist nach § 16 Absatz 1 WpÜG aussteht, erteilt worden sind).</p> <p>Wenn ein Kontrollwechsel eintritt, wird die Emittentin sobald wie möglich, nachdem sie Kenntnis davon erhalten hat, den Kontrollstichtag, der nicht weniger als 30 und nicht mehr als 60 Tage nach dem Tag der Bekanntmachung des Kontrollwechsels liegen darf, (der "Kontrollstichtag") bestimmen und den Kontrollwechsel sowie den Kontrollstichtag gegenüber den Anleihegläubigern bekannt machen.</p>
Vorzeitige Rückzahlung nach Wahl der Emittentin	<p>Die Emittentin ist berechtigt, die Schuldverschreibungen (ganz, jedoch nicht teilweise) zum Nennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) angewachsener Zinsen zurückzuzahlen, wenn die Emittentin 80% oder mehr des ursprünglich begebenen Nennbetrags der Schuldverschreibungen zurückgezahlt oder zurückerworben hat.</p>
Kündigungsrechte der Anleihegläubiger (<i>Events of Default</i>)	<p>Die Anleihebedingungen enthalten bestimmte Kündigungsrechte für Anleihegläubiger (einschließlich einer Drittverzugsregelung (<i>cross default provision</i>)), welche die Anleihegläubiger berechtigen, die unverzügliche Rückzahlung der Schuldverschreibungen zu verlangen.</p>
Börsennotierung und Zulassung zum Handel	<p>Die Zulassung der Schuldverschreibungen zum Handel am EU-regulierten Marktsegment der Luxemburger Wertpapierbörse sowie zur Amtlichen Notierung (<i>Official List</i>) an der Luxemburger Wertpapierbörse wird beantragt werden.</p>
Anwendbares Recht	<p>Die Schuldverschreibungen unterliegen deutschem Recht.</p>
Gesetz über Schuldverschreibungen aus Gesamtemissionen (<i>Schuldverschreibungsgesetz</i>)	<p>Die Schuldverschreibungen unterliegen dem Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz), welches unter anderem die Möglichkeit der Anleihegläubiger vorsieht, durch Mehrheitsentscheidung mit Zustimmung der Emittentin die Emissionsbedingungen zu ändern und einen gemeinsamen Vertreter zur Wahrnehmung ihrer Rechte zu ernennen.</p>
Gerichtsstand	<p>Nichtausschließlicher Gerichtsstand für alle sich aus den Schuldverschreibungen ergebenden Rechtsstreitigkeiten ist Frankfurt am Main.</p>
Verkaufsbeschränkungen	<p>Europäischer Wirtschaftsraum, Vereinigte Staaten von Amerika, Vereinigtes Königreich, Japan, Italien.</p>
Clearing und Abwicklung	<p>Die Schuldverschreibungen werden zum Clearing durch Euroclear SA/NV, Brüssel, und Clearstream Banking S.A., Luxemburg, (zusammen das "Clearingsystem")</p>

Wertpapiernummern

zugelassen.

ISIN: XS0491047154;

Common Code: 049104715;

Wertpapierkennnummer (WKN): A1C9UX

Verfügbarkeit von Dokumenten

Dieser Prospekt und die hierin einbezogenen Dokumente werden auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) veröffentlicht.

Zusammenfassung in Bezug auf die Emittentin und den RHÖN-KLINIKUM Konzern

Die Emittentin ist eine Aktiengesellschaft mit unbegrenzter Dauer, sie wurde nach deutschem Recht gegründet und ist in dem Handelsregister am Amtsgericht von Schweinfurt unter der HRB-Nummer 1670 eingetragen. Geschäftsadresse und eingetragener Geschäftssitz der Gesellschaft sind: Salzburger Leite 1, 97616 Bad Neustadt a.d. Saale. Die Telefonnummer lautet +49 (0) 9771 65-0.

Auf Grundlage der Informationen, die der Emittentin nach §§ 21 ff. und § 15a WpHG zum Datum dieses Prospektes mitgeteilt wurden, sind ihre Hauptaktionäre Eugen Münch und Ingeborg Münch (beide halten insgesamt 12,5% der Aktien der Emittentin), Alecta pensionsförsäkring, ömsesidigt (9,9%) und Franklin Mutual Advisors (5,07%). Da die Stimmrechtsmitteilungen nach §§ 21 ff. WpHG vor der Kapitalerhöhung im August 2009 erfolgten, sind die Veränderungen in den Beteiligungsverhältnissen aufgrund der Kapitalerhöhung in diesen Angaben teilweise noch nicht enthalten.

Die 1970 unter dem Namen "Kurbetriebs- und Verwaltungsgesellschaft m.b.H." gegründete Emittentin ist, nach eigener Einschätzung, einer der führenden privaten Betreiber von Krankenhäusern in Deutschland. Unter diesen ist die Emittentin der einzige, der börsennotiert ist. Die Emittentin ist die Konzernobergesellschaft. Die Emittentin betreibt in Bad Neustadt a.d. Saale die dort ansässige Herz-, Gefäß-, und Handchirurgie, und die Psychosomatische Klinik sowie ein Heilbad. Alle übrigen Einrichtungen des RHÖN-KLINIKUM Konzerns, z.B. die Krankenhäuser und medizinischen Versorgungszentren werden von ihren Konzerngesellschaften betrieben.

Der RHÖN-KLINIKUM Konzern betreibt, errichtet, erwirbt und strukturiert Krankenhäuser (insbesondere im Hinblick auf die Behandlungsabläufe) um und errichtet, erwirbt und betreibt medizinische Versorgungszentren ("**Medizinische Versorgungszentren**") in Deutschland. Zum RHÖN-KLINIKUM Konzern gehörten zum 1. Januar 2010 53 Krankenhäuser an 42 Standorten in 10 Bundesländern und 29 Medizinische Versorgungszentren mit 110 Facharztsitzen.

Das Geschäftsjahr der Emittentin ist das Kalenderjahr, es beginnt am 1. Januar eines jeden Jahres und endet am 31. Dezember desselben Jahres.

Unternehmensgegenstand der Gesellschaft ist gemäß § 2 der Satzung:

- die Errichtung, der Betrieb und die Beratung von Krankenhäusern, von Kur-, Diagnostik- und Therapieeinrichtungen jeder Art, von Bildungs- und Schulungseinrichtungen sowie von Einrichtungen des Fremdenverkehrs, des Gaststätten- und des Beherbergungsgewerbes,
- die Entwicklung, die Herstellung und der Vertrieb von sowie der Handel mit medizinisch-technischen Produkten und die Entwicklung, die Herstellung und der Vertrieb von sowie der Handel mit Gegenständen aller Art, die der Einrichtung oder dem Betrieb der oben genannten Häuser und Einrichtungen dienen,
- die Verwaltung von Grundbesitz, insbesondere von Wohnungs- und Teileigentum.

Die gegenwärtigen Mitglieder des Vorstandes sind: Wolfgang Pföhler (Vorsitzender), Gerald Meder, Andrea Aulkemeyer, Dr. rer. pol. Erik Hamann, Wolfgang Kunz, Ralf Stähler, Dr. rer. oec. Irmgard Stippler und Dr. med. Christoph Hans Straub.

Abschlussprüfer der Emittentin für die Zeiträume, die in diesem Prospekt dargestellt werden, sind PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Olof-Palme-Straße 35, 60439 Frankfurt am Main, Deutschland. Die Jahres- und Konzernabschlüsse der Gesellschaft für die Geschäftsjahre 2008 und 2007 wurden von der PricewaterhouseCoopers Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft, Olof-Palme-Straße 35, 60439 Frankfurt am Main geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen. Der Zwischenabschluss für das dritte Quartal 2009 ist weder geprüft noch mit einer prüferischen Durchsicht versehen.

Die nachfolgende Tabelle zeigt die wichtigsten Kennzahlen des RHÖN-KLINIKUM Konzerns

	1. Januar bis 30. September		1. Januar bis 31. Dezember	
	2009	2008	2008	2007
	in EUR Mio.	in EUR Mio.	in EUR Mio.	in EUR Mio.
	(ungeprüft)	(ungeprüft)	(geprüft)	(geprüft)
Gesamtumsatzerlöse	1.843,7	1.697,1	2.279,5	2.160,9
EBITDA ¹	209,6	192,5	262,8	249,3
Konzerngewinn	97,1	89,2	122,6	111,2
Operativer Cash Flow ²	173,9	156,4	213,7	191,0
Bilanzsumme	2.714,4	2.095,0	2.140,9	2.073,1
Sachanlagen und als Finanzinvestition gehaltene Immobilien.....	1.499,3	1.317,9	1.391,0	1.209,4
Eigenkapitalquote	51,1	41,4	41,5	39,1
Eigenkapital	1.387,6	867,1	889,3	810,8
Nettofinanzverbindlichkeiten	221,6	546,2	605,8	505,7

	1. Januar bis 30. September		1. Januar bis 31. Dezember	
	2009	2008	2008	2007
	(ungeprüft)	(ungeprüft)	(geprüft)	(geprüft)
	Zahl der Mitarbeiter ³	34.828	33.046	33.679
Fallzahlen (behandelte Patienten) ⁴	1.354.652	1.241.530	1.647.972	1.544.451
Betten und Plätze ⁴	14.874	14.684	14.828	14.647

¹ Das EBITDA (*Earnings before Interest, Taxes, Depreciation and Amortization*) ergibt sich aus dem Ergebnis vor Zinsen, Steuern und Abschreibungen für den betreffenden Zeitraum. Das EBITDA ist nach IFRS nicht als Kennzahl anerkannt und ersetzt nicht die Kennzahlen aus der Gewinn- und Verlustrechnung oder der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt werden. Des Weiteren besteht keine einheitliche Definition des EBITDA, so dass das von anderen Gesellschaften ausgewiesene EBITDA nicht unbedingt mit dem EBITDA der Gesellschaft vergleichbar sein muss.

² Der operative Cash-Flow ist keine geprüfte Kennzahl. Der operative Cash Flow ist nach IFRS nicht als Kennzahl anerkannt und ersetzt nicht die Kennzahlen aus der Gewinn- und Verlustrechnung oder der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt werden. Die Gesellschaft errechnet diesen aus dem Konzerngewinn zuzüglich der Abschreibung auf Sachanlagen und immaterielle Vermögenswerte, die in der Gewinn- und Verlustrechnung der Gesellschaft ausgewiesen sind sowie zuzüglich bzw. abzüglich nicht liquiditätswirksamer Einmaleffekte.

³ Zum 30.09. bzw. 31.12.

⁴ Ungeprüft

Die Emittentin hat am 11. Februar 2010 vorläufige ungeprüfte Zahlen veröffentlicht. Danach erwartet die Emittentin, dass der RHÖN-KLINIKUM Konzern auf konsolidierter Basis im Geschäftsjahr 2009 einen Konzernumsatz von EUR 2.319,5 Mio. sowie einen Konzernjahresüberschuss von EUR 131,7 Mio. erwirtschaftete. Die Emittentin wird ihren geprüften Konzernjahresabschluss für das Geschäftsjahr 2009 nach dem Finanzkalender am 28. April 2010 veröffentlichen.

Zusammenfassung der Risikofaktoren

Zusammenfassung von Risiken in Bezug auf die Emittentin und den RHÖN-KLINIKUM Konzern

Das gesamte Geschäft der Emittentin und ihrer konsolidierten Tochtergesellschaften (der "**RHÖN-KLINIKUM Konzern**" und "**RHÖN-KLINIKUM**") und somit auch der Wert der Schuldverschreibungen ist einer Vielzahl von Risiken ausgesetzt. Die nachstehenden Ausführungen enthalten eine Beschreibung bestimmter Risiken, welche die Vermögens-, Finanz- und Ertragslage von RHÖN-KLINIKUM wesentlich nachteilig beeinflussen und ihre Fähigkeit, ihren Zahlungsverpflichtungen unter den Schuldverschreibungen nachzukommen, beeinträchtigen könnten:

Markt und branchenspezifische Risikofaktoren

- Die Preise für Leistungen des RHÖN-KLINIKUM Konzerns bilden sich nicht am freien Markt, sondern sind gesetzlich geregelt. Der RHÖN-KLINIKUM Konzern hat keinen Einfluss auf die Festsetzung der Preise. Diese Preise können auch durch kurzfristige Gesetzesänderungen zum Nachteil der Krankenhäuser geändert werden und es kann nicht ausgeschlossen werden, dass Änderungen in den Preisen nicht oder nicht vollständig durch Mehrleistungen und Kosteneinsparungen kompensiert werden können.
- Das Geschäftsmodell der Gesellschaft wäre in Frage gestellt, wenn gesetzlich vorgeschrieben würde, dass Krankenhausbetreiber keine oder nur sehr begrenzte Gewinne erwirtschaften dürften.
- Die Umsatzerlöse des RHÖN-KLINIKUM Konzerns hängen von der Nachfrage nach medizinischen Leistungen und dem Wettbewerb um Patienten ab. Der Trend "ambulant vor stationär" könnte sich weiter fortsetzen und von der Gesellschaft nicht durch andere bzw. neue innovative Behandlungsangebote ausgeglichen werden können.
- Das Fallpauschalensystem (das "**DRG-Vergütungssystem**") könnte dazu führen, dass die Einnahmen einzelner oder aller Fachkliniken ihre Ausgaben nicht decken oder dass eine geringere Marge als in den Allgemeinkrankenhäusern des RHÖN-KLINIKUM Konzerns erwirtschaftet wird. Zudem besteht das Risiko, dass durch einen Arzt des RHÖN-KLINIKUM Konzerns eine falsche Hauptdiagnose gestellt wird oder bei der Aufzeichnung von Diagnosen und Behandlungsprozeduren systematische Mängel vorliegen.
- Die Umsatzerlöse des RHÖN-KLINIKUM Konzerns hängen ganz entscheidend von den jeweiligen Budgets und Entgeltvereinbarungen ab, die jeweils für das kommende Kalenderjahr vereinbart und leistungsorientiert ermittelt werden. Es kann nicht ausgeschlossen werden, dass es dem RHÖN-KLINIKUM Konzern in Zukunft nicht gelingen wird, rentable oder wenigstens kostendeckende Entgeltvereinbarungen abzuschließen.
- Der Umsatz des RHÖN-KLINIKUM Konzerns hängt entscheidend von der Finanzlage der Sozialleistungsträger ab, die ihrerseits maßgeblich von der Entwicklung der Versicherungsbeiträge, der Arbeitsmarktlage und damit von der allgemeinen wirtschaftlichen Lage beeinflusst wird. Dabei können Änderungen der realwirtschaftlichen Lage sich auch erst zeitverzögert auf die Finanzlage der Sozialleistungsträger auswirken, was wiederum zu einer Minderung der Entgelte für Krankenhäuser führen kann. Auch könnten die Sozialleistungsträger nach Ansätzen suchen, Leistungen geringer, nur mit Zeitverzögerung oder gar nicht zu vergüten.

- Die Einkünfte der Medizinischen Versorgungszentren hängen von den zugewiesenen Regelleistungsvolumina ab.

Unternehmensspezifische Risikofaktoren

- Akquisitionsstrategie: Der RHÖN-KLINIKUM Konzern plant, durch den Erwerb weiterer Krankenhäuser und Medizinischer Versorgungszentren zu wachsen. Akquisitionen bedeuten ein nicht unerhebliches unternehmerisches Risiko und können erheblich nachteilige Auswirkungen auf den Ertrag, die Finanzlage und das Geschäftsergebnis des RHÖN-KLINIKUM Konzerns haben. Das Wachstum des RHÖN-KLINIKUM Konzerns könnte jedoch aufgrund kartellrechtlicher Vorschriften beschränkt sein. Das Wachstum des RHÖN-KLINIKUM Konzerns könnte daher aufgrund von Wettbewerbsrecht beschränkt sein oder zum Erliegen kommen. Weitere Risiken im Zusammenhang mit der Akquisitionsstrategie sind eine Verzögerung des erwarteten Privatisierungsdruck sowie die Akquisition von weniger ertragreichen Krankenhäuser, die zunächst die Marge des RHÖN-KLINIKUM Konzerns insgesamt belastet.
- Klagen von Patienten / Reputation: Einrichtungen im Gesundheitswesen sind regelmäßig Klagen wegen Sorgfaltspflichtverletzung, Behandlungsfehlern und anderen Ansprüchen ausgesetzt, zum Beispiel im Zusammenhang mit viralen oder bakteriellen Infektionen. Dies hat in den letzten Jahren und könnte auch zukünftig zu einem wesentlichen Anstieg der Versicherungsprämien führen. Unabhängig von ihrem letztendlichen Ausgang binden Prozesse Unternehmensressourcen, können hohe Schadensersatzforderungen und erhebliche Kosten für die Rechtsverteidigung mit sich bringen sowie zu einem Reputationsverlust des RHÖN-KLINIKUM Konzerns führen. Ein Reputationsverlust kann ferner einen Rückgang der Patientenzahlen und damit einen sinkenden Umsatz zur Folge haben.
- Mitarbeiter: Ein Engpass an qualifizierten Führungskräften und Mitarbeitern und insbesondere von medizinischem Fachpersonal im ärztlichen und pflegerischen Dienst führt zu einem intensiven Wettbewerb um Fachpersonal. Diese Situation kann zu höheren Personalkosten oder sogar zu einem Rückgang der Kapazitäten führen. Es besteht das Risiko, dass es dem RHÖN-KLINIKUM Konzern nicht möglich ist, qualifizierte Führungskräfte und Mitarbeiter zu gewinnen bzw. zu halten.
- IT Risiken: Der RHÖN-KLINIKUM Konzern verwendet im Rahmen seiner Geschäftstätigkeit für administrative und operative Geschäftszwecke eine Vielzahl verschiedener Hardwaresysteme, Softwareprogramme sowie Internetverbindungen. Störungen in diesen Systemen könnten dazu führen, dass erbrachte Leistungen nicht zeitnah berechnet werden können oder Daten verloren gehen oder zu Beeinträchtigungen des Datentransfers und der Geschäftstätigkeit führen.
- Risikomanagement: Es bestehen möglicherweise unbekannte oder unerkannte Risiken für den RHÖN-KLINIKUM Konzern oder bereits erkannte Risiken könnten falsch eingeschätzt worden sein. Zudem kann nicht ausgeschlossen werden, dass sich das Risikomanagementsystem teilweise oder insgesamt als unzureichend herausstellt oder versagt.

Risikofaktoren im Zusammenhang mit der Finanzsituation

- Ausreichende Liquidität ist für den RHÖN-KLINIKUM Konzern unverzichtbar. Es kann nicht ausgeschlossen werden, dass es innerhalb der RHÖN-KLINIKUM Konzerns zu

Liquiditätsengpässen kommt. Im Zusammenhang mit der Akquisitionsstrategie bestehen Finanzierungsrisiken. Die Ertragslage des RHÖN-KLINIKUM Konzerns hängt in erheblichem Maße von der Auslastung der Kapazitäten und der Höhe der Fixkosten ab.

- Der RHÖN-KLINIKUM Konzern ist Kredit-, Liquiditäts- und Zinsrisiken ausgesetzt. Es besteht ein Risiko eines Liquiditätsengpasses aufgrund der Fälligkeit von Forderungen mit sofortiger Wirkung oder Verschlechterung von Konditionen.
- Als Holdinggesellschaft hängt die Fähigkeit der Emittentin ihre Verbindlichkeiten zu begleichen, in weitem Umfang vom Eingang von Mitteln von ihren Tochtergesellschaften, und daher auch von ihrer Finanz- und Ertragslage ab.
- RHÖN-KLINIKUM Konzern ist dem Risiko ausgesetzt, dass einer oder mehrere Sozialleistungsträger dauerhaft nicht in der Lage sind, ihren Zahlungsverpflichtungen nachzukommen.

Rechtliche und steuerliche Risikofaktoren

- Der RHÖN-KLINIKUM Konzern ist in erheblichem Maße von dem Vorliegen behördlicher Genehmigungen und Zulassungen abhängig, zum Beispiel müssen Akutkrankenhäuser in den Krankenhausbedarfsplan eines Landes aufgenommen sein, damit sie für die gesetzlichen Krankenkassen Krankenhausbehandlungen erbringen können. Werden die behördlichen Vorgaben nicht erfüllt oder wenn ein Akutkrankenhaus ganz oder teilweise aus dem Krankenhausbedarfsplan herausgenommen wird, könnte dies zu einem Belegungsstopp oder zur Schließung einer Einrichtung des RHÖN-KLINIKUM Konzerns führen.
- Änderungen der politischen und gesetzlichen Rahmenbedingungen sowie des Gesundheitsmarkts können die Geschäftstätigkeit des RHÖN-KLINIKUM Konzerns erheblich beeinträchtigen. So erwähnt zum Beispiel der aktuelle Koalitionsvertrag zwischen CDU, CSU und FDP dass es juristischen Personen nur in Ausnahmefällen erlaubt sein soll, Mehrheitsbeteiligungen an Medizinischen Versorgungszentren zu erwerben, und in Folge könnte der RHÖN-KLINIKUM Konzern daran gehindert werden, neue Versorgungszentren zu erwerben.
- Negative Qualitätsberichte könnten zu einer geringeren Nachfrage nach Dienstleistungen und zu einer reduzierten Auslastung des RHÖN-KLINIKUM Konzerns führen.
- Der RHÖN-KLINIKUM Konzern hat in der Vergangenheit staatliche Zuschüssen von in erheblicher Höhe erhalten. Unter bestimmten Voraussetzungen könnten die Zuschüsse widerrufen oder mit Wirkung für die Vergangenheit zurückgenommen werden und müssten zurückgezahlt werden.

Weitere Risiken

In Bezug auf den RHÖN-KLINIKUM Konzern bestehen zudem folgende Risiken:

- Anstieg der Personal- und Materialkosten;
- Streik oder sonstige Arbeitskämpfmaßnahmen;
- Fehler bei der Herstellung von Medikamenten und Produkten sowie bei der Erbringung von Dienstleistungen;
- Lieferengpässen oder Qualitätsproblemen mit Lieferanten und Dienstleistern;

- Energieversorgungslücken im öffentlichen Stromnetz sowie bei der eigenen Notstromversorgung;
- Nicht ausreichende Rückstellungen für Leistungen nach Beendigung des Arbeitsverhältnisses;
- Zusätzliche Auszahlungsverpflichtungen, falls die Versorgungsanstalt des Bundes und der Länder ("**VBL**") oder die Zusatzversorgungskassen der Länder ("**ZVK**") ihren Verpflichtungen nicht nachkommen können. Eventuell Ausgleichszahlungen bei Beendigung der Mitgliedschaft einer Gesellschaft des RHÖN-KLINIKUM Konzerns in der VBL oder einer ZVK;
- Nicht ausreichender Versicherungsschutz;
- Ereignisse höherer Gewalt (wie z.B. Brände, Hochwasser, Orkane, Unwetter, Erdbeben oder terroristische Angriffe),
- Unbekannte bzw. unerkannte Risiken;
- Abschreibungsbedarf aufgrund möglicher negativer Wertänderungen von Positionen des Anlagevermögens des RHÖN-KLINIKUM Konzerns, insbesondere von Immobilien;
- Verlust eines oder mehrerer wichtiger Mitglieder des Managements;
- Verlust des Status als Universitätsklinikum bei dem Universitätsklinikum Gießen und Marburg GmbH;
- Verlust des Eigentums bei einzelnen Krankenhäusern ohne vollen Wertausgleich an den ursprünglichen Veräußerer (Heimfallklauseln) bei Verstoß gegen die Regelungen der Landeskrankenhausplanung;
- Vertragsrisiken im Zusammenhang mit der Verwendung von standardisierten Vertragsbedingungen;
- Steuernachforderungen, für die keine ausreichenden Rückstellungen gebildet wurden;
- Mögliche Unterwerfung unter die Gewerbesteuer für noch nicht bestandskräftig veranlagte Zeiträume und fehlende Erfüllung der Tatbestandsmerkmale der Gewerbesteuerbefreiung in Zukunft. Sowie Aufhebung der Umsatzsteuerbefreiungen für bestimmte Leistungen von Krankenhäusern und Anhebung der die Steuersätze insgesamt;
- Umweltrechtliche Anforderungen und Sanktionen und Schadensersatzpflichten bei Verstößen gegen umweltrechtliche Anforderungen.

Zusammenfassung von Risiken in Bezug auf die Schuldverschreibungen

Eine Anlage in die Schuldverschreibungen ist mit bestimmten Risiken im Zusammenhang mit den Merkmalen der Schuldverschreibungen verbunden. Diese Risiken könnten dazu führen, dass die Gläubiger der Schuldverschreibungen (jeweils ein "**Anleihegläubiger**") im Falle einer Veräußerung ihrer Schuldverschreibungen oder in Bezug auf den Erhalt von Kapital- und Zinszahlungen erhebliche Verluste erleiden. Zu diesen Risiken gehören die folgenden:

- Die Schuldverschreibungen werden am 11. März 2016 zurückgezahlt. Die Emittentin ist nicht verpflichtet, die Schuldverschreibungen zu irgendeinem früheren Zeitpunkt als dem jeweiligen Fälligkeitstermin zurückzuzahlen, und die Anleihegläubiger haben nicht das Recht,

die Rückzahlung der Schuldverschreibungen zu fordern, außer im Falle eines Kontrollwechsels.

- Es besteht keine Beschränkung hinsichtlich des Betrags an finanziellen Verbindlichkeiten, die von der Emittentin eingegangen bzw. begeben werden können und die mit den Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen im gleichen Rang stehen.
- Die Zulassung der Schuldverschreibungen zum Handel am EU-regulierten Marktsegment der Luxemburger Wertpapierbörse sowie zur Amtlichen Notierung (*Official List*) an der Luxemburger Wertpapierbörse wird beantragt werden. Es besteht jedoch keine Gewähr dafür, dass ein liquider Sekundärmarkt für die Schuldverschreibungen entstehen wird.
- Es kann nicht ausgeschlossen werden, dass der Kurs der Schuldverschreibungen aufgrund von Veränderungen der gegenwärtigen Zinssätze am Kapitalmarkt (Marktzinssatz) fällt, da der Marktzinssatz Schwankungen unterworfen ist.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, investors should be aware that the risks described may combine and thus intensify one another.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this section.

Risks relating to the Issuer and the RHÖN-KLINIKUM Group

The business of the Issuer and its consolidated subsidiaries taken as a whole, and as a result, the value of the Notes, are exposed to a number of risks. The following contains a description of certain risks, which may materially adversely affect RHÖN-KLINIKUM AG's net assets, financial position and results of operations and its ability to fulfil its obligations under the Notes.

Market and industry-specific risks

The prices for services of the RHÖN-KLINIKUM Group to statutory health insurance policy holders, from which the RHÖN-KLINIKUM Group generates 90 % of its income are not determined by the market but are regulated by statutory provisions. The RHÖN-KLINIKUM Group has no influence on the determination of prices. Pricing may change disadvantageously due to sudden changes in the law, and changes in pricing may not be fully or even partially offset by additional services and cost savings.

The Issuer's business model would be jeopardised if a legal requirement limited private hospital operators' profits, in whole or in part, to the recovery of costs, such that no profits or only very limited profits were permitted and, for example, instead had to be passed on to patients in the form of lower treatment costs.

The revenues of the RHÖN-KLINIKUM Group depend on the demand for medical services and the success in the competition for patients. Should the RHÖN-KLINIKUM Group not succeed in continuing to improve the medical care it provides, potential patients could be lost to competitors. In addition, access to patients depends on referrals from established physicians. The RHÖN-KLINIKUM Group is expanding its medical care centres ("**Medical Care Centres**"). This involves the risk that practising physicians will view the Medical Care Centres as competition and prefer to refer patients to hospitals not belonging to the RHÖN-KLINIKUM Group. The "outpatient before in-patient" trend may continue, and the Company may not be able to compensate for this through

different or innovative treatment options. The aforementioned factors could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM and its ability to fulfil its obligations under the Notes.

Since 2003, the diagnosis-related group payment system (the "**DRG payment system**") has been gradually implemented. The effects of the implementation of the DRG payment system on acute care hospitals of the RHÖN-KLINIKUM Group has varied by hospital. It is possible that it could have a material adverse effect on the financial condition and results of operation of the RHÖN-KLINIKUM Group. This is particularly true for its specialised clinics as, since only a small number of comparable clinics exists in Germany, their assessment may be based on a comparison with facilities whose services are not comparable in amount, quality and complexity and as a consequence the income generated by any or all of the specialty clinics will not cover their expenditures or will generate a smaller margin than in the general hospitals of the RHÖN-KLINIKUM Group.

If an incorrect primary diagnosis is made by a physician of the RHÖN-KLINIKUM Group or if there are systematic deficiencies in the recording of diagnoses and treatment procedures, this may result in a loss of revenue and a reduction in liquidity or to claims from insurance companies.

The basis of the compensation for in-patient/day-case patient general hospital services is a revenue budget agreed upon between the hospital operators and the social security organisations in each of the federal states. This revenue budget is agreed prior to each calendar year and is determined on the basis of services. The revenues of the RHÖN-KLINIKUM Group depend heavily on the budgets and compensation agreements and the revenue potential of the RHÖN-KLINIKUM Group is systemically limited. In addition, the RHÖN-KLINIKUM Group may be unsuccessful in negotiating future compensation agreements that are profitable or that cover costs. Further, a decline in the case numbers to the effect that minimum requirements are not complied with, might even lead to the risk that the RHÖN-KLINIKUM Group could not account specific services on the budget.

In this context, the outcome of such negotiations and thus the revenue of the RHÖN-KLINIKUM Group depends significantly on the financial position of the social security organisations, which, in turn, is largely influenced by the level of insurance contributions, the level of employment and the general economy. As a result, changes in the real economy may have a delayed impact on the financial position of the social security organisations, which could lead to a reduction in payments made to hospitals. Social security organisations may also seek ways to reimburse services at a lower level or not at all or may only provide payment following a delay.

Physicians' services by Medical Care Centres are charged on the basis of the regionally applicable fee schedule for outpatient services. In order to avoid excessive expansion of the activity of the physicians, standard service volumes (*Regelleistungsvolumina*) are fixed and allocated by the association of statutory health insurance accredited physicians. If the quantity of services exceeds the standard service volumes, remuneration takes place only on a sliding scale. The revenues of the RHÖN-KLINIKUM Group depend on the allocated standard service volumes.

Each of these factors could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

Operating risks

Acquisition Strategy

RHÖN-KLINIKUM AG's strategy is to grow through the acquisition of hospitals and Medical Care Centres. It prepares and reviews the acquisitions carefully and with professional due diligence. Nevertheless, acquisitions represent a significant business risk and can have significant adverse effects on the earnings, financial position and result of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes. Thus, the RHÖN-KLINIKUM Group's growth could be limited or not occur at all.

A further risk for the acquisition strategy is a possible limitation of investments. Municipalities could refrain from privatisation and properties available for purchase could not meet the RHÖN-KLINIKUM Group's acquisition requirements. Moreover, in recent years there has been substantial competition among potential purchasers of the few hospitals resulting in increasing prices making the acquisition of these institutions unattractive. Finally, both the growth of the RHÖN-KLINIKUM Group through the acquisition of other hospitals or holdings in hospitals or partnerships with other operators in certain regions may be limited because of antitrust laws. The pressure to privatise, that the Company anticipates, in the public or non-profit hospital sector could be delayed or fail to occur. The acquisition of less profitable hospitals initially hurts the margins of the RHÖN-KLINIKUM Group as a whole. Measures to increase efficiency to compensate for this may not be implemented quickly enough or at all.

The limit on RHÖN-KLINIKUM Group's growth could have a corresponding material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

Patient claims / Reputation

Institutions in the healthcare sector are regularly subject to lawsuits resulting from negligence, treatment errors and other claims. Because of the risks typically closely associated with the operation of medical care facilities, it cannot be excluded that people may be harmed or die. Also viral or bacterial infections or other infections could spread in facilities of the RHÖN-KLINIKUM Group. In recent years, the number of claims of property damage has risen. As a result, the premiums paid by hospital operators, including the RHÖN-KLINIKUM Group, for property insurance have increased significantly in recent years. Regardless of the outcome, lawsuits consume RHÖN-KLINIKUM Group's resources, may involve claims for significant damages and costs for legal defence and may lead to a loss of reputation for the RHÖN-KLINIKUM Group. In addition, claims for damages may not be covered partially or at all by RHÖN-KLINIKUM Group's liability policies. The insurance coverage this requires may, in the future, only be available on unfavourable terms or the level of existing insurance coverage may prove to be insufficient. A loss of reputation may also lead to a decline in patient numbers and, therefore, to a decline in revenue. A loss of reputation suffered by individual companies of the RHÖN-KLINIKUM Group could extend to other or to all RHÖN-KLINIKUM Group companies. Patient lawsuits or a significant increase in insurance premiums could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

Employees

The RHÖN-KLINIKUM Group is materially dependent on qualified managers and employees and it is vitally important for the RHÖN-KLINIKUM Group to hire and retain well-trained personnel, in particular, specialists in the medical and nursing services. There is currently a significant shortage

of physicians in Germany, particularly qualified specialists, which varies in degree by region and leads to intense competition in the sector for specialist personnel. This situation could slow the growth of individual companies of the RHÖN-KLINIKUM Group, lead to higher personnel costs or even lead to a reduction in capacity and affect the implementation of certain measures. If individual employees breach legal requirements, contractual agreements or internal guidelines, the RHÖN-KLINIKUM Group may have to assume responsibility for the conduct of such an employee. Each of these factors could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

IT risks

In its operations, the RHÖN-KLINIKUM Group uses a variety of software programs for administrative purposes, particularly for the management of patient data, the maintenance of electronic patient records and the billing for services rendered. Moreover, the RHÖN-KLINIKUM Group is dependent on a functioning Internet connection, e.g. in the evaluation of X-ray images over the Internet by experts at other locations (teleradiology). Previously unknown software or hardware errors could lead to program crashes or the temporary failure of the software programs, with the result that services provided might not be billed promptly or data might be lost. The interruption of Internet access could have a negative impact on data transfer and business operations. If such interruptions occur, this could have material adverse effects on business operations and thus on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes. The functioning of hardware and software is essential for the RHÖN-KLINIKUM Group's operations. Hardware or software errors could result in a material adverse effect on the operations of the RHÖN-KLINIKUM Group. A violation of data protection laws could significantly damage the reputation of the RHÖN-KLINIKUM Group.

Risk management

RHÖN-KLINIKUM AG believes that an adequate risk management system is in place at the RHÖN-KLINIKUM Group. However, there may be unknown or unrecognised risks to the RHÖN-KLINIKUM Group. Previously recognised risks could have been evaluated incorrectly. It cannot be ruled out that the risk management system could prove to be partially or completely insufficient or could fail, which could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

Financial Risk Factors

Sufficient liquidity is indispensable for the RHÖN-KLINIKUM Group, because in order to continue operations, payments to third parties must be made regularly. In spite of a careful liquidity management, it cannot be ruled out that liquidity shortages could occur within the RHÖN-KLINIKUM Group, for example, if a major debtor defaults on payment or if an obligation under a financing agreement is called by the contractual partner. The implementation of the RHÖN-KLINIKUM Group's growth strategy through acquisitions is subject to financing risks. The RHÖN-KLINIKUM Group's earnings depend to a considerable extent on utilisation of capacity and the level of fixed costs.

The RHÖN-KLINIKUM Group is subject to credit, liquidity and interest-rate risks. While the RHÖN-KLINIKUM Group is largely free of risk due to short- and medium-term interest-rate fluctuations given its interest-rate hedges, it is subject to long-term interest-rate risk and to Eurozone interest-

rate risks. The interest rate risks of long-term debt are limited by interest-rate hedges. The RHÖN-KLINIKUM Group companies also have credit lines with several banks which are subject to interest changes. Interest rate fluctuations can affect the amount of interest payments on existing debt as well as refinancing costs.

If the RHÖN-KLINIKUM Group fails to meet its obligations arising from financing agreements or if its credit rating is lowered, lenders could call the loans with immediate effect or impose less favourable conditions, which could lead to liquidity shortfalls.

Any of these factors could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

Apart from the operation of its own hospitals in Bad Neustadt a.d. Saale, the Issuer is essentially a holding company. Its ability to repay its debts therefore depends primarily on receiving sufficient funds from its subsidiaries. The amount of these funds depends, in turn, primarily on the financial condition and results of operations of the respective subsidiaries. If this worsens the Issuer could be restricted in its ability, or be completely unable, to repay its debts including its obligations under the Notes.

The RHÖN-KLINIKUM Group provides over 90% of its services to holders of statutory health insurance policies. The risk exists that one or more of the statutory health insurance plans could permanently default on payments.

Legal and Tax Risks

Dependency to a significant degree on regulatory permits and approvals

The RHÖN-KLINIKUM Group is dependent to a significant degree on regulatory permits and approvals. If government requirements are not met and a facility of the RHÖN-KLINIKUM Group could be excluded from accepting patients or is closed, this could result in the cessation of operations of the company concerned and over-indebtedness and the insolvency of the Issuer and possibly of the entire RHÖN-KLINIKUM Group which would have a material effect on the Issuer's ability to fulfil its obligations under the Notes. Changes in the political or legal framework or in the underlying conditions in the healthcare market may significantly impair the business activities of the RHÖN-KLINIKUM Group. Changes in the legal framework, in particular, could lead to increased costs, unexpectedly high levels of investment or to reduced compensation for services rendered. The legal regulations governing Medical Care Centres may change. As indicated in the coalition agreement between CDU, CSU and FDP with regard to the 17th legislator's term, for example, a change could stipulate that legal entities may only on rare occasions be the majority shareholder of Medical Care Centres and, as a result, the RHÖN-KLINIKUM Group could be prevented from acquiring new centres.

Inclusion in hospital requirement plan

In addition, acute care hospitals must be included in the hospital requirement plan of a federal state to be allowed to provide hospital treatment for the statutory health insurance plans. Inclusion in this plan involves the deemed conclusion of a provider agreement. This entitles the hospital to conclude a budgetary or compensation agreement and is a prerequisite for the use of public investment funds. If the decision on acceptance to the hospital requirement plan or the admission is amended or repealed, the hospital concerned could be wholly or partly removed from the hospital plan. The same applies to any acquisition, since the hospital must be reaccepted into the hospital plan when

the operator of a hospital changes. If this risk materialises, the hospital would temporarily – until it is reaccepted into the hospital plan - or permanently not be in the position to maintain its operations at the usual level.

Quality reports

Each hospital that is included in the hospital requirement plan has to publish a quality report every two years. On the basis of such quality reports the associations of statutory health insurance accredited physicians (*Kassenärztliche Vereinigungen*) and health insurance companies are allowed to recommend single hospitals. A negative quality report might therefore lead to lower demand for services and reduced utilisation of the RHÖN-KLINIKUM Group's hospitals.

Governmental grants

The RHÖN-KLINIKUM Group has received substantial government grants in the past, especially investment grants. If the grants were obtained based on inaccurate or incomplete information or the subsidy is not used or is no longer being used for the intended purpose, i.e. the operation of in-patient hospitals, the grant may be revoked or withdrawn with immediate effect and the grants received in the past must be repaid. In addition, revocation is possible when certain conditions or requirements are not fulfilled or are not fulfilled within a specified period of time. It is also not certain whether and to what extent future public funding for such RHÖN-KLINIKUM Group projects and capital expenditure will be available. If a decline in government aid occurs, this might significantly impair the ability of the RHÖN-KLINIKUM Group to finance investments, and thus significantly weaken its future ability to expand and to compete. Any of these factors could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

Further Risks

The RHÖN-KLINIKUM Group may also face the following other risks:

- Personnel and material expenses could increase significantly and may not be covered or may only partially be covered through price increases.
- Strikes or other industrial action in the RHÖN-KLINIKUM Group could significantly impair RHÖN-KLINIKUM Group's business activities.
- Errors may occur in the production of medications and products as well in the provision of services.
- There could be supplier bottlenecks or quality problems with suppliers and service providers as well as problems in connection with partnerships.
- Gaps in the public power grid or the in-house emergency power supply could occur.
- Provisions for severance payments may not be adequate.
- Payment obligations may be required on the basis of contractually prescribed supplemental insurance for public employees if the federal and state pension scheme (*Versorgungsanstalt des Bundes und der Länder (VBL)*) or the state supplementary insurance plans (*Zusatzversorgungskassen der Länder (ZVK)*) are unable to meet their obligations. Furthermore, there could be offsetting payment obligations if one of the companies of the RHÖN-KLINIKUM Group ceased to be a member of the VBL or a ZVK.

- The RHÖN-KLINIKUM Group's insurance coverage could prove to be insufficient and, in the event of a claim, significant risks might not be covered.
- In its business operations, the RHÖN-KLINIKUM Group is subject to the risk of force majeure events, such as fires, floods, hurricanes, storms, earthquakes or terrorist attacks.
- Unknown or unrecognised risks to the RHÖN-KLINIKUM Group may exist and it cannot be ruled out that the risk management system could prove to be partially or completely insufficient or could fail, and such risks may materialise during the operations of the RHÖN-KLINIKUM Group.
- Write-downs may be required as a result of potential impairment to the RHÖN-KLINIKUM Group's fixed assets, particularly real estate.
- The success of the RHÖN-KLINIKUM Group depends significantly on the performance of its management team. One or more of these key persons could leave the RHÖN-KLINIKUM Group and the RHÖN-KLINIKUM Group could be unable to replace these key persons quickly or to hire and retain additional employees.
- If the Academic Council does not issue a positive assessment of the university medical programs in Giessen and Marburg, Universitätsklinikum Giessen und Marburg GmbH could lose its status as a university hospital.
- If state hospital planning regulations are violated, the ownership of individual hospitals may, based on a reversion clause in acquisition agreements, revert back to the original seller without full compensation being paid.
- The use of standardised contractual terms can lead to a multiplication of contractual risks arising from the respective individual contracts.
- Different interpretations of the facts could lead to the tax authorities requiring tax payments for financial years for which no final tax decisions have been made or for which RHÖN-KLINIKUM AG or the respective company of the RHÖN-KLINIKUM Group has set aside inadequate provisions or no provisions at all.
- With regard to the expansion of the business activities of the RHÖN-KLINIKUM Group in recent years, it cannot be ruled out that certain RHÖN-KLINIKUM Group profits may be subject to local business tax (*Gewerbesteuer*) for periods not yet finalised. Moreover, it cannot be ruled out that the requirements for local business tax relief will no longer be met in the future. VAT exemptions for certain services provided by hospitals could be repealed and the overall tax rates could be increased.
- Environmental regulations and penalties for violations of environmental regulations as well as damages resulting therefrom could impair the business activities of the RHÖN-KLINIKUM Group.

The occurrence of each or all of the aforementioned risks could have a material adverse effect on the financial condition and results of operations of the RHÖN-KLINIKUM Group as well as the Issuer's ability to fulfil its obligations under the Notes.

Risks relating to the Notes

An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid by the Issuer and/or a material impairment of the market price of the Notes. The following is a description of risk factors in relation to the Notes.

Long-term securities

The Notes will be redeemed on 11 March 2016. The Issuer is under no obligation to redeem the Notes at any time before this date. The holders of Notes (each a "**Noteholder**") have no right to call for their redemption except upon the occurrence of a Change of Control. At the Issuer's option, the Notes may be redeemed at the principal amount, if withholding taxes are or will be leviable on payments of principal or interest in respect of the Notes and, as a consequence, the Issuer will be obligated to pay Additional Amounts.

No limitation on issuing further debt

There is no restriction on the amount of debt which the Issuer may issue ranking equal to the obligations under or in connection with the Notes. Such issuance of further debt may reduce the amount recoverable by the Noteholders upon insolvency or winding-up of the Issuer or may increase the likelihood that the Issuer may or shall defer payments of interest under the Notes.

Liquidity risk

There is currently no secondary market for the Notes. Application has been made for the Notes to be admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

Fixed rate notes

The Notes bear interest at a fixed rate. A holder of a fixed interest rate note is exposed to the risk that the price of such note may fall because of changes in the market interest rate. While the nominal interest rate of a fixed interest rate note is fixed during the life of such note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed interest rate of the Notes.

Notes may not be a suitable investment for all investors

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investors currency;
- (iv) understand thoroughly the terms of the Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Currency Risk

The Notes are denominated in euro. If such currency represents a foreign currency to a Noteholder, such Noteholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risks in connection with the application of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*)

A Noteholder is subject to the risk to be outvoted and to lose rights towards the Issuer against his will in the case that Noteholders agree pursuant to the Terms and Conditions of the Notes to amendments of the Terms and Conditions of the Notes by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*). In the case of an appointment of a noteholders' representative for all Noteholders a particular Noteholder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Noteholders.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the notes (the "Terms and Conditions") applicable to the Notes. The final Terms and Conditions of the Notes will be an integral part of the Global Note representing the Notes.

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be the legally binding version. The English language translation is provided for convenience only.

Nachfolgend ist der Text der Anleihebedingungen (die "Anleihebedingungen") für die Schuldverschreibungen abgedruckt. Die endgültigen Anleihebedingungen für die Schuldverschreibungen werden Bestandteil der Globalurkunde, die die Schuldverschreibungen verbrieft.

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer englischen Übersetzung versehen. Der deutsche Wortlaut ist rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

Anleihebedingungen

Terms and Conditions

§ 1 (Verbriefung und Nennbetrag)

§ 1 (Form and Denomination)

- (1) Währung, Nennbetrag und Form.

Die RHÖN-KLINIKUM Aktiengesellschaft (die "**Emittentin**") begibt auf den Inhaber lautende, festverzinsliche Schuldverschreibungen (die "**Schuldverschreibungen**") im Nennbetrag von je EUR 1.000 (der "**Nennbetrag**") und im Gesamtnennbetrag von EUR [●].

- (2) Globalurkunden und Austausch.

Die Schuldverschreibungen werden zunächst durch eine vorläufigen Inhaber-Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft, die bei einem gemeinsamen Wertpapierverwahrer (*common safekeeper*) für Clearstream Banking, société anonyme, Luxemburg ("**Clearstream, Luxemburg**") und Euroclear Bank SA/NV ("**Euroclear**") (Clearstream, Luxemburg und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**" bzw. das "**Clearing System**"), hinterlegt ist.

Die Vorläufige Globalurkunde wird frühestens 40 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde gegen Nachweis des Nichtbestehens wirtschaftlichen U.S.-Eigentums im Sinne des

- (1) Currency, Denomination and Form.

RHÖN-KLINIKUM Aktiengesellschaft (the "**Issuer**") issues fixed rate bearer Notes (the "**Notes**") in a denomination of EUR 1,000 each (the "**Denomination**") in the aggregate nominal amount of EUR [●].

- (2) Global Notes and Exchange.

The Notes are initially represented by a temporary global bearer Note (the "**Temporary Global Note**") without interest coupons which is deposited with a common safekeeper to Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") (Clearstream, Luxembourg and Euroclear each an "**ICSD**" and together the "**ICSDs**" and the "**Clearing System**").

The Temporary Global Note will be exchangeable, free of charge to the holder of Notes not earlier than 40 days after the date of issue of the Temporary Global Note, in whole or in part upon certification

U.S.-Rechts (*non-U.S. beneficial ownership*), der nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten von Amerika oder den dann bestehenden Usancen der Clearing-systeme entspricht, für den Inhaber von Schuldverschreibungen unentgeltlich insgesamt oder teilweise gegen eine dauerhafte Inhaber-Globalurkunde (die "**Dauer-Globalurkunde**") (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "**Globalurkunde**") ohne Zinsscheine eingetauscht werden. Zinszahlungen auf durch die Vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß diesem § 1(2) auszutauschen. Ein Recht der Anleihegläubiger auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige oder faksimilierte Unterschrift eines Kontrollbeauftragten der Hauptzahlstelle und die eigenhändige Unterschrift eines bevollmächtigten Vertreters des gemeinsamen Wertpapierverwahrers.

- (3) Die Vorläufige Globalurkunde und die Dauer-Globalurkunde werden solange von dem Clearing System oder im Auftrag des Clearing Systems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

Den Inhabern von Schuldverschreibungen ("**Anleihegläubiger**") stehen Miteigentumsanteile an der Globalurkunde zu, die gemäß anwendbarem Recht und den jeweils geltenden Bestimmungen und Regeln des Clearing Systems übertragen werden können.

as to non-U.S. beneficial ownership, the contents and nature of which shall correspond to the requirements of the laws of the United States of America or to the standard practices of the security clearing system(s) which then exist(s), for a permanent global bearer Note (the "**Permanent Global Note**") (the Temporary Global Note and the Permanent Global Note, each a "**Global Note**") without interest coupons. Payment of interest on Notes represented by the Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(2). The right of the Noteholders to require the issue and delivery of definitive notes or interest coupons is excluded.

The Temporary Global Note and the Permanent Global Note shall each bear the manual or facsimile signatures of two duly authorised officers of the Issuer as well as the manual or facsimile signature of an authentication officer of the Principal Paying Agent and the manual signature of an authorised officer of the common safekeeper.

- (3) Each of the Temporary Global Note and the Permanent Global Note will be held in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied.

The holders of Notes ("**Noteholders**") are entitled to co-ownership participations in the Global Note, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System.

- (4) Der Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind schlüssiger Nachweis über den Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesen Zwecken von einem ICSD jeweils ausgestellte Bestätigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt.

Bei Rückzahlung oder Zahlung einer Rate oder einer Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über Rückzahlung und Zahlung bzw. Kauf und Entwertung bezüglich der Globalurkunde anteilig in die Register der ICSDs eingetragen werden und dass nach dieser Eintragung vom Nennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. gekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der so gezahlten Raten abgezogen wird.

Bei Austausch eines Anteils von ausschließlich durch eine Vorläufige Globalurkunde verbrieften Schuldverschreibungen wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs anteilig in die Aufzeichnungen der ICSDs aufgenommen werden.

§ 2

(Status und Negativverpflichtung)

- (1) Status.
Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die

- (4) The nominal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by the Global Bearer Note and, for these purposes, a statement issued by an ICSD stating the nominal amount of Notes so represented at any time shall be conclusive evidence of the records if the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of such redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

§ 2

(Status and Negative Pledge)

- (1) Status.
The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among

untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) Negativverpflichtung.

Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Hauptzahlstelle zur Verfügung gestellt worden sind, (i) weder ihr gegenwärtiges noch ihr zukünftiges Vermögen ganz oder teilweise als dingliche Sicherheit für eine gegenwärtige oder zukünftige Kapitalmarktverbindlichkeit (wie nachstehend definiert), die von der Emittentin, einer ihrer Wesentlichen Tochtergesellschaften (wie nachstehend definiert) oder einer anderen Person eingegangen, garantiert oder in anderer Form gewährleistet ist, zu belasten oder eine solche dingliche Sicherheit zu diesem Zweck bestehen zu lassen, und (ii) ihre Wesentlichen Tochtergesellschaften zu veranlassen (soweit rechtlich möglich und zulässig), weder ihr gegenwärtiges noch ihr zukünftiges Vermögen ganz oder teilweise als dingliche Sicherheit für eine gegenwärtige oder zukünftige Kapitalmarktverbindlichkeit, die von der Emittentin eingegangen, garantiert oder in anderer Form gewährleistet ist, zu belasten oder eine solche dingliche Sicherheit zu diesem Zweck bestehen zu lassen, mit Ausnahme von bestehenden Besicherungen am Vermögen einer Gesellschaft, die im Rahmen einer Akquisition Wesentliche Tochtergesellschaft wird, ohne jeweils die Anleihegläubiger zur gleichen Zeit und im gleichen Rang an einer solchen Sicherheit oder an anderen Sicherheiten, die von einem unabhängigen Sachverständigen als gleichwertige Sicherheiten anerkannt werden, teilnehmen zu lassen.

"Kapitalmarktverbindlichkeit" ist jede Verbindlichkeit zur Zahlung oder Rückzahlung aufgenommener Gelder (einschließlich Verpflichtungen aus Garantien oder anderen

themselves and pari passu with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) Negative Pledge.

So long as any of the Notes remains outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Principal Paying Agent, the Issuer undertakes (i) not to grant or permit to subsist any encumbrance over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness (as defined below) issued or guaranteed by the Issuer or by any of its Principal Subsidiaries (as defined below) or by any other person, and (ii) to procure (to the extent legally possible and permissible) that none of its Principal Subsidiaries will grant or permit to subsist any encumbrance over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness issued or guaranteed by the Issuer, other than any encumbrance existing over assets of a newly acquired company which becomes a Principal Subsidiary, without at the same time having the Noteholders share equally and rateably in such encumbrance or such other security as shall be provided by an independent expert as being equivalent security.

"Capital Market Indebtedness" means any obligation for the payment or repayment of borrowed money (including obligations by reason of any guarantee or other liability agreement for obligations of

Haftungsvereinbarungen für Verbindlichkeiten von Dritten), die durch Schuldscheine oder durch Schuldverschreibungen oder sonstige Wertpapiere, die an einer Börse oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können, verbrieft, verkörpert oder dokumentiert ist, einschließlich Schuldscheine.

"Wesentliche Tochtergesellschaft" bezeichnet in diesem § 2 eine Tochtergesellschaft der Emittentin, deren Umsatz oder deren Summe der Aktiva aufgrund ihres geprüften Abschlusses nach Konsolidierungsmaßnahmen (jedoch auf konsolidierter Basis, falls die betreffende Tochtergesellschaft ihrerseits Tochtergesellschaften hat und einen Konzernabschluss erstellt) ausweislich des jeweils letzten geprüften konsolidierten Abschlusses der Emittentin bzw. für den Zeitraum, auf den sich dieser Abschluss bezieht, mindestens 10 Prozent des Umsatzes oder der Summe der Aktiva des Konzerns betragen hat, wie im geprüften konsolidierten Konzernabschluss ausgewiesen. **"Konzern"** bezeichnet die Emittentin und ihre jeweiligen Tochtergesellschaften, betrachtet als Ganzes.

"Tochtergesellschaft" ist jedes von der Emittentin oder einer Tochtergesellschaft abhängige Unternehmen im Sinne von § 17 Aktiengesetz.

§ 3 (Zinsen)

- (1) Zinssatz und Zinszahlungstage.

Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag verzinst, und zwar ab dem 11. März 2010 (der **"Zinslaufbeginn"**) (einschließlich) mit jährlich [\bullet] $\%$. Die Zinsen sind nachträglich am 11. März eines jeden Jahres zahlbar (jeweils ein **"Zinszahlungstag"**). Die erste Zinszahlung erfolgt am 11. März 2011.

third parties) which is in the form of, or represented by, a certificate of indebtedness or notes or other securities which are or are capable of being quoted, listed, dealt in or traded on a stock exchange or other recognised securities market, including Schuldscheine.

"Principal Subsidiary" means in this § 2 a Subsidiary of the Issuer, the turnover or the total assets of which, as shown in its audited financial statements following consolidation measures (in each case consolidated where that Subsidiary itself has any Subsidiaries and draws up group financial statements), as at the date at which its latest audited consolidated financial statements were prepared or, as the case may be, for the financial period to which those financial statements relate, account for 10 per cent. or more of the turnover or total assets of the Group (all as calculated by reference to the latest audited consolidated financial statements of the Group). **"Group"** means the Issuer and its Subsidiaries from time to time, taken as a whole.

"Subsidiary" means any enterprise controlled by the Issuer or, as the case may be, by a Subsidiary of the Issuer, within the meaning of § 17 German Stock Corporation Act (*Aktiengesetz*) (*abhängiges Unternehmen*).

§ 3 (Interest)

- (1) Rate of Interest and Interest Payment Dates.

The Notes shall bear interest on their nominal amount at the rate of [\bullet] per cent. per annum from (and including) 11 March 2010 (the **"Interest Commencement Date"**). Interest shall be payable in arrear on 11 March in each year (each such date, an **"Interest Payment Date"**). The first payment of interest shall be made on 11 March 2011.

(2) Auflaufende Zinsen.

Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung der Schuldverschreibungen vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen¹.

(3) Berechnung der Zinsen.

Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Tage in dem jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zu dem letzten Tag des jeweiligen Zeitraums (ausschließlich), geteilt durch die Anzahl der Tage in der Zinsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages der betroffenen Zinsperiode, aber ausschließlich des letzten Tages der betroffenen Zinsperiode), berechnet.

"Zinsperiode" bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und danach ab jedem Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Zinszahlungstag (ausschließlich).

**§ 4
(Rückzahlung, Rückkauf)**

(1) Rückzahlung bei Endfälligkeit.

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Nennbetrag am 11. März 2016 (der **"Fälligkeitstag"**) zurückgezahlt.

(2) Vorzeitige Rückzahlung nach Wahl der Anleihegläubiger infolge eines

(2) Accrual of Interest.

If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue beyond the due date (including) until the date of the actual redemption of the Notes (excluding) at the default rate of interest established by law¹.

(3) Calculation of Interest.

Where interest is to be calculated in respect of a period which is shorter than or equal to an Interest Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, from and including the first date in the relevant period to but excluding the last date of the relevant period, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

"Interest Period" means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

**§ 4
(Redemption, Repurchase)**

(1) Final Redemption.

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their nominal amount on 11 March 2016 (the **"Maturity Date"**).

(2) Early Redemption at the Option of the Noteholders following a Change of

¹ Der gegenwärtig geltende gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Bürgerliches Gesetzbuch.

The default rate of interest established by law is currently five percentage points above the base rate of interest (*Basiszinssatz*) published by Deutsche Bundesbank from time to time, §§ 288 para. 1, 247 German Civil Code (*Bürgerliches Gesetzbuch*).

Kontrollwechsels.

- (a) Wenn ein Kontrollwechsel eintritt, wird die Emittentin sobald wie möglich, nachdem sie Kenntnis davon erhalten hat, den Kontrollstichtag bestimmen und den Kontrollwechsel sowie den Kontrollstichtag gemäß § 12 bekannt machen.
- (b) Falls die Emittentin gemäß § 4(2)(a) einen Kontrollwechsel bekannt gemacht hat, ist jeder Anleihegläubiger nach seiner Wahl berechtigt, mit einer Frist von mindestens 10 Tagen mit Wirkung zum Kontrollstichtag alle oder einzelne seiner Schuldverschreibungen, die noch nicht zurückgezahlt wurden, vorzeitig fällig zu stellen. In einem solchen Fall hat die Emittentin die betreffenden Schuldverschreibungen am Kontrollstichtag zu ihrem Nennbetrag zuzüglich etwaiger bis zu dem Kontrollstichtag (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.
- (c) Ein "**Kontrollwechsel**" tritt ein, wenn eine Person oder mehrere Personen, die abgestimmt im Sinne des § 22 Absatz 2 WpHG handeln, nach dem Tag der Begebung der Schuldverschreibungen Kontrolle über die Emittentin erwirbt bzw. erwerben.

"**Kontrolle**" bezeichnet (i) direktes oder indirektes (im Sinne des § 22 WpHG) rechtliches oder wirtschaftliches Eigentum von Aktien, die zusammen mehr als 50% der Stimmrechte der Emittentin gewähren oder (ii) im Falle eines öffentlichen Übernahmeangebotes für Aktien der Emittentin eintritt, in der (x) Aktien, die sich bereits direkt oder indirekt in der Kontrolle des Bieters und oder von Personen, die mit dem Bieter gemeinsam handeln, befinden, und Aktien, die diesen bereits im Rahmen des Angebots angedient wurden, zusammen mehr

Control.

- (a) If a Change of Control occurs, the Issuer will fix the Control Record Date and give notice in accordance with § 12 of the Change of Control and the Control Record Date as soon as practicable after becoming aware thereof.
- (b) If the Issuer gives notice in accordance with § 4(2)(a) of a Change of Control, each Noteholder may at his option on giving not less than 10 days' notice declare all or some only of his Notes not previously redeemed due which notice shall take effect on the Control Record Date. In such case the Issuer will redeem such Notes at the Denomination plus interest accrued to but excluding the Control Record Date on the Control Record Date.
- (c) A "**Change of Control**" occurs if any person or persons acting in concert within the meaning of § 22 para. 2 of the WpHG acquire Control of the Issuer after the issue date of the Notes.

"**Control**" means (i) direct or indirect (within the meaning of § 22 of the WpHG) legal or beneficial ownership of shares carrying, in the aggregate, more than 50 per cent. of the voting rights in the Issuer or (ii) in the event of a public tender offer for shares of the Issuer a situation in which (x) shares already directly or indirectly in control of the bidder and/or Persons acting in concert with the bidder and shares which have already been tendered in the tender offer carry in aggregate more than 50 per cent. of the voting rights in the Issuer and

als 50% der Stimmrechte der Emittentin gewähren und (y) das Angebot unbedingt geworden ist und aufsichtsrechtliche, insbesondere kartellrechtliche Genehmigungen und sonstige Bedingungen, deren Erfüllung nach dem Ende der Annahmefrist nach § 16 Absatz 1 WpÜG aussteht, erteilt worden sind).

"Kontrollstichtag" bezeichnet den von der Emittentin gemäß § 4(2)(a) festgelegten Geschäftstag, der nicht weniger als 30 und nicht mehr als 60 Tage nach dem Tag der Bekanntmachung des Kontrollwechsels liegen darf und gemäß § 12 bekannt gemacht wird.

"Person" bezeichnet eine natürliche Person, Gesellschaft, Vereinigung, Firma, Partnerschaft, ein Joint Venture, eine Unternehmung, einen Zusammenschluss, eine Organisation, einen Fonds, Staat oder eine staatliche Einheit, unabhängig davon, ob es sich um eine selbständige juristische Person handelt oder nicht, aber unter Ausschluss verbundener Tochterunternehmen der Emittentin im Sinne der §§ 15 bis 18 AktG.

"WpHG" bezeichnet das Wertpapierhandelsgesetz in seiner jeweils gültigen Fassung.

- (d) Die wirksame Ausübung des Rechts auf Rückzahlung für eine Schuldverschreibung nach Maßgabe dieses § 4(2) setzt voraus, dass der Anleihegläubiger unter Beachtung der Kündigungsfrist gemäß § 4(2)(b)
- (i) bei der angegebenen Geschäftsstelle der Zahlstelle eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung

(y) the offer is or has become unconditional and any conditions relating to regulatory, in particular merger control, approvals and other conditions the satisfaction of which may remain pending following the end of the acceptance period pursuant to § 16 para.1 of the German Takeover Act (*Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen – WpÜG*) have been met.

"Control Record Date" means the Business Day fixed by the Issuer pursuant to § 4(2)(a) which will be not less than 30 nor more than 60 days after the notice of the Change of Control and which is published in accordance with § 12.

"Person" means an individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state, in each case whether or not being a separate legal entity, but excluding affiliated subsidiaries (*verbundene Tochterunternehmen*) of the Issuer in the meaning of §§ 15 – 18 of the German Stock Corporation Act (*Aktiengesetz – AktG*).

"WpHG" means the German Securities Trading Act (*Gesetz über den Wertpapierhandel – Wertpapierhandelsgesetz*), as amended.

- (d) The valid exercise of the option to require the redemption of a Note under this § 4(2) is conditional upon the Noteholder in observation of the notice period provided in § 4(2)(b)
- (i) submitting at the specified office of the Paying Agent a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified

einreicht, die in ihrer jeweils maßgeblichen Form bei der angegebenen Niederlassung der Zahlstelle erhältlich ist (die "**Ausübungserklärung**"); und

- (ii) seine Schuldverschreibung(en), für die das Recht ausgeübt werden soll, an die Zahlstelle liefert, und zwar durch Lieferung (Umbuchung) der Schuldverschreibungen auf das in der Ausübungserklärung angegebene Konto der Zahlstelle beim Clearing System.

Eine einmal abgegebene Ausübungserklärung ist unwiderruflich. Die Ausübungserklärung hat unter anderem die folgenden Angaben zu enthalten:

- Name und Anschrift des ausübenden Anleihegläubigers;
- die Zahl der Schuldverschreibungen, für die das Recht gemäß diesem § 4(2) ausgeübt werden soll; und
- die Bezeichnung eines auf Euro lautenden Bankkontos des Anleihegläubigers, auf das auf die Schuldverschreibungen zahlbare Beträge geleistet werden sollen.

Die Emittentin wird Zahlungen in Bezug auf solchermaßen gelieferte Schuldverschreibung(en) am Kontrollstichtag auf das Euro-Bankkonto des Anleihegläubigers, welches dieser in der Ausübungserklärung ordnungsgemäß bezeichnet hat, überweisen.

office of the Paying Agent (a "**Put Notice**"); and

- (ii) delivering to the Paying Agent the Note(s) for which the right shall be exercised, by transferring (book-entry transfer) the Notes to the account of the Paying Agent with the Clearing System specified in the Put Notice.

A Put Notice, once given, shall be irrevocable. The Put Notice shall, among other things:

- state the name and address of the exercising Noteholder;
- specify the number of Notes with respect to which the right under this § 4(2) shall be exercised; and
- designate a euro denominated bank account of the Noteholder to which any payments on the Notes are to be made.

The Issuer will make any payment in respect of any Note so delivered to the euro-account of the Noteholder specified in the Put Notice on the Control Record Date.

- (3) Vorzeitige Rückzahlung nach Wahl der Emittentin.

Wenn 80 % oder mehr des Nennbetrags der ursprünglich begebenen Schuldverschreibungen zurückgezahlt oder zurückerworben und entwertet wurde, ist die Emittentin berechtigt, die verbleibenden Schuldverschreibungen (ganz, jedoch nicht teilweise) durch eine Bekanntmachung an die Anleihegläubiger gemäß § 12 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen mit Wirkung zu dem von der Emittentin in der Bekanntmachung festgelegten Rückzahlungstermin zu kündigen. Im Falle einer solchen Kündigung hat die Emittentin die Schuldverschreibungen am festgelegten Rückzahlungstermin zum Nennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) angewachsenen Zinsen zurück zu zahlen.

- (4) Rückkauf.

Die Emittentin kann jederzeit im Markt oder auf andere Weise Schuldverschreibungen ankaufen und verkaufen.

§ 5 Zahlungen

- (1) Zahlungen .

Zahlungen auf Kapital und Zinsen in Bezug auf die Schuldverschreibungen erfolgen in Euro an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

- (2) Erfüllung.

Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

- (3) Geschäftstag.

Fällt der Fälligkeitstermin einer Zahlung auf einen Tag, der kein Geschäftstag ist, so hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag am jeweiligen Geschäftsort. Der

- (3) Early Redemption at the Option of the Issuer.

If 80 per cent. or more in principal amount of the Notes initially issued have been redeemed or purchased and cancelled, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 12, call, at its option, the remaining Notes (in whole but not in part) with effect from the redemption date specified by the Issuer in the notice. In the case such call notice is given, the Issuer shall redeem the remaining Notes on the specified redemption date at a redemption price equal to the principal amount thereof plus interest accrued to but excluding the date of such redemption.

- (4) Repurchase.

The Issuer is entitled to purchase and resell Notes at any time in the market or otherwise.

§ 5 Payments

- (1) Payments.

Payment of principal and interest in respect of Notes shall be made in Euro to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

- (2) Discharge.

The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

- (3) Business Day.

If the date for payment of any amount in respect of any Note is not a Business Day, then the Noteholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect

Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. "**Geschäftstag**" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem das Clearing System sowie alle für die Abwicklung von Zahlungen in Euro wesentlichen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) Systems betriebsbereit sind.

(4) Bezugnahmen auf Zinsen.

Bezugnahmen in diesen Anleihebedingungen auf Zinsen auf Schuldverschreibungen schließen sämtliche gemäß § 6 zahlbaren zusätzlichen Beträge ein.

**§ 6
Steuern**

(1) Quellensteuern.

Kapital und Zinsen sind ohne Einbehalt oder Abzug durch die Emittentin an der Quelle von oder wegen irgendwelchen gegenwärtigen oder zukünftigen Steuern, Abgaben, Veranlagungen oder regierungsseitigen Gebühren gleich welcher Art, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben oder eingezogen werden ("**Quellensteuern**"), zu zahlen, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, um die Zahlung von Zinsen und Kapital zum jeweiligen vollen Nennbetrag an die Anleihegläubiger sicherzustellen. Die Emittentin ist jedoch zur Zahlung zusätzlicher Beträge wegen solcher Quellensteuern nicht verpflichtet,

(a) die auf andere Weise als durch Abzug oder Einbehalt durch die Emittentin an der Quelle aus Zahlungen von Kapital oder Zinsen zu entrichten sind; oder

of such delay. For these purposes, "**Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which the Clearing System as well as all parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) System relevant for the settlement of payments made in Euro are operational.

(4) References to Interest.

Reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 6.

**§ 6
Taxation**

(1) Withholding Taxes.

All payments of principal and interest will be made without any withholding or deduction by the Issuer at source of any present or future taxes, duties, assessments or governmental charges of whatever kind which are imposed, levied or collected by or in or on behalf of the Federal Republic of Germany or by or on behalf of a regional or local authority empowered to impose taxes therein ("**Withholding Taxes**") unless the Issuer is required by law to make such withholding or deduction. In that event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as may be necessary to ensure the payment to the Noteholders of the full nominal amount of principal and interest. The Issuer shall, however, not be obliged to pay any Additional Amounts on account of such Withholding Taxes:

(a) which are payable on payments of principal and interest otherwise than by deduction or withholding by the Issuer at source; or

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| <p>(b) denen der Anleihegläubiger aus irgendeinem anderen Grund als allein der bloßen Tatsache, dass er Inhaber von Schuldverschreibungen oder Empfänger von Kapital oder Zinsen aus den Schuldverschreibungen ist, unterliegt, und zwar insbesondere wenn der Anleihegläubiger aufgrund einer persönlichen unbeschränkten oder beschränkten Steuerpflicht derartigen Steuern, Gebühren oder Abgaben unterliegt, oder wenn der Anleihegläubiger für die Zwecke der betreffenden Steuergesetze als gebietsansässige natürliche oder juristische Person in einem anderen Mitgliedsstaat der Europäischen Union angesehen wird; oder</p> | <p>(b) to which the Noteholder is subject for any reason other than the mere fact of his being a holder of Notes or receiving principal or interest in respect thereof, in particular if the Noteholder is subject to such taxes, duties or governmental charges because of a personal unrestricted or restricted tax liability or if the Noteholder for the purposes of the relevant tax laws is regarded as an individual or corporate resident in another member state of the European Union; or</p> |
| <p>(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung aber deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder</p> | <p>(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or</p> |
| <p>(d) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder</p> | <p>(d) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or</p> |
| <p>(e) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 12</p> | <p>(e) are payable by reason of a change of law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § 12, whichever occurs later.</p> |

wirksam wird.

(2) Sitzverlegung der Emittentin.

Im Falle einer Sitzverlegung der Emittentin in ein anderes Land oder Territorium oder Hoheitsgebiet gilt jede in diesen Anleihebedingungen enthaltene Bezugnahme auf die Bundesrepublik Deutschland fortan auf dieses andere Land, Territorium oder Hoheitsgebiet bezogen.

(3) Vorzeitige Rückzahlung aus steuerlichen Gründen.

Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen durch eine Mitteilung an die Anleihegläubiger gemäß § 10 vorzeitig gekündigt und zu ihrem Nennbetrag zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin infolge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder infolge einer Änderung oder Ergänzung der Anwendung oder der amtlichen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die Schuldverschreibungen begeben werden, wirksam) am nächstfolgenden Zinszahlungstag zur Zahlung von zusätzlichen Beträgen (wie in § 6(1) definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen der Emittentin zur Verfügung stehender zumutbarer Maßnahmen vermieden werden kann. Die Kündigung darf nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr besteht. Die Kündigung ist

(2) Issuer's Corporate Seat.

If the Issuer moves its corporate seat to another country or territory or jurisdiction, each reference in these Terms and Conditions to the Federal Republic of Germany shall be deemed to refer to such other country or territory or jurisdiction.

(3) Early Redemption for Reasons of Taxation.

If as a result of any change in, or amendment to, the laws or regulations applicable in the Federal Republic of Germany or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the Notes were issued, the Issuer is required to pay Additional Amounts (as defined in § 6(1) herein) on the next succeeding Interest Payment Date, and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Noteholders in accordance with § 10, at their nominal amount, together with interest accrued to the date fixed for redemption. No such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect. Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer to redeem the Notes.

unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine Erklärung in zusammengefasster Form enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

**§ 7
(Vorlegungsfrist, Verjährung)**

Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB wird für die Schuldverschreibungen auf zehn Jahre reduziert. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

**§ 8
Kündigung**

(1) Kündigungsgründe.

Jeder Anleihegläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zu ihrem Nennbetrag, zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls

- (a) Kapital oder Zinsen nicht innerhalb von 15 Tagen nach dem betreffenden Fälligkeitstermin gezahlt sind; oder
- (b) die Emittentin die ordnungsgemäße Erfüllung einer anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 30 Tage fort dauert, nachdem die Hauptzahlstelle hierüber eine Benachrichtigung von einem Anleihegläubiger erhalten hat; oder
- (c) eine Finanzverbindlichkeit (wie nachstehend definiert) der Emittentin oder einer ihrer Wesentlichen Tochtergesellschaften (wie in § 2(2) definiert) nach deren anwendbaren Bedingungen wegen Vertragsverletzung vorzeitig fällig wird, oder die Emittentin oder eine

**§ 7
(Presentation Period, Prescription)**

The period for presentation provided in § 801 paragraph 1, sentence 1 BGB (German Civil Code) will be reduced to 10 years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

**§ 8
Events of Default**

(1) Events of Default.

Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at their nominal amount, together with accrued interest (if any) to the date of repayment, in the event that

- (a) principal or interest is not paid within 15 days from the relevant due date, or
- (b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 30 days after the Principal Paying Agent has received notice thereof from a Noteholder, or
- (c) any Financial Indebtedness (as defined below) of the Issuer or any Principal Subsidiary becomes prematurely due as a result of a breach of the terms thereof, or the Issuer or any Principal Subsidiary (as defined in § 2(2)) fails to fulfil any payment obligation under any

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| <p>ihrer Wesentlichen Tochtergesellschaften einer Zahlungsverpflichtung aus einer Finanzverbindlichkeit oder aufgrund einer Garantie oder sonstigen Gewährleistung, die für eine Finanzverbindlichkeit eines Dritten gegeben wurde, nicht innerhalb von 30 Tagen nach deren Fälligkeit bzw. im Falle einer Garantie oder sonstigen Gewährleistung nicht innerhalb von 30 Tagen nach Inanspruchnahme aus dieser Garantie oder sonstigen Gewährleistung nachkommt, es sei denn, der Betrag der betreffenden Finanzverbindlichkeit oder der betreffenden Zahlungspflicht aus einer Finanzverbindlichkeit oder aufgrund einer Garantie oder sonstigen Gewährleistung für eine Finanzverbindlichkeit eines Dritten beträgt weniger als EUR 10.000.000 oder den Gegenwert in einer anderen Währung; oder</p> | <p>Financial Indebtedness or under any guarantee or other indemnity given for any Financial Indebtedness of a third party within 30 days from its due date or, in the case of a guarantee or other indemnity, within 30 days after the guarantee or other indemnity has been invoked, unless the amount of such Financial Indebtedness or payment obligation under any Financial Indebtedness or guarantee or other indemnity for any Financial Indebtedness of a third party is less than EUR 10,000,000 or the equivalent in another currency; or</p> |
| <p>(d) die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften ihre Zahlungsunfähigkeit bekannt gibt oder ihre Zahlungen einstellt; oder</p> | <p>(d) the Issuer or any Principal Subsidiary announces its inability to meet its financial obligations or ceases its payments, or</p> |
| <p>(e) ein Gericht ein Insolvenzverfahren gegen die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften eröffnet, oder die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften ein solches Verfahren einleitet oder beantragt oder eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft, oder ein Dritter ein Insolvenzverfahren gegen die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften beantragt und ein solches Verfahren nicht innerhalb einer Frist von 60 Tagen aufgehoben oder ausgesetzt worden ist; oder</p> | <p>(e) a court opens insolvency proceedings against the Issuer or any Principal Subsidiary or the Issuer or any Principal Subsidiary applies for or institutes such proceedings or offers or makes an arrangement for the benefit of its creditors generally, or a third party applies for insolvency proceedings against the Issuer or any Principal Subsidiary and such proceedings are not discharged or stayed within 60 days, or</p> |
| <p>(f) die Emittentin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und</p> | <p>(f) the Issuer goes into liquidation unless in connection with a merger or other form of combination with another company and such company assumes all obligations contracted by the Issuer in</p> |

diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist; oder

- (g) die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften ihre Geschäftstätigkeit ganz oder überwiegend einstellt, oder ihr gesamtes Vermögen oder den wesentlichen Teil ihres Vermögens veräußert oder anderweitig abgibt und (i) dadurch den Wert ihres Vermögens wesentlich vermindert und (ii) es dadurch wahrscheinlich wird, dass die Emittentin ihre Zahlungsverpflichtungen gegenüber den Anleihegläubigern nicht mehr erfüllen kann.

"Finanzverbindlichkeit" bezeichnet jede Verbindlichkeit aus aufgenommenen Geldern unabhängig davon, ob sie verbrieft ist oder nicht.

- (2) Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

- (3) Kündigungserklärung.

Eine Kündigung gemäß § 8(1) ist schriftlich in deutscher oder englischer Sprache gegenüber der Hauptzahlstelle zu erklären und dieser persönlich oder per Einschreiben zu übermitteln. Der Kündigungserklärung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Anleihegläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank gemäß § 14(4) oder auf andere geeignete Weise erbracht werden.

§ 9 (Hauptzahlstelle und Zahlstelle)

- (1) Bestellung.

Die Emittentin hat Citibank, N.A., London Branch mit ihrer Geschäftsstelle im Citigroup Centre, Canada Square, London E14 5LB, Vereinigtes Königreich als

connection with the Notes.

- (g) the Issuer or any Principal Subsidiary ceases all or substantially all of its business operations or sells or disposes of its assets or the substantial part thereof and thus (i) diminishes considerably the value of its assets and (ii) for this reason it becomes likely that the Issuer may not fulfil its payment obligations against the Noteholders.

"Financial Indebtedness" means any indebtedness for borrowed money whether or not represented or evidenced.

- (2) The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

- (3) Default Notice.

Any notice of default in accordance with § 8(1) above shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the Principal Paying Agent together with proof that such Noteholder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian in accordance with § 14(4) or in any other appropriate manner.

§ 9 (Principal Paying Agent and Paying Agent)

- (1) Appointment.

The Issuer has appointed Citibank, N.A., London Branch with its office at Citigroup Centre, Canada Square, London E14 5LB, United Kingdom as principal paying agent

Hauptzahlstelle (die "**Hauptzahlstelle**" und gemeinsam mit etwaigen von der Emittentin nach § 9(2) bestellten zusätzlichen Zahlstellen, die "**Zahlstellen**") bestellt.

- (2) Änderung oder Beendigung der Bestellung.

Die Emittentin behält sich das Recht vor, jederzeit die Benennung einer Zahlstelle zu verändern oder zu beenden und Nachfolger bzw. zusätzliche Zahlstellen zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen, deren angegebenen Geschäftsstellen umgehend gemäß § 12 bekannt gemacht.

- (3) Status der beauftragten Stellen.

Die Zahlstellen handeln ausschließlich als Vertreter der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet. Die Zahlstellen sind von den Beschränkungen des § 181 des Bürgerlichen Gesetzbuchs (BGB) und etwaigen Beschränkungen anderer Ländern befreit.

§ 10 (Ersetzung)

- (1) Ersetzung.

Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Anleihegläubiger ein mit ihr verbundenes Unternehmen (wie nachstehend definiert) an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Nachfolgeschuldnerin alle

(the "**Principal Paying Agent**" and, together with any additional paying agent appointed by the Issuer in accordance with § 9(2), the "**Paying Agents**").

- (2) Variation or Termination of Appointment.

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint successor or additional Paying Agents. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given to the Noteholders pursuant to § 12.

- (3) Status of the Agents.

The Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders. The Paying Agents are exempt from the restrictions of § 181 of the German Civil Code (Bürgerliches Gesetzbuch) and possible restrictions in other countries.

§ 10 (Substitution)

- (1) Substitution.

The Issuer may, without the consent of the Noteholders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any Affiliate (as defined below) of the Issuer as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer and the Substitute Debtor have obtained all necessary

erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;

- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Anleihegläubiger hinsichtlich solcher Steuern oder Abgaben freizustellen, die einem Anleihegläubiger als Folge der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Anleihegläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge garantiert; und
- (e) der Hauptzahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden.

Für die Zwecke dieses § 10 bedeutet "**verbundenes Unternehmen**" ein Unternehmen, das seinen Sitz innerhalb der Europäischen Union hat und deren stimmberechtigte Anteile direkt oder indirekt zu mehr als 90% von der Emittentin gehalten werden.

- (2) Bekanntmachung.
Jede Ersetzung ist gemäß § 12 bekanntzumachen.
- (3) Änderung von Bezugnahmen.
Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin ab

authorisations and may transfer to the Principal Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;

- (c) the Substitute Debtor has agreed to indemnify and hold harmless each Noteholder against any tax or duty imposed on such Noteholder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substitute Debtor in respect of the Notes;
- (e) there shall have been delivered to the Principal Paying Agent one opinion for each jurisdiction affected of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

For purposes of this § 10, "**Affiliate**" shall mean any enterprise which has its seat within the European Union and of which more than 90 per cent. of the voting stock is held directly or indirectly by the Issuer.

- (2) Notice.
Notice of any such substitution shall be published in accordance with § 12.
- (3) Change of References.
In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be

dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des weiteren gilt im Fall einer Ersetzung folgendes:

- (a) in § 6 und § 4(2) gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat);
- (b) in § 8(1)(c) bis (f) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen (zusätzlich zu der Bezugnahme auf die Nachfolgeschuldnerin).

§ 11 (Weitere Emissionen)

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (oder in jeder Hinsicht mit Ausnahme des Tags der Begebung und der ersten Zinszahlung) die gleichen Bedingungen wie die Schuldverschreibungen dieser Anleihe haben und die zusammen mit den Schuldverschreibungen dieser Anleihe eine einzige Anleihe bilden.

§ 12 (Bekanntmachungen)

- (1) Bekanntmachung in Tageszeitung.
Sämtliche Bekanntmachungen an die Anleihegläubiger gelten als ordnungsgemäß bekannt gemacht, wenn sie in einer führenden Tageszeitung mit allgemeiner Verbreitung in Luxemburg (voraussichtlich im *Luxemburger Wort*), oder auf der Internet-Seite der Luxemburger Börse unter www.bourse.lu veröffentlicht werden. Jede derartige Bekanntmachung gilt am dritten Tag nach

deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

- (a) in § 6 and § 4(2) an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor;
- (b) in § 8(1)(c) to (f) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor.

§ 11 (Further Issues)

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and the first payment of interest) so as to form a single series with the Notes.

§ 12 (Notices)

- (1) Notices in Newspaper.
Notices to the Noteholders will be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange on www.bourse.lu. Any notice so given will be deemed to have been validly given on the third day after the date of the first such publication.

dem Tage der ersten Veröffentlichung als wirksam erfolgt.

(2) Bekanntmachung an das Clearing System.

Die Emittentin ist berechtigt, eine Veröffentlichung nach § 12(1) durch eine Bekanntmachung an das Clearing System zur Weiterleitung an die Anleihegläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse diese Form der Bekanntmachung zulassen. Jede derartige Bekanntmachung gilt am siebten Tag nach dem Tag der Bekanntmachung an das Clearing System als den Anleihegläubigern mitgeteilt.

(2) Notice to the Clearing System.

The Issuer may, in lieu of publication in the newspapers set forth in § 12(1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Noteholders, provided that the rules of the stock exchange permit such form of notice. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to the Clearing System.

§ 13

(Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger; Gemeinsamer Vertreter)

- (1) Die Anleihebedingungen können durch die Anleiheschuldnerin mit Zustimmung der Anleihegläubiger aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweiligen gültigen Fassung geändert werden. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 10 abschließend geregelt ist, mit den in dem nachstehenden § 13(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

- (2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine

§ 13

(Amendments to the Terms and Conditions by resolution of the Noteholders; Joint Representative)

- (1) The Issuer may amend the Terms and Conditions with consent by a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen, "SchVG"*), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 10, by resolutions passed by such majority of the votes of the Noteholders as stated under § 13(2) below. A duly passed majority resolution shall be binding upon all Noteholders.

- (2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**").

"Qualifizierte Mehrheit").

- (3) Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 13(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 13(3)(b) getroffen.
- (a) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Gläubigerversammlung nach Maßgabe von § 9 SchVG verlangen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben. Für die Teilnahme an der Gläubigerversammlung oder die Ausübung der Stimmrechte ist eine Anmeldung der Anleihegläubiger vor der Versammlung erforderlich. Die Anmeldung muss unter der in der Einberufung mitgeteilten Adresse spätestens am dritten Kalendertag vor der Gläubigerversammlung zugehen.
- (b) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Abstimmung ohne Versammlung nach Maßgabe von § 9 i.V.m. § 18 SchVG verlangen. Die Aufforderung zur Stimmabgabe durch den
- (3) Resolutions of the Noteholders shall be made either in a Noteholder's meeting in accordance with § 13(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance § 13(3)(b).
- (a) Resolutions of the Noteholders in a Noteholder's meeting shall be made in accordance with § 9 et seq. of the SchVG. Noteholders holding Notes in the total amount of 5 per cent. of the outstanding principal amount of the Notes may request, in writing, to convene a Noteholders' meeting pursuant to § 9 of the SchVG. The convening notice of a Noteholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Noteholders in the agenda of the meeting. The attendance at the Noteholders' meeting or the exercise of voting rights requires a registration of the Noteholders prior to the meeting. Any such registration must be received at the address stated in the convening notice by no later than the third calendar day preceding the Noteholders' meeting.
- (b) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) shall be made in accordance § 18 of the SchVG. Noteholders holding Notes in the total amount of 5 per cent. of the outstanding principal amount of the Notes may request, in writing, the holding of a vote without a meeting pursuant to § 9 in connection with § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the

Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

- (4) Anleihegläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank gemäß § 14(4) und die Vorlage eines Sperrvermerks der Depotbank zugunsten der Zahlstelle als Hinterlegungsstelle für den Abstimmungszeitraum nachzuweisen.
- (5) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 13(2) zuzustimmen.
- (6) Bekanntmachungen betreffend diesen § 13 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 12.

§ 14 (Schlussbestimmungen)

- (1) Anzuwendendes Recht.
Die Form und Inhalt der Schuldverschreibungen bestimmen sich nach dem Recht der Bundesrepublik Deutschland.
- (2) Gerichtsstand.
Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main,

further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to Noteholders together with the request for voting.

- (4) Noteholders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the Depository Bank in accordance with § 14(4) hereof and by submission of a blocking instruction by the Depository Bank for the benefit of the Paying Agent as depository (*Hinterlegungsstelle*) for the voting period.
- (5) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent, in accordance with § 13(2) hereof, to a material change in the substance of the Terms and Conditions.
- (6) Any notices concerning this § 13 shall be made in accordance with § 5 et seq. of the SchVG and § 12.

§ 14 (Final Provisions)

- (1) Applicable Law.
The Notes are governed by the laws of the Federal Republic of Germany.
- (2) Place of Jurisdiction.
To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions shall be Frankfurt am Main, Federal Republic of Germany.

Bundesrepublik Deutschland. Die Emittentin verzichtet unwiderruflich darauf, gegenwärtig oder zukünftig gegen die Gerichte in Frankfurt am Main als Forum für Rechtsstreitigkeiten Einwände zu erheben, und versichert, keines der Gerichte in Frankfurt am Main als ungelegenes oder unangemessenes Forum zu bezeichnen.

Für Entscheidungen gemäß §§ 9 Absatz 2, 13 Absatz 3 und 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 SchVG das Amtsgericht zuständig, in dessen Bezirk die Emittentin ihren Sitz hat. Für Entscheidungen über die Anfechtung von Beschlüssen der Anleihegläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht ausschließlich zuständig, in dessen Bezirk die Emittentin ihren Sitz hat.

(3) Erfüllungsort.

Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.

(4) Geltendmachung von Rechten.

Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen geltend machen unter Vorlage der folgenden Dokumente: (a) einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den Gesamtnennbetrag der Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Depot dieses Anleihegläubigers gutgeschrieben sind, und (iii) bestätigt, dass die Depotbank dem Clearing System und der Hauptzahlstelle eine schriftliche Mitteilung zugeleitet hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearing Systems sowie des jeweiligen Clearing System-Kontoinhabers trägt, sowie (b) einer von einem Vertretungsberechtigten des Clearing Systems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunde.

The Issuer irrevocably waive any objection which it might now or hereafter have to the courts of Frankfurt am Main being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any of those courts is not a convenient or appropriate forum.

The court of the district where the Issuer has its registered office shall have jurisdiction for all judgments pursuant to §§ 9(2), 13(3) and 18(2) SchVG in accordance with § 9(3) SchVG. The regional court (*Landgericht*) in the district where the Issuer has its registered office shall have exclusive jurisdiction for all judgments over contested resolutions by Noteholders SchVG in accordance with § 20(3) SchVG.

(3) Place of Performance.

Place of performance shall be Frankfurt am Main, Federal Republic of Germany.

(4) Enforcement of Rights.

Any Noteholder may in any proceedings against the Issuer protect and enforce in its own name its rights arising under its Notes by submitting the following documents: (a) a certificate issued by its Depository Bank (i) stating the full name and address of the Noteholder, (ii) specifying an aggregate nominal amount of Notes credited on the date of such certificate to such Noteholder' s securities account maintained with such Depository Bank and (iii) confirming that the Depository Bank has given a written notice to the Clearing System as well as to the Principal Paying Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System accountholder as well as (b) a copy of the Global Note certified by a duly authorised officer of the Clearing System or the Principal Paying Agent as being a true copy.

**§ 14
(Sprache)**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

**§ 14
(Language)**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be the only legally binding version. The English language translation is provided for convenience only.

GENERAL INFORMATION ON THE ISSUER AND THE RHÖN-KLINIKUM GROUP

General

The Issuer's legal, commercial and advertising name is RHÖN-KLINIKUM Aktiengesellschaft. The Issuer is a stock corporation (Aktiengesellschaft) with unlimited duration, incorporated under the laws of Germany and registered in the commercial register (Handelsregister) at the local court (*Amtsgericht*) of Schweinfurt under the number HRB 1670. The Issuer's business address and registered office is RHÖN-KLINIKUM AG, Salzburger Leite 1, 97616 Bad Neustadt a.d. Saale, Germany. The telephone number is +49 (0) 9771 65-0.

History and Incorporation

The Issuer was established in 1970 under the name "Kurbetriebs- und Verwaltungsgesellschaft m.b.H." being renamed RHÖN-KLINIKUM GmbH in 1974. In 1988 RHÖN-KLINIKUM GmbH was converted into RHÖN-KLINIKUM AG, a stock corporation under German law.

The listing of the preference shares for official trading on the stock exchanges in Frankfurt am Main and Munich on 27 November 1989 marked the first IPO of a German hospital group. Since its public offering, RHÖN-KLINIKUM AG has been continuously expanding its operations and since 2004 alone has purchased a total of 26 hospitals.

Today, the RHÖN-KLINIKUM Group is, in the Issuer's view, one of the leading private hospital operators in Germany. Among these operators, RHÖN-KLINIKUM AG is the only one that is listed on a stock exchange.

Fiscal Year and Registered Business Address

The Issuer's fiscal year coincides with the calendar year, beginning on 1 January and ending on 31 December of each year. The registered business address of the Issuer is: Salzburger Leite 1, 97616 Bad Neustadt a.d. Saale, Germany. The telephone number is +49 (0) 9771 65-0.

Business Purpose

Pursuant to section 2 of its Articles of Association, the Issuer's business purpose is

- the establishment, operation of and provision of consulting services to hospitals, of all manner of sanatorium, diagnostic and therapy facilities, professional qualification and training facilities as well as tourism, restaurant, and hotel facilities.
- the development, manufacture and distribution of, and trading in, medical-technical devices and the development, manufacture and distribution of, and trading in, all manner of items conducive to the establishment or operation of the aforementioned facilities,
- the management of real estate, notably residential and condominium property.

Business

Overview

RHÖN-KLINIKUM AG is the parent company of the RHÖN-KLINIKUM Group. The RHÖN-KLINIKUM Group operates, establishes, acquires and restructures hospitals (in particular with regard to the course of treatment) and establishes, acquires and operates medical care centres (*Medizinische Versorgungszentren*, "**Medical Care Centres**") in Germany. As at 1 January 2010, the RHÖN-KLINIKUM Group comprised 53 hospitals in 42 locations in 10 German federal states and 29 Medical Care Centres which currently have 110 specialist physician practises (*Facharztsitze*).

The portfolio of services of the RHÖN-KLINIKUM Group includes the areas of medical service necessary for acute in-patient care, which is provided in hospitals categorised by level of care (basic, standard, intermediate and maximum care) or in specialised or university hospitals and includes outpatient, day-case in-patient and full in-patient care.

The focus of the business of the RHÖN-KLINIKUM Group is the provision of services in acute care hospitals. The facilities of the RHÖN-KLINIKUM Group are available to all patients of the statutory and private health insurance plans. However, the RHÖN-KLINIKUM Group generates over 90% of its revenue from the treatment of patients who are insured by the statutory health insurance plans.

The hospitals and Medical Care Centres are – with the exception of those operated by the Issuer itself – run as legally and financially independent subsidiaries in which RHÖN-KLINIKUM AG holds a majority stake, and their operations are run according to the guidelines and policies of the Issuer. The Issuer does not operate hospitals owned by third parties. All assets (including real estate property) necessary for the operation of the hospitals and Medical Care Centres are generally held by the respective company of the RHÖN-KLINIKUM Group.

Strategy

The goal of RHÖN-KLINIKUM AG is to make affordable, high-quality medical care universally available at all times. The Issuer is seeking a target market share for the RHÖN-KLINIKUM Group of over 8% of the overall German hospital market with over 100 facilities, as measured by the number of hospital beds, and a market coverage that will enable every German citizen to reach one of the facilities of the RHÖN-KLINIKUM Group within a one-and-a-half to two-hour drive. With this in mind, the Issuer intends to continue to proceed with its transformation, already underway, from a hospital operator to an integrated healthcare provider.

The central elements of its strategy to achieve this goal are:

Growth

Due to industry-specific limits in systemic growth, external growth is required for the Issuer to meet its growth targets. Over the next few years, the Issuer expects external revenue growth for RHÖN-KLINIKUM Group from additional acquisitions of hospitals. In addition, the RHÖN-KLINIKUM Group is continuing to establish additional Medical Care Centres, construct teleportal clinics and expand of existing sites as well as open new sites through acquisitions.

Optimisation of acquired hospitals

The RHÖN-KLINIKUM Group uses its expertise in the areas of operations, construction measures and IT infrastructure, in particular, at newly acquired hospitals to optimise hospital operations through restructuring and other reorganisation measures and to increase hospital efficiency.

Continuous innovation

A focus of the Issuer's strategy is to promote innovations, which the Issuer pursues both through its employees in its local hospitals as well as in collaboration with external research and development partners.

The hospitals of the RHÖN-KLINIKUM Group provide a valuable boost to new clinical research studies and the development of new treatments and processes. The promotion of innovation takes place both in the hospitals, where employees are encouraged to develop new approaches, as well as Group-wide in collaboration with external research and development partners. The university hospitals of the RHÖN-KLINIKUM Group also make contribute to innovation. The combination of scientific know-how and many years of expertise in patient care allows it to make research results available quickly for patient diagnosis and therapy.

Outstanding medical care and quality assurance

The RHÖN-KLINIKUM Group places great emphasis on providing high-quality medical care. Continuous quality assurance measures are designed to ensure that all facilities of the RHÖN-KLINIKUM Group maintain a consistently high standard of quality of care and are constantly improving in this area. In addition, hospital operations are continuously being optimised and adapted to take account of the latest expertise. The Issuer intends that this type of continual improvement in the quality of the medical care provided will ensure that the hospitals of the RHÖN-KLINIKUM Group remain attractive in the medium and long term to both referring physicians and patients.

Interplay of outpatient and in-patient care

On the one hand, advances in medicine allow for constantly new methods of in-patient treatment; on the other hand, these advances result in a shift of services previously provided by hospitals to the outpatient area. As a result, the boundaries between outpatient and in-patient treatment are increasingly breaking down and ceding to a trans-sectoral interplay. This interplay between outpatient and in-patient care is also being pursued within the RHÖN-KLINIKUM Group, which is intended to reduce fixed costs, given that specialist personnel can be active in both areas and medical equipment can also be used by both areas. Furthermore, common administrative structures can be created and synergies exploited. In addition, results of examinations carried out within the outpatient area can be applied directly in the in-patient area, as uniform standards are met in both areas and redundant examinations can be avoided. In addition to its Medical Care Centres, the RHÖN-KLINIKUM Group is also focusing on the establishment of teleportal clinics; these are smaller hospitals, usually with only two or three speciality departments, which are linked to the speciality departments of larger hospitals via online connections. The expertise and specialist knowledge of such larger hospitals can be made available on a large-scale regional basis via this online connection, enabling the provision of appropriate medical care to patients at locations close to their homes. This should facilitate the provision of higher quality services to patients and at the same time significantly reduce material and personnel costs.

Cooperation with other service providers in the region

The RHÖN-KLINIKUM Group cooperates in many locations, in the hospitals in particular, with physicians practising in the region. Continuing education measures in certain RHÖN-KLINIKUM Group hospitals provide practising physicians in many locations with technical training. Some RHÖN-KLINIKUM Group hospitals provide practising physicians with access to the hospital's operations calendar, allowing physicians to tell patients when their operation is likely to be scheduled when making referrals. Furthermore, some test results from practising physicians can be used in the hospitals, minimising the inconvenience and expense of redundant testing. Following hospitalisation, medical reports are generally prepared and sent promptly, thereby ensuring a smooth transition for the patient to outpatient status.

Employee motivation

The Issuer seeks to maintain and continually improve the motivation of its staff through performance orientated compensation models, attractive education and training opportunities, attractive workplaces with modern equipment and the promise of freedom of therapy. A high level of employee motivation should help to ensure the quality of services over the long term and the availability for the long term of a sufficient number of well-educated employees who enable the RHÖN-KLINIKUM Group to achieve further growth.

The Issuer expects a number of opportunities to acquire additional hospitals to arise in the foreseeable future. The Issuer is in regular contact with a number of hospital operators about possible acquisitions. These include public, non-profit and private operators.

Areas of services

The services performed by the RHÖN-KLINIKUM Group as a whole can be divided among the following areas: Hospitals, Rehabilitation and Medical Care Centres, while the service companies and other Group companies perform predominantly internal, infrastructural services.

Hospitals

As at 31 December 2009, the hospitals within the RHÖN-KLINIKUM Group had a total hospital bed capacity of 15,729 beds (as at 31 December 2008: 14,828 beds; as at 31 December 2007: 14,647 beds). The majority of these 14,131 beds (as at 31 December 2008: 13,249 beds; as at 31 December 2007: 13,060 beds) were in the acute in-patient area (acute in-patient approved beds pursuant to the requirements plan and Sections 108 and 109 of the German social security code, fifth book (V) (*Sozialgesetzbuch, Fünftes Buch (V)* – the "**SGB V**"). In the area of day clinics (day clinic or day-case in-patient care places pursuant to the requirement plan and Sections 108 and 109 of the SGB V), the RHÖN-KLINIKUM Group had 360 hospital beds as at 31 December 2009. The remaining 1,238 beds (as at 31 December 2008: 1,238 beds; as at 31 December 2007: 1,243 beds) comprise those from the Rehabilitation area and other areas pursuant to contractual agreements.

The function of an acute care hospital is, at a minimum, to fulfil the role assigned to it by the hospital requirement plan in respect of the relevant area of patient care in quantitative and qualitative terms. This role comprises the treatment, on a full and partial in-patient basis, of patients who have consciously opted for medical treatment (so-called elective patients) and also emergency patient care. The acute care hospitals also typically participate, within the scope of a qualified authorisation to do so, in the provision of outpatient care.

The general hospitals within the RHÖN-KLINIKUM Group comprise facilities for central and intermediate, priority, maximum level or university patient care. In contrast, speciality hospitals have a particular focus, for example, heart surgery in Karlsruhe, the cardiac centre in Leipzig or neurology in Bad Neustadt.

In 2005, in order to be able to provide basic medical care in locations in which the operation of a normal hospital would not be cost-effective, the teleportal clinic model was introduced. Teleportal clinics generally have between 40 and 60 hospital beds. They offer a complete range of basic medical care services in the areas of internal medicine and surgery and are linked with other hospitals via telematic connections, thus allowing for diagnosis by specialists in another hospital.

All of the 53 acute care hospitals within the RHÖN-KLINIKUM Group are authorised, pursuant to section 108 of the SGB V, to provide patient care to persons insured by a statutory health insurance provider. Furthermore, all of the hospitals are included within the hospital requirement plan of the relevant federal state and are thus "plan hospitals" pursuant to Section 108 No. 2 of the SGB V.

Rehabilitation

Within the area of "rehabilitation", the RHÖN-KLINIKUM Group offers services which function as post-hospital treatments (*Anschlussheilbehandlungen*), whereby the preceding hospital treatment need not necessarily have been provided in one of the facilities of the RHÖN-KLINIKUM Group. Such post-hospital treatments encompass medical measures which are begun directly after an acute care treatment, aid the healing process and restore the capability of the patient. In contrast, the RHÖN-KLINIKUM Group facilities do not typically offer services which aid the restoration of a patient's ability to work without being connected to any acute illness (so-called care process (*Heilverfahren*)).

Medical Care Centres

The RHÖN-KLINIKUM Group additionally operates 29 Medical Care Centres across Germany (as at 1 January 2010) with a total of 110 speciality practises (*Facharztsitze*). These consist of outpatient care facilities which are run by physicians and in which various disciplines come together under one roof. On the one hand, patients being treated there who require in-patient treatment can be admitted to hospitals within the RHÖN-KLINIKUM Group via the Medical Care Centres; on the other hand, the acquisition and establishment of Medical Care Centres follows the current trend of offering treatment to patients, who up to now were treated on an in-patient basis, in so-called day clinics on an outpatient basis. At the same time, the Medical Care Centres provide an interface between the outpatient and in-patient locations which, through coordination of the relevant processes, can result in cost savings. The hospitals and Medical Care Centres cooperate closely in carrying out their individual functions.

All of the Medical Care Centres are currently being operated as limited liability companies (*Gesellschaft mit beschränkter Haftung (GmbH)*). Both the size and type of the shareholding in such companies, and thus the share of the profits held by RHÖN-KLINIKUM AG, may vary according to the individual company. RHÖN-KLINIKUM AG currently holds, with one exception, 100% of the shares in all of the Medical Care Centres in which it has shareholdings. None of the physicians has shareholdings in the Medical Care Centres as at the date of this Prospectus.

Service companies and other Group companies

In addition to the hospitals and operating companies of the Medical Care Centres, the RHÖN-KLINIKUM Group also comprises real estate companies, service companies, research and training

companies and other companies. The research and training companies comprise two non-profit companies, one of which offers support services to patients while the other offers basic and advanced training in professions closely related to the medical profession, such as pediatric nursing or training for operating room assistants. While the real estate companies hold and administer the real estate properties of the hospitals in Bad Neustadt, Leipzig and Kipfenberg, the service companies provide infrastructure services internally within the RHÖN-KLINIKUM Group, such as cleaning and laundry services, catering and other domestic services. The Issuer additionally holds shares in several shelf companies which are used in the context of hospital acquisitions and the opening or acquisition of Medical Care Centres. A children's day care, an internal employment agency, a health spa and further companies are also part of the RHÖN-KLINIKUM Group.

Range of Services

Four-level patient allocation, Flow principle

The treatment of patients occurs as part of a process which is complex from an organisational perspective and is based on the division of labour. Disruptions in the process result in a loss of quality and harbour risks for patients and the hospital concerned. In the view of the Issuer, a high level of quality in treatment forms the basis of patient confidence and simultaneously guarantees the minimisation of operational and production risks.

The four-level system introduced by the RHÖN-KLINIKUM Group aligns the processes in each hospital in accordance with the condition of the individual patient. It takes into account the fact that a patient requires different levels of care throughout the course of his or her recovery and therefore needs to be placed in wards which are equipped with the appropriate technology. A patient will progress through stages of care adapted to his or her rate of recovery, from the highest level of intensive care to intermediate intensive care (not requiring artificial respiration) and from the normal ward to low level care prior to discharge.

Thus, in the hospitals within the RHÖN-KLINIKUM Group, the overall treatment of a patient is divided into individual stages, in each of which employees possess the highest level of competence and qualifications. The Issuer designates this system the so-called flow principle or, alternatively, flow organisation.

In this way, a high level of professionalism is generated at each workstation, on the one hand, and a self-controlling system is created through the division of labour, on the other hand. The flow principle is supported by means of building conditions in the hospital and the IT structure.

Web-based electronic patient file (WebEPA)

The interconnectedness of individual physicians, departments or entire hospitals within the RHÖN-KLINIKUM Group also plays an important role in the provision of patient care. Such an interconnectedness already exists at the personnel level, in that physicians communicate with each other and exchanges of knowledge and opinions occur between the hospitals, for example, by means of video conferences. Telecommunications media are also used in the area of radiology. For example, through the use of teleradiology, computer tomographic examinations can be carried out in Erlenbach while the findings of those examinations are issued by an expert in the cardiovascular clinic in Bad Neustadt. With a view to the further optimisation of this interconnectedness in the future, the RHÖN-KLINIKUM Group intends to introduce the WebEPA, a national, multimedia, digital case file which links medical knowledge relating to findings and treatment data on a cross-facility basis. The WebEPA will contain all information usually contained in the traditional paper

patient file: findings, x-rays, lab results, previous treatments, emergency information relating to allergies, blood type or chronic illnesses. All physicians and departments within the RHÖN-KLINIKUM Group will have access to the WebEPA, in order to improve the quality of the treatment process for patients and save on costs resulting from multiple examinations. Given that there is as yet no statutory basis for such an electronic patient file, every patient must give his or her consent to the processing of his or her information on every ward he or she is placed on during the course of his or her treatment. In this connection, all rights of access to the WebEPA are narrowly defined.

The WebEPA is currently still in its introductory phase. The Issuer intends to set up access to the WebEPA for all of the hospitals and Medical Care Centres within the RHÖN-KLINIKUM Group within the next few years.

Communication between hospitals and practicing physicians

The quality of service is also of paramount importance for the hospitals of the RHÖN-KLINIKUM Group as regards referring physicians. In this context, open communication and transparent treatment of patients should foster good contact with physicians. They are granted partial access to the operating schedules of certain hospitals in order to enable them to plan in advance the period of hospitalisation with their patients to the best possible extent. Upon the discharge of a patient from a hospital, the relevant discharge letters are prepared as quickly as possible, often on the day of discharge, to ensure that the referring physician is able to proceed with the provision of outpatient care as smoothly as possible.

In addition, at some of its locations, the RHÖN-KLINIKUM Group offers practising physicians the opportunity to perform treatments in one of the hospitals within the RHÖN-KLINIKUM Group.

Growth through acquisitions

Due to the extensive statutory regulation of capacities and pricing, organic growth in existing hospitals is only possible to a limited extent. As a result, the RHÖN-KLINIKUM Group is dependent upon the acquisition of additional hospitals in order to meet its growth targets. For further details, see also "*Risk Factors – Operating risks*".

RHÖN-KLINIKUM Group generally purchases acute care hospitals of various sizes, which, before such acquisition, are typically characterised by low profitability and a low level of investment. An experienced project team then restructures these hospitals and integrates them into the RHÖN-KLINIKUM Group.

Procedure for the acquisition of hospitals

The Issuer continuously monitors the market for potential hospital acquisitions and attempts to ensure that it obtains advance knowledge of any public invitation to tender or private sale or, as the case may be, a non-public invitation to tender in order to enable it to take action at an early stage. To this end, a staff unit has been set up at the Group level which has created a close network of internal and external contacts. At the municipal level, district managers maintain contact with municipal bodies responsible for such disposition. In addition, hospital managers, divisional boards as well as the division managers and specialist personnel maintain contacts at the specialist level and in this manner obtain information pertaining to, among other things, imminent disposals. The Issuer is currently monitoring a number of potential acquisition targets of all sizes in Germany.

The Issuer also uses its close information network at the specialist level, in particular, in the context of the acquisition of speciality practises, in order to be able to obtain knowledge of a sale at an early

stage and approach the relevant parties. The staff unit monitors, among other things, announcements in the press as to imminent privatisations and actively approaches potential sellers.

The Issuer is fundamentally interested in the acquisition of all types of acute care hospitals, i.e. hospitals of all sizes and under the ownership of all manner of operators. In the context of the evaluation of potential acquisition targets, the following factors, in addition to location security, are of importance to the Issuer:

- **Configurable corporate activities:** In the experience of the Issuer, it is of decisive importance for the long-term success of an acquisition and the safeguarding of the related financial commitment that the corporate activities of the new hospital can be freely configured. The extent to which the seller demonstrates a wish to retain a *de facto* influence over the management of the hospital even after the acquisition, by imposing requirements as to the guaranteeing of jobs or limitations on construction, thereby imposing conditions which effectively delay or prevent the implementation of necessary restructuring measures, is also crucial. For this reason, the Issuer generally does not consider minority shareholdings to be an attractive option.
- **An appropriate purchase price which allows for a flowback of funds within a reasonable period of time:** The RHÖN-KLINIKUM Group generally dispenses with the payment of strategic surcharges on the purchase price. In respect of the amount of the purchase price, the RHÖN-KLINIKUM Group primarily takes into consideration the amount of the expected future profits, as well as the amount of the restructuring costs of the hospital concerned in order to enable it to realise the expected profits.
- **Ownership of the real estate property:** It is of decisive importance to the RHÖN-KLINIKUM Group that, in acquiring a hospital, it is also able to acquire the real estate property connected therewith or, at the very least, a long-term hereditary building right (*Erbbaurecht*). This does not apply to an acquisition, in which only an interim use of the old real estate is envisaged, pending the acquisition of new buildings.
- **The type and extent of the ancillary activities:** Entities which also carry out considerable ancillary activities, such as nursing homes and kindergartens, are generally not of interest to the RHÖN-KLINIKUM Group, as such ancillary activities do not relate to its core competencies.
- **General hospitals:** the Issuer intends to concentrate primarily on the acquisition of general hospitals of all sizes in the future.
- **Anti-trust law assessment:** Anti-trust law considerations are also taken into account in the context of the evaluation of a potential acquisition target. Should anti-trust approval for the acquisition be with-held, all efforts will have been in vain; the grant of anti-trust approval may impose restrictions upon potential future acquisitions within the same region.

In the view of the the Issuer, the trend towards the privatisation of public hospitals is continuing.

The Issuer observed a wave of privatisations of public hospitals in the wake of the most recent recession in 2002/2003, when it acquired twenty hospitals for a total value of approximately EUR 960 million (purchase prices and associated investment obligations). In the view of the Issuer, there will be an increase in hospital privatisations from 2010, particularly against the background of the current economic and financial crisis, and the local authorities, which often own the public hospitals, will be adversely affected by the significant decrease in federal, state and municipal trade tax

revenues and the increase in the level of public debt resulting from the spillover of the economic and financial crisis into the real economy. These factors, together with the already existing investment backlog, could result in increasing pressure on prices as well as on the authorities to privatise the public hospitals.

Acquisition process in respect of hospitals

Depending on the identity of the seller of the hospital in question, the sales process will either occur in the context of a public invitation to tender or bidding process or, alternatively, on the basis of bilateral negotiations.

Hospital purchase agreements are usually highly standardised. The calculation of the purchase price is based on the expense involved in the restructuring of the hospital concerned and on the terms of existing collective labour agreements. Purchase agreements concluded with public bodies commonly include so-called “reversion clauses” (*Heimfallklauseln*).

In compliance with the Issuer’s internal guidelines, the proportion of subsidies in respect of future investments does not generally exceed 50%, such that these do not generate the obligation to award a public invitation to tender.

Sales negotiations in the context of a public invitation to tender generally last between three and six months before any agreement is concluded. In respect of acquisitions of privately- or church-owned hospitals, which involve neither a public invitation to tender nor a bidding process, this period can usually be de-created to one or two months.

Thereafter, it is usually another two to four months before the conditions usually incorporated into the purchase agreement for the grant of anti-trust approval, the approval of the states in respect of the change of ownership, the undertaking by the public funding authorities for the grant of subsidies and, to the extent that obligations pertaining to supplementary benefits for employees are to be assumed, the approval of the relevant pension funds (for example, that of the VBL or ZVK), are met or granted, as the case may be.

Restructuring of acquired hospitals

A project plan is usually prepared in respect of the restructuring of acquired hospitals that, to the extent that construction measures, in particular new builds, are also required, will generally cover a period of between three and five years. The project plan will comprise, in particular, the optimisation of operations, the introduction of the flow principle, construction measures and the optimisation of the IT infrastructure, and has as its goal the bringing of a non-profitable hospital to “break even” status, i.e. the achievement of a positive EBIT margin, within 12-18 months and to increase that EBIT margin (the relationship between operating result and turnover) to between 10% and 12% within a five-year period.

The Issuer has a department that plans and monitors its construction activities. In the past, the construction/design of the hospitals within the RHÖN-KLINIKUM Group has been extensively standardised and harmonised through the use of a module system, with the result that the planning phase can be shortened to a considerable extent and construction costs can be reduced accordingly. Furthermore, employees can already, prior to completion of the construction of modified or new buildings, view their future place of work in another hospital built according to the same model, and familiarise themselves with the new conditions.

Acquisition of Medical Care Centres

In respect of the acquisition of Medical Care Centres, the Issuer differentiates between Medical Care Centres located close to hospitals (according to their proximity to general hospitals, specialist hospitals and polyclinics) and those which are not located in the immediate vicinity of one of its own hospitals but which are strategically and advantageously located from a competitive perspective.

In contrast to the acquisition of a hospital, the procedure involved in the acquisition of an existing physician practice, which varies according to the equity interests of the physicians concerned and type of legal form eventually agreed upon, is less standardised. The value of the physician practices is assessed by means of several procedures in order to ensure that all important parameters can be ascertained in a structured manner. For this reason, the RHÖN-KLINIKUM Group has its own specialist department with representatives from the management level and is able to respond flexibly to the particular requirements of each individual case.

Integration into the RHÖN-KLINIKUM Group

As soon as antitrust approval for the acquisition of a hospital has been granted, the process of integrating the new entity into the RHÖN-KLINIKUM Group begins. To this end, a project group is set up which comprises both employees of the RHÖN-KLINIKUM Group and former employees of the acquired hospital. This group meets at regular intervals – on a monthly basis during the start-up phase and every two months thereafter – and initially substantiates the project plan, determines, among other things, the necessary requirements thereof and monitors the integration process. In addition, exchanges between specialists take place at the various speciality levels (physicians, nurses) at events across the Group.

Patients

As at 31 December 2009, companies within the RHÖN-KLINIKUM Group had treated 1,799,939 patients (financial year 2008: 1,647,972; financial year 2007: 1,544,451).

Although the companies within the RHÖN-KLINIKUM Group provide services to patients, they receive remuneration for those services in virtually all cases (the exceptions being private and self-paying patients) directly from the statutory health insurance plans.

In each of the past three financial years, the RHÖN-KLINIKUM Group realised over 90% of its annual revenues through the statutory health insurance plans.

Remuneration System

Remuneration for general full and day-case in-patient hospital services

The basis for the remuneration of the provision of general full and day-case in-patient hospital services is a "profits budget" jointly agreed by the owner of the hospital and the entity paying social benefits in the relevant federal state. This profits budget is agreed in advance each calendar year and is determined on a performance-oriented basis, in that the type and number of fees for the services to be provided is multiplied by the relevant fee amount in each case. The invoicing of this profits budget occurs to a large extent via a remuneration system based on lump-sum remuneration (the so-called DRG remuneration system). In addition, services in connection with the areas of neurology and psychiatry, and in the area of rehabilitation, to a lesser extent, are invoiced using daily care rates.

Within the framework of the DRG remuneration system, the actual profits realised during the fiscal year will be calculated on the basis of case-based lump sums. The case-based lump principle is based on the fact that every in-patient case is assigned to a case group (DRG). Each such case group is assigned a cost weight (*Bewertungsrelation*). The more extensive and difficult the average treatment of a case described within a case group, the greater the cost weight.

The amount of the individual profits is obtained by multiplying the cost weight by the relevant case-based lump sum for the federal state concerned. Where additional services are provided which exceed the agreed profits budget, the fees allocable thereto will only be paid on a pro rata basis in the amount of 35%. In contrast, a hospital will usually receive compensation in the amount of 20% of the service fee for service deficits (see "*Regulatory Environment – Regulations governing the Business Activity – Acute care hospitals – Financing*").

Services provided to private patients are invoiced to those patients on the basis of the treatment agreements concluded, including remuneration arrangements based on the Physicians' Fee Schedule (*Gebührenordnung für Ärzte (GoÄ)*).

Remuneration in the area of rehabilitation is primarily received through statutory health insurance providers on the basis of remuneration agreements, themselves based on care and allocation agreements concluded with the individual cost-bearer.

Remuneration for outpatient services

As a general principle, there are no special provisions in respect of the invoicing of medical services provided by a Medical Care Centre. Charges for services provided by statutory health insurance physicians in the area of outpatient care are calculated on the basis of the applicable fee schedule (*Gebührenordnung*) for outpatient services. Here the invoicing is based on the applicable fees or point values jointly and uniformly agreed upon for each quarter by the Association of SHI Physicians, the state associations of health insurance plans and the substitute private health insurance plans (*Ersatzkassen*).

General physician- and practise-related performance volumes should be defined in order to avoid an excessive extension of the function of the physician and the medical practise. Should performance exceed the stipulated general performance volume, remuneration will be paid at prices decreased in accordance with a scale system. The remuneration of the practising physicians at the Medical Care Centres is based on the individual contractual arrangements of those physicians.

Corporate Structure and Shareholdings

RHÖN-KLINIKUM AG is the parent company of the consolidated Group. Aside from its headquarters at Bad Neustadt a.d. Saale, RHÖN-KLINIKUM AG has no other offices within or outside of Germany. It operates itself also the hospitals for cardiovascular and hand surgery and the psychosomatic hospitals in Bad Neustadt a.d. Saale, as well as a health spa (*Heilbad*).

All other facilities of the RHÖN-KLINIKUM Group, e.g. the hospitals and medical care centres are operated by the respective consolidated Group companies.

The following table presents a summary of the most important operating companies of the RHÖN-KLINIKUM Group that are fully consolidated as of 31 December 2009, as well as other companies pursuant to sections 313 para. 2 no. 2 et seq. HGB, along with their respective registered seat and

the direct and indirect interests held by the Issuer. The remaining interests are usually held by the seller from whom the RHÖN-KLINIKUM Group acquired the respective interest.

	Interest held, in %
Hospital companies	
Amper Kliniken AG, Dachau ¹	74.9
Aukamm-Klinik für operative Rheumatologie und Orthopädie GmbH, Wiesbaden	100.0
Fachkrankenhaus für Psychiatrie und Neurologie Hildburghausen GmbH, Hildburghausen	100,0
Frankenwaldklinik Kronach GmbH, Kronach.....	94.9
Haus Saaletal GmbH, Bad Neustadt a.d. Saale.....	100.0
Herz- und Gefäß-Klinik GmbH, Bad Neustadt a.d. Saale.....	100.0
Herzzentrum Leipzig GmbH, Leipzig	100.0
IGB Integratives Gesundheitszentrum Boizenburg GmbH, Boizenburg	92.0
Klinik »Haus Franken« GmbH, Bad Neustadt a.d. Saale.....	100.0
Klinik für Herzchirurgie Karlsruhe GmbH, Karlsruhe	100.0
Klinik Kipfenberg GmbH Neurochirurgie und Neurologische Fachklinik, Kipfenberg	100.0
Klinik Herzberg und Osterode GmbH, Herzberg am Harz.....	100.0
Kliniken Miltenberg-Erlenbach GmbH, Erlenbach	100.0
Kliniken München Pasing und Perlach GmbH, München.....	93.7
Klinikum Uelzen GmbH, Uelzen.....	100.0
Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder).....	100.0
Klinikum Hildesheim GmbH, Hildesheim.....	100.0
Klinikum Meiningen GmbH, Meiningen	100.0
Klinikum Pforzheim GmbH, Pforzheim	94.9
Klinikum Pirna GmbH, Pirna	100.0
Klinikum Salzgitter GmbH, Salzgitter	94.9
Krankenhaus Anhalt-Zerbst GmbH, Zerbst	100.0
Krankenhaus Cuxhaven GmbH, Cuxhaven	100.0
Krankenhaus Köthen GmbH, Köthen	100.0
Krankenhaus St. Barbara Attendorn GmbH, Attendorn	100.0
Krankenhaus Waltershausen-Friedrichroda GmbH, Friedrichroda	100.0
Kreiskrankenhaus Gifhorn GmbH, Gifhorn.....	96.0
MEDIGREIF-Betriebsgesellschaft für Krankenhäuser und Integrative Gesundheitszentren mit beschränkter Haftung (MEDIGREIF BKIG mbH), Greifswald	100.0
MEDIGREIF Bördekrankenhaus GmbH, Neindorf	100.0
MEDIGREIF Kreiskrankenhaus Burg GmbH, Burg	100.0
MEDIGREIF Verwaltungs- und Betriebsgesellschaft Fachkrankenhaus Vogelsang-Gommern mit beschränkter Haftung, Greifswald	100.0
Mittelweser Kliniken GmbH Nienburg Hoya Stolzenau, Nienburg.....	100.0
Neurologische Klinik GmbH Bad Neustadt a.d. Saale, Bad Neustadt a.d. Saale.....	100.0

	Interest held, in %
Park-Krankenhaus Leipzig-Südost GmbH, Leipzig	100.0
Soteria Klinik Leipzig GmbH, Leipzig	100.0
Städtisches Krankenhaus Wittingen GmbH, Wittingen	96.0
St. Elisabeth-Krankenhaus GmbH, Bad Kissingen	98.5
St. Petri-Hospital Warburg GmbH, Warburg	100.0
Stiftung Deutsche Klinik für Diagnostik GmbH, Wiesbaden	100.0
Universitätsklinikum Gießen und Marburg GmbH, Gießen	95.0
Weißeritztal-Kliniken GmbH, Freital	100.0
Wesermarsch-Klinik Nordenham GmbH, Nordenham	100.0
Zentralklinik Bad Berka GmbH, Bad Berka	87.5
Holding companies of the Medical Care Centres	
MEDIGREIF Medizinisches Versorgungszentrum Sachsen-Anhalt GmbH, Zerbst	100.0
Medizinisches Versorgungszentrum Anhalt GmbH, Zerbst	100.0
MVZ-Management GmbH Franken, Bad Neustadt a.d. Saale	100.0
MVZ-Management GmbH Attendorn, Attendorn	100.0
MVZ-Management GmbH Baden-Württemberg, Pforzheim.....	100.0
MVZ-Management GmbH Brandenburg, Frankfurt (Oder).....	100.0
MVZ-Management GmbH Niedersachsen, Nienburg.....	100.0
MVZ-Management GmbH Sachsen, Pirna.....	100.0
MVZ-Management GmbH Thüringen, Bad Berka	100.0
MVZ-Management GmbH Sachsen-Anhalt, Köthen	100.0
MVZ-Management GmbH Hessen, Wiesbaden	100.0
MVZ Service Gesellschaft mbH, Bad Neustadt a.d. Saale.....	100.0
MVZ Universitätsklinikum Marburg GmbH, Marburg.....	95.0
Research and training companies	
ESB-Gemeinnützige Gesellschaft für berufliche Bildung mbH, Bad Neustadt a.d. Saale ...	100.0
Gemeinnützige Gesellschaft zur Förderung der klinischen Forschung auf dem Gebiet der Humanmedizin und zur Betreuung von Patienten an den Universitäten Gießen und Marburg mbH, Marburg	100.0
Property companies	
Altmühltalklinik-Leasing GmbH, Kipfenberg	51.0
BGL Grundbesitzverwaltungs-GmbH, Bad Neustadt a.d. Saale	100.0
GPG Gesellschaft für Projekt- und Grundstücksentwicklung GmbH, Leipzig.....	100.0
Grundstücksgesellschaft Park Dösen GmbH, Leipzig.....	100.0
GTB Grundstücksgesellschaft mbH, Leipzig.....	100.0
Service companies	
RK-Cateringgesellschaft West mbH, Bad Neustadt a.d. Saale	51.0
RK-Reinigungsgesellschaft Nord mbH, Bad Neustadt a.d. Saale	51.0

	Interest held, in %
RK-Reinigungsgesellschaft Süd mbH, Bad Neustadt a.d. Saale	51.0
RK-Cateringgesellschaft Süd mbH, Bad Neustadt a.d. Saale.....	51.0
RK-Reinigungsgesellschaft West mbH, Bad Neustadt a.d. Saale.....	51.0
RK-Cateringgesellschaft Mitte mbH, Bad Neustadt a.d. Saale	51.0
RK-Reinigungsgesellschaft Mitte mbH, Bad Neustadt a.d. Saale	51.0
RK-Reinigungsgesellschaft Ost mbH, Bad Neustadt a.d. Saale	51.0
RK-Reinigungsgesellschaft Zentral mbH, Bad Neustadt a.d. Saale.....	51.0
UKGM Service GmbH, Bad Neustadt a.d. Saale	100.0
RK-Wäschereinigung GmbH, Bad Neustadt a.d. Saale	51.0
Shelf companies / Other companies	
Amper Medico Gesellschaft für medizinische Dienstleistungen mbH, Dachau	74.9
Energiezentrale Universitätsklinikum Gießen GmbH, Gießen.....	50,0
Leben am Rosenberg GmbH Kronach.....	100.0
Heilbad Bad Neustadt GmbH, Bad Neustadt a.d. Saale	100.0
KDI Klinikservices GmbH, Dachau.....	74.9
Kinderhort Salzburger Leite gGmbH, Bad Neustadt a.d. Saale	100.0
Klinik Feuerberg GmbH, Bad Neustadt a.d. Saale	100.0
Psychosomatische Klinik GmbH, Bad Neustadt a.d. Saale.....	100.0
PTZ GmbH, Bad Neustadt a.d. Saale	100.0
RK-Bauträger GmbH, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 11, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 16, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 28, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 29, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 31, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 32, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 33, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 34, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 35, Bad Neustadt a.d. Saale	100.0
RK Klinik Betriebs GmbH Nr. 36, Bad Neustadt a. d. Saale (formerly: MVZ Management GmbH Leipzig, Leipzig)	100.0
WMK-Service GmbH, Nordenham	100.0
Wolfgang Schaffer GmbH, Bad Neustadt a.d. Saale	100.0
Other companies pursuant to sec. 313 para. 2 no. 2 et seq. HGB	
Hospiz Mittelhessen gGmbH, Wetzlar	15.9
Imaging Services AG, Niederpöcking	18.8
miCura Pflegedienste Dachau GmbH, Dachau.....	36.7
Seniorenpflegeheim GmbH Bad Neustadt a.d. Saale, Bad Neustadt a.d. Saale	25.0

	Interest held, in %
Soemmering GmbH, Bad Nauheim.....	31.7

¹ From 1 January 2010: 94.9%.

RHÖN-KLINIKUM AG acquired an interest of 100.0% in MEDIGREIF-Betriebsgesellschaft für Krankenhäuser und integrative Gesundheitszentren mbH ("**MEDIGREIF**") with effect from 31 December 2009. Furthermore, with effect from 1 January 2010, Rhön-Klinikum AG raised its interest in Amper Kliniken AG to 94.9% from 74.9% by acquiring a 20% stake from FLD Fördergesellschaft Landkreis Dachau AG (see also "*Investments*").

Market

The healthcare market is one of the most important markets in the German economy. In 2007, the expenditure on healthcare was approximately EUR 252.8 billion, which accounted for approximately 10.4% of the gross domestic product (GDP) (Source: Statistisches Bundesamt 2009, *Gesundheit-Ausgaben 1995-2007*). Demand in the healthcare market is largely independent of the economic climate, making downturns in healthcare expenditure unlikely.

The RHÖN-KLINIKUM Group has a market share of bed capacity in the German hospital market of approximately 3.4%, based on the number of beds of the RHÖN-KLINIKUM Group as at 31 December 2009 and, according to the latest available total number of beds: "*Deutsche Krankenhausgesellschaft, Zahlen Daten Fakten (Numbers Data Facts) 2009*", the total number of beds in Germany in 2007. In the private hospital sector, the RHÖN-KLINIKUM Group has a market share as measured by bed capacity of approximately 22.2% (based on the latest available total number of beds: "*Deutsche Krankenhausgesellschaft, Zahlen Daten Fakten (Numbers Data Facts) 2009*" and the number of beds of the RHÖN-KLINIKUM Group as at 31 December 2009).

Along with the generally growing demand of the population for healthcare services, the development of the healthcare market is dominated by the following drivers: increasing life expectancy, medical progress, which in the view of the Issuer creates a so-called supply-induced demand, increased number of illnesses associated with modern society (such as diabetes) and the increase in chronic illnesses.

Competition

The German acute care hospital market is significantly fragmented (Source: Statistisches Bundesamt 2008, *Gesundheit – Grunddaten der Krankenhäuser (Health – Principal Data on Hospitals) 2007*). Although there are also a number of other larger, to some extent national, providers, competition within this market is generated primarily by a host of smaller providers which are only active on a local or regional basis. Many of these providers maintain only one or a couple of facilities.

In the area of acute care hospitals, competition for patients is primarily local or regional. As such, the RHÖN-KLINIKUM Group hospitals regularly compete with providers whose regional commuting area in respect of a particular medical discipline overlaps with that of individual hospitals of the RHÖN-KLINIKUM Group.

Competition in the privatisation process, on the other hand, generally occurs among private providers who mainly have a nationwide presence, and is reflected by private providers purchasing publicly-owned hospitals.

In the view of the Issuer, the most important nationally active competitors, which at least also operate acute care hospitals, include, in particular, Helios, which is part of the Fresenius Group, and Asklepios which generate revenues in the same range as those generated by the RHÖN-KLINIKUM Group. Sana, Damp, Schön Kliniken, MediClin, Enzensberg and Paracelsus are also noteworthy. In addition, Marseille-Kliniken has announced that it will be expanding its business operations to include acute care hospitals.

Investments

Investments since 30 September 2009

RHÖN-KLINIKUM AG holds an interest of 100.0% in MEDIGREIF with effect from 31 December 2009.

MEDIGREIF is the operator of the following hospitals:

- Kreiskrankenhaus Burg: As an acute basic-care acute hospital and academic teaching hospital of Otto-von-Guericke University Magdeburg, the facility secures healthcare delivery to approximately 20,000 patients each year. The hospital has 241 beds.
- Bördekrankenhaus Neindorf: The basic-care acute hospital has 222 beds and provides care to approx. 18,000 patients each year.
- Krankenhaus Anhalt-Zerbst: The basic-care acute hospital has 202 beds and treats approximately 15,000 patients each year.
- Fachkrankenhaus Vogelsang-Gommern: This specialised hospital has 131 beds. Its specialised clinic for rheumatological and orthopaedic diseases treats some 12,000 patients a year.
- Integratives Gesundheitszentrum Boizenburg GmbH: The basic-care acute facility has 46 beds and comprises the departments of Internal Medicine and Surgery. Approximately 3,600 patients are treated each year.

Furthermore, MEDIGREIF operates two Medical Care Centres in the Federal State of Saxony-Anhalt and the Federal State of Saxony.

In the period from 30 September 2009 until 31 December 2009 the RHÖN-KLINIKUM Group invested a total of EUR 338.8 million. Thereof EUR 108.2 million was financed from grants pursuant to the KHG, which were deducted from total investments in accordance with IFRS.

With effect from 1 January 2010, the Issuer raised its interest to 94.9% from 74.9% by acquiring a 20% stake in Amper Kliniken AG from FLD Fördergesellschaft Landkreis Dachau AG.

Details about future investments on which resolutions have been taken

The RHÖN-KLINIKUM Group finances its investment from the operating cash flow, using external funds (loans and one bond loan) and promotional funds. Specific financing funds cannot be allotted

to individual investments. Subsidies are already taken into account in the form of a reduction in acquisition costs.

As at 31 December 2009, the RHÖN-KLINIKUM Group had investment obligations in the amount of EUR 277.7 million arising out of company purchase agreements entered into in previous years (as at 31 December 2008: EUR 424.0 million) which it must meet by 2012. Essentially, these obligations relate to new and refurbished hospitals and technical medicinal equipment.

The Company intends to partly finance investments in future by using grants and own resources. For 2010, the Company has further planned investments of approximately EUR 428 million.

Moreover, the Company plans to acquire further hospitals, such that the investment plans could be expanded.

Share Capital and Major Shareholders

The Issuer's registered share capital is currently EUR 345,580,000.00. It is divided into 138,232,000 ordinary bearer shares with no par value, each with a *pro-rata* interest in the Issuer's registered share capital of EUR 2.50 per share. The registered share capital is fully paid in.

The entire registered share capital is admitted for trading on the regulated market of the stock exchange in Frankfurt (the "Regulated Market of the Frankfurt Stock Exchange") (Xetra and floor trading) with further post-admission obligations (Prime Standard), and on the regulated market of the Munich Exchange.

Based on information submitted to the Issuer pursuant to sections 21 *et seq.* WpHG and section 15a WpHG as of the date of this Prospectus major shareholders are Eugen Münch and Ingeborg Münch (both hold shares in the Issuer amounting to a total of 12.5%), Alecta pensionsförsäkring, ömsesidigt (9.9%) and Franklin Mutual Advisors (5.07%). As the submissions to the Issuer pursuant to section 21 *et seq.* WpHG occurred before the capital increase in August 2009, the change in the shareholding based on the capital increase are partly not reflected in above figures.

Management Board

The current members of the management board (*Vorstand*) of the Issuer (the "**Management Board**") are:

Name	Responsibility/Activity	Current mandates outside RHÖN-KLINIKUM Group
Wolfgang Pföhler	Chairman of the Management Board	<ul style="list-style-type: none"> • Deutsche Krankenhausgesellschaft e.V., (1st Vice-President)
Gerald Meder.....	Deputy Chairman of the Management Board; Responsible for Specialised, Intermediate and Intensive Care, Group Labour Relations	<ul style="list-style-type: none"> • None
Andrea Aulkemeyer	Internal Advice, Internal Auditing and Compliance Board	<ul style="list-style-type: none"> • Forum MedTech Pharma e.V., Nuremberg (Member of the Board) • Verband der Privatkliniken in Thüringen e.V., Bad Klosterlausitz (Chairman of the Management Board) • Landeskrankenhausgesellschaft Thüringen e.V., Erfurt (Member of the Management Board)
Dr. rer. pol. Erik Hamann	Finance, Investor Relations and Controlling	<ul style="list-style-type: none"> • None
Wolfgang Kunz	Company and Group Accounting	<ul style="list-style-type: none"> • None
Ralf Stähler	Case, Core and Maximum Care division	<ul style="list-style-type: none"> • None
Dr. rer. oec. Irmgard Stippler.....	Communications and IT	<ul style="list-style-type: none"> • None
Dr. med. Christoph Hans Straub	Outpatient-In-patient Basic and Standard Care division	<ul style="list-style-type: none"> • None

Members of the Management Board may be contacted at the Issuer's business address at RHÖN-KLINIKUM AG, Salzburger Leite 1, 97616 Bad Neustadt a.d. Saale, Germany.

There are no conflicting interests of the persons listed above between any duties to the Issuer and their private interests and/or other duties.

Supervisory Board

The current members of the supervisory board (*Aufsichtsrat*) of the Issuer (the "**Supervisory Board**") are as follows:

Name	Current appointments outside RHÖN-KLINIKUM Group
Eugen Münch (Chairman of the Supervisory Board).....	<ul style="list-style-type: none"> ● Stiftungsrat Deutsche Hospizstiftung ● Stiftungsrat Deutsche Schlaganfall-Hilfe ● Member of the Presidium of IHK Würzburg/Schweinfurt ● Deputy Chairman of the Federal Association of Private Hospitals in Germany (BDPK)
Wolfgang Mündel, (2 nd Deputy Chairman).....	<ul style="list-style-type: none"> ● Chairman of the Advisory Board of Jean d'Arce Cosmétique GmbH & Co. KG, Kehl
Dr. Bernhard Aisch	<ul style="list-style-type: none"> ● None
Gisela Ballauf	<ul style="list-style-type: none"> ● None
Sylvia Bühler.....	<ul style="list-style-type: none"> ● Deputy Chairman of the Supervisory Board of MATERNUS Kliniken AG, Berlin
Helmut Bühner.....	<ul style="list-style-type: none"> ● None
Professor Dr. Gerhard Ehninger	<ul style="list-style-type: none"> ● DKMS Deutsche Knochenmarksspenderdatei gemeinnützige Gesellschaft mbH, Tübingen (Chairman of the Board of Directors) ● DKMS Stiftung Leben spenden, Tübingen (member of the Board of Trustees) ● DKMS America, New York (Board Member)
Ursula Harres	<ul style="list-style-type: none"> ● None
Caspar von Hauenschild	<ul style="list-style-type: none"> ● Member of the Supervisory Board of St. Gobain ISOVER G+H AG, Ludwigshafen
Detlef Klimpe	<ul style="list-style-type: none"> ● Commercial Director and Deputy Chairman of the Universitätsklinikum Aachen, Aachen ● Attorney at law
Dr. Heinz Korte	<ul style="list-style-type: none"> ● None
Professor Dr. Dr. sc. (Harvard) Karl W. Lauterbach, MdB	<ul style="list-style-type: none"> ● Member of the German Parliament
Joachim Lüddecke	<ul style="list-style-type: none"> ● Deputy Chairman of the Supervisory Board of the Klinikum Region Hannover
Michael Mendel	<ul style="list-style-type: none"> ● Deputy Chairman of the Management Board of Österreichische Volksbanken-AG ● Member of the Supervisory Board of Altium AG, Munich, and of Aveco AG, Frankfurt am Main
Dr. Brigitte Mohn.....	<ul style="list-style-type: none"> ● Chairman of the Board of Directors of Stiftung Deutsche Schlaganfall-Hilfe, Gütersloh

Name	Current appointments outside RHÖN-KLINIKUM Group
	<ul style="list-style-type: none"> • Member of the Supervisory Board of Bertelsmann AG • Member of Bertelsmann Verwaltungsgesellschaft mbH • Member of the Advisory Board of MediClin AG, Offenburg • Deputy Chairman of Stiftung Praxissiegel e.V., Gütersloh • Member of the Advisory Board of HelpGroup
Annett Müller	• None
Jens-Peter Neumann	• None
Werner Prange	• None
Joachim Schaar.....	• None
Michael Paul Wendl.....	• Member of the Supervisory Board of Städtisches Klinikum München GmbH, Munich

The members of the Supervisory Board may be contacted at Issuer's business address at RHÖN-KLINIKUM AG, Salzburger Leite 1, 97616 Bad Neustadt a.d. Saale, Germany.

There are no conflicting interests of the persons listed above between any duties to the Issuer and their private interests and/or other duties.

Audit Committee

The audit committee of the Supervisory Board (the "**Audit Committee**") is involved in the review and preparation (*Prüfung und Vorbereitung*) of the financial statements of the Group and the Issuer. It also deals with the separate financial statements, management reports and audit reports of the respective Group companies and the proposal for appropriation of net distributable profit. Furthermore, the Audit Committee reviews the independence of the appointed auditor and submits to the Supervisory Board a proposal for election of the auditor to the annual general meeting. Once elected, the Audit Committee formally engages the auditor and determines the scope of the audit as well as the auditor's fees. The Audit Committee monitors the financial reporting, including discussion of interim reports with the Management Board and, where appropriate, the auditors, the effectiveness of the internal control and risk management systems and deals with issues of accounting, corporate governance and compliance.

Currently, the Audit Committee is composed of the following members of the Supervisory Board: Wolfgang Mündel (Chairman), Caspar von Hauenschild, Detlef Klimpe, Dr. Heinz Korte, Jens-Peter Neumann and Michael Paul Wendl.

Advisory Board

An Advisory Board was set up at RHÖN-KLINIKUM AG according to section 9 of the Articles of Association, the members of which are nominated by the Management Board with the approval of the Supervisory Board. The Advisory Board is currently composed of the following members: Prof. Dr. med. Frederik Wenz, Heidelberg (Chairman), Heinz Dollinger, Dittelbrunn, Ministerialrat A.D.

Helmut Meinhold, Heppenheim, Prof. Dr. Michael-J. Polonius, Dortmund, Helmut Reubelt, Dortmund, and Franz Widera, Duisburg.

Note on Corporate Governance

According to section 161 German Stock Corporation Act (*Aktiengesetz*), the Management Board and Supervisory Board of a joint stock company quoted on a German stock exchange must declare annually that they have acted/will act in accordance with the recommendations of the Government Commission German Corporate Governance Code published by the Federal Ministry of Justice in the official part of the electronic federal gazette (*elektronischer Bundesanzeiger*), or which recommendations were/are not being applied, including a statement of the reasons for this starting in 2009. The note must be permanently accessible to shareholders.

For the financial years 2009 and 2010, the Issuer made the following declaration of compliance with the German Corporate Governance Code on 28 October 2009:

"The Supervisory Board and Management Board of RHÖN-KLINIKUM AG hereby declare that they have followed the recommendations of the "Government Commission German Corporate Governance Code", published by the Federal Ministry of Justice in the official part of the electronic federal gazette (*elektronischer Bundesanzeiger*) in the version dated 6 June 2008 since the last declaration of compliance – as stated on 30 October 2008 – with the following exception:

Para. 7.1.2 sentence 4: The financial year of the Company and of the Group is the calendar year. The annual financial statements of the Company and the Group are submitted in the following April.

The annual financial statements of the Company and the Group are completed not before the aforementioned date due to special quality requirements within the Group.

The Management Board and Supervisory Board of RHÖN-KLINIKUM AG further declare that they have followed the recommendations of the "Government Commission German Corporate Governance Code" in the version dated 18 June 2009 with the following exception:

Para. 7.1.2 sentence 4: The financial year of the Company and of the Group is the calendar year. The annual financial statements of the Company and the Group are submitted in the following April.

The annual financial statements of the Company and the Group are completed not before the aforementioned date due to special quality requirements within the Group.

The Management Board and Supervisory Board determine the application of the recommendations included in the Code on a case by case basis; in case of deviations, neither the Code nor § 161 German Stock Corporation Act (*Aktiengesetz*) require a publication."

This statement of compliance remains in effect as of the date of this Prospectus.

Auditors

The consolidated financial statements of the Issuer for the financial years ended 31 December 2008 and 2007 were audited, and each was provided with an unqualified auditor's report by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Olof-Palme-Strasse

35, 60439 Frankfurt am Main, Germany. The interim financial information for the quarter ending 30 September 2009 is neither audited nor reviewed.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft has been appointed as the Issuer's auditor for the financial year 2009.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft is a member of the German Chamber of Public Accountants.

Material Contracts

As at the date of this Prospectus, the Issuer has not entered into any contractual agreements outside its ordinary course of business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Notes.

Key financial information about the RHÖN-KLINIKUM Group

The following table sets out the key ratios of the RHÖN-KLINIKUM Group:

	1 January until 30 September		1 January until 31 December	
	2009 in EUR m	2008 in EUR m	2008 in EUR m	2007 in EUR m
	(unaudited)	(unaudited)	(audited)	(audited)
Total Revenue.....	1,843.7	1,697.1	2,279.5	2,160.9
EBITDA ¹	209.6	192.5	262.8	249.3
Net consolidated profit	97.1	89.2	122.6	111.2
Operating cash flow ²	173.9	156.4	213.7	191.0
Total assets.....	2,714.4	2,095.0	2,140.9	2,073.1
Property, plant and equipment as well as investment property.....	1,499.3	1,317.9	1,391.0	1,209.4
Equity ratio	51.1	41.4	41.5	39.1
Equity Capital.....	1,387.6	867.1	889.3	810.8
Net financial debt	221.6	546.2	605.8	505.7

	1 January until 30 September		1 January until 31 December	
	2009 (unaudited)	2008 (unaudited)	2008 (audited)	2007 (audited)
	Number of employees ³	34,828	33,046	33,679
Case numbers (patients treated) ⁴ ..	1,354,652	1,241,530	1,647,972	1,544,451
Beds and places ⁴	14,874	14,684	14,828	14,647

¹ EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) refers to earnings for the relevant period before interest, tax, depreciation and amortization. EBITDA is not recognised under IFRS as a key figure and does not replace the key figures from the income statement or the cash flow statement determined in accordance with IFRS. Moreover, there is no standardised definition for EBITDA so that EBITDA reported by other companies cannot necessarily be compared with the Company's EBITDA.

² Operating cash flow is not an audited figure. Operating Cashflow is not recognized under IFRS as a key figure and does not replace the key figures from the income statement or the cashflow statement determined in accordance with IFRS. The Company calculates it as the net profit plus depreciation of fixed assets and intangible assets included in the income statement of the Company and plus or minus one-off non-cash effects.

³ As at 30 Sept or 31 December, respectively

⁴ Unaudited

The Issuer has published unaudited preliminary figures on 11 February 2010. Following which the Issuer expects that RHÖN-KLINIKUM Group revenues for the fiscal year 2009 amounted to EUR 2,319.5 million (in 2008: EUR 2,130.3 million; in 2007: EUR 2,024.8 million) and the net consolidated profit for the fiscal year 2009 amounted to EUR 131.7 million (in 2008: EUR 122.6 million; in 2007: EUR 111.2 million). The Issuer will publish its final consolidated audited financial statements for the fiscal year 2009 in accordance with the financial calendar on 28 April 2010.

Recent Developments

The Issuer acquired an interest of 100.0% in MEDIGREIF-Betriebsgesellschaft für Krankenhäuser und integrative Gesundheitszentren mbH ("**MEDIGREIF**") with effect from 31 December 2009. With effect from 1 January 2010, the Issuer raised its interest to 94.9% from 74.9% by acquiring a 20% stake in Amper Kliniken AG from FLD Fördergesellschaft Landkreis Dachau AG. The Issuer is continuously in discussions with hospital operators regarding possible acquisitions.

Given numerous meetings and negotiations being conducted with regard to the acquisition of in-patient and outpatient healthcare facilities, the Board of Management sees itself confirmed in having carried out the capital increase in 2009 as the foundation for a further expansion of RHÖN-KLINIKUM AG.

The Issuer has published unaudited preliminary figures on 11 February 2010. Following which the Issuer expects that RHÖN-KLINIKUM generated on a group wide basis in the fiscal year 2009 consolidated revenues of EUR 2,319.5 million and a net consolidated profit of EUR 131.7 million. The Issuer will publish its final audited financial statements for the fiscal year 2009 in accordance with the financial calendar on 28 April 2010. As of 31 December 2009 RHÖN-KLINIKUM Group had more than 36,800 employees.

For the financial year 2010 the Issuer expects a continuation of its growth trend driven by increases in service volumes at its long-standing facilities and from qualified acquisitions.

TAXATION

The following is a general description of certain tax considerations relating to the purchasing, owning and disposing of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences, under the tax laws of the country in which they are resident for tax purposes and under the tax laws of the Federal Republic of Germany and the Grand Duchy of Luxembourg of acquiring, holding and disposing of Notes and receiving payments of principal, interest and other amounts under the Notes. This summary is based upon the laws in force and their interpretation on the date of this Prospectus and is subject to any change in law or interpretation that may occur after such date, even with retroactive effect.

Taxation in the Federal Republic of Germany

The following summary does not consider all aspects of income taxation in the Federal Republic of Germany ("**Germany**") that may be relevant to a holder of the Notes in the light of the holder's particular circumstances and income tax situation. The summary applies to investors holding the Notes as private investment assets (except where explicitly stated otherwise) and is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on German tax laws and regulations, all as currently in effect (except where explicitly stated otherwise) and all subject to change at any time, possibly with retroactive effect. **Prospective holders of Notes should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Notes, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Germany.**

German resident Noteholders

Interest income

If the Notes are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Notes are taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax).

The flat tax is generally collected by way of withholding (see succeeding paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Notes. If, however, no or not sufficient tax was withheld the investor will have to include the income received with respect to the Notes in its income tax return and the flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g., because of an available loss carry forward or a foreign tax credit). If the investor's total income tax liability on all taxable income including the investment income determined by generally applicable graduated income tax rates is lower than 25 per cent. the investor may opt to be taxed at graduated rates with respect to its investment income.

Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of 801 Euro per year (1,602 Euro for married couples filing their tax return jointly). The tax allowance is

taken into account for purposes of the withholding tax (see succeeding paragraph – *Withholding tax*) if the investor files a withholding tax exemption request (*Freistellungsauftrag*) with the respective bank or financial institution where the securities deposit account to which the Notes are allocated is held. The deduction of related expenses for tax purposes is not possible.

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income from the Notes is subject to personal income tax at graduated rates or corporate income tax (each plus solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The interest income will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Notes are kept or administered in a domestic securities deposit account by a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (each a "**Domestic Paying Agent**") which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent, is levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

Capital gains from disposal or redemption of the Notes

Subject to the tax allowance for investment income described under *Interest income* above capital gains from the sale or redemption of the Notes held as private assets are taxed at the 25 per cent. flat tax (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax). The capital gain is generally determined as the difference between the proceeds from the sale or redemption of the Notes and the acquisition costs.

Expenses directly related to the sale or redemption are taken into account. Otherwise, the deduction of related expenses for tax purposes is not possible.

Where the Notes are denominated in a currency other than Euro, the acquisition costs and the proceeds from the sale or redemption are computed in Euro, each at the time of the acquisition, sale or redemption, respectively.

Capital losses from the Notes held as private assets are tax-recognized irrespective of the holding period of the Notes. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. Losses not utilized in one year may be carried forward into subsequent years but may not be carried back into preceding years.

The flat tax is generally collected by way of withholding (see succeeding paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to

the Notes. With respect to the return filing investors are referred to the description under Interest income above.

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany, capital gains from the Notes are subject to personal income tax at graduated rates or corporate income tax (plus solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of an individual investor the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The capital gains will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Notes are kept or administered by a Domestic Paying Agent from the time of their acquisition, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, is levied on the capital gains, resulting in a total withholding tax charge of 26.375 per cent. If the Notes were sold or redeemed after being transferred to another securities deposit account, the 25 per cent. withholding tax (plus solidarity surcharge thereon) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous account bank was able and allowed to provide evidence for the investor's actual acquisition costs to the new Domestic Paying Agent. If the previous account bank from which the Notes were transferred was a Domestic Paying Agent it would be required to remit the acquisition costs to a new Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

No withholding is generally required on capital gains derived by German resident corporate Noteholders and upon application by individual Noteholders holding the Notes as business assets.

Non-German resident Noteholders

Income derived from the Notes by holders who are not tax resident in Germany is in general exempt from German income taxation, and no withholding tax shall be withheld, provided however (i) the Notes are not held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, (ii) the income derived from the Notes does not otherwise constitute German source income (such as income from the letting and leasing of certain property located in Germany) or (iii) the Notes are not presented for payment or credit at the offices of a German credit or financial services institution including a German branch of a foreign credit or financial services institution (over-the-counter transaction).

If the income derived from the Notes is subject to German taxation according to (i) to (iii) above, the income is subject to withholding tax similar to that described above under the paragraphs Withholding tax. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

Inheritance tax / gift tax

The transfer of Notes to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), had its seat or place of management in Germany at the time of the transfer of property,
- (ii) except as provided under (i), the testator's or donor's Notes belong to a business asset attributable to a permanent establishment or a permanent representative in Germany,

Special regulations apply to certain German expatriates.

Investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

Other taxes

The purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

European directive on the taxation of savings income

On 3 June 2003 the Economic and Financial Affairs Council of the European Union (ECOFIN Council) adopted directive 2003/48/EC on taxation of savings income in the form of interest payments ("**Savings Directive**"). Under the Savings Directive and from 1 July 2005, each EU Member State is required to provide the tax authorities of another Member State with details of payments of interest and other similar income paid by a person in one Member State to an individual resident in another Member State. Austria, Belgium and Luxembourg must instead impose a withholding tax for a transitional period unless during such period they elect to participate in the information exchange.

Taxation in the Grand Duchy of Luxembourg

The comments below do not relate to any form of Luxembourg taxation other than taxation withheld at source with respect to the Notes. This discussion is based on Luxembourg laws and regulations as they stand on the date of this prospectus and is subject to any change in law or regulations or changes in interpretation or application thereof that may take effect after such date. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

Withholding tax

Taxation of Non-Residents

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Under the Luxembourg laws dated June 21, 2005 implementing the European Council Directive 2003/48/EC (the "**Savings Directive**") and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("**EU**"), a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment will apply to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive (i.e. an entity which is not a legal person (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose) and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognized in accordance with Council Directive 85/611/EEC) established in a Member State or in certain EU dependent or associated territories. The withholding tax rate is 20 per cent., increasing to 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Taxation of Residents

Interest on Notes paid by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

Interest on Notes paid by Luxembourg paying agent to residents of Luxembourg which are neither individuals nor residual entities will not be subject to any withholding tax.

EU Savings Tax Directive

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium has decided to opt for the withholding tax only until 31 December 2009 and to apply the information procedure described above as from 2010. A number of non-EU countries and territories including Switzerland have (agreed to) adopt(ed) similar measures (a withholding system in the case of Switzerland) with effect from the same date. Germany has implemented EU Council Directive 2003/48/EU effective 1 July 2005.

SUBSCRIPTION, SALE AND OFFER OF THE NOTES

General

The Issuer has agreed in an agreement to be signed prior to the Issue Date (the "**Subscription Agreement**") to sell to Credit Suisse Securities (Europe) Limited, UniCredit Bank AG and WestLB AG (together, the "**Joint Lead Managers**"), and Hauck-Aufhäuser Privatbankiers KGaA (together with the Joint Lead Managers, the "**Managers**"), and the Managers have agreed, subject to certain customary closing conditions, to purchase on or about 11 March 2010 at a price of [●]% of their principal amount (the "**Issue Price**"). Proceeds to the Issuer will be net of commissions of [●]% of the principal amount of the Notes payable to the Managers. The Issuer has furthermore agreed to reimburse the Managers for certain expenses incurred in connection with the issue of the Notes.

The Managers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones, that are material to the issue.

Offer of the Notes

Offer Period and determination of Pricing Details

The Notes will be offered to investors by the Managers during an offer period which will commence on 4 March 2010 and will be open until the Issue Date. During the offer period, investors may submit orders to the Managers. On the basis of the orders received by the Managers the Issue Price, the rate of interest, the number of Notes to be issued, the aggregate nominal amount, the commissions, the yield and the expenses of the issue will be determined with respect to the Notes on the pricing date which is expected to be on or about 4 March 2010 which will be communicated to investors. The results of the offer will be included in a notification which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) after the date of pricing and prior to the Issue Date (the "**Pricing Notice**"). Should the Issuer and the Managers determine any shortening or extension of the offer period, which could be the result of changing market conditions, such changes will be notified in the same manner as the pricing details will be published.

Notification of the Prospectus approval

The issue of the Notes will be made to institutional investors and retail investors in compliance with the public offer restrictions in all countries in the European Union. A public offer to retail investors may be made in Germany, Austria and the Netherlands following the effectiveness of the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive.

Conditions and technical details of the Offer

The following sets out details of the offer which is required to comply with the requirements of the applicable prospectus regulation. There are no conditions to which the offer is subject. Any offer to purchase Notes to investors will be made through, and investors may submit their offers to buy Notes, using the information system Bloomberg or any other commonly used information systems. Following the publication of the Pricing Notice, the Managers will offer the Notes upon request through banking institutions in Germany. Subscription rights for the Notes will not be issued. Therefore, there are no procedures for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised. Any investor who has submitted an order in relation to the Notes whose order is accepted will receive a confirmation by electronic mail, fax or through commonly used information systems relating to the respective allotment of Notes. Before an investor receives a confirmation from the Managers that its purchase order for the Notes has been accepted, the investor may reduce or withdraw its purchase orders. Any investor will receive relating to the respective allotment of the Notes a confirmation relating to the results of the offer. There is no minimum or maximum amount of Notes to be purchased. Investors may place offers to purchase Notes in any amount.

Confirmation in relation to an order and allotments

Following the pricing of the Notes and confirmation which orders have been accepted and which amounts have been allotted to particular investors, the issue date, which is expected to be on or about 11 March 2010 will be determined and included in the Pricing Notice. Delivery and payment of the Notes will be made within five business days after the date of pricing of the Notes and the confirmation of the allotment to investors.

Charges and costs relating to the Offer

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depositary banks charge them for purchasing or holding securities.

Method of determination of the Issue Price and the Rate of Interest

The rate of interest and the Issue Price for the Notes will be determined at the time of pricing on the basis of a yield which is determined by adding a credit spread to the level of the Midswaps (as defined below) at the time of pricing. The pricing spread will be determined on the basis of the orders of the investors which are received by the Managers during the marketing period. The level of the Midswaps will be determined as the average yield of the bid and ask prices of Interest-Swap Transactions ("**Midswaps**") with a maturity similar to the maturity of the Notes shown on the Reuters page ICAPEURO or on any other screen page which is conventionally used to price Eurobond transactions at the time of pricing. The resulting yield will be used to determine an Issue Price (which is expected to be less than par) and a rate of interest (which is expected to be a percentage figure which can be evenly divided by 1/8 of a full per cent. and which will be correspondingly higher if a higher Issue Price is determined and which will be correspondingly lower if a lower Issue Price is determined), all to correspond to the yield which reflects the level of the Midswaps and the pricing spread. In the event that the figures for the relevant Midswaps will not be shown as set out above then the relevant figures shall be determined in a manner which banks and other institutional market participants apply at that time. The resulting figure will represent the yield

of the Notes and such yield will be used to determine the rate of interest and the Issue Price of the Notes.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area^{*} which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Lead Managers; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United States of America and its Territories

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), and Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each Manager has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver any Notes within the United States or to U.S. persons, except as permitted by the Subscription Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

^{*} The EU plus Iceland, Norway and Liechtenstein.

United Kingdom of Great Britain and Northern Ireland

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "**Financial Instruments and Exchange Act**"). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copy of this Prospectus or any other offer document in the Republic of Italy ("**Italy**") except:

- (a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Consolidated Financial Services Act**") and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**CONSOB Regulation**"), all as amended; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-*ter* of the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), CONSOB Regulation No. 16190 of 29 October 2007, all as amended;

(ii) in compliance with Article 129 of the Banking Act and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

Article 100-*bis* of the Consolidated Financial Services Act affects the transferability of the Notes in Italy to the extent that any placing of the Notes is made solely with qualified investors and such Notes are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, if has not been published a prospectus compliant with the Prospectus Directive, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Consolidated Financial Services Act applies.

This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

General

Each Manager has acknowledged that no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

GENERAL INFORMATION

1. **Authorisations:** The creation and issue of the Notes has been authorised by a resolution of the Management Board (*Vorstand*) of the Issuer on 16 February 2010 and a resolution of the Supervisory Board (*Aufsichtsrat*) of the Issuer on 18 February 2010.
2. **Use of Proceeds/Expenses of the Issue:** The net proceeds of the issuance of the Notes, amounting to €[●], will be used for general corporate purposes of the RHÖN-KLINIKUM Group. The total expenses of the issue of the Notes are expected to amount to €[●].
3. **Material Litigation:** The Issuer and/or the RHÖN-KLINIKUM Group have not been involved as a party in any court or arbitration proceedings in the past twelve months and have not been the subject of any investigations by government agencies that might have or have had a material impact on the financial condition and results of operations of the Issuer or the RHÖN-KLINIKUM Group. Nor is the Issuer aware of any circumstances that give rise to the expectation of such court or arbitration proceedings or government interventions. The Issuer and the RHÖN-KLINIKUM Group companies, as part of the ordinary course of business, are periodically subject to claims for compensation due to alleged treatment errors. Damages resulting from such claims are generally covered by the Group's insurance coverage, except where, in connection with the acquisition of a hospital, the Issuer was aware of damages for which no insurance coverage exists, and where the Issuer assumed the obligations arising therefrom. Unlike, for example, in the United States, there are no punitive damages in Germany. In addition, total damages for loss of life, bodily injury or injury to health are comparatively low. For this reason, insurance premiums and provisions for claims due to loss of life, bodily injury and injury to health are also relatively low in Germany compared with, for example, in the United States.
4. **No significant change in the financial or trading position:** There has been no significant change in the financial or trading position of the Issuer or of the RHÖN-KLINIKUM Group since 30 September 2009.
5. **Trend Information:** There has been no material adverse change in the prospects of the Issuer since 31 December 2008.
6. **Clearing Systems:** Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium ("**Euroclear**") and Clearstream Banking, société anonyme, 42 Avenue JF Kennedy L-1855 Luxembourg ("**Clearstream Luxembourg**").

The Notes have the following securities codes:

ISIN: XS0491047154

Common Code: 049104715

German Securities Code (*WKN*): A1C9UX

7. **Luxembourg Listing and Admission to Trading:** Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
8. **Notices to Noteholders:** For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, all notices to the Noteholders regarding

the Notes shall be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and/or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

9. **Documents incorporated by reference:** The pages specified below of the following documents which have previously been published or are published simultaneously with this Prospectus and which have been filed with the CSSF are incorporated by reference into this Prospectus: (i) the Annual Report of RHÖN-KLINIKUM AG for the fiscal year ended 31 December 2008 (the "**2008 Fiscal Year**"), (ii) the Annual Report of RHÖN-KLINIKUM AG for the fiscal year ended 31 December 2007 (the "**2007 Fiscal Year**"), each containing the English language translation of the respective German language audited consolidated financial statements of the Issuer and of the German language Auditor's Report (*Bestätigungsvermerk*) in respect thereof, and (iii) the Interim Report of RHÖN-KLINIKUM AG for the period from 1 January 2009 until 30 September 2009 ("**Q1-Q3 2009**") containing unaudited interim financial information for Q1-Q3 2009.

(1) Extracted from: RHÖN-KLINIKUM AG – Annual Report 2008

- Consolidated Income Statement for the 2008 Fiscal Year (audited) page 123
- Consolidated Balance Sheet as at 31 December 2008 (audited) pages 124-125
- Cash Flow Statement (audited) page 127
- Notes 2008 (audited) pages 128-183
- Auditor's Report* page 185

(2) Extracted from: RHÖN-KLINIKUM AG – Annual Report 2007

- Consolidated Income Statement for the 2007 Fiscal Year (audited) page 89
- Consolidated Balance Sheet as at 31 December 2007 (audited) pages 90-91
- Cash Flow Statement (audited) page 93
- Notes 2007 (audited) pages 94-149
- Auditor's Report* page 151

(3) Extracted from: RHÖN-KLINIKUM AG – Interim Report Q1-Q3 2009

- Consolidated Income Statement (unaudited) page 14
- Consolidated Balance Sheet as at 30 September 2009 (unaudited) pages 16-17
- Consolidated Cash Flow Statement (unaudited) page 19
- Abridged Consolidated Notes (unaudited) pages 20-35

Any information not listed under (1), (2) and (3) but included in the documents incorporated by reference is given for information purposes only.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer, the website of the Luxembourg Stock Exchange (www.bourse.lu) and the website of the Issuer (www.rhoen-klinikum-ag.com).

* The auditor's report refers to the German language consolidated financial statements and group management report as a whole and not solely to the extracts incorporated by reference into this Prospectus.

10. **Documents on Display:** For so long as any Note is outstanding, copies of the following documents may be inspected in physical form during normal business hours at the registered office of the Issuer:
- (a) the articles of association (*Satzung*) of the Issuer;
 - (b) this Prospectus;
 - (c) the authorisation of the issue of the Notes by the Issuer; and
 - (d) the documents specified in the section "Documents incorporated by Reference" above.
- The Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).
11. **Yield to Maturity:** For the subscribers, the yield to maturity of the Notes is [●] per cent. per annum, calculated on the basis of the Issue Price. Such yield is calculated in accordance with the ICMA (*International Capital Markets Association*) Method.
12. **Expected rating of the Notes:** The expected rating of the Notes is "Baa2 (stable outlook)" from Moody's Investors Service, Inc. ("**Moody's**")¹.
13. **Rating of the Issuer:** Moody's has assigned a rating of "Baa2 (stable outlook)" to the senior unsecured debt of the Issuer¹.

¹ Moody's defines "Baa2" as follows: Obligations rated Baa are subject to moderate credit risk. They are considered mediumgrade and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Issuer

RHÖN-KLINIKUM AG
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97616 Bad Neustadt/Saale
Federal Republic of Germany

Principal Paying Agent

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Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

Joint Lead Managers

**Credit Suisse Securities (Europe)
Limited**
One Cabot Square
London E14 4QJ
United Kingdom

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Federal Republic of Germany

WestLB AG
Herzogstrasse 15
40217 Düsseldorf
Federal Republic of Germany

Co-Manager

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Kaiserstraße 24
60311 Frankfurt am Main
Federal Republic of Germany

Auditors

To the Issuer

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