



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

23RD ANNUAL GENERAL MEETING

Wolfgang Pföhler, chairman of the Board of
Management

8 JUNE 2011, FRANKFURT AM MAIN

– Check against delivery –



I. Welcome and introduction

Dear Shareholders and Shareholder Representatives,
Dear Representatives of the Press,
Dear Guests,

On behalf of the Board of Management and the employees of RHÖN-KLINIKUM AG, I am very pleased to welcome you to our Annual General Meeting for 2011. I am glad that so many of you could accept our invitation to the Jahrhunderthalle.

Last year I announced that we would add another successful chapter to our corporate history despite difficult framework conditions. And this is something that we have been successful in without qualification. We comfortably reached our growth and earnings targets in financial year 2010 and succeeded in meeting the challenges thanks to the performance, efficiency and innovative strength of RHÖN-KLINIKUM AG.

That is something we are pleased about and in which we take pride together with our staff, because the ongoing growth of RHÖN-KLINIKUM AG demonstrates our sustainable value enhancement. It is on this basis that we assume our responsibility both as healthcare provider and employer.

In my report today I shall first look at the key business figures before reviewing some of the milestones of growth reached in 2010. I shall provide you with an evaluation of the first quarter of 2011 and statements on items of today's Annual General Meeting before I take a detailed look at the current framework conditions and strategic orientation of our Company. In particular, I would like to show you how we are pursuing our business model and to assure you that your investment in RHÖN-KLINIKUM AG is a good and safe decision. We want you, as owners, to be pleased about your Company's success as we are.

II. Business development in 2010

Ladies and Gentlemen,
All business figures have reached new record levels in 2010. In treatments, we exceeded the threshold of 2 million patients for the first time, posting growth of 13.4 per cent compared with the year before. Of this growth, 7.1 per cent is attributable to organic growth at our long-standing hospitals and medical care centres (MVZs) and 6.3 per cent to growth at our newly acquired subsidiaries.

Total group revenues grew by 9.9 per cent to reach 2.55 billion euros. This rise is attributable almost completely (8.4 percentage points) to increases in service volumes at our long-standing and newly acquired hospitals, while price adjustments contributed only 1.0 percentage point to revenues.

EBITDA recorded a rise of 8.2 per cent to 307.3 million euros, and thus a slightly disproportionate gain compared with revenues. Net consolidated profit increased in 2010 by 10.2 per cent to reach 145.1 million euros.

Ladies and Gentlemen,

Success is rarely something that comes easily. For years, the trend in the prices of hospital services has been held back by statutory restrictions. Despite that, we are continuing our growth and business success undeterred by ensuring the future viability of our care offerings and by optimising our structures. Medical care is not something static. Rather, care offerings always have to be adapted to the well-being of patients, to actual requirements and to the possibilities of medical science; any business model breathes. That is the strength and innovativeness of RHÖN-KLINIKUM AG We identify key market trends in healthcare early on and quickly respond to these with the appropriate strategic decisions. In addition to optimising existing care offerings, we are therefore increasingly focusing our efforts on further developing offerings reflecting the specific needs of patients.

I would now like to briefly outline for you what we have achieved on this path over the past year.

First of all, we further optimised the basis for future growth in March 2010 by placing a bond on the international capital market. Together with a so-called club deal, the restructuring of our debt capital in 2010 comprised a total volume of 550 million euros. In this way we shifted our liabilities to non-current liabilities while at the same time increasing our available lines of credit to roughly 400 million euros. We continue to enjoy rock-solid capital structures. In this connection I would also mention that our Group's sound financial base was once again confirmed in February 2011 by the rating agency Moody's with a Baa2 rating and a stable outlook.

In 2010 for the first time, the facilities of the MEDIGREIF group contributed to the Group's result with corresponding case numbers, revenues and earnings. Since July 2010, Klinik Hildesheimer Land has also been included in the scope of consolidation, with the result that our newly acquired hospitals in financial year 2010 generated revenues of 97.7 million euros and contributed 9.2 million euros to net consolidated profit. The hospitals were successfully integrated into the Group's network and have come to round off our portfolio nicely both medically

and regionally. Let me illustrate this further by taking the example of our latest acquisition, Klinik Hildesheimer Land.

As a specialised facility for geriatric medicine, Klinik Hildesheimer Land serves as a platform for developing geriatric concepts for other hospitals of our network, since the rising number of elderly persons is also leading to a growing importance of diseases associated with old age and a growing need for specialised geriatric medicine. We see it as our duty to provide older patients with medical care offerings tailored to their needs, and are adapting ourselves to the special needs of elderly patients. Nearly a third of over-70s live with five or more different conditions. As you may well imagine, this means special requirements to be met by medical measures and structures. By establishing geriatric medicine within the Group, we are seizing the opportunity to further improve care for elderly patients while opening up future growth areas.

In achieving this goal, we specifically bring to bear the strengths of our hospital network, and these are realised to the full in geriatric medicine. The potential for better care of old and very old persons lies in the special training and interdisciplinary qualifications of the treating team as well as the formation of networks spanning inpatient and outpatient structures. Particularly the treatment of older, multimorbid patients requires ongoing, consistent care since conditions associated with old age are characterised by a frequent change between outpatient care and inpatient stays. In practice, this means, for example, that Klinik Hildesheimer Land and Klinikum Hildesheim form a network for geriatric medicine within the region together with hospitals, GPs and specialists, therapists, nurses and social workers.

In close co-operation with the medical specialists, we are applying this promising concept to further sites within our Group. In 2010, we already expanded our geriatric care offering.

Besides the newly acquired hospitals, our long-standing facilities once again succeeded in achieving buoyant organic growth. With growth in service volumes well above the average for Germany, we raised our market share and were able to significantly improve our revenue situation despite austerity legislation. Excluding the MEDIGREIF group and Klinik Hildesheimer Land consolidated and recognised for the first time through profit and loss, our Group hospitals raised their revenues by 5.3 per cent or 123.6 million euros. With investments to the tune of some 399 million euros, we further optimised the structures of our long-standing facilities in 2010, creating the basis for continued and strong organic growth over the next years.

We also continued our growth in the outpatient area and expanded our capacities in line with the needs of patients. We succeeded in further developing and implementing our outpatient strategy in 2010. On the one hand we are committed to outpatient structures around our inpatient sites so as to ensure better overall care for patients within the catchment area of our hospitals. On the other we are increasingly investing in so-called specialised MVZs, such as ophthalmological centres. These enable us also in future to cover services that up to now have been primarily provided to patients as part of inpatient treatment. Ophthalmology is a specialist field that is increasingly becoming a purely outpatient market. We recognised this trend early on and positioned ourselves strategically.

That is also why our entry into the area of ophthalmological specialised MVZs with the acquisition of 10 ophthalmological specialist practices in Düsseldorf has been such a resounding success. In our ODTCs – ophthalmic diagnosis and treatment centres – we offer the entire range of modern ophthalmological diagnosis and operation procedures. The treatment offering of the specialised centres meets the highest standards of quality, and the centres themselves are characterised by a high efficiency of organisation. Our ophthalmological MVZs are structured as a one-stop, optimised care chain from the first contact right through to highly specialised diagnosis and treatment. We thus provide specialist care while maintaining the care offering regionally.

Overall, the establishment of our outpatient structures is moving ahead on schedule. The number of MVZs at or near our hospital sites grew from 26 to 33 in 2010, with the number of patients treated at our MVZs recording an increase of 73.5 per cent to nearly 368,000. At the same time, revenues saw a 67.7 per cent rise to 22.3 million euros. The considerable start-up work initially resulted in a declining earnings contribution trend, but as we further develop our outpatient structures we will increasingly improve their profitability as well.

The share of our MVZs in the Group's total revenues is comparatively small, but we are very pleased with the development and growth in the outpatient division. In many regions our medical care centres (MVZs) are already an indispensable part and a key element of the generalised care networks there.

For financial year 2010, RHÖN-KLINIKUM AG presents a thoroughly positive overall picture in terms of its medical and economic development. We were able to expand our medical offering of healthcare services in targeted areas, and have strengthened our position on the market. Our business model has thus again proven itself viable, stable and cyclically resistant.

Given this positive result for financial year 2010, I would like to express my sincere thanks:

- to the many patients who have put their trust in us;
- to our employees for their dedication, motivation and performance;
- to the members of the Works Council for their valued work;
- to the Supervisory Board for constructive discussions and performance of important supervisory duties;
- to the Advisory Board for the valuable consultations and constructive proposals;
- and to you – our Shareholders – for the trust you have put in the future prospects of our Group and the value you attach to your stake in it.

III. Assessment for Q 1 and forecast

Dear Ladies and Gentlemen,

We now turn our attention to the results of the first quarter of 2011. Here, the positive trend of RHÖN-KLINIKUM AG continued, and I am pleased to report to you good – yes, very good – figures:

In the first quarter we treated roughly 580,000 patients and thus 13.7 per cent more than in the same period last year. Organic growth in revenues was up 3.7 per cent to reach 647.2 million euros, EBITDA grew by 7.8 per cent to 78.8 million euros. Net consolidated profit even gained 10.8 per cent to reach 38.0 million euros.

We thus underscore the potential of our network to reap further growth and earnings reserves. This result is all the more remarkable when it is considered that the statutory discounts on services rendered defined for 2011 trim the top off of our revenues.

And this is something to which we have responded decisively: one of our core competences is our ability to structure and modernise the facilities that we have taken over in past years. Combined with a comprehensive optimisation programme that we already launched last year, we are unlocking additional rationalisation reserves. We are continuously improving our internal performance processes and are optimising the points of interfaces within and between the different sectors. Our early positioning and our efforts are already paying off in the first quarter.

Figuring foremost in this context is Gießen and Marburg University Hospital (UKGM). The development at our most important restructuring project, which is

also unique in Germany, is remarkable and has gained the recognition of experts (and others) far and wide. Allow me at this juncture provide some more detailed remarks on the special significance of UKGM for the Group.

In early 2011, with the completion and move into central and modern new buildings, we achieved all the milestones we had set out to achieve with the privatisation. We have therefore more than honoured our commitments to the Federal State of Hesse, have fulfilled our obligations and have proven ourselves to be a reliable partner in terms of our investment obligations and our responsibility as a trustworthy employer. Just as importantly, we thereby laid the groundwork for cutting-edge medical care at both sites to be promoted increasingly on an interfacility basis and within the Group's hospital network.

What, specifically, does that mean?

Firstly, through investments in the new buildings and medical infrastructure at both sites we created a foundation on which future prospects for university medical care can be further developed. Together with the university, we want to further strengthen the scientific excellence and the successful combination of research, teaching and healthcare delivery.

Secondly, with the maximum-care university facility we are strengthening the innovative strength of all Group facilities and are making cutting-edge medicine available beyond the university sites. The university and scientific focus at UKGM is an important starting point for initiating innovative medical projects Group-wide.

Thirdly, we are promoting dialogue and networking within our hospital Group and with community-based practitioners and surrounding hospitals so as to ensure smooth and optimum care for our patients.

At UKGM last year, over 425,000 patients put their trust in us – which is proof of the trust that patients have in the quality of medicine and the healthcare provided in Gießen and Marburg. We are aware that this trust has to be earned and put to the test anew day after day, month after month and year after year. That is why we find it so important to maintain a constructive dialogue with all those contributing to this; doctors, nurses, administrative staff and the related bodies, as well as referrers and politicians.

With the achievements of the first quarter of 2011, we have created the basis for a successful year. With this momentum behind us, we will spare no efforts in improving quality and medical processes. That is why we are also very confident that we will reach our revenue target of 2.65 billion euros. Even barring acquisitions, this translates into growth in revenues of roughly 4 per cent. Based

on the expected rise in demand for hospital services of roughly 1.5 to 2.0 per cent and challenging framework conditions, we are succeeding on our own strength in significantly exceeding growth of the market. We expect an EBITDA of 340.0 million euros and a net consolidated profit of 160.0 million euros within a possible fluctuation range of plus or minus 5 per cent. On that note, let us now take a look at the share performance and the dividend proposal.

IV. Share and dividend

Ladies and Gentlemen,
last year in this regard I provided you with a general outline of the far-reaching austerity measures planned by the German government in the healthcare industry that had already roughly emerged at the time of our Annual General Meeting last year. Although we have met our revenue and profit expectations as in previous years, these plans – in particular the persisting uncertainty and discussion on what specific structure the German healthcare reform would take – proved to be a particular burden on our share in the second half of the year. For a time it seemed that the picture of our share with its typically high level of stability in many situations (and particularly in a volatile market environment) was being put to the test. And it was indeed the case that the performance of our share last year was slightly negative – including a dividend payment, net performance was roughly minus 2 per cent.

However, our share price witnessed a smart recovery following the publication of our 2010 Annual report and our results for the first quarter of 2011 – in which we likewise wholly confirmed our revenue and earnings targets for the current financial year. Yesterday evening our share was quoted at a closing price of 16.92 euros.

The Supervisory Board and the Board of Management propose to distribute to shareholders a dividend of 37 cents per non-par share with dividend entitlement. These 37 cents translate into an increase in the dividend by more than 23 per cent versus the 30 cents paid out the year before.

Our dividend policy is geared towards both long-term value enhancement and sustained earnings strength of the Company. RHÖN-KLINIKUM AG continues to be a solid and reliable growth company. Our proposed dividend is therefore based on a careful balance between ensuring a reasonable payout to our shareholders and preserving the necessary financial scope so as to exploit existing opportunities for medical development and healthcare delivery and thus

growth potential in the tried and proven manner. We are convinced that our dividend proposal duly harmonises both aspects and thus believe that we have acted in your interest.

V. Profit-and-loss transfer agreements

Ladies and Gentlemen,

I now come to a further item of today's Annual General Meeting. Under item 11 of today's agenda, you will find a proposal on the issue "Resolution on the consent to conclusion of profit-and-loss transfer agreements with Klinik für Herzchirurgie Karlsruhe GmbH, Klinik Kipfenberg GmbH Neurochirurgische und Neurologische Fachklinik, Herzzentrum Leipzig GmbH and Klinikum Meiningen GmbH". All four companies are wholly owned subsidiaries of RHÖN-KLINIKUM AG. In the invitation to today's Annual General Meeting, you have already been provided with a detailed explanation on the reasons behind these profit-and-loss transfer agreements. Nevertheless, allow me to say a few words to briefly touch on the purpose and intent of these profit-and-loss transfer agreements.

Essentially, we are looking to exploit scope for optimisation that has been created in recent years by amendments to tax legislation. With these agreements the objective is to transfer those profits generated at aforementioned subsidiaries to the level of RHÖN-KLINIKUM AG where they can be set off against the costs of the Group's management, in particular financing expenditures. Currently, this is not completely possible due to the "interest cap". The approach as proposed by us enables a tax optimisation that will have a positive impact on our net consolidated profit. We expect this to reduce our annual tax expenditures at the Group level by 3 million euros on a sustained basis.

VI. Framework conditions

Following the rapid recovery of the economy from the financial and economic crisis, the German economy is picking up smartly. That said, legislative measures within the healthcare system are putting a damper on the development of the healthcare industry. What influencing factors do we see ourselves confronted with?

Let me first take a closer look at the measures taken with the Statutory Health Insurance Financing Act (GKV- Finanzierungsgesetz, GKV-FinG) that have been a particular burden for the hospital sector since 1 January 2011:

Prices of hospitals continue to be tied to the trend in the aggregate income of all health insurance fund members (*Grundlohnsummenentwicklung*) (even though under the Hospital Remuneration Act (Krankenhausentgeltgesetz, KHEntgG) this was to be replaced by a so-called orientation value, i.e. a kind of basket of goods in the hospital area). This is already resulting in considerable cost pressures at hospitals as the gap between prices and costs increasingly widens.

Ladies and Gentlemen,
if that were not enough: in addition to continued application of the criterion of the trend in aggregate income of health insurance fund members, the German legislator has even cut this rate: from 1.15 per cent to only 0.9 per cent this year. And for 2012, legislation provides for a reduction in the rate of change by 50 basis points. Given the overall mechanism of the factors influencing pricing, though, this rate of 0.9 per cent cannot be realised either. In individual federal states, the state base rates will fall this year, and in others they will rise only negligibly. Nationally, then, rates of remuneration will not change substantially on account of this price trend. According to calculations of German Hospital Association (DKG), it will only be possible to realise a price rise on average of 0.3 per cent nationally.

The most questionable measure of legislation of all, however, is the discount on the remuneration of surplus service volumes. For 2011, this discount has been defined at 30 per cent. From 2012, hospitals will have to negotiate with the health insurance funds to determine its level. Added to this is that the prices for surplus volumes are being trimmed twice: once when prices are determined at the state level, and again for the surplus volumes to be negotiated by the hospitals in the individual case. This “double digression” saddles our hospitals with an additional burden in the double-digit million range.

Ultimately, however, the discounts on surplus volumes are more than just an austerity measure. The discounts interfere with the fundamental principles and workings of the DRG system according to which the same price is to be paid for the same services. Now the hospitals are being imposed further discounts – and that not just to achieve savings in the short-term but permanently.

Ladies and Gentlemen,
the German Hospital Association (DKG) expects hospitals to more than meet the cost-cutting volume required by the GKV-FinG this year through the price effect at the state level alone. Assuming that the cuts planned for 2012 are realised, the hospitals will be deprived of still further millions. DKG calculations put reductions in revenues within the hospital sector in 2011 and 2012 at 1.8 billion euros.

Ladies and Gentlemen,
at the German Physicians' Conference last week in Kiel, Daniel Bahr, the new German health minister, also broached the issue of hospital financing. From our view what is certain – and on this point we concur with all hospitals – is that there is no further scope for realising the austerity measures in 2012 and for a permanent discount on surplus volumes.

Ladies and Gentlemen,
currently there are a number of additional legislation measures on the political agenda for the healthcare sector. It would exceed the scope of this speech to look at all the measures being planned. However, I would like to address the planned reform of outpatient medical care. Even before the summer recess of parliament, a draft act “on the Improvement of Care Structures in Statutory Health Insurance” – or Healthcare Provision Act in short – is to be adopted. The objective of the reform is to adopt measures to ensure generalised outpatient medical care and to prevent an impending shortage of doctors. Since the new legislation will also affect the possibilities of hospitals for treating patients on an outpatient basis, I would like to focus on the current status of the legislation planned in this regard:

What is being planned is a reorganisation of outpatient specialist services – which can be provided both by accredited physicians and by hospitals – under a separate care segment. Despite what is a good approach in principle, it has to be feared based on the plans currently emerging that the range of treatment options hitherto open to hospitals will be restricted.

There are also plans for restrictions on the licensing and operation of medical care centres (MVZs). Contrary to what was originally intended, the plans now under consideration are for licensed hospitals to be permitted to found MVZs as before – also with the possibility of holding a majority interest in them. Already operated MVZs are moreover to enjoy extensive vested protection.

As always, there is always a need for things to be discussed in detail. We shall exhaust all available avenues to counter misguided attempts of regulatory policy to hamper the development of MVZs, because MVZs are the decisive concept when it comes to enabling doctors to gain access to outpatient work on family-friendlier terms and to countering a shortage of doctors. Particularly in rural areas, MVZs ensure that high-quality care by specialist physicians can be preserved. Already now it is apparent that in the coming 10 years more community-based practitioners will retire from the medical profession than will be replaced by young doctors. Studies have shown that particularly young doctors for the most part prefer an employed position without assuming an investment risk. This trend is confirmed by our experience. More and more

community-based practitioners are deciding in favour of working together with us – and thus for a partnership on an equal footing. There is an increasing belief that our offer to work together in a partnership is a success model for all those involved.

Ladies and Gentlemen,
turning now to the market for transactions, we expect to see this market gather pace and the privatisation window to open up again wider. The rather subdued privatisation trend seen recently was in our view no sign of relief. Pressures have rather increased and will have political consequences if these feed through to the general population in the form of healthcare shortages. Despite the forecast increase in tax revenues, the situation of municipalities continues to be tense. In the past, many municipalities have built up large mountains of debt that they will not be able to eliminate in the short-to-medium term. On the contrary, growth in spending still outstrips that of revenues. With regard to the finances of some federal states, the media are already referring to problems of “Greek proportions”.

The 2011 Hospital Rating Report of the RWI (Rheinisch-Westfälisches Institut für Wirtschaftsforschung) forecasts that by 2020 some 200 will have to close. This is said to be attributable mainly to the absence or insufficiency of these facilities’ investment capacities. Only about 30 per cent of all hospitals were in a position to carry out all the required investments. And, Ladies and Gentlemen, government grants have long ceased to suffice for this. Even though a rise in grants from the federal states was briefly recorded in 2009, experts agree that the long-standing decline in public funding is set to continue in future.

According to the Hospital Rating Report, it is municipal hospitals (which are in much worse financial shape than hospitals under other ownership forms) that will be particularly hard hit.

Overall, we therefore assume that the general financial framework will force municipalities to consolidate. This is presumably the reason why there are currently more projects on the market than even last year. Just take the examples currently under discussion in the media. Moreover, a few local politicians are thinking aloud about privatisation models for their hospitals, which might give rise to further transaction procedures. This trend may be influenced by the outcome of upcoming state and municipal elections.

For this reason, the decision to raise our equity capital and to keep our gun powder dry until now was right. A move that would have seen our capital paid down, as some were calling for, would have been a fundamental mistake and would have restricted our manoeuvring room. It is not a matter of WHETHER but

a matter of WHEN further privatisation will happen, and this matter may come upon us very quickly.

VII. Strategy and measures in 2011

Ladies and Gentlemen,
the main challenges for the current year are clearly outlined – above all the austerity measures of healthcare policy that will bring mounting pressures to bear within the healthcare system and particularly on hospitals. As a growth company, some of the provisions will hit us hard – but not unprepared. In the past we have already shown that we thoroughly prepare for regular reforms within the healthcare system and stay on course even through difficult phases.

From an entrepreneurial perspective, we use reform as an opportunity provide impetus for fresh ideas within our hospital network as part of a comprehensive optimisation programme. Staying viable and competitive in the face of mounting cost pressures means achieving progress in productivity and efficiency. At the same time, rationalisation must never be achieved to the detriment of patient treatment, and we moreover uphold our standards in terms of innovation in medical care. This is a dynamic process and an ambitious objective. Taking the example our materials management department and our Group-wide process management organisation, I would like to show you how we propose to bridge these two issues.

All measures – also the materials management programme – are geared to our goal of being able to offer cutting-edge medicine that everyone can afford. In this regard, cutting-edge medicine, from the viewpoint of materials management, means i) providing our doctors and nurses with valuable products enabling them to treat our patients, and ii) pressing ahead with the development of innovations. With us, quality and cost-consciousness are not two mutually exclusive things. Quite to the contrary: doctors first of all make a decision regarding the product portfolio most suited to ensuring quality for our Group hospitals. Our purchasing staff then ensure that the care provided to our patients at the same time remains affordable by entering into intelligent price negotiations and contracts. Given the cost pressures at work, it can by no means be taken for granted that we make extensive investments in as well as promote innovations.

In so doing, we ensure freedom of choice in medical treatment and innovative strength by applying what is referred to as the 80:20 rule whereby 80 per cent of the products used are standard products with the other 20 per cent being individual and innovative products. In this context, standardisation groups play

an important role, since with these we pool specialist medical expertise: by consensus, our medical professionals distinguish between pseudo-innovations on the one hand and new treatment methods and procedures sensible from a medical viewpoint on the other.

While maintaining the highest quality standards, we thus improve efficiency and gear our materials use to the requirements of innovative cutting-edge medicine. This is further proof that that it is perfectly possible for good medical care and efficiency to go hand in hand as long as there is an intelligent interaction between doctors and commercial purchasing staff.

One tried and tested element of our long-standing success is our ability to consistently orient internal processes and structures on the needs of our patients while constantly optimising such processes. One of the ways we go about achieving this is to further develop the flow principle whereby the patient undergoes a process of care depending on how the patient's recover progresses. We are continuously improving our internal processes and to this end avail ourselves of our networked know-how within the Group. This can be illustrated by our Group-wide process management organisation:

Within the Group we have a centralised knowledge and co-ordination hub for the various process optimisation projects. Under structure of this process management, centralised and decentralised experts on given issues are brought together and in this way work specifically and steadfastly on further promoting our Group-wide standards on an interdisciplinary basis. This allows us, firstly, to identify path breaking developments early on and to optimally adapt our structures to changing framework conditions. Secondly, we are able in this way to achieve a high acceptance of our standards and to optimally exploit our available resources.

Without departing from our standards for the highest level of medical care, we thus further improve the efficiency of treatments while lowering process costs. An optimum treatment process and short durations of stay are the path to rising productivity, and our never-changing focus is on the needs of our patients whom we want to win over with first-class medical care and treatment.

Ladies and Gentlemen,
what is our view now of growth and medical development at RHÖN-KLINIKUM AG?

In addition to acquisition-driven growth, we will once again put our focus on qualified organic growth, since our 53 hospitals and 35 MVZs in ten federal states give us a hospital network with considerable scope for flexibility. We want

to offer convincing and sustainable solutions for the challenges of medical care and thus set the standards of tomorrow's healthcare delivery for the well-being of our patients. We want to hone the innovative strength of all Group hospitals and make cutting-edge medical care available at all our sites.

To achieve this we are committed to:

- horizontal and vertical networking of our facilities;
- developing tailor-made healthcare offerings; and
- further developing our outpatient strategy.

It continues to be our philosophy to offer generalised high-quality care that is accessible and affordable for everyone. We are observing a growing discrepancy in the situation of healthcare provision in large population centres and in the regions, in structurally strong and structurally weak regions. Given the demographic decline in some regions, it will become increasingly difficult for the state and for some providers to maintain economically viable healthcare delivery structures. The planned Healthcare Provision Act already shows this very clearly for accredited physicians. And it is here, Ladies and Gentlemen, that our networking strength comes into play. The range of healthcare delivery possibilities covered by our network is unique in Germany. We are able to provide a medically graduated care ranging from outpatient treatment to inpatient maximum care – and that both in cities and at the regional level. That is because we have hospitals and MVZs rurally and intermediate-care hospitals at various locations throughout Germany. We are moreover the only private hospital group to operate a university hospital.

Ladies and Gentlemen,

with the expertise in our network, we want to establish diagnosis-related networks. This will enable us to provide solutions to ensure medical care, regardless of whether the patient lives in the city or on the countryside. At the same time, we also want to open up new growth fields by honing our innovation expertise. As one example of this I mentioned geriatric medicine; and we are in the process of establishing further Group networks for cardiac arrhythmias and cancer diseases. How exactly are we going about this?

In cancer treatment we are currently in the process of establishing a Group tumour network (or "Comprehensive Cancer Center"). An important premise for this is the expert knowledge and experience of our university hospital. At our Marburg site a Comprehensive Cancer Center has already been successfully set up, which is intended to be a driver of innovation within the network. The goal is to forge ahead with innovations in oncology and to enable our cancer patients at our Group's facilities to benefit locally from more extensive and tailor-made treatment offerings reflecting the latest state of research.

Particularly in cancer treatment, we are moving towards individualised medical care. Advances in medicine are making it increasingly possible to offer tailor-made diagnostic and therapeutic solutions for each individual cancer patient. It takes the know-how of doctors from many specialist medical disciplines (such as oncologists, radiotherapists or pathologists) to develop an optimum therapy concept for patients even in the Group's small hospitals. This comprehensive know-how drawn from various medical disciplines thus also has to be available locally at the smaller hospitals. We do this by using telemedicine and co-operation with the experts at Gießen-Marburg University Hospital to make available such specialist knowledge to the smaller facilities. We will ensure this by providing for structured co-operation with the Group network.

What happens exactly is that we establish a network of hospitals based on the Group's specialised and maximum-care providers which serve as tumour centres with focuses at Gießen-Marburg University Hospital, in Bad Berka, Cuxhaven, Hildesheim and Dachau. In teleoncological case conferences, cancer patients of the smaller group hospitals are discussed by doctors from all relevant specialised disciplines so as to ensure that there is always a maximum level of specialist expertise to determine an optimum treatment concept. This is to be achieved also with the involvement of community-based practitioners, e.g. the GPs on site. The cancer patient thus receives the best treatment possible – regardless of the hospital where the patient may be.

This does not work unless it is accompanied by telemedical applications. Thanks to the Group's own web-based patient file system WebEPA acting as the central hub, the aim is to make it possible in future e.g. to network telepathological and teleradiological functions with modules for tumour documentation.

In this regard one thing is clear: observing data protection and implementing a consistently exacting quality concept go without saying. Also self-evident is that the patient's freedom of decision and the treating doctor's freedom of choice regarding the therapy used locally will remain untouched.

The establishment of a Group-wide tumour network will also make it possible for extensive therapy studies to be conducted and for the findings to quickly be made available to all doctors.

Dear Shareholders,
the plan to involve over 50 Group sites in such tumour network is a challenge and something unique in Germany. But our view is that this is something that our patients deserve. In this way the Group's network together with its partners would be able to make a contribution to furthering cutting-edge university

medicine while enabling many people in future to gain access to innovative medical treatments.

In the area of cardiac arrhythmias, our approach is similar. We are establishing a graduated care concept in rhythmology, from outpatient care at our MVZs over standard-care facilities right through to the Competence Center and University Hospital. Diagnosis and therapy of cardiac arrhythmias is the fastest growing segment in cardiology. Within the care network we are therefore supporting the specific qualification of rhythmologists and are offering high-quality and optimum treatment concepts for the growing number of patients in this area.

Ladies and Gentlemen,
in addition to inpatient treatment offerings, we want to achieve a sensible and gradual increase in our market share also in the outpatient area over the coming years using our integrated growth strategy. The rounding-off of our inpatient core competence with outpatient care structures not only is the right course but is moreover the only conceivable course to take in view of future developments.

Advances in medicine and the reality of healthcare delivery are also calling for an adjustment in the structures of providers within our healthcare system. It is no longer possible for us to view the traditional areas of healthcare delivery in isolation. Thinking in terms of sectors has become obsolete. Tomorrow's healthcare delivery will be characterised by medical care alliances and networks. It is only in this way that we can continue to maintain high-quality medical care for everyone in all regions with the scarce financial and human resources available to us. And quite apart from that, patients are no longer willing, either, to put up with redundant examinations and gaps in healthcare delivery.

Under these framework conditions, medical care centres (MVZs) in our view will play an increasingly important role in our healthcare system. Here we also see the possibility of using MVZs to establish generalised care at regionally.

For this reason we are for the first time planning to launch a "model region" project in the sparsely populated Federal State of Thuringia. The geographical location, the high quality of the healthcare services provided by our hospitals there on site and their dedicated staff create the ideal conditions for this. The objective is to create an interfacility, generalised outpatient-inpatient care concept and network, not only directly at the hospital sites but also spanning rural areas as well as extending to urban regions.

In this context, the hospitals MVZs of RHÖN-KLINIKUM AG locally provide the basis for planning and designing the model region. Together our facilities offer interested providers the opportunity to create a wide variety of care offerings in

the interests of inhabitants in Thuringia, and e.g. to forge ahead with the establishment of medical centres as well as the establishment of networks and the conclusion of strategic partnerships with other providers.

Besides our focus on generalised healthcare delivery and traditional hospital-associated MVZs, we are increasingly also turning our attention to establishing specialised MVZs in fields in which the shift from inpatient to outpatient care has already happened or is increasingly taking place. Some examples of this are ophthalmological diagnosis and therapy centres that I already mentioned in the introduction to my report today. Initially we will expand this model together with co-owners in the North Rhine region as well as at existing hospital sites that already have inpatient ophthalmological capacities. It is moreover in this way that we would like to preserve the range of specialist care in other specialist areas within the Group and to track advances in medicine with our structures. Another conceivable field would be dental medicine. It would certainly also be possible to see orthopaedics within this category, and possibly also dermatology, and time will tell whether this also holds true for radiotherapy.

Ladies and Gentlemen,

Our greater orientation towards MVZs does not necessarily mean taking over medical practices. What is important is to have a good and optimised co-operation basis. That is why we also offer community-based practitioners outside our own facilities our WebEPA system at no charge as a safe and secure communication platform for cross-sector healthcare delivery.

That said, we see the future of specialised outpatient healthcare delivery at the regional level in a combination of participating (stake holding) models with specialist doctors from the community-based and inpatient area working on a salaried basis within an MVZ.

Dear Ladies and Gentlemen,

we will turn the rising demand for good and affordable medical care into qualified growth. Our growth targets are not an end in themselves but the backbone of our economic and social business model. In our medical orientation with continued growth and business success, we are holding fast to our principles, attaching particular importance to freedom of choice in medical treatment as one of our most important concerns. We see medical independence as an elementary basis for good medical care, which moreover thrives on an open dialogue of doctors as our most important medical professionals. This principle is the foundation for the good interplay between medicine and management that RHÖN-KLINIKUM AG will also demonstrate in future.

We have placed ourselves in an excellent position to successfully shape the future. I trust that I have been able to convey to you an idea of how we will approach this.

Thank you for your kind attention.