

MAY 10, 2016
MARITIM HOTEL BERLIN

INVITATION

**TO THE ANNUAL GENERAL MEETING
OF RHEINMETALL AG | 2016**



AGENDA AT A GLANCE

1.Presentation of the adopted annual financial statements, the approved consolidated financial statements, the management report of the Company, which is combined with the Group management report, including the explanatory report of the Executive Board on the disclosures in accordance with Section 289 (4) and (5) and Section 315 (4) of the German Commercial Code (HGB) and the report of the Supervisory Board, all for fiscal 2015
2.Resolution on the appropriation of the unappropriated surplus for fiscal 2015
3.Resolution to approve the actions of Executive Board for fiscal 2015
4.Resolution to approve the actions of the Supervisory Board for fiscal 2015
5.Resolution on the selection of the auditor for fiscal 2016
6.Election of shareholder representatives to the Supervisory Board
7.Resolution on the authorization to acquire and use treasury shares
8.Resolution on canceling the Authorized Capital according to Article 4 (3) of the Articles of Association and creating new Authorized Capital with the option to disapply preemptive rights and on a corresponding amendment to the Articles of Association
9.Resolution on canceling the Contingent Capital according to Article 4 (4) of the Articles of Association, authorizing the issuance of warrant bonds and/or convertible bonds and the disapplication of preemptive rights to said warrant bonds and/or convertible bonds while creating new Contingent Capital and on a corresponding amendment to the Articles of Association
10.Resolution on agreement to conclude two domination agreements
11.Resolution on amending Article 18 of the Articles of Association ("Chairmanship of the Annual General Meeting")

INVITATION TO THE ANNUAL GENERAL MEETING

Dear Shareholders:

We hereby invite you to the Annual General Meeting of Rheinmetall AG, Düsseldorf, to be held on Tuesday, May 10, 2016, at 10:00 a.m. at the MARITIM Hotel Berlin, Stauffenbergstrasse 26, 10785 Berlin.

The invitation to the Annual General Meeting and agenda were published in the Federal Gazette of March 31, 2016.

AGENDA

1. Presentation of the adopted annual financial statements, the approved consolidated financial statements, the management report of the Company, which is combined with the Group management report, including the explanatory report of the Executive Board on the disclosures in accordance with Section 289 (4) and (5) and Section 315 (4) of the German Commercial Code (HGB) and the report of the Supervisory Board, all for fiscal 2015

These documents are available on the Internet at www.rheinmetall.com/hauptversammlung.

The Supervisory Board approved the single-entity financial statement prepared by the Executive Board and the consolidated financial statements on March, 16, 2016, in accordance with Sections 172 and 173 of the *Aktiengesetz* (AktG – German Stock Corporation Act). The single-entity financial statements are thus adopted. As a consequence, in accordance with the applicable legal provisions, no resolution on Item 1 of the agenda is proposed.

2. Resolution on the appropriation of the unappropriated surplus for the 2015 fiscal year

The Executive Board and Supervisory Board propose to use the unappropriated surplus of Rheinmetall AG for fiscal 2015 amounting to EUR 48,000,000.00 as follows:

- Distribution of a dividend
of EUR 1.10 per non-par share entitled to a dividend = EUR 46,775,371.50
- Appropriation to other retained earnings = EUR 1,224,628.50

Treasury shares are not entitled to dividends. If the number of treasury shares changes by the time of the Annual General Meeting, an accordingly revised proposal for the appropriation of the unappropriated surplus will be submitted to the Annual General Meeting, but with an unchanged distribution of EUR 1.10 per non-par share entitled to a dividend.

3. Resolution to approve the actions of Executive Board for fiscal 2015

The Executive Board and the Supervisory Board recommend approving the actions of the members of the Executive Board who were in office in fiscal 2015 for this period.

4. Resolution to approve the actions of the Supervisory Board for fiscal 2015

The Executive Board and the Supervisory Board recommend approving the actions of the members of the Supervisory Board who were in office in fiscal 2015 for this period.

5. Resolution on the selection of the auditor for fiscal 2016

The Supervisory Board proposes, on the recommendation of its Audit Committee, to elect PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Düsseldorf branch, as the auditor of the single-entity and consolidated financial statements for fiscal 2016.

6. Election of shareholder representatives to the Supervisory Board

In accordance with Sections 96 (1) and (2) and 101 (1) of the *Aktiengesetz* (AktG – German Stock Corporation Act) in conjunction with Section 7 (1) No. 2 of the 1976 *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act), the Supervisory Board of Rheinmetall AG comprises eight shareholder representatives and eight employee representatives, at least 30% of whom are women and at least 30% of whom are men.

Since an objection was filed in accordance with Section 96 (2), sentence 3, of the AktG, against the cumulative fulfillment of the above named quotas, the minimum quotas must be met by the shareholders' representatives and the employees' representatives separately. Therefore, of the eight seats for shareholders' representatives on the Supervisory Board, at least two must be filled by women and two by men.

Since the Supervisory Board elections in 2012, there have been a total of three female members on the Supervisory Board - one representing the shareholders and two representing the employees. The proposed election of an additional female member will fulfill the minimum quota on the side of the shareholders' representatives.

The following nominations are each based on the recommendations of the Supervisory Board's Nomination Committee.

a) The terms of office for Detlef Moog and Toni Wicki will end with the conclusion of the Annual General Meeting on May 10, 2016, making it necessary to elect two new Supervisory Board members to represent the shareholders.

aa) The Supervisory Board proposes electing the individual named below:

Univ.-Prof. Dr. Marion A. Weissenberger-Eibl
of Karlsruhe
University professor and Head of the Fraunhofer
Institute for Systems and Innovation Research (ISI)

She would serve as a shareholder representative on the Supervisory Board.

Univ.-Prof. Dr. Weissenberger-Eibl's term of office would begin at the end of the 2016 Annual General Meeting and run until the end of the regular Annual General Meeting that resolves to grant formal approval of the actions of the Executive Board and Supervisory Board for fiscal 2020.

Memberships held by Univ.-Prof. Dr. Weissenberger-Eibl on other statutory supervisory boards:

- HeidelbergCement AG
- MTU Aero Engines AG

Memberships held by Univ.-Prof. Dr. Weissenberger-Eibl on comparable governing bodies of commercial enterprises in Germany and abroad:

- Germany's National Academy for Science and Engineering (acatech)
- Board of Trustees of the Steinbeis Foundation for Economic Development (StW)

bb) The Supervisory Board proposes electing the individual named below:

Mr. Detlef Moog
of Mülheim an der Ruhr
Consulting Engineer

He would again serve as a shareholder representative on the Supervisory Board.

The term of office for Mr. Moog would begin at the end of the 2016 Annual General Meeting and run until the end of the regular Annual General Meeting that resolved to grant formal approval of the actions of the Executive Board and Supervisory Board for fiscal 2020.

Mr. Moog holds no memberships on statutory supervisory boards or comparable governing bodies of commercial enterprises in Germany or abroad.

b) Dr. Siegfried Goll and Dr. Peter Mitterbauer have resigned from their offices as members of the Supervisory Board with effect from the conclusion of this Annual

General Meeting. Thus, it becomes necessary to elect two new Supervisory Board members to represent the shareholders.

aa) The Supervisory Board proposes electing the individual named below:

Mr. Ulrich Grillo
of Mülheim an der Ruhr
Business graduate
Chairman of the Executive Board of Grillo-Werke AG, Duisburg

He would serve as a shareholder representative on the Supervisory Board.

The term of office for Mr. Grillo would begin at the end of the 2016 Annual General Meeting and run until the end of the regular Annual General Meeting that resolved to grant formal approval of the actions of the Executive Board and Supervisory Board for fiscal 2020.

Memberships held by Mr. Grillo on other statutory supervisory boards:

- Deutsche Messe AG
- Klöckner & Co. SE

Memberships held by Mr. Grillo on comparable governing bodies of commercial enterprises in Germany and abroad, with each of the seats held below being with affiliated companies of Grillo-Werke AG as part of his duties on that company's Executive Board:

- Grillo Zinkoxid GmbH
- Hamborner Dach- und Fassadentechnik GmbH & Co. KG (Chairman)
- RHEINZINK GmbH & Co. KG
- Zinacor S.A.

bb) The Supervisory Board proposes electing the individual named below:

Mr. Klaus-Günter Vennemann
of Waidring, Austria
Consulting Engineer

He would serve as a shareholder representative on the Supervisory Board.

The term of office for Mr. Vennemann would begin at the end of the 2016 Annual General Meeting and run until the end of the regular Annual General Meeting that resolved to grant formal approval of the actions of the Executive Board and Supervisory Board for fiscal 2020.

Memberships held by Mr. Vennemann on other statutory supervisory boards:

- KSPG AG (affiliated with Rheinmetall AG)
- NANOGATE AG
- Plastic-Design GmbH (affiliated with NANOGATE AG)
- Dr. Rudolf Kellermann GmbH (Advisory Board member)

Mr. Vennemann holds no other memberships on comparable governing bodies of commercial enterprises in Germany or abroad.

Besides the information about the nominated individuals provided above, you can find a brief résumé for each one on the Company's website at www.rheinmetall.com/hauptversammlung.

In the Supervisory Board's opinion, the candidates proposed above do not have any material personal or business relationships with Rheinmetall AG, its Group companies, the governing bodies of Rheinmetall AG, or a major shareholder of Rheinmetall AG within the meaning of Section 5.4.1 of the German Corporate Governance Code. The planned procedure is to allow the Annual General Meeting to cast ballots on the election of the Supervisory Board members in separate votes.

7. Resolution on the authorization to acquire and use treasury shares

On May 6, 2014, the Annual General Meeting adopted a resolution authorizing the acquisition and use of treasury shares. Thus far, that authority has not been exercised to purchase treasury shares and will expire on May 5, 2019. However, the partial utilization of the Authorized Capital through a capital increase in exchange for cash contributions without preemptive rights on November 11, 2015, limits the options for disapplying preemptive rights due to cross-attribution. The authorization to acquire and use treasury shares is to be replaced by new authorization valid until May 9, 2021, in order to maintain the flexibility of Rheinmetall AG with respect to acquiring and using its treasury shares for the future.

The Executive Board and Supervisory Board therefore propose the following resolution:

- a) The authorization to acquire treasury shares in accordance with the resolution adopted by the Annual General Meeting on May 6, 2014, shall be revoked with effect from the date on which the new authorization below comes into force.
- b) The Executive Board shall be authorized to acquire treasury bearer shares equivalent to a maximum of 10% of the current share capital in the amount of EUR 111,510,656.00 until May 9, 2021. The acquisition may be made via the stock exchange or by issuing a public purchase offer directed at all shareholders or by publicly soliciting purchase offers. If the purchase is made through the stock exchange, the purchase price per share may be no more than 10% higher or lower than the average closing price for the no-par value shares on the Frankfurt Stock Exchange, as traded through XETRA on the three trading days preceding the purchase.

If the purchase is made by issuing a public purchase offer or soliciting purchase offers, the purchase price offered or paid may be no more than 10% higher or lower than the average closing price for the no-par value shares on the Frankfurt Stock Exchange, as traded through XETRA from the fifth to the third trading day (included) preceding the announcement of the purchase offer.

Preferential acceptance of offers to sell relatively low volumes of up to 100 shares per shareholder may be provided for.

The Executive Board shall be authorized to redeem the shares acquired on the basis of this authorization or previous authorizations as follows without the need for the Annual General Meeting to adopt another resolution: The authorization regarding the acquisition or redemption of treasury shares may also be used in one or several parts.

The Executive Board shall also be authorized, with the Supervisory Board's approval, to sell the shares with shareholders' preemptive rights as acquired on the basis of this authorization or previous authorizations by making an offer to the shareholders.

The Executive Board shall also be authorized, with the Supervisory Board's approval, to sell the treasury shares acquired on the basis of this authorization or previous authorizations while disapplying preemptive shareholder rights via the stock exchange or in some other manner, for example, to investors, provided the relevant treasury shares acquired on the basis of this authorization or previous authorizations are sold at a price not significantly below the stock market price of shares in the Company of the same class on the date of the sale. However, this authorization only applies under the condition that the shares issued while disapplying subscription rights in accordance with Section 186 (3), sentence 4, of the AktG do not exceed 10% of the share capital, neither at the time this authorization takes effect nor when it is exercised. Counted toward this 10% limit will be shares issued in the process of utilizing the Authorized Capital while disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the German Stock Corporation Act (AktG) or shares that are related to the options and/or conversion rights or obligations based on warrant bonds and/or convertible bonds issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted by resolution under Item 9 of the agenda.

The Executive Board shall also be authorized, with the Supervisory Board's approval, to use the treasury shares acquired on the basis of this authorization or previous authorizations while disapplying preemptive shareholder rights for the purpose of acquiring a company, parts of a company, or holdings in companies. However, this authorization shall apply only subject to the proviso that the aggregate shares issued in exchange for cash or non-cash contributions while disapplying preemptive rights do not exceed 20% of the share capital at the time it takes effect or, if such value is less, at the time such authorization is exercised. Counted toward this 20%

limit will be shares sold in accordance with the above paragraph while disapplying preemptive rights as well as those issued from authorized capital in accordance with Section 186 (3), sentence 4, of the German Stock Corporation Act (AktG) and in exchange for non-cash contributions while disapplying preemptive rights. Also counted toward the limit will be shares to be issued on the basis of the authorization granted by resolution under Item 9 of the agenda and pertaining to warrant bonds and/or convertible bonds issued while disapplying preemptive rights in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG.

The Executive Board shall also be authorized, with the Supervisory Board's approval, to use the treasury shares acquired on the basis of this authorization or previous authorizations while disapplying preemptive shareholder rights for the purpose of satisfying settlement claims of holders of warrant bonds or convertible bonds.

Lastly, the Executive Board shall be authorized, with the Supervisory Board's approval, to transfer the treasury shares acquired on the basis of this authorization or previous authorizations while disapplying preemptive shareholder rights to members of the Company's management and its employees as well as Group companies it controls. If treasury shares are to be transferred to members of the Company's Executive Board, the Supervisory Board will be responsible for the transaction.

8. Resolution on canceling the Authorized Capital according to Article 4 (3) of the Articles of Association and creating new Authorized Capital with the option to disapply preemptive rights and on a corresponding amendment to the Articles of Association

On May 6, 2014, the Annual General Meeting adopted a resolution authorizing an increase in share capital by as much as EUR 50,000,000.00. The share capital increase of EUR 10,137,216.00 carried out on November 11, 2015, made partial use of that authority. Following the partial utilization, the remaining Authorized Capital according to Article 4 (3) of the Articles of Association is to be canceled and replaced with new Authorized Capital valid until May 9, 2021 in order to enable the Company to cover any future financial needs quickly and with adequate flexibility. The option to disapply preemptive rights when conducting capital increases in exchange for cash and non-cash

contributions should, as in the past, be limited in accordance with the resolution proposed below.

The Executive Board and Supervisory Board propose the following resolution:

- a) On May 6, 2014, the Annual General Meeting adopted a resolution authorizing an increase in share capital in accordance with Article 4 (3) of the Articles of Association. That authority shall be rescinded by simultaneously repealing Article 4(3) of the Articles of Association.

The rescission of the prior authorization and corresponding Authorized Capital according to Article 4 (3) of the Articles of Association in their previous version and the creation of a new authorization and corresponding Authorized Capital according to letter "c" constitute a single resolution. Unless the new Authorized Capital is entered in the Commercial Register, the rescission of the authorization granted by resolution adopted at the Annual General Meeting on May 6, 2014, and the previous Authorized Capital of EUR 39,862,784.00 following partial utilization shall not take effect. Accordingly, the Executive Board is instructed to have the cancellation of the previous Authorized Capital and resolution to create new Authorized Capital entered in the Commercial Register on the condition that the entry regarding cancellation of the current Authorized Capital should not be made until it is certain that the resolution affecting Article 4 (3) of the Articles of Association will be entered immediately thereafter.

- b) The Executive Board shall be authorized, with the consent of the Supervisory Board, to increase the share capital of the Company on one or more occasions, but by no more than an aggregate of EUR 50,000,000.00 (Authorized Capital) before May 9, 2021, by issuing new no-par value shares in exchange for cash and/or non-cash contributions. The new shares may also be issued to employees of the Company or any Group company it controls.

The Executive Board shall be authorized to disapply the shareholders' statutory preemptive rights with the consent of the Supervisory Board in the following cases:

- When the overall capital increase in exchange for cash contributions does not exceed 10% of the share capital, neither at the time it takes effect nor at the time such authorization is exercised, and the issue price is not significantly be-

low the stock market price of the shares at the time the Executive Board sets the issue price. Counted toward this 10% limit shall be shares that the Company has acquired pursuant to Section 71 (1), no. 8. of the German Stock Corporation Act (AktG) and sold, during the period of this authorization, to third parties while disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the AktG. Also counted toward this limit shall be those shares related to options and/or conversion rights or obligations based on warrant bonds and/or convertible bonds issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted under Item 9 of the agenda.

However, this authorization shall apply only subject to the proviso that the aggregate shares issued for cash or non-cash contributions with the exception of preemptive rights do not exceed 20% of the share capital at the time it takes effect or, if such value is less, at the time such authorization is exercised. Counted toward this 20% limit shall be shares that the Company has acquired pursuant to Section 71 (1), no. 8, of the AktG and sold, during the period of this authorization, to third parties while disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the AktG or has used while disapplying preemptive rights for the purpose of acquiring a company, parts of companies, or interests in companies. Also counted toward this limit shall be those shares related to options and/or conversion rights or obligations based on warrant bonds and/or convertible bonds that have been issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted under Item 9 of the agenda.

- In the case of a capital increase of up to EUR 1,000,000.00 for the purpose of issuing shares to employees of the Company and Group companies it controls.
- In the case of capital increases for non-cash contributions to grant shares for the purpose of acquiring companies, parts of companies, or interests in companies.

Unless the Executive Board makes use of the aforementioned authorization to disapply preemptive rights, the preemptive rights of the shareholders may only be disappplied for fractional shares.

- c) The previous Authorized Capital governed by Article 4 (3) of the Articles of Association shall be canceled, with said provision being rewritten as follows:

"(3) The Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company on one or more occasions, but by no more than an aggregate of EUR 50,000,000.00 (Authorized Capital) before May 9, 2021, in exchange for cash and/or non-cash contributions. The new shares may also be issued to employees of the Company or any Group company it controls.

The Executive Board may exclude the shareholders' statutory preemptive rights with the consent of the Supervisory Board in the following cases:

- a) When the overall capital increase in exchange for cash contributions does not exceed 10% of the share capital, neither at the time it takes effect nor at the time such authorization is exercised, and the issue price is not significantly below the stock market price of the shares at the time the Executive Board sets the issue price. Counted toward this 10% limit shall be shares that the Company has acquired pursuant to Section 71 (1), no. 8, of the German Stock Corporation Act (AktG) and sold, during the period of this authorization, to third parties while disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the AktG. Also counted toward this limit shall be those shares related to options and/or conversion rights or obligations based on warrant bonds and/or convertible bonds issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted under Article 4 (4) of the Articles of Association.

However, this authorization shall apply only subject to the proviso that the aggregate shares issued for cash or non-cash contributions with the exception of preemptive rights do not exceed 20% of the share capital at the time it takes effect or, if such value is less, at the time such authorization is exercised. Counted toward this 20% limit shall be shares that the Company has acquired pursuant to Section 71 (1), no. 8, of the AktG and sold, during the period of this authorization, to third parties while disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the AktG or has used while disapplying preemptive rights for the purpose of acquiring a

company, parts of companies, or interests in companies. Also counted toward this limit shall be those shares related to options and/or conversion rights or obligations based on warrant bonds and/or convertible bonds that have been issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted under Article 4 (4) of the Articles of Association.

- b) In the case of a capital increase of up to EUR 1,000,000.00 for the purpose of issuing shares to employees of the Company and Group companies it controls.
- c) In the case of capital increases for non-cash contributions to grant shares for the purpose of acquiring companies, parts of companies, or interests in companies.

Unless the Executive Board makes use of the aforementioned authorization to disapply preemptive rights, the preemptive rights of the shareholders may only be disappplied for fractional shares.

The Executive Board shall decide on the additional details of the share issue, in particular the further scope of the share rights and the conditions of the share issue, with the approval of the Supervisory Board.

The Supervisory Board is authorized to amend the wording of the Articles of Association to correspond with the respective validity and the respective use of the Authorized Capital."

- 9. Resolution on canceling the Contingent Capital according to Article 4 (4) of the Articles of Association, authorizing the issuance of warrant bonds and/or convertible bonds and the disapplication of preemptive rights to said warrant bonds and/or convertible bonds while creating new Contingent Capital and on a corresponding amendment to the Articles of Association

On May 6, 2014, the Annual General Meeting adopted a resolution authorizing the issuance of warrant bonds and/or convertible bonds with the right or obligation of conversion into shares of the Company and authorizing the disapplication of preemptive

rights. Thus far, that authority has not been exercised and will expire on May 5, 2019. However, the partial utilization of the Authorized Capital through a capital increase in exchange for cash contributions without preemptive rights on November 11, 2015, limits the options for disapplying preemptive rights due to cross-attribution. The current authorization to issue warrant bonds and/or convertible bonds should be replaced by a new authorization valid until May 9, 2021, in order to maintain the flexibility of Rheinmetall AG with respect to issuing warrant bonds and/or convertible bonds for the future.

The Executive Board and Supervisory Board therefore propose the following resolution:

a) Authorization to issue warrant bonds and/or convertible bonds

(1) Period of authorization, nominal amount, number of shares, terms, interest yield

The Executive Board is authorized, with the Supervisory Board's approval, to issue interest-bearing bearer bonds with warrants and/or convertible bonds up to a total nominal value of €800,000,000 with a term of up to 20 years on one or more occasions before May 9, 2021. It is also authorized to grant the holders of the respective certificates, which carry the same rights, options and rights of conversion to new shares of the Company up to a total of 7,812,500 shares in accordance with the more detailed provisions of the conditions for warrant bonds and/or convertible bonds. The warrant bonds and/or convertible bonds can also bear variable interest, with the interest rate being wholly or partly dependent on the amount of the Company's dividend, as with an income bond.

(2) Currency, issuance by majority shareholdings

The warrant bonds and/or convertible bonds may be issued in euros or in the legal tender of an OECD country for an amount equivalent to the euro amount. They may also be issued by direct or indirect majority shareholdings of Rheinmetall AG (companies in which Rheinmetall AG holds a direct or indirect majority of voting rights and capital). In this case, the Executive Board is authorized to guarantee the warrant bonds and/or convertible bonds on behalf of Rheinmetall AG and to grant or guarantee holders of the warrant bonds and/or convertible bonds options or rights of conversion to shares of Rheinmetall AG.

(3) Bond options and conversion rights

If warrant bonds are issued, one or more warrants will be attached to each certificate, entitling the bearer to acquire shares in the Company in accordance with the specific terms and conditions for options. The terms and conditions can provide for the option price to be settled in full or in part by the transfer of bond certificates. The subscription ratio is calculated by dividing the nominal amount on a certificate by the option price for one share of Rheinmetall AG. Resulting notional fractions of shares will be settled in cash. The portion of the share capital converted into a nominal value for each share being subscribed per bond certificate must not exceed the nominal amount of the individual certificates.

If convertible bonds are issued, the holders of the bonds will be granted the right to exchange their certificates for shares in the Company in accordance with the specific terms and conditions for convertible bonds. The conversion ratio is calculated by dividing the nominal amount on a certificate by the conversion price for one share in Rheinmetall AG. Resulting notional fractions of shares will be settled in cash. The portion of the share capital converted into a nominal value for each share to be issued upon conversion must not exceed the nominal value of the convertible bond.

(4) Bond options and conversion obligations

The terms and conditions for warrant bonds and/or convertible bonds can also stipulate a stock option or bond conversion obligation upon maturity or on a different date ("final maturity" in each case) or give Rheinmetall AG the right to grant holders of the warrant bonds and/or convertible bonds shares in Rheinmetall AG in lieu of full or partial payment of the cash amount owed. Even in these cases, the portion of the share capital converted into a nominal value for each share to be issued upon conversion must not exceed the nominal value of the warrant bond and/or convertible bond.

(5) Granting new or existing shares; cash payment

If bonds are converted or stock options exercised, or if the bond options and conversion obligations are fulfilled, the Company may, at its discretion, either grant new shares from its contingent capital or already existing shares of the Company's stock. The terms and conditions for warrant bonds and/or convertible bonds may also entitle the Company not to grant shares of the Company's stock if stock options exercised or bonds are converted, or if bond options or conversion obligations are fulfilled. Instead, the Company may pay the equivalent value in cash, which shall be determined, in accordance with the specific terms and conditions for bonds, by the average closing auction price for shares of Rheinmetall AG in XETRA trading through Deutsche Börse AG or a system replacing XETRA during the last ten trading days prior to a declaration of intent to exercise the option or convert the bonds or, in the case of bond options and conversion obligations, prior to or after the final maturity date.

(6) Option/conversion price and price adjustment to preserve value

The option or conversion price for one share, to be determined as a ratio of the nominal value of each certificate to the number of shares to be subscribed for it, is calculated in euros and must fulfill one of the criteria below:

aa) It must be at least 80% of the average closing prices for shares of Rheinmetall AG in XETRA trading on the Frankfurt Stock Exchange or a system replacing XETRA on the last ten trading days prior to the date on which the Executive Board resolves to issue warrant bonds or convertible bonds,

or

bb) In the event that preemptive rights are granted, it must be at least 80% of the average closing price for shares of Rheinmetall AG in XETRA trading on the Frankfurt Stock Exchange or a system replacing XETRA from the beginning of the subscription period until the day just prior to announcement of the final terms and conditions in accordance with Section 186 (2) of the AktG.

In deviation from the above rules, the conversion or option price can, in cases of bond options or conversion obligations being fulfilled (see no. 4 above), be the average closing price for shares of Rheinmetall AG in XETRA trading on the Frankfurt Stock Exchange or a system replacing XETRA on the last ten trading days before or after the final maturity date, even if that average closing price is below the minimum conversion or option price (80%) stated above.

Section 9 (1) of the German Stock Corporation Act (AktG) remains unaffected.

If, during the term of financial instruments granting or specifying conversion rights or options, or those involving fulfillment of bond options or conversion obligations, the financial value of the existing conversion rights or stock options and subscription rights is diluted, the conversion rights or stock options can be adjusted to preserve their value — irrespective of Section 9 (1) of the AktG — provided the adjustment is not already mandated by law. In all cases, the proportion of the share capital attributable to the shares to be acquired relating to each bond certificate shall not exceed the nominal value of the certificate. For example, this applies in the following cases:

- Capital increases through conversion of the capital reserves or retained earnings
- Forward or reverse stock splits
- Capital increases while granting subscription rights, without granting subscription rights to bearers of existing warrant bonds and/or convertible bonds with options and conversion rights/obligations to the extent they would be entitled after exercising the option and/or conversion right or after fulfilling the option or conversion obligation
- Issuance of further warrant bonds and/or convertible bonds or granting or guaranteeing other options or conversion rights or obligations, without granting subscription rights to bearers of existing option and conversion rights or obligations to the extent they would be entitled after exercising the option or conversion right or after fulfillment of the option or conversion obligation

- Capital reductions (unless solely in the form of a reduction of the proportion of share capital accounted for by the individual shares)

Instead of adjusting the option or conversion price, in accordance with the specific terms and conditions for options and/or convertible bonds, payment of a corresponding amount in cash by the Company when exercising the option or conversion right or when fulfilling the option or conversion obligation can be provided for in all these cases.

(7) Granting and disapplying preemptive rights

The warrant and/or convertible bonds are to be handed over to one or more financial institutions or a syndicate of financial institutions with the obligation to offer them to shareholders for subscription. If the warrant bonds and/or convertible bonds are issued by a direct or indirect majority shareholding of Rheinmetall AG, then Rheinmetall AG must ensure that the shareholders of Rheinmetall AG are granted subscription rights in line with the sentence above.

However, the Executive Board is authorized, with the consent of the Supervisory Board, to disapply the shareholders' statutory preemptive rights to the warrant bonds and/or convertible bonds with options or rights of conversion to shares in the Company in the following cases:

- a) If the warrant bonds and/or convertible bonds are designed such that the issue price is not significantly less than the theoretical market value as calculated using recognized methods of financial mathematics. However, this authority to disapply preemptive rights applies only to bonds with options and/or rights or obligations of conversion into shares with a total proportionate value of as much as 10% of the capital of Rheinmetall AG. The amount of share capital existing at the time the Annual General Meeting adopts the resolution concerning such authority or — if that value is lower — at the time the above stated authority is exercised will be used to calculate the 10% limit. Counted toward this 10% limit will be shares issued in the process of utilizing the Authorized Capital while disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the German Stock Corporation Act (AktG) or shares that are related to the options and/or conversion rights or obligations based on warrant bonds and/or convertible

bonds issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG since the authorization was granted.

Also counted toward the limit will be shares acquired by the Company as authorized by Section 71 (1), no. 8, of the AktG and sold to third parties during the period of authorization while disapplying subscription rights in accordance with Section 186 (3), sentence 4, of the AktG.

Moreover, the total number of shares issued in exchange for cash or non-cash contributions while disapplying preemptive rights must not exceed 20% of the share capital at the time it takes effect or, if such value is less, at the time such authorization is exercised. Counted toward this 20% limit will be shares to be issued in accordance with the above authorization and in connection with warrant bonds and/or convertible bonds while disapplying preemptive rights as well as those issued from the capital authorized in accordance with Section 186 (3), sentence 4, of the German Stock Corporation Act (AktG) and in exchange for non-cash contributions while disapplying preemptive rights. Also counted toward the limit will be shares acquired in accordance with Section 71 (1), no. 8, of the AktG and sold in accordance with Section 186 (3), sentence 4, of the AktG during the period of authorization while disapplying preemptive rights or used to acquire a company, parts of companies, or interests in companies while disapplying preemptive rights.

- b) For fractional amounts created by the subscription ratio
 - c) When doing so it is necessary to grant subscription rights to bearers of previously issued warrant bonds and/or convertible bonds with options rights/obligations of conversion into shares of Rheinmetall AG to the extent they would be entitled after exercising the option and/or conversion right or after fulfilling the option or conversion obligation
- (8) Authorization to specify additional details
- a) The Board of Management shall be authorized, with the approval of the Supervisory Board and within the scope outlined above, to specify additional details regarding the issuance and features of the warrant bonds and/or

convertible bonds and the options or conversion rights. In particular, such details may include the interest rate, issue price, term, denomination, conversion period, or option period. The Board shall also be authorized to specify the above through arrangement with the governing bodies of the majority shareholdings of Rheinmetall AG issuing the warrant bonds or convertible bonds.

b) Creation of contingent capital

The Company's share capital shall be contingently increased by up to EUR 20,000,000.00 (Contingent Capital) through the issuance of up to 7,812,500 bearer shares or — if the Company's Articles of Association also permit registered shares to be issued at the time bonds are issued — the issuance of new registered, no-par value shares. The purpose of the contingent capital increase is to grant shares when options and/or conversion rights are exercised and when option and/or conversion obligations are fulfilled for the holders of warrant bonds and/or convertible bonds issued on the basis of the authorization granted by the Annual General Meeting on May 10, 2016.

The new shares will be issued at the conversion or option price (issue price per share) set in accordance with the authorization. The contingent capital increase will be carried out only if the holders of warrants attached to warrant bonds and/or convertible bonds issued before or guaranteed until May 9, 2021, by Rheinmetall AG or its direct or indirect majority shareholdings on the basis of the authority granted by resolution of the regular Annual General Meeting on May 10, 2016, exercise their options or conversion rights. The contingent capital increase will also be carried out if the obligors of the options and/or convertible bonds issued before or guaranteed until May 9, 2021, by Rheinmetall AG or its direct or indirect majority shareholdings on the basis of the authority granted by resolution of the regular Annual General Meeting on May 10, 2016, fulfill their option and conversion obligations and the Contingent Capital is required in accordance with the terms and conditions on warrant bonds and convertible bonds. The new shares issued on the basis of the options or conversion rights exercised or the options or conversion obligations being fulfilled shall be entitled to a share of profits starting in the fiscal year in which they are issued.

The Management Board shall be authorized, with the consent of the Supervisory Board, to specify the further details of the contingent capital increase. The Supervisory Board shall be authorized to amend Article 4 of the Articles of Association according to the respective utilization of the contingent capital and after all option or conversion periods have expired.

c) Amendment to the Articles of Association

Paragraph 4 of Article 4 of the Articles of Association in its current form shall be rescinded and replaced with the following paragraph:

"(4) The Company's share capital is contingently increased by up to EUR 20,000,000.00 (Contingent Capital). The contingent capital increase shall be carried out by issuing up to 7,812,500 bearer shares or — if the Company's Articles of Association also permit registered shares to be issued at the time bonds are issued — then by issuing new, registered, no-par value shares only if the either condition "a" or "b" and "c" below are met:

- (a) The bearers of warrants attached to warrant bonds and/or convertible bonds issued before or guaranteed until May 9, 2021, by Rheinmetall AG or by its direct or indirect majority shareholdings based on the authorization granted by resolution of the Annual General Meeting on May 10, 2016, exercise their options or conversion rights.
- (b) The obligors of the option and/or convertible bonds issued before or guaranteed until May 9, 2021, by Rheinmetall AG or by its direct or indirect majority shareholdings based on the authorization granted by resolution of the Annual General Meeting on May 10, 2016, fulfill their option and conversion obligations.
- (c) The Contingent Capital is needed in accordance with the terms and conditions for warrant bonds and/or convertible bond.

The new shares shall participate in profit from the beginning of the fiscal year in which they originate through exercise of option or con-

version rights or through fulfillment of option or conversion obligations. The Supervisory Board is authorized to amend Article 4 of the Articles of Association according to the respective utilization of the Contingent Capital and after all option or conversion periods have expired."

- d) Effective date of the cancellation of the previous Contingent Capital, the new authorization, and the amendment to the Articles of Association

Rescission of the prior authorization and corresponding Contingent Capital according to Article 4 (4) of the Articles of Association in their previous version and the creation of a new authorization and corresponding Contingent Capital according to letter "c" constitute a single resolution. Unless the new Contingent Capital is entered in the Commercial Register, the repeal of the authorization to issue warrant bonds and/or convertible bonds granted by resolution adopted at the Annual General Meeting on May 6, 2014, and the previous Contingent Capital of EUR 20,000,000.00 shall not take effect. Accordingly, the Executive Board is instructed to have the cancellation of the previous Contingent Capital and resolution to create new Contingent capital entered in the Commercial Register on the condition that the entry regarding cancellation of the current Contingent Capital should not be made until it is certain that the resolution affecting Article 4 (4) of the Articles of Association will be entered immediately thereafter.

The Executive Board's reports on Items 7, 8, and 9 of the agenda are available on the Internet at www.rheinmetall.com/hauptversammlung. They will also be made available to shareholders at the Annual General Meeting itself.

10. Resolution on agreement to conclude two domination agreements

In the 2016 fiscal year, Rheinmetall AG concluded domination agreements with two companies. Rheinmetall AG holds 100% of the shares in each of those companies.

Specifically, the domination agreements were concluded with the two organizations and on the dates named below:

- Rheinmetall Technical Publications GmbH, March 16, 2016
- Rheinmetall Insurance Services GmbH, March 16, 2016

On September 12, 2002, Rheinmetall AG and Rheinmetall Technical Publications GmbH concluded a profit transfer agreement with the former as the controlling company and the latter as the controlled company. Said agreement was amended by a change agreement dated March 18, 2014. On August 24, 2001, Rheinmetall AG and Rheinmetall Insurance Services GmbH concluded a profit transfer agreement with the former as the controlling company and the latter as the controlled company. Said agreement was amended by a change agreement dated March 18, 2014. The purpose of concluding the domination agreements is tighter organizational integration of each controlled company into Rheinmetall AG as the entity taxable under value added tax (VAT) law. Such integration is necessary for taxation as part of the consolidated group of companies. The decision was made in light of ever changing court decisions being handed down by Germany's Bundesfinanzhof (Federal Tax Court) concerning matters of organizational integration and shifts in the legal interpretation of Germany's fiscal authorities in the area of VAT abatement.

The key provisions of the domination agreements between Rheinmetall AG as one party and Rheinmetall Technical Publications GmbH and Rheinmetall Insurance Services GmbH as the other party, respectively, are as follows:

- Each company being controlled places its management under that of the controlling company. The controlling company is authorized to issue instructions to the management of each controlled company regarding how to run the respective controlled company.
- As long as there is a profit transfer agreement between the respective contract parties, the provisions regarding compensation for losses contained therein also apply to the domination agreement. Otherwise, the domination agreement contains separate provisions in that area. In either case, the controlling company is obligated to compensate the respective controlled company for losses in accordance with the provisions of Section 302 of the German Stock Corporation Act (AktG) as amended from time to time.

- The domination agreements take effect when they have been recorded in the Commercial Register entry for the respective controlled company.
- The domination agreements are concluded for an indefinite period. Either contract party may terminate the agreement by giving six months' notice to take effect at the end of a given fiscal year for the respective controlled company.
- The right to give notice of immediate termination for due cause remains unaffected. In particular, due cause is given when the controlling company no longer holds, either directly or indirectly, the majority of voting rights or the capital in the controlled company or if the profit transfer agreement ends and is not immediately replaced by another profit transfer agreement between the contract parties.

The domination agreements described above require the consent of the shareholders' meeting of the respective controlled company as well as the Annual General Meeting of Rheinmetall AG. The respective domination agreements take effect upon being approved by the shareholders' meetings of the controlled company, being approved by the Annual General Meeting, and subsequent entry in the appropriate Commercial Register containing an entry for the controlled company.

The Executive Board of Rheinmetall AG and the managing directors of each controlled company have all submitted joint reports in accordance with Section 293a of the AktG.

The Board of Directors and Supervisory Board propose approving each of the following domination agreements:

- a) Between Rheinmetall AG, Düsseldorf and Rheinmetall Technical Publications GmbH, Bremen dated March 16, 2016
- b) Between Rheinmetall AG, Düsseldorf and Rheinmetall Insurance Services GmbH, Düsseldorf dated March 16, 2016

As of the date on which the Annual General Meeting is convened, all documents to be released will be available on the Internet at www.rheinmetall.com/hauptversammlung:

- *Domination agreement between Rheinmetall AG and Rheinmetall Technical Publications GmbH*
- *Domination agreement between Rheinmetall AG and Rheinmetall Insurance Services GmbH*

- *Annual financial statements and management reports of Rheinmetall AG for the past three fiscal years*
- *Annual financial statements of Rheinmetall Technical Publications GmbH for the past three fiscal years*
- *Annual financial statements of Rheinmetall Insurance Services GmbH for the past three fiscal years*
- *The joint reports by the Executive Board and the managing directors of each company as party to the agreements*

Since Rheinmetall AG holds all the shares of both Rheinmetall Technical Publications GmbH and Rheinmetall Insurance Services GmbH, there is no need to have a contract auditor perform a review of each domination agreement pursuant to the second half of Section 293b (1) of the AktG. For this reason, the Company is not required to pay any compensation in accordance with Section 304 of the AktG or settlements in accordance with Section 305 of the AktG in connection with the domination agreements.

The documents listed above will also be made available to shareholders at the Annual General Meeting itself.

11. Resolution on amending Article 18 of the Articles of Association ("Chairmanship of the Annual General Meeting")

When the *Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts* (UMAG – German Act on Corporate Integrity and Modernization of the Right to Challenge Shareholders' Resolutions) was passed, the rules of procedure for annual general meetings changed. In accordance with Section 131 (2), sentence 2, of the AktG, a company's Articles of Association may authorize the chairman of the meeting to limit the time each shareholder is given to speak and ask questions to an appropriate amount. Following the amendment of this law, this option to amend the Articles of Association and include such authority has been widely made use of.

In light of the provisions in Section 2.2.4 of the German Corporate Governance Code (GCGC) concerning the chairperson's duty to ensure expedient conducting of annual general meetings, the Executive Board and Supervisory Board propose amending Article 18 ("Chairmanship of the Annual General Meeting") of the Articles of Association in the version dated November 11, 2015, by including a new paragraph (3) with the language below and, as a result, rewording the heading as follows:

"Article 18
Chairperson and Conducting of the Annual General Meeting"

"(3) The Chairperson can impose appropriate time limits on the rights of shareholders to speak and ask questions. In particular, the Chairperson is entitled to set an appropriate time limit on the entire Annual General Meeting, either when it starts or while in progress, for discussion of individual items on the agenda as well as for an individual opportunity to speak or ask questions."

EXECUTIVE BOARD REPORTS

1. Report by the Executive Board on Agenda Item 7

In accordance with Section 71 (1), no. 8, of the AktG, in conjunction with Section 186 (4), sentence 2, of the AktG, the Executive Board has submitted a written report on the reasons for the proposal in Item 7 of the agenda to authorize disapplication of preemptive rights and on the proposed issue price. From the day that the Annual General Meeting is convened, the report will be available on the Internet at www.rheinmetall.com/hauptversammlung. The report will also be made available to shareholders at the Annual General Meeting itself. The report will be announced in the following manner:

The proposed authorization will enable the Company to purchase treasury shares of up to 10% of its current share capital of EUR 111,510,656.00 via the stock exchange or by issuing a public purchase offer to all shareholders or by publicly soliciting purchase offers from shareholders. If the purchase is made through the stock exchange, the purchase price per share may be no more than 10% higher or lower than the average closing price for the shares on the Frankfurt Stock Exchange, as traded through XETRA on the three trading days preceding the purchase. If the purchase is made by issuing a public purchase offer or soliciting purchase offers, the purchase price offered and paid may be no more than 10% higher or lower than the average closing price for the shares on the Frankfurt Stock Exchange, as traded through XETRA from the fifth to the third trading day (included) preceding the announcement of the purchase offer.

The proposed resolution also allows the Company to retire or resell the shares it acquires without any additional resolution by the Annual General Meeting.

The option of reselling treasury shares is a simplified means for the Company to obtain new funding. In accordance with Section 71 (1), no. 8 of the AktG, the resolution adopted by the Annual General Meeting will also authorize the Executive Board to sell the shares using other means than the stock exchange or an offer to all shareholders. With respect to the selling of acquired shares, the resolution will also give the Executive Board the option, with the Supervisory Board's consent, to disapply preemptive rights in accordance with Section 71 (1), no. 8, sentence 5, in conjunction with Section 186, (3),

sentence 4, of the AktG. The statutory option to sell shares in this manner is in the best interest of the Company. For instance, shares can be issued to institutional investors as part of a book building process, thereby acquiring additional investors from Germany and abroad. The authorization to disapply preemptive rights gives the Company a way to react quickly, flexibly, and cost-effectively to opportunities that present themselves on the stock exchange and should help it keep the discount on the stock market price that may otherwise typically occur as low as possible. When treasury shares are sold while disapplying shareholders' preemptive rights in accordance with Section 186 (3), sentence 4, of the AktG, the shareholder's financial and voting rights interests are appropriately safeguarded on the basis of Section 71 (1), no. 8, of the AktG. The authorization to sell is limited to shares that, together with shares issued from the Authorized Capital while disapplying shareholders' preemptive rights in accordance with Section 186 (3), sentence 4, of the AktG, make up 10% of the Company's share capital at the time the shares are issued or sold. Counted toward this 10% limit are also shares that are related to the options and/or conversion rights or obligations based on warrant bonds and/or convertible bonds issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted by resolution under Item 9 of the agenda. Management will keep any discount on the stock market price as low as possible. The discount is expected to be a maximum of 3% but certainly not more than 5%.

Furthermore, the proposed authorization will allow the Executive Board, with the Supervisory Board's consent, to offer treasury shares as payment when acquiring companies, parts of companies, or interests in companies while disapplying shareholder's preemptive rights. This should enable the Company to react quickly and successfully on national and international markets when advantageous offers or other opportunities present themselves to acquire companies, parts of companies, or interests in companies. Quite often, negotiations end in a deal requiring payment in the form of shares instead of cash. If any specific targets for acquisition present themselves in this manner, the Executive Board and Supervisory Board will carefully examine whether the Company's interest in acquiring companies, parts of companies, or interests in companies justifies offering shares as payment while disapplying preemptive rights. The authorization takes that into account.

The total number of shares issued in exchange for cash or non-cash contributions while disapplying preemptive rights must not exceed 20% of the share capital at the time the authorization takes effect or, if such value is less, at the time the authorization to utilize

treasury shares is exercised. This is intended to give appropriate consideration to shareholders' need for protection against dilution of their shareholdings. When treasury shares are being utilized, this concerns instances of sales to individual shareholders on the open market and the use of treasury shares while disapplying preemptive shareholder rights for the purpose of acquiring a company, parts of a company, or holdings in companies. These measures, together with shares issued from Authorized Capital in exchange for non-cash contributions while disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the German Stock Corporation Act (AktG) as well as with shares to be issued in connection with the authorization to issue warrant bonds and/or convertible bonds to be granted by resolution under Item 9 of the agenda, provided such bonds are issued while disapplying shareholders' preemptive rights in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG, may not exceed 20% of the share capital at the time the authorization takes effect or, if such value is lower, when the authorization to utilize treasury shares is exercised.

In addition, the Company should also be allowed to use the treasury shares acquired under this authorization to satisfy options or rights of conversion granted by the Company or one of its Group companies when issuing bonds. The disapplication of shareholders' preemptive rights is a precondition for doing so.

Lastly, the Executive Board should be given the option to utilize treasury shares while disapplying shareholders' preemptive rights as part of a long-term incentive plan for members of management and employees of the Company and of Group companies it controls. The Supervisory Board will establish the details of stock-based compensation for members of the Executive Board.

Among other things, the long-term incentive plan specifies that settlement will be performed at the current stock market price based on a recently computed average and that the shares are subject to a blackout period of four years, during which they may not be sold. This creates additional incentive to work towards increasing the value of the Company. At the same time, individuals holding stock options bear the price risk. At the same time, the long-term incentive plan for members of the Executive Board complies with the provisions of the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG – German Act on the Appropriateness of Management Board Compensation) as well as Section 4.2.3 of the German Corporate Governance Code, which require variable pay components for members of the Executive Board to provide long-term incentives and

involve a level of risk. Against this background, disapplying preemptive rights is justified.

The Executive Board should also be given the option to offer and transfer treasury shares while disapplying shareholders' preemptive rights as part of employee stock purchase plans for members of management and employees of the Company — with the exception of Executive Board members — as well as members of management and employees of Group companies controlled by the Company.

Düsseldorf, March 2016

Rheinmetall AG
The Executive Board

2. Report by the Executive Board on Agenda Item 8

In accordance with Section 203 (2), sentence 2, of the AktG, in conjunction with Section 186 (4), sentence 2, of the AktG, the Executive Board has submitted a written report on the reasons for the proposal in Item 8 of the agenda to authorize disapplication of preemptive rights and on the proposed issue price. From the day that the Annual General Meeting is convened, the report will be available on the Internet at www.rheinmetall.com/hauptversammlung. The report will also be made available to shareholders at the Annual General Meeting itself. The report will be announced in the following manner:

Under Item 8 of the agenda, the Executive Board and Supervisory Board propose to the Annual General Meeting that new Authorized Capital totaling EUR 50,000,000.00 be created. On May 6, 2014, the Annual General Meeting adopted a five-year resolution governing the previous Authorized Capital. On November 11, 2015, the Company made partial use of its authority by increasing its share capital by EUR 10,137,216.00. Now, appropriate authorization to increase capital in exchange for cash and non-cash contributions should be granted for the period until May 9, 2021.

The preemptive rights of shareholders can be disapplied on up to 10% of the Company's current share capital at an issue price that does not fall significantly below the stock market price. Under this authorization, the Company will be availing itself of its option according to Section 186 (3), sentence 4, of the AktG to disapply preemptive rights for the purpose of issuing shares at a price close to the stock market price. The Executive Board will also be able to perform capital increases for non-cash contributions to grant shares for the purpose of acquiring companies, parts of companies, or interests in companies or to issue limited numbers of employee shares while disapplying preemptive rights.

Details:

Shareholders of Rheinmetall AG are to be granted preemptive rights when the Authorized Capital is utilized. However, the Executive Board should be granted the authority to disapply shareholders' preemptive rights to fractional shares, thus enabling the requested authorization to be exercised by applying round numbers and maintaining an even subscription ratio. The Company will make the best possible use of any new shares left over as fractional shares with shareholders' preemptive rights disapplied.

Furthermore, the proposed authorization will allow the Executive Board to conduct capital increases in exchange for non-cash contributions, with the Supervisory Board's consent, by offering treasury shares as payment when acquiring companies, parts of companies, or interests in companies while disapplying shareholder's preemptive rights. This should enable the Company to react quickly and successfully on national and international markets when advantageous offers or other opportunities present themselves to acquire companies, parts of companies, or interests in companies. Quite often, negotiations end in a deal requiring payment in the form of shares instead of cash. If any specific targets for acquisition present themselves in this manner, the Executive Board and Supervisory Board will carefully examine whether the Company's interest in acquiring companies, parts of companies, or interests in companies by using shares as payment justifies performing a capital increase from Authorized Capital while disapplying shareholders' preemptive rights. The authorization takes that into account.

The Executive Board should also be authorized, with the Supervisory Board's consent, when performing capital increases of up to EUR 1,000,000.00, to issue treasury shares to members of management and employees of the Company — with the exception of Executive Board members — as well as members of management and employees of Group companies controlled by the Company while disapplying shareholders' preemptive rights.

In addition, the Executive Board should be able, with the Supervisory Board's consent, to disapply preemptive rights when conducting capital increases in exchange for cash, provided the shares are issued at a price that is not significantly lower than the stock market price. That should enable the Company to take advantage of market opportunities quickly and flexibly and meet short-term capital requirements that arise. The purpose of disapplying preemptive rights is to issue the shares at a price close to the stock market price. This will reduce or completely eliminate the discount typically applied to shares issued with preemptive rights. When preemptive rights are appropriately disapplying, a capital increase in exchange for cash contributions may not exceed 10% of the existing share capital at the time the authority is exercised. Counted toward this 10% limit are shares that the Company has acquired pursuant to Section 71 (1), no. 8, of the German Stock Corporation Act (AktG) and sold, during the period of this authorization, to third parties while disapplying preemptive rights. Also counted toward this limit are shares related to options and/or conversion rights based on warrant bonds and/or convertible bonds issued in application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted under Item 9 of the agenda. This is intended to give appropriate consideration to shareholders' need for protection against dilution of their shareholdings. Shareholders can also purchase shares on the market at similar conditions in order to maintain their equity interest. The price at which the new shares are issued on the market should be a maximum of 3%, and definitely not more than 5%, below the stock market price.

To provide shareholders with adequate protection against dilution of their shareholdings, the following methods of issuing and utilizing shares while disapplying shareholders' preemptive rights are limited to 20% of the share capital at the time it takes effect or, if such value is less, at the time the authorization is exercised. Counted toward this 20% limit are shares that the Company acquired by utilizing its Authorized Capital pursuant to Section 186 (3), no. 4, of the AktG or issued in exchange for non-cash contributions while disapplying preemptive rights. Also counted toward the limit are shares that the Company acquired in accordance with Section 71 (1), sentence 8, of

the AktG and sells to third parties disapplying preemptive rights in accordance with Section 186 (3), sentence 4, of the AktG or uses to acquire a company, parts of companies, or interests in companies. Also counted toward this limit are shares related to options and/or conversion rights or obligations based on warrant bonds and/or convertible bonds that have been issued in direct, analogous, or correlative application of Section 186 (3), sentence 4, of the AktG on the basis of the authorization granted under Item 9 of the agenda.

Düsseldorf, March 2016

Rheinmetall AG
The Executive Board

3. Report by the Executive Board on Agenda Item 9

In accordance with Section 221 (4), sentence 2, of the AktG, in conjunction with Section 186 (4), sentence 2, of the AktG, the Executive Board has submitted a written report on the reasons for the proposal in Item 9 of the agenda to authorized disapplication of preemptive rights and on the proposed issue price. From the day that the Annual General Meeting is convened, the report will be available on the Internet at www.rheinmetall.com/hauptversammlung. The report will also be made available to shareholders at the Annual General Meeting itself. The report will be announced in the following manner:

The proposed authorization to issue warrant bonds and/or convertible bonds with a total nominal amount of up to EUR 800,000,000.00 and on the creation of the corresponding Contingent Capital of up to EUR 20,000,000.00 is intended to secure and expand Rheinmetall AG's options, as explained in more detail below, for financing its activities. It is also meant to provide the Executive Board, with the Supervisory Board's consent, with a method of quickly obtaining flexible financing, especially when favorable conditions prevail on capital markets.

A distinction must be made between two possible arrangements. First, the Executive Board is authorized, with the Supervisory Board's consent, to issue on one or more occasions before May 9, 2021, interest-bearing warrant bonds and/or convertible bonds and attach to the certificates stock options and rights of conversion, respectively. Said stock options or rights of conversion entitle buyers to acquire up to a total of 7,812,500 shares in Rheinmetall AG in accordance with specific terms and conditions for bonds. This authorization has no effect on the shareholders' statutory preemptive rights. To facilitate the process, however, the Company should take advantage of the option to issue the warrant bonds and/or convertible bonds to a bank or banking syndicate with the obligation to offer the bonds to shareholders according to their preemptive rights (indirect rights of subscription within the meaning of Section 186 (5) of the AktG).

Second, the Executive Board is authorized to disapply shareholders' statutory preemptive rights to the bonds, but only within predefined limits. The first limit is applied to a very limited extent for two specific purposes. The second limit is applied more extensively but only under certain strict conditions. When preemptive rights are being disappplied to a very limited extent, it should be possible to exclude them only as much as necessary to compensate for any fractional shares created when determining the subscription ratio or to grant preemptive rights to holders of already issued warrant bonds and/or convertible bonds. Fractional amounts are created from the respective volume being issued and the calculation of a practical subscription ratio. In these cases, disapplying preemptive rights, in particular shareholders' preemptive rights, facilitates conducting of the capital-related measure. When preemptive rights are disappplied in favor of holders of already issued warrant bonds and/or convertible bonds, consideration is given to providing the protection against dilution to which the holders are entitled in accordance with the terms and conditions for bonds in the event the Company issues warrant bonds and/or convertible bonds. Disapplying preemptive rights when exercising this authority is an alternative to making adjustments to the stock option or conversion price, which would otherwise be necessary. Overall, this method enables a greater influx of funds.

Any disapplication of preemptive rights in excess of this is carried out under the option provided for in Section 186 (3), sentence 4, of the German Stock Corporation Act (AktG), which states that preemptive rights can be disappplied "if the capital increase in exchange for cash contributions does not exceed ten percent of the share capital and the issue price is not significantly below the stock market price." The Contingent Capital on which the Company should be allowed to disapply preemptive rights is limited to

4,355,885 new shares. That equals EUR 11,151,065.60, or 10% of the current share capital. The Executive Board will also observe the limit of 20% of the share capital for the total of all disappplied preemptive rights contained in the proposed resolution. Counted toward this 20% limit are shares issued in exchange for cash or non-cash contributions while disapplying preemptive rights and that, in accordance with the authorization adopted by resolution, are to be issued in connection with warrant bonds and/or convertible bonds while disapplying preemptive rights as well as those issued from the capital authorized in accordance with Section 186 (3), sentence 4, of the German Stock Corporation Act (AktG). Also counted toward the limit will be shares acquired in accordance with Section 71 (1), no. 8, of the AktG and sold in accordance with Section 186 (3), sentence 4, of the AktG during the period of authorization while disapplying preemptive rights or used to acquire a company, parts of companies, or interests in companies while disapplying preemptive rights. In all other matters, the Executive Board will not go significantly below the theoretical market value of the warrant bonds and/or convertible bonds calculated using recognized methods of financial mathematics when setting the issue price. This will ensure that the requirements of Section 186 (3), sentence 4, of the AktG are also met upon utilization of the Contingent Capital.

This will enable the Executive Board, with the Supervisory Board's consent, to take advantage of the capital markets quickly for the short term. By specifying terms that are as close to the market as possible, the Board will also create ideal conditions for tasks such as setting interest rates and, especially, the issue price of the warrant bonds and/or convertible bonds. In doing so, the Board will also be strengthening the Company's capital base. Issuing securities while disapplying shareholders' preemptive rights will make it possible to raise significantly greater funds than if the Company issued securities with preemptive rights. The decisive factor is that disapplying preemptive rights gives the Company the flexibility it needs to take advantage of short-term, favorable conditions on the stock market. When preemptive rights are granted, Section 186 (2) of the AktG requires companies to publish the subscription price (and thus the terms and conditions for bonds in the case of warrant bonds and/or convertible bonds) no later than the third day before the subscription period expires. However, in light of the volatility of equity markets, there is even then a market risk, in particular a risk of share price changes, lasting several days. That can result in security discounts when establishing the conditions for bonds and therefore to conditions unrepresentative of the market. Furthermore, the application of preemptive rights puts the successful placement of the issue at risk due to the uncertainty regarding how they will be

exercised (subscription behavior). At the very least, the issue will involve additional expenses. Lastly, the length of the subscription period prevents the Company from reacting quickly to favorable or unfavorable market conditions when preemptive rights are granted. Instead, it is exposed to falling share prices during the subscription period, which can make the process of procuring capital unfavorable for the Company.

The shareholders' need for protection is met by setting an issue price that is not significantly below market value. That prevents any appreciable economic dilution of the value of the shares. You can determine whether there has been any dilutive effect by calculating the hypothetical stock market price of the warrant bonds and/or convertible bonds using recognized methods of financial mathematics and comparing the result to the issue price. After the Executive Board has duly examined the issue price, if it is not significantly below the hypothetical stock market price at the time the warrant bonds and/or convertible bonds are issued, then the disapplication of preemptive rights is permissible under Section 186 (3), sentence 4, of the German Stock Corporation Act. This ensures that shareholders are protected from unreasonable dilution of their shareholdings. Since the authorization allows the issue price to be set at a level that is not significantly below the calculated market value, the "cost" of subscription would virtually fall to zero. As a result, the shareholders suffer no appreciable financial disadvantage from the disapplication of their preemptive rights. If the Executive Board deems it necessary to obtain expert advice depending on the situation, it may hire third parties to provide assistance. For example, a syndicate bank accompanying the issue can properly ensure that there is no notable dilution of the value of the shares to be expected. Independently of the Executive Board's examination, a third party guarantees that fair market conditions are laid out, thereby avoiding any significant dilution, including when the party carries out the book building process. The process involves offering warrant bonds and/or convertible bonds not at a fixed issue price. In particular, the issue price, interest rate, and other individual terms for the warrant bonds and/or convertible bonds are not set until the investors have submitted their purchase bids. This way, the overall value of the bond issue is determined by the market. This all ensures that disapplication of preemptive rights results in no appreciable dilution of the value of the Company's shares. Since the cost of subscription would fall to practically zero, the shareholders suffer no financial disadvantage from the disapplication of their preemptive rights. They also have the option of maintaining their equity interest in the Company at nearly the same conditions by purchasing the necessary shares on the stock market.

The proposed contingent increase in the share capital by up to EUR 20,000,000.00 is intended solely to ensure the necessary shares of Rheinmetall AG can be issued when stock options and conversion rights are exercised, provided they are required and treasury shares, for example, are not used.

Düsseldorf, March 2016

Rheinmetall AG
The Executive Board

Total number of shares and voting rights at the time of notice

The share capital of the Company is divided into 43,558,850 shares with the same number of voting rights. The total number of voting rights is thus also 43,558,850. As of the date the Annual General Meeting was called, the Company holds 1,035,785 treasury shares, which do not confer on the Company any rights, in particular, voting rights. The total number of shares carrying attendance and voting rights on the date the Annual General Meeting was called is therefore 42,523,065.

Attendance at the Annual General Meeting

In accordance with Article 16 of our Company's Articles of Association, those shareholders who have registered with the Company at the address given below and have sent specific evidence of their shareholdings issued by their custodian institution to the following address are entitled to attend the Annual General Meeting and to exercise their voting rights:

Rheinmetall AG
c/o Computershare Operations Center
80249 Munich, Germany
Fax: +49 89 30903-74675
E-mail: anmeldestelle@computershare.de

Evidence of the shareholdings must be valid as of the start of the 21st day prior to the Annual General Meeting, i.e. 12:00 a.m. (midnight = start of day) CEST on April 19, 2016 (record date), and must reach the Company together with the registration no later than 12:00 a.m. (midnight = end of day) CEST on May 3, 2016 at the address given. The evidence of the shareholdings must be in writing as per Section 126b of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code) and in either German or English.

For purposes of attending the meeting and exercising voting rights, only those persons who provide evidence of their shareholdings shall be considered shareholders. Besides the need for registration, eligibility to attend and the scope of the voting rights are based on the shareholdings as of the record date. That date is not subject to a ban on selling shares. Even if all or some of the shares are sold after the record date, only the shareholdings as of the record date shall determine the eligibility to attend and the

scope of the voting rights. Any person who becomes a shareholder only after the record date and previously held no shares is not entitled to attend the Annual General Meeting or to cast a vote, unless such person has been granted a proxy or been empowered to exercise such rights.

Shareholders who would like to attend the Annual General Meeting or have their voting rights exercised by proxies are asked to request admission tickets for the Annual General Meeting from their custodian institutions as early as possible. The required registration and provision of evidence of the material shareholdings shall in these cases be carried out by the custodian bank.

Absentee voting

Shareholders who do not wish to attend the Annual General Meeting in person can cast their votes by written absentee ballot. A form printed on the admission ticket has been provided for absentee voting. Votes cast by absentee ballot must be received by the Company by 12:00 a.m. (midnight = end of day) CEST on May 6, 2016, and may be sent only to the following address:

Rheinmetall AG
Central Legal Department
Rheinmetall Platz 1
40476 Düsseldorf, Germany

Rheinmetall AG
Central Legal Department
P. O. Box 10 42 61
40033 Düsseldorf, Germany

Fax: +49 211 473-4444, E-mail: sabine.lamers@rheinmetall.com

Votes cast by absentee ballot that are sent to other addresses will not be considered.

Our Internet-based absentee voting, authorization and voting instruction system can also be used for casting votes by absentee ballot. Votes cast using the Internet-based system must be received by 12:00 a.m. (midnight = end of day) CEST on May 9, 2016, by the Company at www.rheinmetall.com/hauptversammlung.

Shareholders will receive further details on casting votes by absentee ballot together with their ticket. Information on this can also be found on the Internet at www.rheinmetall.com/hauptversammlung.

Proxy voting

Shareholders who do not wish to attend the Annual General Meeting in person may have their voting rights exercised by proxies – for example, by a bank or a shareholders' association. Even in the case of a proxy, timely registration of the shareholder for the Annual General Meeting and timely evidence of shareholding (see the Section "Attendance at the Annual General Meeting") are required. Unless they are addressed to a bank, shareholders' association or any other persons or institutions covered within the scope of Section 135 of the AktG, powers of attorney are to be provided in text form in accordance with Section 126b of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code), as are instructions given to proxies of the Company. They may be submitted by various means, including our Internet-based authorization and voting instruction system. Please note that in the event of powers of attorney being granted to a bank, a shareholders' association or any other persons or institutions covered within the scope of Section 135 of the *Aktiengesetz* (AktG – German Stock Corporation Act), they may request a specific form of power of attorney because they are required to keep a verifiable record of this power of attorney in accordance with Section 135 of the AktG.

We also offer our shareholders the option of being represented in voting proceedings by a proxy appointed by the Company. These proxies must be provided with a power of attorney and instructions concerning exercise of the voting rights. Proxies are obligated to vote in accordance with the instructions received from shareholders. In order for proxies to exercise the granted power of attorney and instructions at the Annual General Meeting, they must be given authorization in advance of the Annual General Meeting. A ticket for the Annual General Meeting is also necessary to grant powers of attorney to a Company-appointed proxy.

Shareholders will receive further details on registration and the granting of powers of attorney together with their tickets. Information on this can also be found on the Internet at www.rheinmetall.com/hauptversammlung.

Motions to be added to the agenda at the request of a minority in accordance with Section 122 (2) of the AktG

Shareholders whose aggregate shares represent the equivalent of EUR 500,000.00 of the share capital, which corresponds to 195,313 no-par shares, may request that items be added to the agenda and published. Each new item must include a justification or a draft proposal. This request must reach the Company at the address given in the following section by 12:00 a.m. (midnight = end of day) CEST on April 9, 2016. Furthermore, please refer to the conditions contained in Section 122 (2) in conjunction with (1) and Section 142 (2), sentence 2, and Section 70 of the AktG. The provisions of Section 122 (1) of the AktG are applied in accordance with Section 26h of the *Einführungsgesetz zum Aktiengesetz* (EgAktG – German Introductory Act to the Stock Corporation Act) in the version valid until December 30, 2015, i.e. before the Stock Corporation Act was amended.

Motions and election proposals made by shareholders in accordance with Sections 126 (1) and 127 of the AktG

Justified countermotions against a proposal made by the Executive Board and the Supervisory Board regarding a specific item on the agenda and proposals made by shareholders regarding the election of Supervisory Board members or of auditors are submitted exclusively to the following addresses. Countermotions and election proposals submitted to any other address will not be considered.

Rheinmetall AG
Central Legal Department
Rheinmetall Platz 1
40476 Düsseldorf, Germany

Rheinmetall AG
Central Legal Department
P. O. Box 10 42 61
40033 Düsseldorf, Germany

Fax: +49 211 473-4444, E-mail: sabine.lamers@rheinmetall.com

Countermotions and election nominations received at the above address with evidence of shareholdings no later than 12:00 a.m. on April 25, 2016 (midnight = end of day CEST) will be immediately published on the Internet at www.rheinmetall.com/hauptversammlung if they must be made available to other shareholders. Motions sent to other addresses will not be considered. Any statements

from management will also be published at the above Internet address after April 25, 2016.

Shareholders' right to information in accordance with Section 131 (1) of the AktG

Every shareholder must be informed of Company matters by the Executive Board at the Annual General Meeting on request, including the legal and business relations with affiliated companies as well as the situation of the Group and any companies included in the consolidated financial statements, if such information is required to make an appropriate assessment of the item on the agenda and there is no right to withhold information.

Publications on the website

This notice of Annual General Meeting in German (original version) and in English; the documents and shareholder motions to be made available; the Executive Board's report to the Annual General Meeting on utilization of the Authorized Capital in accordance with Section 203 (2) and Section 186 (4), sentence 2, of the German Stock Corporation Act (AktG); the profiles of the individuals nominated under Item 6 of the agenda; and other information concerning the rights of shareholders under Section 122 (2), Section 127, and Section 131 of the AktG are available on the Company's website at www.rheinmetall.com/hauptversammlung. That is also where the results of the votes will be announced after the Annual General Meeting.

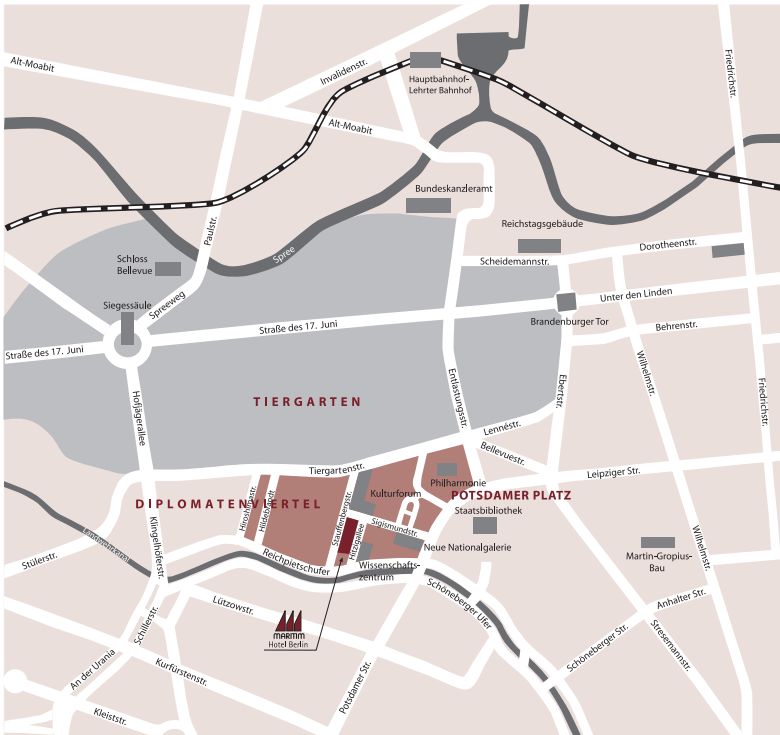
Düsseldorf, March 2016

Rheinmetall AG
The Executive Board

This version of the invitation to the Annual General Meeting prepared for the convenience of English speaking readers, is a translation of the German original. For purposes of interpretation, only the German text shall be authoritative and final.

Event location:

MARITIM Hotel Berlin, Stauffenbergstrasse 26, 10785 Berlin



By car

Autobahn 100 (AVUS) "Dreieck Funkturn" interchange, "Zentrum" exit, Kaiserdamm, Strasse des 17. Juni, Hofjägerallee/Klingelhöferstraße, Schöneberger Ufer, Stauffenbergstrasse.

By public transportation

"Potsdamer Platz" (U2) subway station, continuing with Bus M41 to "Philharmonie" bus stop, M29 to "Deutscher Widerstand" bus stop or bus 200 to "Tiergartenstrasse" bus stop. S-Bahn [city train] to "Potsdamer Platz" (S1, S2, S25), continuing as above. "Zoologischer Garten" intercity train station, continuing with Bus 200 to "Tiergartenstrasse" bus stop.

By air

Berlin Tegel International Airport (16 km) or Schönefeld Airport (22 km).

Rheinmetall AG

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www.rheinmetall.com



RHEINMETALL