

INVITATION TO THE ANNUAL GENERAL
MEETING OF RHEINMETALL AG

MAY 28, 2019 MARITIM HOTEL BERLIN

2019
2018

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 2018
2. Resolution on the appropriation of the unappropriated surplus for the 2018 fiscal year
3. Resolution to approve the actions of Executive Board for fiscal 2018
4. Resolution to approve the actions of the Supervisory Board for fiscal 2018
5. Resolution on the selection of the auditor for fiscal 2019
6. Resolution on consent to a Settlement Agreement with former members of the company's Executive Board in accordance with Section 93 (4), sentence 3, of the *Aktiengesetz* (AktG – German Stock Corporation Act)

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 28, 2019, 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 April 17, 2019.

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 2018

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 12, 2019, in accordance with Sections 172 and 173 of the *Aktiengesetz* (AktG – German Stock Corporation Act). The single-entity financial statements are thus adopted. The adoption of a resolution by the Annual General Meeting is therefore not required.

2. Resolution on the appropriation of the unappropriated surplus for the 2018 fiscal year

The Executive Board and Supervisory Board propose to use the unappropriated surplus of Rheinmetall AG for fiscal 2018 amounting to EUR 91,000,000.00 as follows:

- Distribution of a dividend of EUR 2.10 per non-par share entitled to a dividend	=	90,475,142.10 EUR
- Appropriation to other retained earnings	=	524,857.90 EUR

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 2.10 per non-par share entitled to a dividend.

3. Resolution to approve the actions of Executive Board for fiscal 2018

The Executive Board and the Supervisory Board recommend approving the actions of the members of the Executive Board who were in office in fiscal 2018 for this period.

4. Resolution to approve the actions of the Supervisory Board for fiscal 2018

The Executive Board and the Supervisory Board recommend approving the actions of the members of the Supervisory Board who were in office in fiscal 2018 for this period.

5. Resolution on the selection of the auditor for fiscal 2019

The Supervisory Board proposes, on the recommendation of its Audit Committee, to elect PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Düsseldorf branch, as the auditor of the single-entity and consolidated financial statements for fiscal 2019.

On March 11, 2019, the Supervisory Board of Rheinmetall AG, in accordance with the provisions of the *Abschlussprüfungsreformgesetz* (AReG – German Financial Statement Auditing Reform Act), announced the start of a request for proposals for financial statement auditing in the electronic Federal Gazette, the objective of which is to change the external auditor of its single-entity financial statements and consolidated financial statements for fiscal 2020.

6. Resolution on consent to a Settlement Agreement with former members of the company's Executive Board in accordance with Section 93 (4), sentence 3, of the *Aktiengesetz* (AktG – German Stock Corporation Act)

On March 28, 2019, Rheinmetall AG and its subsidiary Rheinmetall Electronics GmbH concluded a Settlement Agreement with AXA Corporate Solutions Deutschland and HDI Global SE as insurers as well as its former members of the Executive Board Mr. Klaus Eberhardt, Dr. Gerd Kleinert, and Dr. Herbert Müller.

The Settlement Agreement, concluded to resolve any claims for compensation asserted by Rheinmetall AG against the former members of its Executive Board, is subject to the conditions precedent that, pursuant to Section 93 (4), sentence 3, of the AktG, the Annual General Meeting agrees to the Settlement Agreement and an objection is not filed against the agreement by a minority of shareholders whose shares collectively account for one-tenth of the share capital.

The Settlement Agreement of March 28, 2019 is reproduced below in its entirety with the exception of the bank account information, contact information, and signatures:

Agreement

between

Rheinmetall AG, Rheinmetall-Platz 1, 40476 Düsseldorf
– hereinafter referred to as “Rheinmetall AG” –
and

Rheinmetall Electronics GmbH, Brüggeweg 54, 28309 Bremen
– hereinafter referred to as “RME” –
– Rheinmetall AG and RME hereinafter also referred to collectively as “Rheinmetall” –

and

AXA Corporate Solutions Deutschland, Colonia-Allee 10–20, 51067 Cologne
– hereinafter referred to as “AXA CS” –
and

HDI Global SE, HDI-Platz 1, 30659 Hanover
– hereinafter referred to as “HDI” –
and

Mr. Klaus Eberhardt
and

Dr. Gerd Kleinert
and

Dr. Herbert Müller
– Mr. Eberhardt, Dr. Kleinert, and Dr. Müller each hereinafter referred to individually as a “Former Member of the Executive Board” and collectively as “Former Members of the Executive Board” –

– Rheinmetall, RME, AXA CS, HDI, and the Former Members of the Executive Board hereinafter also referred to collectively as the “Parties” –

Preamble

I. Parties and D&O insurance

- 1 Rheinmetall AG (HRB 39401, District Court of Düsseldorf) is a listed stock corporation headquartered in Düsseldorf, Germany, and the parent company of the Rheinmetall Group (Rheinmetall AG and all current Group companies as defined by Section 18 AktG hereinafter referred to collectively as the “Rheinmetall Group”, the Rheinmetall Group, excluding Rheinmetall AG and RME, hereinafter referred to as the “Other Group Companies”).

RME (HRB 9659, District Court of Bremen), headquartered in Bremen, Germany, is a subsidiary of Rheinmetall AG. Until June 16, 2017, RME was named Rheinmetall Defence Electronics GmbH.

- 2 Rheinmetall AG has held a directors and officers liability insurance policy (hereinafter, “D&O Insurance”) with AXA CS as the lead insurer (50%) and with HDI as an additional insurer (50%) (hereinafter collectively referred to as the “Insurers”) under policy no. XDE0001160LI since January 1, 2002. During the insurance period from December 31, 2013, to December 31, 2014 (at 12:00 noon on each date), the sum insured was EUR 50 million per insured loss and insurance year, and the insurance policy was based on the Terms and Conditions of Directors and Officers Liability Insurance of Rheinmetall AG (General Terms of D&O Insurance for Rheinmetall) with its Annexes 1 through 14, Addenda nos. 1 through 24, and a side letter on insurance coverage dated July 8, 2002.

II. RME transaction with Greece

In 1996, RME (and its predecessor, STN Atlas Elektronik GmbH) began working with a sales agent, Mr. Panagiotis Efstathiou (hereinafter “PE”) as part of its business in Greece. Through the collaboration of PE, RME (and its predecessor, STN Atlas Elektronik GmbH) signed a contract with the Greek Ministry of Defence on August 3, 2000, to deliver 54 ASRAD air defence systems; further orders concerned the Intermediate Solutions and LEO 2 HEL projects (hereinafter, the “Business Relationship between the Rheinmetall Group and PE”). RME terminated its business relations with PE with the conclusion of a settlement agreement dated August 23 and September 8, 2010.

III. Criminal proceedings

The Bremen public prosecutor’s office initiated an investigation against, inter alia, RME, former employees of RME, and PE, primarily alleging that PE made unlawful payments to Greek government officials in connection with RME’s business activities in Greece. With its fine notice dated December 5, 2014, the Bremen public prosecutor’s office levied a fine totaling EUR 37.07 million (including disgorgement) against parties that included RME (Case no. 301 Js 65478/14). In an indictment dated December 30, 2016, and an indictment dated November 7, 2017, the Bremen public prosecutor’s office charged PE as well as a former member of a governing body and former employees of RME with various crimes, including bribery (case nos. 301 Js 1337/17 and 301 Js 66784/17). Moreover, criminal proceedings are being conducted against former employees of RME in Greece. (Hereinafter, the allegations in the fine notice, indictments, and criminal proceedings in Greece mentioned above are collectively referred to as the “Criminal Proceedings under Section III of the Preamble”).

IV. Conciliation proceedings

In petitions for conciliation dated May 26, 2015, Rheinmetall AG demanded compensation in various amounts, with a maximum of EUR 29,281,651.52, from 16 individuals (hereinafter, the “Defendants”) for alleged violations of duty in connection with the business activities of RME in Greece (hereinafter, the “Conciliation Proceedings under Section IV of the Preamble”). Rheinmetall AG rescinded the petitions for conciliation with two individuals in a letter dated June 30, 2015.

V. Former Members of the Executive Board

The Supervisory Board of Rheinmetall AG hired the law offices of Hengeler Mueller Partnerschaft von Rechtsanwälten mbB to perform an unbiased review of possible liability claims against its Former Members of the Executive Board for possible violations of their organizational and oversight duties regarding the Business Relationship between the Rheinmetall Group and PE (hereinafter, “Reviews under Section V of the Preamble”). The Former Members of the Executive Board provided written responses to questions posed in connection with the reviews. The Former Members of the Executive Board rejected the accusation of possible violations of duty and explained why they, in their opinion, had always fulfilled their duties toward Rheinmetall AG. In particular, they cited the fact that they had grown the Rheinmetall Group’s compliance organization during their time in office and always understood compliance to be a key function of the Executive Board and practiced such, positioning the Rheinmetall Group as an example for other organizations in the industry to follow.

VI. Limitation period agreements

Rheinmetall AG has concluded a limitation period agreement with the Former Members of the Executive Board, most recently extended until June 30, 2019.

That being established, the Parties—with no prejudice toward the facts of the case and the legal situation and without also acknowledging any legal obligation—enter into the following agreement for the purpose of reconciling various opinions concerning liability and coverage:

1 Payment

- 1.1 AXA CS shall pay Rheinmetall AG an amount of EUR 3,375,000 (three million, three hundred seventy-five thousand euros).
- 1.2 HDI shall pay Rheinmetall AG an amount of EUR 3,375,000 (three million, three hundred seventy-five thousand euros).
- 1.3 Each of the payments under sections 1.1 and 1.2 of this Agreement (hereinafter collectively referred to as the “Settlement”) will be due two weeks after the following actions occur:
 - AXA CS receives a copy of this Agreement, legally valid and signed by Rheinmetall.
 - AXA CS receives a copy of the documented resolution by the Annual General Meeting pursuant to section 4.1 of this Agreement.
 - AXA CS receives a copy of the shareholder resolution adopted by RME in accordance with section 4.2 of this Agreement.
- 1.4 AXA CS and HDI each owe their own share of the Settlement under the principle of several liability. AXA CS and HDI do not share joint liability for the total Settlement.
- 1.5 Payment of the Settlement shall be made to the following account belonging to Rheinmetall AG:
[Account information]

2 Full discharge and resolution

- 2.1 Once the conditions precedent stated under section 4.1 of this Agreement have been met, all purported claims for compensation of Rheinmetall against the Former Members of the Executive Board and other insured individuals as defined by the D&O Insurance arising from and/or in connection with the Business Relationship between the Rheinmetall Group and PE as well as the circumstances that are the subject of the Criminal Proceedings under Section III of the Preamble, the Conciliation Proceedings under Section IV of the Preamble, and the Reviews under Section V of the Preamble (hereinafter referred to collectively as the “Discharged Debt”) shall be deemed fully discharged and resolved. This applies regardless of whether such claims concern the present or the future and whether they are known or unknown. This does not apply to claims that would not have been covered by the D&O insurance.

The overall effect of the discharge and resolution pursuant to this section 2.1 is limited.

The other insured individuals under sentence 1 of this section 2.1 are entitled to directly invoke the discharge and resolution according to this section 2.1 (Agreement Benefiting Third Parties).

- 2.2 Moreover, once the conditions precedent stated under section 4.1 of this Agreement have been met, and all claims and rights of Rheinmetall, the Former Members of the Executive Board, and any other insured individuals as defined by the D&O Insurance against the Insurers on account of and/or in connection with the “Discharged Debt” shall be deemed fully discharged and resolved, provided the Parties are authorized under the Insurance Policy and the *Versicherungsvertragsgesetz* (VVG – German Insurance Contract Act) to make decisions concerning the claims and rights arising from the D&O Insurance. The discharge and resolution apply regardless of whether such claims concern the present or the future and whether they are known or unknown.
- 2.3 The insured loss resulting from the Criminal Proceedings under Section III of the Preamble, the Conciliation Proceedings under Section IV of the Preamble, and the Reviews under Section V of the Preamble occurred during the insurance period from December 31, 2013, to December 31, 2014 (at 12:00 noon on each date). The sum insured in the amount of EUR 50 million for the specified insurance period shall be deemed exhausted at a total amount of EUR 30 million upon payment off the Settlement in the amount of the claims for compensation of EUR 29,281,651.52 asserted in the Conciliation Proceedings under Section IV of the Preamble, plus legal defence expenses that AXA CS and HDI have already paid and have yet to pay.
- 2.4 Based on payment of the Settlement and the defence expenses paid in favor of the Defendants and Former Members of the Executive Board, the Insurers shall take no legal recourse against the Former Members of the Executive Board or other insured individuals as defined by the D&O Insurance, who in turn have waived their right to assert claims arising from or in connection with the Discharged Debt in favor of the Insurers. The affected insured individuals as defined by the D&O Insurance are entitled to directly invoke the Insurers’ waiver of their right to take legal recourse (Agreement Benefiting Third Parties).

3 Indemnification

- 3.1 In the event that, after this Agreement takes effect, Rheinmetall AG, RME, or Other Group Companies, for any legal reason whatsoever contrary to the discharge and resolution specified under section 2.1 of this Agreement, assert out-of-court and/or in-court claims for compensation against Former Members of the Executive Board arising from and/or in connection with the Discharge Debt, Rheinmetall AG and RME, as the joint and several debtors, shall indemnify the Former Members of the Executive Board, each one individually, against claims that have been legally established or established through settlement or acknowledgment with the written consent of Rheinmetall AG. Furthermore, Rheinmetall AG and RME, as joint and several debtors, shall indemnify the Former Members of the Executive Board against the reasonable expenses of legal defence, in particular their attorneys’ fees, incurred as a result of such asserted claims.

Section 3.1 applies to the benefit of Former Members of the Executive Board accordingly in the event that claims are filed against them by other insured individuals as defined by the D&O Insurance in the form of recourse against internal debtors because Rheinmetall AG, RME, or Other Group Companies, for any legal reason whatsoever, have filed claims for compensation arising from and/or in connection with the Discharged Debt that would have been covered under the D&O Insurance against such other insured individuals as defined by the D&O Insurance contrary to the discharge and resolution under section 2.1 of this Agreement.

- 3.2 In the event that, after this Agreement takes effect, Rheinmetall AG, RME, or Other Group Companies file claims for compensation against insured individuals as defined by the D&O Insurance arising from and/or in connection with the Discharged Debt and the insured individuals as defined by the D&O Insurance claim in-court and/or out-of-court insurance coverage by the Insurers contrary to the complete discharge and resolution intended under section 2.2 of this Agreement, Rheinmetall AG and RME, as the joint and several debtors, shall indemnify the Insurers, each one individually, against claims that have been legally established or established through settlement or acknowledgment with the written consent of Rheinmetall AG. Furthermore, Rheinmetall AG and RME, as joint and several debtors, shall indemnify the Insurers against the reasonable expenses of legal defence, in particular their attorneys' fees, incurred as a result of such asserted claims.

The Insurers shall notify Rheinmetall AG immediately if claims within the meaning of section 3.2 of this Agreement are asserted against the Insurers, and they shall regularly brief Rheinmetall AG on their efforts to defend against such claims.

Rheinmetall AG's and RME's obligation to provide indemnity in accordance with this section 3.2 is limited to a total of EUR 6.75 million.

4 Condition precedent, shareholder resolution, and reimbursement

- 4.1 This Agreement, with the exception of section 5 (Waiver of statute of limitations) of this Agreement, shall enter into full effect (condition precedent) when the Annual General Meeting of Rheinmetall AG adopts a resolution to consent to this Settlement Agreement and no objection is filed against the Agreement by a minority of shareholders whose shares collectively account for one-tenth of the share capital (Section 93 (4), sentence 3, of the AktG).
- 4.2 As a shareholder of RME, Rheinmetall AG shall give its consent to this Agreement and ensure that any shareholder resolution required is obtained in a timely manner.
- 4.3 If this Agreement is legally found to be null and/or void or legal action taken to have the resolution of the Annual General Meeting of Rheinmetall AG consenting to this Agreement declared null and void is granted, then this Agreement as a whole shall be retroactively declared invalid with the exception of this section 4.3 and section 5 (Waiver of statute of limitations). The payments made in accordance with section 1.1 and section 1.2 of this Agreement are to be returned to AXA CS and HDI within two weeks of legal establishment that this Agreement is null and void or the court decision in a legal action won to have the resolution of the Annual General Meeting consenting to this Agreement declared null and void; such reimbursement shall include interest at a rate of two percentage points above the base rate from the date on which the payments were made until they are returned.
- 4.4 Section 5 (Waiver of statute of limitations) of this Agreement shall, irrespective of the above provisions in sections 4.1 through 4.3, take effect upon being signed by the respective Former Member of the Executive Board and, thus, independently of being signed by the other Former Members of the Executive Board and shall remain in effect from that date forward in relations between the respective Former Member of the Executive Board, Rheinmetall, and the Insurers.

5 Waiver of statute of limitations

- 5.1 Until this Agreement takes effect, the Former Members of the Executive Board waive the defence of the statute of limitations regarding claims for compensation asserted by Rheinmetall against them arising from and/or in connection with the Discharged Debt, provided such claims had not already expired as of December 15, 2015, (said claims hereinafter referred to as the “Unexpired Claims”).
- 5.2 In the event this Agreement has not become valid in accordance with section 4.1 by June 30, 2019, the Former Members of the Executive Board waive the defence of the statute of limitations regarding the Unexpired Claims until the date that falls six months after the Annual General Meeting of Rheinmetall AG in accordance with section 4.1.
- 5.3 In the event that legal action is taken to have the resolution of the Annual General Meeting of Rheinmetall AG consenting to this Agreement declared null and void, the Former Members of the Executive Board waive the defence of the statute of limitations regarding the Unexpired Claims until the date that falls six months after (i) this Agreement is legally found to be null and/or void or (ii) legal action taken to have the resolution of the Annual General Meeting of Rheinmetall AG consenting to this Agreement declared null and void is granted.
- 5.4 Rheinmetall accepts the waiver of the statute of limitations in accordance with section 5.1 through section 5.3.
- 5.5 For the duration of the waiver of the statute of limitations in accordance with section 5.1 through section 5.3, the statute of limitations regarding each Unexpired Claim shall be suspended in corresponding application of Sections 204 and 209 of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code).

6 Costs

All Parties shall themselves bear the separate expenses they incur in connection with the conclusion of this Agreement. Furthermore, the Parties shall bear their own attorney’s fees. No compensation shall be provided for those expenses.

7 Communications

- 7.1 Rheinmetall, the Insurers, and the Former Members of the Executive Board shall promptly inform one another about planned press releases, statements, and any other communications with third parties not involved in this Agreement and shall make no statements about the conclusion or content of this Agreement without the express consent of either Rheinmetall or the Insurers in text form.
- 7.2 Section 7.1 of this Agreement does not encompass disclosure to the Annual General Meeting of Rheinmetall AG in accordance with Section 93 (4), sentence 3, of the AktG; providing information to shareholders at the Annual General Meeting of Rheinmetall AG in accordance with Section 131 of the AktG; or other statutory obligations pertaining to announcements and information by Rheinmetall. Rheinmetall AG shall provide the Insurers with the materials related to this invitation in advance for their information.

8 Notifications

All notifications and declarations on the basis of or in connection with this Agreement shall be issued in writing and sent via e-mail in advance to the following addresses:

- 8.1 For AXA CS, HDI, and the Former Members of the Executive Board:

[Contact information]

- 8.2 For Rheinmetall:

[Contact information]

9 Final provisions

- 9.1 This Agreement is being concluded in the interest of all Parties to avoid protracted disputes as well as the risks and expenses associated with litigation without acknowledging any legal obligation outside this Agreement and without prejudice to the legal situation. In particular, the conclusion of this agreement is not an acknowledgment of liability on the part of the Former Members of the Executive Board or an obligation on the part of AXA CS and HDI to provide insurance coverage.
- 9.2 No ancillary agreements have been made between the Parties to this Agreement. Amendments, addenda, and ancillary agreements to this Agreement must be made in writing; this provision also applies to changes to this written form requirement.
- 9.3 This Agreement is governed by German law. Any disputes arising out of and/or in connection with this Agreement are subject to the jurisdiction of the civil courts in the Federal Republic of Germany. The exclusive judicial venue is Düsseldorf, Germany.
- 9.4 If any provision of this Agreement is fully or partially invalid or later loses its legal validity, the validity of the remaining provisions shall not be affected. To the extent allowed by law, the Parties shall agree to an appropriate provision in place of the invalid provision, one that comes as close as possible to economically satisfying the Parties' intent if they had considered that the original provision was invalid. The same shall apply to any provisions that have been omitted from this Agreement.

[Signatures]

More detailed explanations on this Settlement Agreement are found in the report by the Executive Board and Supervisory Board on Item 6 of the agenda. The report is listed as part of this invitation following the agenda items and, as of the date on which notice of the Annual General Meeting is issued, can be accessed from the website below:

www.rheinmetall.com/hauptversammlung

All materials to be published will also be made available to shareholders at the Annual General Meeting itself.

The Executive Board and Supervisory Board propose the following resolution:

The conclusion of the Settlement Agreement between Rheinmetall AG and its subsidiary Rheinmetall Electronics GmbH on the one hand and D&O insurers AXA Corporate Solutions Deutschland and HDI Global SE as well as the former members of the Executive Board, Mr. Klaus Eberhardt, Dr. Gerd Kleinert, and Dr. Herbert Müller on the other hand is approved.

Joint report by the Executive Board and Supervisory Board on Item 6 of the agenda

By submitting the Settlement Agreement for approval under Item 6 of the agenda, it is Rheinmetall AG's intent to end the previous investigation into the issues related to the business in Greece as described below with an economical and acceptable outcome for the company and avoid protracted litigation with the former members of the Executive Board, Klaus Eberhardt, Dr. Gerd Kleinert, and Dr. Herbert Müller, concerning violations of their obligations and corresponding liability to provide compensation for possible violation of organizational and oversight duties during their time in office.

Background of the Settlement Agreement

Business conducted in Greece by Rheinmetall Electronics GmbH and criminal proceedings

In 1996, Rheinmetall Electronics GmbH ("RME") and its predecessor, STN Atlas Elektronik GmbH, a subsidiary of Rheinmetall AG, began working with a sales agent as part of its business in Greece. Through the collaboration of the sales agent, RME (and its predecessor, STN Atlas Elektronik GmbH) conducted various transactions with the Greek Ministry of Defence, including a contact to deliver air defence systems as well as the Intermediate Solutions and LEO 2 HEL projects. RME terminated its business relations with the sales agent with the conclusion of a settlement agreement dated August 23 / September 8, 2010.

The Bremen public prosecutor's office initiated an investigation against, inter alia, RME, former employees of RME, and the sales agent, primarily alleging that the agent made unlawful payments to Greek government officials in connection with RME's business activities in Greece. With its fine notice dated December 5, 2014, the Bremen public prosecutor's office levied a fine totaling EUR 37.07 million (including disgorgement) for violating Section 130 of the *Ordnungswidrigkeitengesetz* (OWiG – German Administrative Offenses Act) against parties that included RME (case no. 301 Js 65478/14). This fine notice became final and binding.

Moreover, the Bremen public prosecutor's office indicted, inter alia, former employees of RME, for payments allegedly made by the sales agent to Greek government officials. In particular, the charges included bribery. On top of that, criminal proceedings are being conducted in Greece against a small number of former employees of RME. At the time this meeting notice was issued, some of the proceedings still had not been concluded while some of the proceedings have in the meantime been dismissed.

Possible violation of organizational and oversight duties

Against this background, both the Executive Board and Supervisory Board of Rheinmetall AG began an internal investigation as of the date the fine notice was issued on December 5, 2014, with the aid of external consultants into whether the internal organization of Rheinmetall AG and its Group subsidiaries during the period in question was deficient with respect to preventing possible payments to foreign government officials, who was responsible for the losses incurred, and whether filing claims for compensation stood any legal and financial chance of success in consideration of the existing D&O insurance. In this context, the Supervisory Board also commissioned a review of whether the members of the Executive Board of Rheinmetall AG in office at the time of the actions in question may have inadequately performed their organizational and oversight duties. In particular, they were concerned with the question of whether the Rheinmetall Group's compliance management system prior to 2010 adequately fulfilled the requirements placed on it by law and the Executive Board's duties of care in view of the Rheinmetall Group's business activity. At no time were the former members of the Executive Board confronted with allegations of personally engaging in bribery or even being aware of or deliberately tolerating the incidents in Greece.

Possible losses suffered by Rheinmetall AG and its subsidiaries

The largest share of the transactions of Rheinmetall AG and its subsidiaries that should potentially be treated as losses took place during the period between 2001 and 2011 and involve the possibility that some commissions may have been unjustly paid to the Greek sales agent (total payments of approximately EUR 42 million) as well as the fine levied with the fine notice (EUR 37.07 million, with EUR 36.77 million of that in the form of disgorgement and EUR 300,000.00 in fines). Add to that the expenses for the internal investigation and legal prosecution, which have thus far amounted to approximately EUR 4.2 million.

Rheinmetall AG's entitlement to compensation from the former members of the Executive Board and D&O insurers

If it is proven that the former members of the Executive Board violated their organizational duties regarding prevention of unjustified payments to government officials, thereby also contributing to unlawful payments to Greek government officials, then they would personally be obligated to provide compensation for the ensuing losses suffered by Rheinmetall AG unless such a claim had already expired and there were otherwise no opposing circumstances.

The former members of the Executive Board Mr. Eberhardt, Dr. Kleinert, and Dr. Müller belong to the insured group of individuals under a directors and officers liability insurance policy taken out by the company as the policy holder for the period in question ("D&O Insurance"). The policy consists of a basic policy with an insured sum of EUR 50 million, plus excess difference-in-conditions coverage. The insurance companies are AXA Corporate Solutions Deutschland and HDI Global SE ("**D&O Insurers**").

The former members of the Executive Board and the D&O Insurers have denied their responsibility for the losses suffered by the company resulting from the underlying actions. They have disputed even the occurrence of a relevant violation of duty by the former members of the Executive Board. In particular, the former members of the Executive Board Mr. Eberhardt, Dr. Kleinert, and Dr. Müller are of the opinion that they properly fulfilled their duties related to organization and oversight of the Rheinmetall Group's internal processes at all times. The former members of the Executive Board and D&O Insurers also gave a different assessment of the amount of the possible losses as well as on issues of the burdens of producing evidence and persuasion than that of the Executive Board and Supervisory Board of Rheinmetall AG and their respective advisors.

Following intense negotiations with the D&O Insurers, which altogether lasted nearly two years, the company in March 2019 concluded a Settlement Agreement with the D&O Insurers and former members of the Executive Board—subject to the condition precedent of approval by the company's Annual General Meeting.

Explanation of the Settlement Agreement

General legal conditions for the Settlement Agreement

Pursuant to Section 93 (4), sentence 3, of the *Aktiengesetz* (AktG – German Stock Corporation Act), Rheinmetall AG is permitted to waive claims to compensation from former members of the Executive Board or reach a settlement regarding its entitlement but only under certain conditions:

- Three years must have passed since the event giving rise to the claim. At the latest, the three-year period began with issuance of the fine notice on December 5, 2014, meaning that the period has now lapsed.
- The Annual General Meeting must approve the agreement settlement by a simple majority of votes cast.
- No minority of shareholders who hold at least ten percent of the share capital may object to the settlement.

The Settlement Agreement being submitted for approval above is covered by Section 93 (4), sentence 3, of the AktG because payment of the settlement is intended to fully discharge and resolve the claims asserted by Rheinmetall AG and its subsidiaries against the former members of the Executive Board Mr. Eberhardt, Dr. Kleinert, and Dr. Müller in connection with the issues related to the business in Greece as previously described above in the background to the Settlement Agreement.

Key provisions of the Settlement Agreement

The main requirements and legal impact of the Settlement Agreement can be summarized as follows:

- The D&O Insurers undertake to pay the company an amount of EUR 6.75 million (section 1).
- According to section 2.1, any and all claims to compensation on the part of Rheinmetall AG and RME against the former members of the Executive Board Mr. Eberhardt, Dr. Kleinert, and Dr. Müller arising from or in connection with the business relations between the Rheinmetall Group and its Greek sales agent or with the circumstances underlying the administrative and criminal proceedings resulting from said business relations shall be fully discharged and resolved as of the effective date of the Settlement Agreement. Since the D&O Insurers will consider resolution only by way of settlement, provided they have the certainty that no more claims pertaining to the case in question can be filed against them once they have issued payment, the company and RME would also have to declare their willingness to waive their right to resolve any claims for compensation against other insured individuals, particularly former managing directors and employees of RME. The insured individuals may invoke this provision vis-à-vis the company and RME.
- Moreover, section 2.2 states that, upon the effective date of the Settlement Agreement, any and all claims arising from the issues related to the business in Greece and asserted by Rheinmetall AG, the former members of the Executive Board, and other insured individuals against the D&O Insurers shall be deemed fully discharged and resolved.
- However, section 2.1 also states that any claims for compensation resulting from behavior of the insured individuals that would not have been covered under the D&O insurance may not be discharged and resolved. In particular, this concerns cases in which individual employees or members of RME's governing bodies should be convicted of knowingly violating their duties (especially, for instance, active involvement in the act of bribery) in the previously mentioned criminal proceedings. In this case, Rheinmetall AG or RME could still assert claims against those employees and governing body members. There would be no D&O insurance coverage in such an instance.
- Section 3 contains provisions indemnifying the former members of the Executive Board and D&O Insurers in the event that Rheinmetall AG or another Group company should nevertheless assert claims for compensation against the former members of the Executive Board contrary to the intended complete resolution of claims in accordance with section 2.1.
- During the phase of the internal investigation and the negotiations on a settlement, the former members of the Executive Board declared that they would waive the statute of limitations preventing claims that had not expired as of December 15, 2015, from being asserted any longer simply because sufficient time had elapsed. Section 5 ensures that the statute of limitations does not apply even if the Annual General Meeting does not effectively approve the Settlement Agreement or the settlement fails for other reasons.

Key considerations for the Settlement Agreement

The Executive Board and Supervisory Board of Rheinmetall AG are convinced that conclusion of the Settlement Agreement is in the interest of the company. The alternative to the proposed Settlement Agreement would be to file claims for compensation in a court of law. Of course, if the company were to file claims for compensation in court, it would have the chance of ultimately receiving an amount higher than the total settlement being offered. In addition to action for relief for the losses already incurred, the company could file a declaratory lawsuit for compensation for future losses not currently foreseeable, thereby safeguarding against future litigation, for example, regarding any third-party claims for compensation against the company in connection with the issues related to the business in Greece. The Executive Board and Supervisory Board nevertheless consider the settlement preferable over pursuing its claims for compensation in court for the following reasons:

- The settlement of EUR 6.75 million appears financially reasonable. Though the losses actually suffered by the company are significantly higher, a large portion of those losses would probably not have been recoverable from the former members of the Executive Board and, thus, not from the D&O Insurers by means of compensation for damage. A portion of the claims to compensation for allegedly illegal payment of commissions have already expired. With respect to fines, it is widely acknowledged that a company cannot recover the portion of the fine consisting of disgorgement by asserting a claim for compensation against its own Executive Board members or employees. As for the punitive damages awarded as part of a fine, the situation is fiercely debated, and the German Supreme Court has yet to issue a final decision on such matters. In all other matters, the former members of the Executive Board could attempt to defend themselves against any claim for compensation by asserting expenses reduced and benefits gained from the relevant behavior. The Executive Board and Supervisory Board do not currently see a realistic and reliable basis for future third-party claims or recourse against the former members of the Executive Board and the D&O Insurers, to which the company could leave itself open by taking legal action.
- Any assertion of claims in court involves the risk of losing the case. Here, we must consider that the D&O Insurers and former members of the Executive Board will dispute both the occurrence of any violation of duty and the amount of any loss to be compensated. Asserting our claims in court would therefore be expected to require a lengthy process of hearing evidence, the outcome of which is difficult to predict, especially since the incident occurred many years ago and numerous key witnesses, primarily the former sales agent of RME in Greece, have already reached old age, and it is unclear whether they would testify in court at all. Asserting the claims in court thus involves a considerable risk of losing part or even all of our case.
- In any event, binding clarification of the existence of entitlement to compensation and an influx of funds to the company could not be expected for several years following protracted litigation.
- Asserting our claims in court would definitely lead to significant expenses on the part of all parties involved, especially the company as the plaintiff. Furthermore, such proceedings would tie up personnel resources of the company for a considerable length of time. Even if the company emerged completely victorious, we would have no guarantee that the defendants would reimburse us for the expenses actually incurred. If the company loses all or part of its case, not only would it not be (fully) reimbursed for its losses, but it would also be required to pay all or part of the costs of the proceedings.
- In the matter at hand, the company has managed to reach a settlement even before filing a lawsuit. In doing so, it has completely avoided the expenses of in-court proceedings.

- At the same time, the Settlement Agreement avoids discussion of potential misconduct that occurred long in the past by managers and employees of the Rheinmetall Group in public court proceedings. During public hearings of this kind, there would be the risk that the Rheinmetall Group and its compliance efforts would be judged not on the basis of the high standard that has been achieved and is practiced today but based on structures and conduct exhibited years ago. We would face the risk that a view of today's Rheinmetall Group distorted by the past in such a manner could have negative consequences on the Group's business activity and reputation.
- In view of these special circumstances that the former members of the Executive Board can only be accused of organizational failures but not active involvement in illegal conduct, that the former members of the Executive Board would dispute all allegations, that a court verdict might not be reached in a timely manner, and that the amount of the settlement is appropriate, the Supervisory Board also considers it reasonable to include the former members of the Executive Board in the settlement without expecting them to provide separate compensation.

Summary of recommendation

Therefore, it is the overall opinion of the Executive Board and Supervisory Board that the interest in bringing this matter to a close with the Settlement Agreement submitted for approval under Item 6 of the agenda outweighs any need for legal clarification of potential failures in organization and oversight in connection with the issues related to the business in Greece. The Executive Board and Supervisory Board therefore recommend that the Annual General Meeting approve the Settlement Agreement.

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 shares carrying voting rights is therefore also 43,558,850. As of the date the Annual General Meeting was called, the Company holds 475,449 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 43,083,401.

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 May 7, 2019 (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 21, 2019 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 24, 2019, and may be sent only to the following addresses:

Rheinmetall AG	Rheinmetall AG
Central Legal Department	Central Legal Department
Rheinmetall Platz 1	P. O. Box 10 42 61
40476 Düsseldorf, Germany	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 27, 2019, 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 27, 2019. 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.

[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 to be 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 May 13, 2019 (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 May 13, 2019.

[Shareholder's 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 convening notice for the Annual General Meeting in German (original version) and in English, the documents and shareholder motions to be made available, and further information concerning the rights of shareholders under Sections 122 (2), 127, and 131 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.

Data Protection Information

1. General information

a) Introduction

Rheinmetall AG attaches great importance to the protection of your personal data. This will be achieved by using secure, state of the art methods of data communication.

The aim of the following data protection information is to brief our shareholders on the processing of their personal data and their rights in this regard in accordance with the applicable data protection laws, especially the Regulation (EU) 2016/679 (General Data Protection Regulation – GDPR), in connection with the preparation, execution and follow-up of the Annual General Meeting.

b) Controller as referred to in Article 4(7) GDPR

Rheinmetall AG
Rheinmetall Platz 1
40476 Düsseldorf

c) Contact information for the Data Protection Officer

Rheinmetall AG
Data Protection Officer
Rheinmetall Platz 1
40476 Düsseldorf
E-mail: dsb-rhag@rheinmetall.com

2. Information regarding processing

a) Categories of data and groups of data subjects

We process the following categories of personal data, in particular:

- First and last name,
- Address,
- Number of shares,
- Class of shares,
- Type of ownership of the shares and
- number on the ticket.

We may also process the personal data of any proxy nominated by a shareholder (in particular, his name and his residence). If shareholders or their proxies contact us, we also process those personal data that are needed to respond to any concerns (such as the contact data provided by the shareholder or proxy, their e-mail address or telephone number for example). If applicable, we also process information on shareholders' resolutions, questions, nominations and requests in the Annual General Meeting. Guests invited to the event are also affected by data processing within the framework of the Annual General Meeting.

b) Purposes and legal basis of the processing

We use personal data to allow shareholders to participate in and exercise their rights within the framework of the Annual General Meeting. The processing of personal data is required for the proper preparation, execution and follow-up of the Annual General Meeting and to allow the shareholders' participation in the Annual General Meeting in accordance with Section 118 et seq. of the German Stock Corporation Act [AktG]. The legal basis for the processing of personal data is the German Stock Corporation Act in conjunction with Article 6(1)(1)(c) of the GDPR.

If applicable, we also process personal data to comply with additional legal obligations, such as supervisory requirements and the retention obligations imposed by stock corporation, securities, commercial and fiscal legislation. The legal basis for the processing are the respective statutory regulations in conjunction with Article 6(1)(1)(c) of the GDPR.

We also process personal data to guarantee the security of the event. The legal basis for the processing of personal data is our legitimate interest and the interest of the shareholders in accordance with Article 6 (1)(1)(f) GDPR in guaranteeing the Annual General Meeting is undisturbed and secure.

All Rheinmetall AG shares are bearer shares. Unlike registered shares, Rheinmetall AG does not maintain a stock register within the meaning of Section 67 of the German Stock Corporation Act, in which the name, date of birth and address of the shareholder as well as the number of shares must be recorded.

c) Categories of recipients of personal data

We make use of external service providers in part for the preparation, execution and follow-up of the Annual General Meeting (especially for printing and dispatching the invitation to the Annual General Meeting and for registering for the Annual General Meeting and its execution). Service providers, who are commissioned for the preparation, handling and follow-up of the Annual General Meeting, only receive such personal data as are needed to carry out the commissioned service from us and process the data solely in accordance with the instructions of Rheinmetall AG. Each of our employees and all employees of external service providers that have access to personal data and/or process them are obliged to handle such data in confidence. The service providers are all based in the EU/EEA. No transmission to third countries takes place in this respect.

Participants in the Annual General Meeting may also consult the list of participants to be made accessible to all participants in the Annual General Meeting in accordance with Section 129(1)(2) of the German Stock Corporation Act in the Annual General Meeting.

We may also, where legally permissible, transmit your personal data to authorities (e.g. prosecutorial authorities) and courts in Germany and abroad to comply with statutory obligations.

d) Data sources

We or our commissioned service providers usually receive shareholders' personal data from shareholders' banks, which have been commissioned to store the shares (custodian banks), via our registration office.

e) Retention period

Generally, the retention period for data recorded in connection with the Annual General Meeting amounts to up to three years. In principle, we render personal data anonymous or delete them unless statutory obligations to furnish evidence or store such data require us to store them longer or longer storage is required as part of court proceedings.

Information on shareholders' questions and speeches in the upcoming Annual General Meeting will, in principle, be rendered anonymous unless longer storage is required for the reasons mentioned above.

3. Rights of the data subjects

As data subjects, shareholders may approach our Data Protection Officer informally at any time via the contact data specified under 1.c) to assert their rights to check their conditions on a case by case basis in accordance with the GDPR. These include in particular:

- The right to obtain information about the data processing and a copy of the processed data (right of access, Article 15 of the GDPR),
- the right to demand rectification of inaccurate data or completion of incomplete data (right to rectification, Article 16 of the GDPR),
- the right to demand erasure of personal data (right to erasure, Article 17 of the GDPR),
- the right to restrict data processing (right to restriction of processing, Article 18 of the GDPR).

Data subjects also have the right to lodge a complaint with a supervisory authority. The data protection supervisory authority responsible for Rheinmetall AG is the State Officer for Data Protection and Freedom of Information North Rhine-Westphalia, Kavalleriestr. 2-4, 40213 Düsseldorf.

Convenience Translation Only

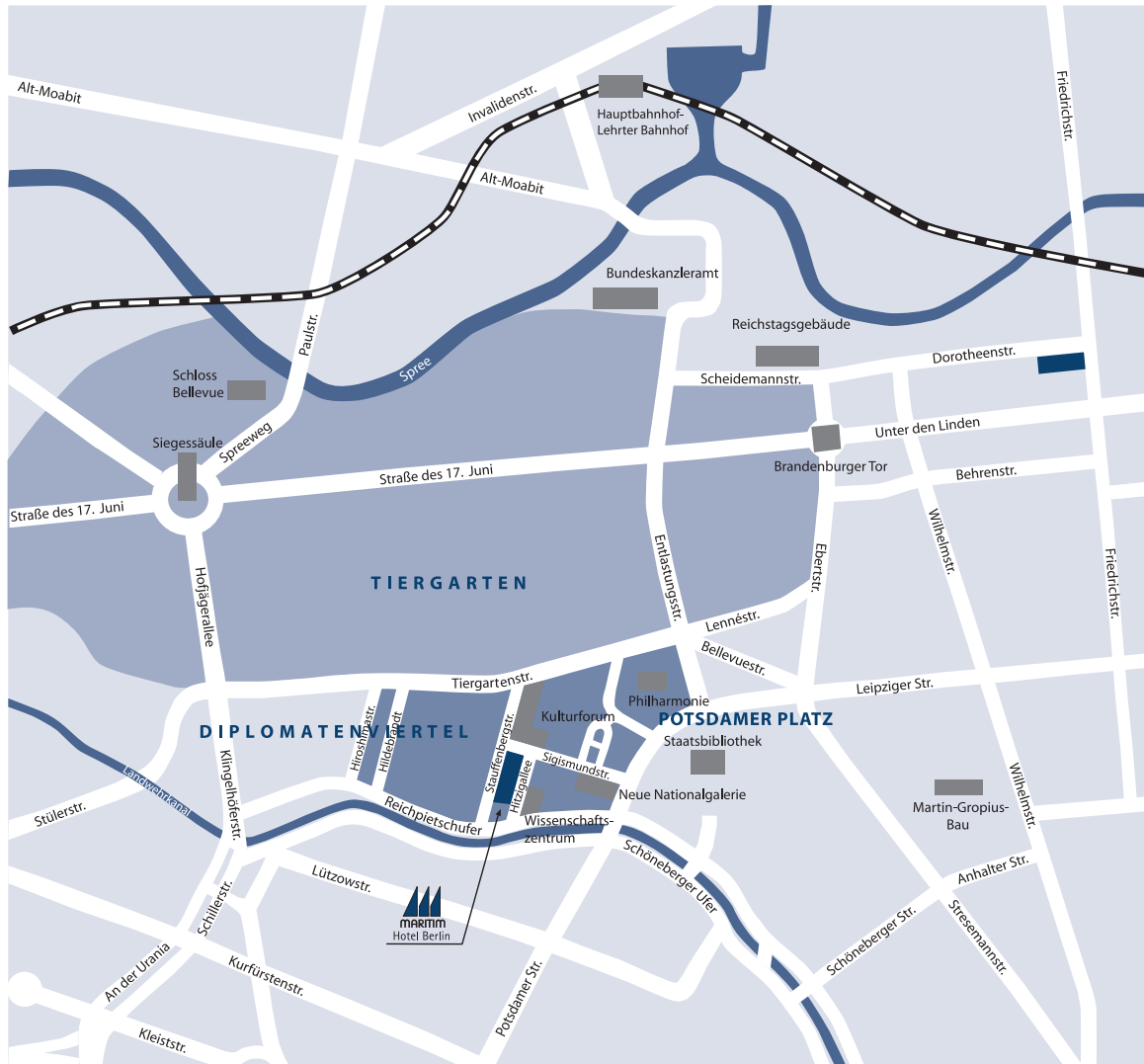
This version of the invitation to the Annual General Meeting prepared for the convenience of English speaking readers, is a translation of the German original. For purposes of interpretation, only the German text shall be authoritative and final.

Düsseldorf, April 2019

Rheinmetall AG
The Executive Board

Event location

MARITIM Hotel Berlin, Stauffenbergstrasse 26, 10785 Berlin



By car

Autobahn 100 (AVUS) "Dreieck Funkturm" 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)

MOBILITY. SECURITY. **PASSION.**

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